



# Transnational Crime in Southeast Asia

A Growing  
Threat to Global  
Peace and Security

USIP SENIOR STUDY GROUP FINAL REPORT

MAY 2024



UNITED STATES  
INSTITUTE OF PEACE  
Making Peace Possible

Recognizing the growing impact of transnational organized crime on global security, the United States Institute of Peace assembled an international group of experts to assess one of the most pernicious aspects of such criminality in Southeast Asia today: rapidly spreading, industrial-scale scam compounds that rely heavily on forced labor lured from around the world to conduct online scams targeting vast numbers of people across the region and beyond. The report illuminates the connections among the far-reaching criminal networks behind these compounds that enable them to adapt to regional conditions and escape the constraints of law enforcement. The study group convened from October 2023 to February 2024 to share research and information on the trends, dimensions, and character of criminal networks operating the scam compounds and to develop recommendations for countering their malign effects.

Cover includes artwork by liuzishan/iStock.

The boundaries shown on any maps in this report are approximate and do not imply official endorsement or acceptance of the United States Institute of Peace.

© 2024 by the United States Institute of Peace

**United States Institute of Peace**

2301 Constitution Avenue NW  
Washington, DC 20037

Phone: 202.457.1700

Fax: 202.429.6063

E-mail: [usip\\_requests@usip.org](mailto:usip_requests@usip.org)

Web: [www.usip.org](http://www.usip.org)

First published May 2024

ISBN: 978-1-60127-940-8

# Transnational Crime in Southeast Asia

## Co-chairs

### **Priscilla A. Clapp**

Senior Advisor, Burma,  
United States Institute of Peace

### **Jason Tower**

Country Director, Burma,  
United States Institute of Peace

## Study Group Members

### **Kristina Amerhauser**

Senior Analyst, Global Initiative Against  
Transnational Organized Crime

### **Jacob Sims**

Visiting Expert,  
United States Institute of Peace

### **Alvin Camba**

Assistant Professor, Josef Korbel School of  
International Studies, University of Denver;  
Faculty Affiliate, Climate Policy Lab, Fletcher  
School, Tufts University

### **Sean Turnell**

Senior Fellow, Southeast Asia Program,  
Lowy Institute

### **Scot Marciel**

Former US Ambassador to Myanmar, Indonesia,  
and ASEAN; Oksenberg-Rohlen Fellow, Freeman  
Spogli Institute for International Studies,  
Stanford University

### **Bridget Welsh**

Honorary Research Associate, University of  
Nottingham Asia Research Institute-Malaysia

### **Erin West**

REACT Task Force; Deputy District Attorney,  
Santa Clara County, California

Members of the study group express their support for the general findings and recommendations the group reached but do not necessarily endorse every statement or judgment in this report. They participated in the study group in their personal capacities; the views expressed are their own and do not necessarily represent the views of their institutions or employers or of the United States Institute of Peace.

MAY 2024

# Transnational Crime in Southeast Asia

A Growing Threat to Global Peace and Security

## CONTENTS

<b>Letter from the Co-chairs</b> .....	5
<b>Executive Summary</b> .....	7
<b>Introduction</b> .....	13
<b>A Southeast Asian Web of Criminal Networks and the Origins of a Crisis</b> .....	17
<b>The Costs of the Crisis</b> .....	23
The Impact on Violence and Conflict .....	23
The Economic, Financial, and Human Costs .....	25
<b>Case Studies</b> .....	27
Myanmar .....	27
Cambodia .....	31
Laos .....	35
Vietnam .....	39
Philippines .....	40

Malaysia .....	42
Thailand .....	43
Singapore.....	44
<b>The Role of Mainland China .....</b>	<b>49</b>
<b>Responding to a Global Security Crisis .....</b>	<b>53</b>

