

## From Kyiv, with fraud: Why Canada is a main target of investment scammers

Whistleblower says lax law enforcement makes Canada a convenient target

[Nicholas De Rosa and Jeff Yates](#) · CBC News · Posted: Mar 04, 2024 3:00 AM CST | Last Updated: 7 hours ago



This building on Terasa Schevchenko Boulevard in Kyiv, Ukraine, houses one of hundreds of fraudulent call centres that have sprung up in Eastern Europe, run by a network of about two dozen criminal groups operating worldwide, says a whistleblower. (CBC)

Every evening, about 150 people enter a building in Kyiv to work in a call centre.

Their only job: to steal the life savings of Canadians through a variety of investment scams, according to a whistleblower who used to work in the industry.

The building on Terasa Schevchenko Boulevard is just one of hundreds of fraudulent call centres that have sprung up in Ukraine and elsewhere in Eastern Europe, run by a network of about two dozen criminal groups operating worldwide, says "Alex," the whistleblower.

CBC/Radio-Canada is not giving his real name, in order to protect his identity.

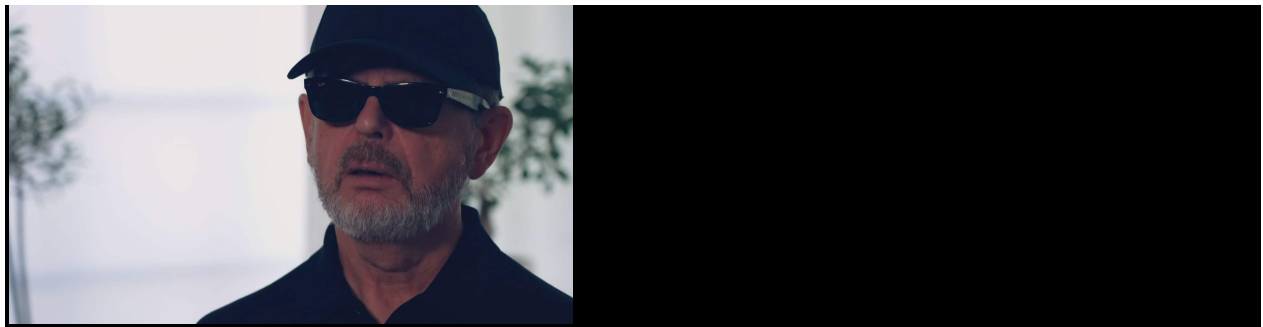
These scams promise victims high and risk-free returns on investment schemes involving cryptocurrency.

Alex, who is from Eastern Europe, reached out to Radio-Canada and helped the public broadcaster infiltrate the Kyiv call centre in order to provide a behind-the-scenes look at how the fraudsters operate.

A Radio-Canada journalist, working under a pseudonym, was even able to interview for a job as a scammer.

Alex wanted to speak to Canadian journalists because he says this country has quietly become a target of choice — largely because Canadian authorities haven't done much to stop these types of scams.

***WATCH | A whistleblower explains why Ukrainian investment scams target Canadians:***



'Alex,' a whistleblower, explains why investment scams run out of Eastern Europe target Canadians.

<http://www.cbc.ca/player/play/2313576515907>

"I see that Canadians are target No. 1. I think it's because law enforcement has made no real prosecutions of the scammers," Alex told Radio-Canada from a secret location in Europe.

"I saw a lot of warnings from financial authorities in Canada, but no real prosecution. I think this makes an impression, for the scammers, that Canada is an easy target."

According to the Canadian Anti-Fraud Centre (CAFC), more than \$300 million was stolen from Canadians in investment scams in 2023 — nine times as much as in 2020. Half of these losses were linked to cryptocurrency scams.

The CAFC estimates that only five to 10 per cent of scam victims actually alert authorities.

## Victims lured on social media



This online ad featuring a fake endorsement from Prime Minister Justin Trudeau is an example of the type of ad used to promote an investment scam. (CBC)

This particular scam starts with social media ads, most often on Facebook.

They usually feature a photo of a famous Canadian — such as Prime Minister Justin Trudeau, opposition leader Pierre Poilievre or former *Dragon's Den* star Kevin O'Leary — touting a new investment scheme. Tesla CEO Elon Musk is also frequently featured. These endorsements are fake.

Users who click on the ad are sent to an article on a clone of a Canadian news site, such as CBC or CTV. The article extols a risk-free and very lucrative investment opportunity using cryptocurrency and asks readers to sign up to learn more.

