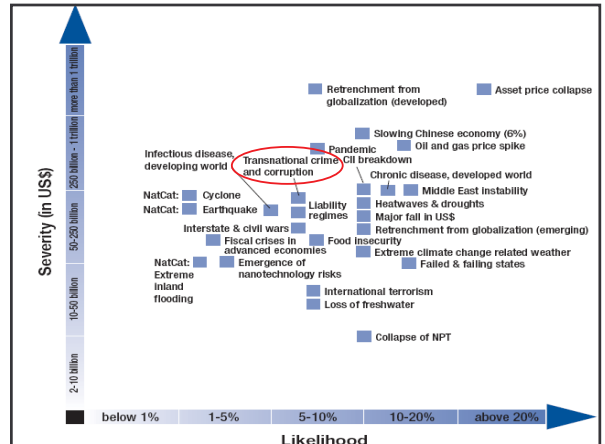
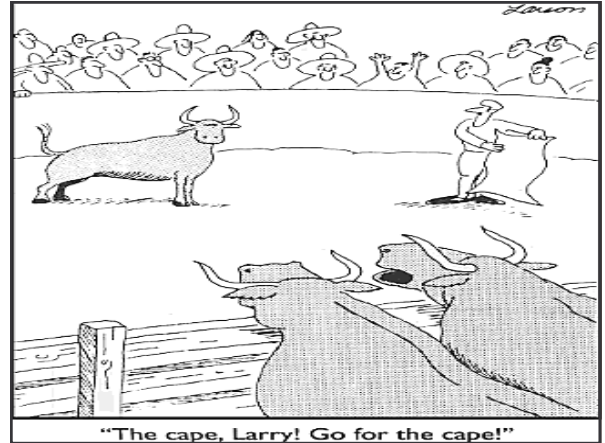
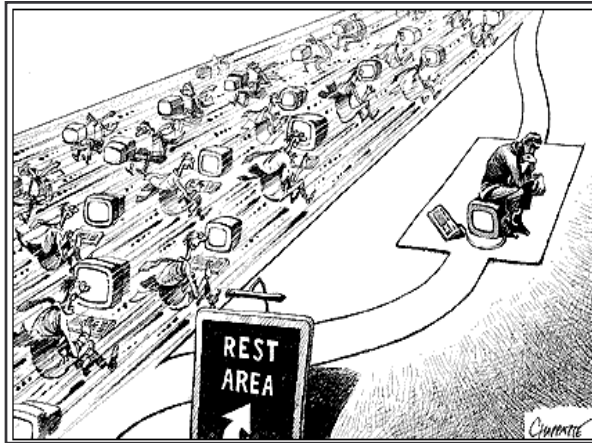


Criminal Money Flows on the Internet in the APEC region

Octopus Interface Conference 10-11 March 2009

Rob McCusker
Transnational Crime Adviser to the Australian Institute of Criminology
Reader in Fraud and Financial Crime
University of Teesside



Information threat environment

- Distributed Digital Identity
 - ‘...technology’s rapid evolution and criminal exploitation of our reliance on personal data for verification and remote access to financial products and services’ (Source: Financial Services Authority 2007)

Asset	Going rate
Pay-out for each unique adware installation	30 cents in the United States, 20 cents in Canada, 10 cents in the UK, 2 cents elsewhere
Malware package, basic version	\$1,000-\$2,000
Malware package with add-on services	Varying prices starting at \$20
Exploit kit rental – 1 hour	\$0.99 to \$1
Exploit kit rental -2.5 hours	\$1.60-\$2
Exploit kit rental – 5 hours	\$4, may vary
Undetected copy of an information-stealing certain Trojan	\$80, may vary
Distributed Denial of Service attack	\$100 per day
10,000 compromised PCs	\$1,000
Stolen bank account credentials	Varying prices starting at \$50
1 million freshly-harvested emails (unverified)	\$8 up, depending on quality