# Abbreviations

AI	artificial intelligence
ASEAN	Association of Southeast Asian Nations
BGF	border guard force (Myanmar)
BRI	Belt and Road Initiative (China)
CCP	Chinese Communist Party
EAO	ethnic armed organization (Myanmar)
FATF	Financial Action Task Force
fintech	financial technology
GSI	Global Security Initiative (China)
GTSEZ	Golden Triangle Special Economic Zone (Laos)
ICO	initial coin offering
IHG	International Holdings Group (Yatai)
NDAA	National Democracy Alliance Army (Mongla)
NLD	National League for Democracy (Myanmar)
OFAC	Office of Foreign Assets Control, US Department of the Treasury
PAGCOR	Philippine Amusement and Gaming Corporation
POGO	Philippine offshore gaming operator
PRC	People's Republic of China
SEZ	special economic zone
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UWSA	United Wa State Army (Myanmar)





# Letter from the Co-chairs

Our work on the activity of the criminal networks featured in this study began in 2020, when the Myanmar program at the United States Institute of Peace (USIP) published reports on the emergence of illicit gambling operations in Myanmar's Karen State, on the border with Thailand. At the time, it was alarming that illegal activity inspired and funded by Chinese criminal investors would find a warm welcome in a country striving to develop democratic governance after decades of harsh military rule. It was equally alarming that the criminal groups were presenting themselves as part of China's Belt and Road Initiative and that they seemed to have open and public support from Chinese state-owned enterprises and other quasi-governmental agencies. The fact that the local host for the activity was a border guard force under the control of the Myanmar armed forces gave us hope that the civilian government could succeed in eliminating the gambling operations before they grew into a national menace. Sadly, just as government authorities, including the military, were beginning to exercise law enforcement against the casino cities, military leaders staged a coup in February 2021, deposing the elected government and allowing the criminal activity of the border guard forces to proliferate along the borders with Thailand and China.

It quickly became apparent that the criminal activity in Myanmar, initially based on illegal online gambling targeted primarily at the Chinese market, was part of a much larger regional criminal network that was rapidly adapting to the new opportunities for online scamming created by the consequences of the military coup in Myanmar and the impact of the COVID-19 pandemic. In the course of completing research on the casino cities in Myanmar, we discovered that the China-origin crime groups involved had deep ties to and involvement in criminal activity in at least seven other countries: Cambodia, Laos, Thailand, Vietnam, the Philippines, Malaysia, and Singapore. We therefore expanded our focus on the wider region and discerned the outlines of an entrenched and increasingly powerful set of intertwined criminal networks. This work inspired our decision to form a study group with expertise in Southeast Asia, as well as in the specific methodologies and constantly advancing technology employed by the criminal networks to expand their operations on a global scale.

This report is the result of the work of this study group and the valuable case studies the group produced for the project. The fact that USIP maintains several teams in the region, and that some of the study group's members are themselves based in the region, means that the study group's findings reflect regional views and experience rather than solely a Washington-based perspective. We believe that the responses to this criminal menace must be primarily regional efforts that involve coordination with the United States and with the full range of impacted states around the globe.

We are grateful to the members of the study group for their invaluable contributions to this research. While the study group members generally support the findings and recommendations put forth in this report, individual members may not necessarily endorse every statement or portrayal of the problem as presented. Members of the group participated in their personal capacities, and the views expressed in the report may not necessarily represent the institutions with which they are affiliated.

We also wish to thank USIP for its institutional support for the project, especially our USIP colleagues Nicole Cochran and Aizat Shamsuddin, who managed the laborious process of coordinating case studies, convening a series of meetings, compiling the research, and ensuring the report's smooth sailing through its production. We thank our colleagues throughout USIP's Asia Center for their support throughout this process, especially Andrew Wilder and Jennifer Staats for their leadership and Brian Harding and Andrew Wells-Dang for their assistance in reviewing several versions of the report.

We hope this report will contribute significantly to a more comprehensive understanding of the scope of the problem posed by criminal networks in Southeast Asia and help policymakers both in the region and beyond develop more effective solutions.

**Priscilla A. Clapp**

Senior Advisor, Burma,  
United States Institute of Peace

**Jason Tower**

Country Director, Burma,  
United States Institute of Peace

# Executive Summary

Organized crime is a significant driver of conflict globally. It preys on weak governance, slack law enforcement, and inadequate regulation. It tears at the fabric of societies by empowering and enriching armed actors and fueling violent conflict. In Asia, criminal groups prop up corrupt and dangerous regimes from Myanmar to North Korea, posing a direct threat to regional stability.