Those who do receive a call minutes later from a "financial adviser," who in reality is a scammer working out of one of the fraudulent call centres in Eastern Europe. They ask the person to purchase cryptocurrency.

Once the victim makes a small initial deposit, they are shown results on a fake trading platform that lead them to believe they have achieved incredible profits.

Over the course of days, weeks and sometimes months, the financial adviser manipulates the victim over the phone into "investing" ever larger amounts of money, steadily bleeding their life savings dry.

Alex saw it all play out first-hand.

"The first quality is to win the trust of the victim. To be friends with the victim. It was a rule: make the clients your friends. Get information from them about their family, about where they live, how much money they have, about their dreams, about their problems," Alex explained.

He said scammers love targeting elderly and seemingly isolated victims.

"Sometimes the people are over 50, living alone, they have no friends or family, or some of them live far away... People need someone to talk about their lives, and that's very often used [by the scammers]. They talk about anything: politics, money, family, about their dreams, about the weather. Then, the [scammer] becomes a friend."

### **Scamming for a living**

Alex helped Radio-Canada gain access to several scammer networks on Telegram, an encrypted messaging app. That's where these call centres publish ads looking for new employees.



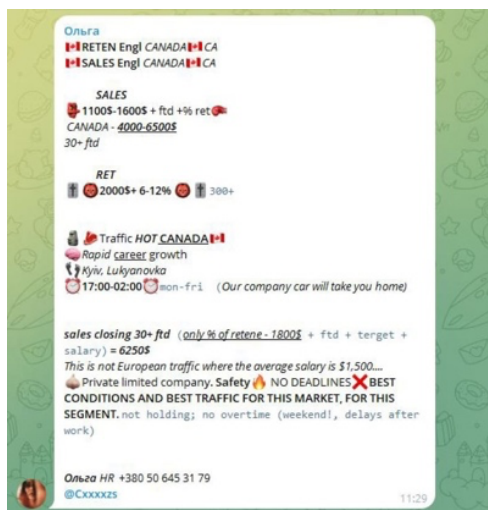
This screen grab of a Telegram chat shows how investment scammers recruit employees to specifically target Canadians. (CBC)

Radio-Canada saw many ads bearing Canadian flags, looking for agents willing to work exclusively with Canadian "clients" and promising lucrative bonuses.

Radio-Canada was also able to examine a document showing working conditions for employees in one Eastern European call centre. The monthly base salary was \$1,200 US (\$1,621 Cdn), which rose to \$1,500 US (\$2,027 Cdn) for those who could solicit \$100,000 US or more a month from victims.

Fraudsters also receive a 10 per cent commission on the amount they manage to steal.

The average salary in Ukraine is around \$700 Cdn a month, according to CEIC, a U.S.-based firm that tracks global economic data.



This screen grab of a Telegram chat shows what these call centres pay to ensnare Canadians in investment scams. (CBC)

With Alex's help, a Radio-Canada journalist was able to apply for a job at the Kyiv call centre using a fake Telegram profile. After answering a few cursory questions via Telegram chat about his work experience, the journalist was connected to one of the managers, known only as "Leo," for a job interview.

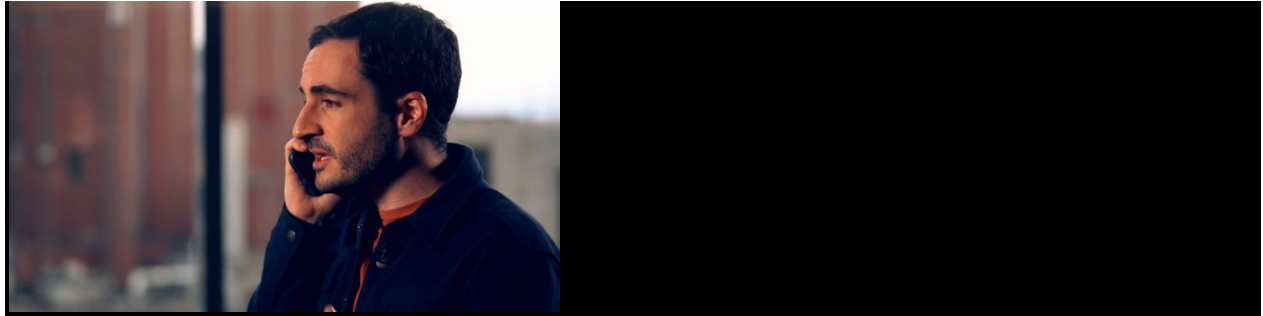
During the Telegram audio call, which was conducted in English, Leo confirmed the call centre exclusively targeted Canadians and was not shy about the fraudulent nature of its activities.

