

The Rise of Money Laundering/Terrorist Financing and Proliferation Financing on SNAP CHAT AND INSTAGRAM



The Rise of Financial Crime

Financial Crime has been around for centuries, and criminals are always finding new ways and new opportunities to conceal their illicit proceeds. Social media includes websites and applications that focus on communication, community-based input, interaction, content-sharing and collaboration. People use social media to stay in touch and interact with friends, family and various communities. However, social media has become a popular platform for criminals. Why? Because it's easy to use, free to set up and is a great way to access unsuspecting persons.

The Role of Social Media in Money Muling

Social media platforms like Snapchat and Instagram have become a breeding ground for fraudsters and recruitment efforts for money mules. These platforms offer an easy way for fraudsters to reach a large audience and entice potential money mules.

Money mules are individuals who are recruited by fraudsters to act as intermediaries in illegal financial transactions. These individuals are often promised a share of the illicit proceeds in exchange for allowing their bank accounts to be used for receiving and transferring money. By creating appealing profiles, showcasing wealth, and promising risk-free monetary gains, these recruiters manipulate and exploit individuals who are seeking fast cash.

The lack of user awareness and the goal of some users to become the next top model, the next social media influencer, or simply trying to make quick and easy money means that people are getting duped into illicit activities that lead to Money Laundering (ML). Social media companies are encouraged to take responsibility and implement stricter regulations to prevent these illegal activities from occurring on their platforms.

REPORT A SCAM

Americans lost approximately \$2.7 billion combined to scams originating on social media between January 2021 and June 2023, says a news report from the Federal Trade Commission.



How Would the Scheme Work?

The first step of ML through social media is about creating a fake account on a social media platform like Instagram. Then, the criminals will use this account to advertise a "quick cash" scheme. The scheme will usually involve the mule transferring funds to the criminal's account. The mule will typically receive a percentage of the money as payment. While some money mules may be willing participants in a ML scheme, others may not even know that they're being used. In many cases, the mule is simply someone who is looking for a quick way to make some extra cash. On 19 July 2024, the AML/CFT/CPF Authorities issued a General Public Advisory on "Job Search Scams" which described how individuals are 'paid' a sum of money for a 'job' and are then instructed to transfer a portion of the money to a third party. This is an example of money muling.

Other Social Media Applications



Messaging apps like *WhatsApp* and *Telegram* offer end-to-end encryption which make it difficult for authorities to monitor illicit financial transactions. Money launderers use these apps to communicate and transfer funds without leaving a trace. *GoFundMe* and *Kickstarter* are intended to raise funds for various causes. These platforms can be misused to launder money by setting up fake campaigns and funneling illicit funds through the donations.



Red Flags for Social Media Scams

Here are some of the biggest warning signs to look out for, to avoid falling victim to social media scams:

- **You get an urgent message from a friend with an emergency request.** Call your friend to find out if they were hacked before sending any money or financial assistance.
- **Any request involving gift cards, wire transfers or cryptocurrency.** Scammers may direct you to send them money in specific ways that make it more difficult for you to get it back.
- **Products sold at huge discounts that sound too good to be true.** Bargain-basement prices can lure shoppers to click on malicious links or visit bogus websites advertising fake goods.
- **Typos or strange spellings in account names, bios or website URLs.** These are signs of fake social media accounts or websites, especially if they are trying to impersonate well-known brands or people.
- **Promising huge investment return with little or no risk.** Always be wary of phrases like “get rich quick.”
- **They’re rushing you into a decision.** Scammers don’t want to give you too much time to reconsider, or consult with someone you trust.
- **Job advertisements for menial jobs but with high salaries.** The scammer may begin requesting personal information without making an official job offer.

If you already fell victim to a social media scam, it is important that you report and block the account immediately. You should also change your passwords just to be safe. While it may seem that these schemes are obvious and easily detectable, this is not always the case. It is always better to be safe than sorry.

How Can I Protect Myself?

Protect yourself by limiting who can see your posts and profile information. Be suspicious of unexpected communication from unknown social media profiles, whether from a person or an organization, especially if they are requesting personal or account information.

Monitor your credit card to make sure you have not unsuspectingly fallen victim to fraud. Limit the use of debit cards for online payments. Debit cards typically don’t offer the same level of consumer protection as most credit cards.



TRUE STORY

Rochelle was just 15 when she was approached on Instagram and offered the chance to become a money mule.

As a teenager, she had no money and the offer of a few hundred pounds for sharing her bank details seemed too good to resist.

But it was a scam. Money was laundered through her account, but quickly withdrawn again and she got nothing from the criminal gang. The bank later questioned her and blocked her account.

"I felt really humiliated, because I can't believe I actually thought that I was going to get this money," she said.

"I think people are actually afraid to say that it hasn't worked, because they feel humiliated and embarrassed.

"I know my sibling got scammed, my best friend got scammed and a lot of my other friends got scammed."

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