

Module 6

Session 14



Fraud and Money Mules

Lesson summary

When times are challenging it's easy to be caught out by offers of the chance to build up some extra income. This session helps build knowledge of how fraudsters recruit money mules, the consequences of becoming one and how to avoid being targeted.



Learning Objectives

- To discuss why fraudsters need money mules to clean their money.
- To understand the methods used to recruit money mules.
- To discuss the consequences of being a money mule.

Lesson preparation

1. HSBC PowerPoint slides to facilitate lesson: Module 6 Session 14: Fraud and Money Mules
2. HSBC Worksheet M6W14 to be used to complete the activity
3. HSBC Stretch Challenge M6SC14 has been designed to further embed learning as homework or a class project
4. Consider if there have been any examples of money muling in your school/college (or locally) that you can share with the young people

Slide 2: What is money laundering? – 5 mins



Ask the group: What is money laundering?

Money laundering is the act of taking dirty money from criminal activities and cleaning it through the financial system to make it untraceable and safe to use by criminals in their day to day lives.

Money laundering can vary in levels of complexity, but it will always have 3 main components:

1. **Placement:** Inserting dirty money into the financial system.

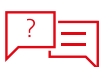
The fraudsters need to do this covertly as banks complete rigorous checks on money coming into bank accounts. For example, if you ever need to pay a large amount into your account you will often need to prove where your money has come from. This is called the 'source of funds' and most banks will ask for this to weed out any fraudsters and prevent money laundering.

To get around being directly caught, fraudsters need people called money mules to pay the money into their bank accounts instead. This keeps the bank's attention away from the actual fraudsters. The fraudster will see these money mules as disposable if something goes wrong and distance themselves very quickly.

Smurfing: involves recruiting lots of individuals (smurfs) who use multiple bank accounts to divide large sums of dirty money into smaller transactions in the hope that these will go undetected by the banks / regulators. It's a term that is also used in gaming to describe experienced players who have multiple gaming accounts/ identities.

2. **Layering/Structuring:** Concealing the money by layering it through different financial providers.

More layers make it harder for the banks to track the path of the money through the financial system. Fraudsters may buy real world or digital items and sell them before buying other items to build up those layers.



Ask the group: How easy do you think it would be to spend your money if it was layered through different types of products?

Answer: Very difficult as it could not be accessed as cash.

- 3. Integration:** The fraudster sells all the assets to create 'clean money' which they can spend in the real world.

Once the criminals think they have created enough layers from the original placement, they can begin to sell all those assets and place the money into clean bank accounts. They can then spend this money in the real world the same as you and I.



Ask the group: Thinking about money laundering, who do you think this benefits most? Who do you think is taking the most risk?

- The money mules placing the money in their accounts take all the risk.
- The criminal bosses withdrawing the clean money get all the benefit.

Slide 3: Dirty money? – 5 mins



Group work: Where do you think dirty money could be coming from? Groups to discuss and then feedback to class.

CLICK to reveal possible answers:

Tax evasion: Using offshore accounts to avoid paying their taxes. Comedian Jimmy Carr was caught sheltering 3.3million per year of his assets in Jersey.

Stolen goods: Money made from selling a stolen items such as a TV, mobile phone or car.

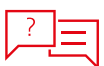
Online fraud: Money made from vishing, phishing, smishing, ID theft etc. The funds have been acquired by tricking someone into sending them to the fraudster's / money mule's account.

Bribery: When senior officials in governments or organisations are paid for using their influence to help or just not intervene in the activities of criminals.

Funding terrorism: Raising money to be transferred into the accounts of people who want to harm us.

Drugs: Money from the sales of drugs need to be cleaned so it can be used by dealers in their day to day lives.

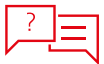
Trafficking/exploitation: Money can be generated by people being illegally trafficked between countries; this may lead to exploitation in their new country.



Ask the group: Do you think we should be helping these people clean up their dirty money?

Slide 4: What is a money mule or 'smurfer'? – 5 mins

Criminals use money mules or 'smurfers' to start off the money laundering process as they don't want to be associated with the money whilst it is still dirty (the first transaction as a result of the criminal activity). They are looking for people with clean bank accounts.



Ask the group: What is a clean bank account?

- An account with no previous criminal activity
- Often the bank account of younger people or those in financial difficulty as they are easiest to target

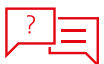


Ask the group: Why do you think fraudsters target young people or those in debt?

