

Subex Telecom Fraud Alerts

October 2010

Telecom fraud ring dismantled in France

French authorities arrested nine people suspected of selling unlock codes for operator-restricted mobile phones. According to French investigators, the fraudsters bought unlock codes from people working for telecom companies, who had access to their databases. The codes were bought for three Euros each and then resold on specialized Internet websites for around thirty Euros. Some corrupt employees made as much as 25,000 Euros per month. Two siblings, a man and a woman, who owned a mobile shop in Rennes, were arrested on suspicion of coordinating the whole operation.

The scheme was discovered after one of the leading mobile operators in France, spotted the breach in its systems last year and filed a complaint about it. Other operators in France have also been affected by this fraud.

The report from Reuters claims that on an average 100 codes were stolen daily for the past five years, costing mobile operators between fifty thousand to several millions of Euros every month in lost profits.

Operators are advised to take all possible countermeasures to prevent such internal fraud.

**Source: SOFTPEDIA, Sep'10*

Thailand authorities crack international telecom fraud ring

Authorities in Thailand cracked an international telecommunications fraud ring led by Taiwanese fraudsters and arrested a total of 18 people.

According to the police the group was led by 3 Taiwanese men who met in Thailand, Macau and Hong Kong. They recruited 8 Chinese women and also lured jobless young adults in Taiwan into their operation with the promise of enormous salaries. The fraudsters set up high speed internet in their fraud ring call center's headquarters. The group's modus operandi involved getting the women to call up mainland Chinese citizens, pretending to be bank or telecommunication tellers and informing the unsuspecting people that they had been victims of identity theft, with their names falsely registered in several accounts. They then switched roles and pretended to be public security, instructing the victims how to transfer money in order to avoid large interest fees or telephone bills.

It is advised that operators be wary of such organized fraudsters.

**Source: China Post, Sep'10*

Swedish businessman arrested for suspicion of selling phony iPhones

An Uppsala businessman suspected of having imported more than 1,400 counterfeit iPhones from China and selling them to telecom operators in Sweden is under investigation for fraud. Between March and October 2009, the 40-year-old sold 900 iPhones to a major mobile operator and its subsidiaries in Sweden. He also sold 500 more iPhones to other mobile phone distributors. The investigation suggests that several of the iPhones, which the fraudster purchased for 400 to 500 kronor (\$55-69) a piece, lacked certificates of authenticity. In total, the fraudster billed his clients for more than 12 million kronor (\$1.65 million) which he then transferred to a personal bank account in Estonia without reporting it to the Swedish Tax Agency (Skatteverket).

A financial audit revealed that the man transferred a total of 20 million kronor to his overseas account in 2009. The tax agency has demanded that the man, who filed for bankruptcy last year, pay 16 million kronor in back taxes and penalties. The police have also launched an investigation into the man's business dealings.

The telecom operator has also launched an investigation into the matter, but has yet to find evidence that the telephones it purchased from the businessman were fakes. The operator has asked its customers not to worry at present and that it will take responsibility for the fakes, if found.

**Source: The Local, Sep'10*

Set top box fraudster gets five years in UK

A man from Birmingham was sentenced to five and half years in jail for cable TV fraud. The fraudster was selling modified set top boxes that could receive free channels. Three other men involved in the fraud were also convicted. The group was arrested in 2008, when 2,000 illegally modified set-top boxes were found during police raids in the Sparkbrook area of Birmingham. A digital forensics consultancy compiled crucial evidence to prove the set-top boxes had been illegally modified.

These convictions are part of a concerted effort by a major telecom operator in UK to stamp out set-top box and modem fraud. It claims that network updates are making it impossible to take internet and TV services for free. The operator is taking appropriate countermeasures like encryption to protect existing customers and prevent fraudsters from using the services for free.

**Source: The Register, Sep'10*

For all previous fraud alerts click on the following link: <http://www.subexworld.com/fraud-alerts.html>