Rank	Item	Percentage	Range of Prices
1	Credit cards	22%	\$0.50-\$5
2	Bank accounts	21%	\$30-\$400
3	Email passwords	8%	\$1-\$350
4	Mailers	8%	\$8-\$10
5	Email addresses	6%	\$2/MB-\$4/MB
6	Proxies	6%	\$0.50-\$3
7	Full identity	6%	\$10-\$150
8	Scams	6%	\$10/week
9	Social security numbers	3%	\$5-\$7
10	Compromised UNIX® shells	2%	\$2-\$10

APEC Anti-Corruption Task Force Meeting, Singapore, February 2009

- ‘Criminals and other illicit actors also continue to leverage low-tech but highly effective ways to launder [illicit funds] through “e-money” or “digital cash”’

Global Financial Integrity (2008)

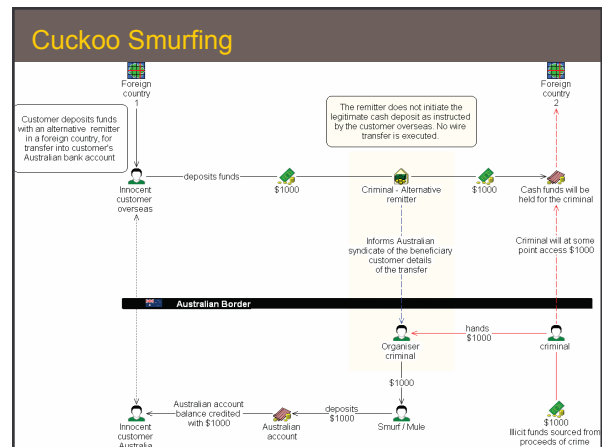
- Illicit Financial Flows from Developing Countries: 2002—2006
 - 2006: Developing countries lost \$858.6 billion to \$1.06 trillion in illicit financial outflows
 - Volume of illicit financial flows from developing countries increased at rate of 18.2% over 5 year study period (2002-2006)
 - Over the study period Asia accounts for circa 50% of illicit financial flows from all developing countries



- Digital Currencies
 - Cash deposits secured against precious metals offshore
 - Online account creation – name, email, physical address
 - Fabrication
 - Anonymity
 - Money laundering
 - Facilitate international payments electronically through non-traditional vectors
 - Liberal or no limits on transactions
 - Anonymising proxy servers/networks to obscure originating IP address and true location
 - E-Gold
 - Shadowcrew

- Mobile (M) payments
 - Mobile phone to link to m-accounts
 - Bank account
 - Credit card
 - Internet payment service
 - Mobile phone company acts as bank
 - Deposit and withdraw funds
 - Japan
 - Korea
 - Philippines

- Digital Value Smurfing (DVS)
 - M-payment with digital value removes cash from equation
 - Digital value
 - Stored value cards
 - Mobile payment credits
 - Single Digital Value Smurfing
 - One person with multiple accounts
 - M-payment bank accounts
 - Internet payment accounts
 - Pre-paid mobile phones
 - Renting mobile phones from others
 - False identities to open additional accounts
 - M-payments rise to 52% by 2011



Online gaming and associated threats

- MMOG (Massively Multi-player Online Game) and MMORPG (Massively Multi-player Online Role-Playing Game)
 - Metaverses (Virtual Online Communities)
 - Economy
 - Google and Microsoft – advertising companies
 - Commodities trading
 - Currency trading – eBay
 - Banks
 - Money laundering
 - Purchase virtual currency using illicit funds
 - Exchange virtual currency for real currency

- Money mules
 - Money muling – exploitation of gullibility
 - Recruitment
 - Cyber fronts
 - Spam advertisements
 - Creation of credibility
 - Reshipping – exploitation of globalisation

Criminal Money Flows on the Internet in the APEC region

Octopus Interface Conference 10-11 March
2009

Rob McCusker
Transnational Crime Adviser to the Australian Institute of Criminology
Reader in Fraud and Financial Crime
University of Teesside