People in financial difficulty may be less likely to ask questions about the source of funds as they are so desperate for money / feel like they have little choice other than to accept the money in return for use of their account.

Young people may be struggling to afford all the things they want. They may also be balancing work and study, so this is a quick way to make some money. Alternatively, they may just not understand the seriousness of what they are getting into or think about the risk.

As part of the coercion, the fraudsters will tell you that you won't get into any trouble, there are no risks etc. Of course, this is untrue.



Ask the group: Why do you think fraudsters promise that helping them will be risk free?

1. Trying to influence you, gets you to do what they want
2. Makes it seem easy
3. Makes it sound like other people are already doing it

Lesson commentary

If you are under 16, they will promise that you won't get charged because you are underage. This is not true. It is a crime to assist in money laundering and **you could face prison sentence of 14 years.**

They will influence you to hand over either your bank details or bank cards so they can arrange for the money to be paid into your account.

Once transferred you will then be given instruction of where to send the money next as part of the layering. They will offer you a % of the money or a gift (potentially stolen goods) for helping.

Banks will immediately be suspicious of any large payments into your account and start their investigations.

Slide 5: Targeting social media (Lauren) – 5 mins

When young people get involved in money muling, they often aren't aware that they are money laundering. They may have simply replied to a post on social media asking if they'd like to make some quick money. The more sophisticated fraudsters even set up fake job adverts online.

Now we are going to explore a real-life story taken from The Guardian:

CLICK to read part one.

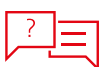


Ask the group: What do you think sounds suspicious here?

The advertisement was promoted on social media, cryptocurrency, commissions on payments made. What additional research or checks did she do?

ID and Bank details are not suspicious as companies must check you have a right to work in the UK and have an account to receive your salary.

CLICK to read part two.



Ask the group: How would you have reacted?

Discuss with the group and get their reactions to the predicament that Lauren found herself in.

Slide 6: Consequences (Lauren) – 3 mins



Ask the group: Read part 3 and the quote from Lauren. How does this make everyone feel? What should she have done....

- Talk to the bank earlier
 - More research on the company before taking the job
 - Talk to the people she was in debt with to work out a better payment plan instead of putting herself and her family at risk.
-

Slide 7: Gaming red flags – 3 mins

Fraudsters are also known to operate in video games and chat rooms. They make offers that seem too good to be true to try and attract you into their world.

CLICK to reveal the scenario.



Ask the group: Looking at these four statements, what are the red flags?

1. **Suspicious discount** – why would they sell the item at such a low price, what's in it for them?
2. **Third party web site** – why do you need to go away from the main site? Does the link look legitimate?
3. **Asking for your login** – you should never give your password information to anyone



Ask the group: So how does this all link to being a money mule? What details have you given away?

Give a few minutes to discuss and then explore the answers on next slide.

Slide 8: Gaming risks – 2 mins

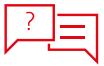
Giving fraudsters your personal information can give them control of your finances and more:

CLICK to reveal and discuss each risk:

Bank details: They can now pay large sums into your bank account and threaten you to make further payments on their behalf

Malware/spyware: Suspicious links could open a back door into your device and give fraudsters more personal information about you

Log on details: They can hold your account to ransom to influence your decisions. Where else do you use those same log on details?



Ask the group: How many of you use the same passwords for all your accounts?

So please be wary of giving your account details or saving your account details online. Only shop with reputable sites, do your research, never click on suspicious links and create strong, separate passwords for all your accounts. Ideally have a separate email address too for your gaming activity.

Slide 9: What would you do? – 8 mins



Ask the young people to vote for each scenario if they think it is safe or unsafe. Why did they make that decision? You could do this via a show of hands or by asking them to move to the left or right of the room.

CLICK to reveal each voting scenario:

You see a job advert looking for someone to complete basic admin tasks. You will need to provide passport and bank details.

Safe – Employers will often ask to see your passport to check you have the right to work in the UK and they need your bank details to pay you.

You see a job advert for a currency exchange service. One of your duties will be to open a new account for the company.

Unsafe - Job adverts for currency exchange or money transfers are red flags, especially if the job description is deliberately vague and involves you moving money from your own account.

Your best friend messages you online, she needs to pay a bill but her online banking has crashed, she will bring the cash round later if you pay it now.

