



CAYMAN ISLANDS MONETARY AUTHORITY

Thursday, 12 June 2008

PUBLIC NOTICE

CIMA ISSUES WARNING REGARDING ADVANCE-FEE FRAUDS

The Cayman Islands Monetary Authority (CIMA) is warning the public, both locally and internationally, to be on guard against perpetrators of advance-fee frauds.

There are many different types of scams that the perpetrators use to defraud persons. However, the most prevalent ones seen by CIMA stem from emails or other correspondence promising large amounts of cash to persons if they assist with wiring large sums of money, or fake notices about large lottery winnings. Once persons respond to the correspondence, they are asked to pay a "refundable activation fee" to access the funds. Persons who comply, lose their money and then are required to overcome numerous obstacles, including paying additional fees, in an attempt to release these funds, which never happens.

CIMA urges members of the public not to respond to any correspondence of this nature.

Fraudsters will go to great lengths to convince their victim of the legitimacy of the transaction, including forging letterheads and the signatures of government, regulatory and judicial officials.

Numerous swindlers have set up websites and purport to operate from the Cayman Islands, often listing a false physical address. It has been established that these entities do not physically exist in the Cayman Islands and are not licensed or regulated by CIMA to engage in any regulated financial business. In some cases, the fraudsters will use a name very similar to a well-known financial institution or a legitimate entity regulated by CIMA.

These scams pose a risk to the Cayman Islands' reputation, as they fraudulently solicit assets from persons using the Cayman Island's status as a soundly regulated jurisdiction to entice persons to invest or deposit funds with them.

So far, CIMA has become aware of more than 40 fictitious entities, claiming to have Cayman Islands addresses but which are not licensed or registered to carry on activities regulated by CIMA. The Authority has published a list of such entities on its website and these can be accessed via the following link: http://www.cimoney.com.ky/uploadedFiles/Regulatory_Framework/Compliance/Notices/WebsiteswithCaymanAddressesNotRegisteredorLicensed.pdf.

CIMA cooperates continually with local and international counterparts regarding these schemes, sharing information and liaising in other regards to bring perpetrators to justice. In 2005, a joint year-long investigation by officers of the Financial Crime Unit of the Royal Cayman Islands Police Service, (RCIPS) and the United States Secret Service in Los Angeles, California, led to the arrest of two persons engaged in internet fraud.