"Look, this business is working already for how long? It's the same advertisements and the same everything.... Look, stupid people are always looking for some kind of whatever that they can invest in, do nothing and bring in more money for [the scammers]," he said.

When the journalist asked Leo whether rising inflation in Canada had curbed Canadians' interest in investment schemes, Leo laughed.

"I don't know why, but [the schemes are] still working," he said.

***WATCH | A Radio-Canada journalist talks to a recruiter:***



<http://www.cbc.ca/player/play/2313577539612>

A CBC journalist, posing as someone seeking employment, talks to a recruiter about why the call centre targets Canadians.

### **'These criminals love Canada'**

Mark Solomons, a senior investigator at IFW Global, an Australian private investigative firm that specializes in fraud recovery, agrees that Canada is one of the main targets, alongside Australia.

"These criminals love Canada," said Solomons. "Canadians are friendly. They're quite open to other cultures. They are relatively rich. They have a relatively high savings rate and fairly good retirement provision. So there's a lot of friendly people sitting on pretty large nest eggs in Canada who are a juicy target for these types of scammers."

On top of that, Solomons said that too much Canadian government bureaucracy and too little intelligence-sharing by law enforcement has led to very few investigations.

"[This money is] being sucked out of the Canadian economy and sent to criminals in other countries. And it can be stopped ... if a sufficient deterrent message is sent," said Solomons.





This online ad featuring Elon Musk is another example of the fake endorsements used to make these investment scams appear legitimate. (CBC)

"I'm sure that Canada is quite adept at investigating, prosecuting, convicting and in particular extraditing offenders when it involves drugs, illegal firearms or serious offending of that type. Why not fraud?"

Solomons has carried out several investigations on fraudulent call centres for scam victims and collaborated with local authorities in different countries to recoup victims' money and help prosecute scammers. He said the chances of being investigated, caught or prosecuted "are very slim."

"Even if you are investigated, it's more likely to be by a financial regulator that won't have the resources or the teeth that a law enforcement agency would have," he said.

Solomons said fighting this problem is not impossible. For example, Germany collaborated with authorities in Kosovo to arrest 18 people linked to fraudulent call centres in 2021, extraditing at least six of them.

At the request of German authorities, Europol, the European Union's law enforcement agency, also carried out raids last year on four call centres across Bulgaria, Serbia and Cyprus. At least 14 arrests were made.

"There's a reason why the scammers are increasingly not targeting German victims, because Germany has made concerted efforts to detect, investigate, extradite and prosecute offenders," Solomons said.

## **No comment from Canadian authorities**

Radio-Canada was not able to reach any federal ministers responsible for this type of enforcement.

Public Safety Minister Dominic LeBlanc's office indicated he wasn't available for comment and suggested Radio-Canada contact the RCMP. Foreign Affairs Minister Mélanie Joly's office did not respond to an interview request.

The RCMP refused an interview, suggesting Radio-Canada contact the Canadian Anti-Fraud Centre. Its mandate is to collect information on fraud and provide intelligence to other federal agencies, but it has no prosecution power.

RCMP spokesperson Kim Chamberland sent Radio-Canada a written statement explaining that the RCMP had put in place teams that specialize in tracking cryptocurrency and had asked the Department of Justice to modify the Criminal Code to enable the police force to more easily investigate cryptocurrency crimes and seize crypto assets.

While the RCMP says these measures helped them seize millions of dollars in drug proceeds, it has not really put a dent in investment scams.

Alex said it's time Canadian authorities took this problem more seriously.

"Canada is a great country. It has a political influence, it has a global influence, it's part of the G7.... it's necessary to protect the citizens and protect the country," he said.

The money stolen in investment scams "is going somewhere in crypto, it's going to corrupt authorities. We don't know where the money goes. It can go to the black market, maybe to drugs, maybe to weapons... Destination unknown."

<https://www.cbc.ca/news/ukraine-call-centre-canada-crypto-scam-1.7127166>

These operations are all over the world: India, Myanmar & South East Asia, Eastern Europe & surely Russia. We like sending in drones to blast terrorists: Why not the people flagrantly fleecing Grandma & Grandpa—and me if I bite? Perhaps some of Canada's "military supplies" could be drones or missiles that get turned around for a moment to blow up this building on Terasa Schevchenko Boulevard in Kyiv? Where did Ukrainians learn such things? From the Russians who have occupied and corrupted them for centuries. TJB