Unsafe – You may trust your friend, but it may be that their account has been hacked and is sending messages in their name. If you want to help, then better to ring them to confirm verbally.

A family member needs to pay their builder £1,000 in cash, if you withdraw it from your account they will send it back to you it via online banking.

Safe – If you trust your sister and have checked the name of the building firm in advance. You just need to be confident in where that money is going.

You are contacted by a company you use often. They say you are due a refund. They need your account details for the refund to be actioned.

Unsafe – In these scams they may refund you too much money and then ask you to forward the rest to a different account. Don't answer cold calls or reply to suspicious messages. If it is too good to be true it probably is.

Slide 10: Consequences of being a money mule– 8 mins



Group work: Thinking about the scenarios we have discussed so far, brainstorm six consequences you could face if you were to agree to become a money mule. Each group to record their answers on their bingo card using worksheet M6W14.

Once all groups have made a bingo card you can start to reveal the consequences of being a money mule.

No mobile phone: You will be blocked from most types of financial contract. Therefore, if you wanted a new phone you would have to pay it up front and be on a pay as you go deal. Similar rules would apply for gyms and utilities.

No travel visa: Many countries like America do background checks on people visiting when applying for tourist visa. They would not want someone with a criminal record visiting their country.

Blocked from renting: Being on the fraud blacklist means that landlords would not want to take the risk of renting a house to you.

No access to banking for 6 years: Your bank account is automatically closed and you cannot open any banking products for 6 years. You will have to make other arrangements to receive your salary.

Background checks: Background checks are completed to ensure that people have a clean criminal history. This could stop you getting that dream job.

No finance: You would not be able to borrow money for any large purchases. This could be car finance, new furniture, new tech or your first property.

Damaged credit score: Your credit rating, which determines how safe you are to lend money to, will be greatly harmed. The effect of this could last longer than the 6 years with no bank account.

Up to 14 years in prison: The police can prosecute you with a prison sentence of up to 14 years. How old would you all be in 14 years time? Where possible they would rather work with you to stop the criminals behind the money laundering ring.

Background checks for university: Would that university want to be associated with a criminal and even if you did find one to accept you, could you afford to be without student finance?

Lesson commentary

Fraudster may threaten you further: Once you say yes, you are under the influence of the fraudster and it is difficult to escape. How will they react when you get caught? You now owe them that lump sum back. If you can't pay, they may threaten or commit acts of violence on you or your family. You may be forced to commit other crimes to settle the debt. Remember where that dirty money came from to begin with?



Ask the group: Who has got the most right? What suggestions do you have to add to the list?

Slide 11: What should you do – 2 mins

Read through actions to take if approached to become a money mule or if you are already caught up in fraudulent activity:

- Stay alert for posts or job adverts promising easy money
- Always report the account to prevent others falling for the scam
- If you are approached in person, decline and report to the police
- If you suspect you are caught up in a money mule scheme stop transferring money immediately
- Report it to the bank, Action Fraud and the police to help catch the fraudsters and protect others.


Slide 12: Stretch Challenge


This can be used as you see fit for a homework, group project or additional lesson during school hours. A Stretch Challenge worksheet is provided to record answers M6SC14.

In the first half of 2023, young people accounted for 64% of all money mules cases.

We know that social media plays a massive part in influencing young people to take part in this crime. So, how can we use it protect other young people?

- How could you use social media to alert other young people to the common features of money mule advertisements / approaches by fraudsters?
- How could you use memes to illustrate the consequences of becoming a money mule?
- What advice would you give to young people who see suspicious posts?

**Module 6**
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Stretch Challenge: Using social media to stop the fraudsters



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We know that social media plays a massive part in influencing young people to take part in this crime. So, how can we use it protect other young people?

*UK Finance June 2023




How could you use social media to alert other young people to common features of money mule advertisements and approaches by fraudsters?

Name: _____

How could you use memes to illustrate the consequences of becoming a money mule?

What advice would you give to young people who see suspicious posts?




M6SC14Name: _____

Worksheet

Worksheet M6W14

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Worksheet:
Money Mules
Consequence Bingo

Discuss in groups and decide on six consequences you believe there would be for someone getting involved in money muling. Think about your financial goals and personal life too.

Essex Year of
NUMBERS

 HSBC UK

Name: _____