Concerned by the impact of organized crime on governance, local conflict, and global security, the United States Institute of Peace (USIP) formed a study group to explore the dimensions and nature of Southeast Asia's China-origin criminal networks and the scourge of online scamming they are now spreading globally. Since 2021, the power, reach, and influence of these criminal networks have expanded to the point that they now directly threaten human security globally while posing a growing threat to the national security of the United States and many of its allies and partners around the world. Equipped with a series of case studies by experts on the key Southeast Asian countries involved with these networks and on the particular methodology and advanced technology employed in scamming, the study group developed a clearer understanding of the interconnections that facilitate the criminal networks' operations and endow them with the flexibility to remain one step ahead of law enforcement. The resulting study illustrates how these networks have used their power and influence to develop a web of scam compounds within the region, centered primarily in Myanmar, Cambodia, and Laos, but involving most other countries of the region in the management of their operations and fraudulent proceeds. It analyzes in detail the nature of the online scams, how the criminal groups utilize advanced technology, how they gain control over weak and corrupt governments, how they traffic labor and deploy torture to engage victims in forced criminality, how they launder stolen funds, and how they attempt to whitewash their criminal activity.

Perhaps the most pernicious aspects of this spreading regional—and increasingly global—criminal phenomenon are the extent and character of the networks supporting it. They operate in both licit and illicit business spheres, gaining access to regional government and business elites through

apparently legitimate connections and creating lucrative incentives for local elites to associate with and provide material support to their criminal activity, which is often hidden by a veneer of apparent legitimacy, such as casinos, resorts, hotels, and special economic zones (SEZs). The dispersal of these networks into the region is strongly correlated with the areas of weakest governance and the most profound state-embedded criminality. The melding of these groups with corrupt local elites has generated a malign ecosystem that is rapidly evolving into the most powerful criminal network of the modern era.

The only hope of destabilizing and disrupting this complex and entrenched criminal network in Southeast Asia is a dedicated and coordinated international effort.

## Key Takeaways

**Over the past decade, Southeast Asia has become a major breeding ground for transnational criminal networks emanating predominantly from China. These organizations target millions of victims around the world with illegal and unregulated online gambling and sophisticated scamming operations. As of the end of 2023, a conservative estimate of the annual value of funds stolen worldwide by these syndicates approached \$64 billion.**

The scamming operations proliferating in the region today have their roots in a regional network of loosely regulated casinos and online gambling that, beginning in the 1990s and accelerating in the 2000s, some governments promoted as a legitimate contribution to economic development. Chinese nationals were the main target of the overseas gambling business due to a complete ban on gambling in China, where the annual market for gaming is estimated at \$40 billion to \$80 billion. A range of forces have led this malign activity to take on new characteristics and, propelled by advances in digital technology, to reach beyond the region to target a global audience. These forces include the impact of the COVID-19 pandemic; expanding pockets of lax government regulation and law enforcement in the region; the spread of conflict in Myanmar; and the co-option of the state apparatus by gambling-related criminal interests in various countries, Cambodia and Laos in particular.

**While Myanmar, Cambodia, and Laos form the epicenter of the regional scamming industry, most countries in the region contribute in some form to the operations of the criminal networks, facilitating illegal trafficking of forced labor into scam centers, providing a financial base for laundering the proceeds from the illicit activity, and assisting the development of advanced digital technology essential to the sophisticated gambling, scamming, and financial fraud carried out by the criminal networks.**

The scamming operations are powered by hundreds of thousands of people, many duped by fraudulent online ads for lucrative high-tech jobs and trafficked illegally into scam compounds, where they are held by armed gangs in prisonlike conditions and forced to run online scams. These victims of forced labor (along with a small number of workers who willingly participate) come from more than 60 countries around the world. The scam compounds in Myanmar have an additional perimeter of armed protection provided by border guard forces under the authority of the Myanmar military or

its proxies. In Cambodia, speculative real estate investments—casinos and hotels left empty by the COVID pandemic’s suppression of tourism—have been fortified and repurposed for online scamming in a vast web of elite-protected criminality spread across the country. In Laos, SEZs such as Zhao Wei’s notorious Golden Triangle SEZ are the dominant mode of criminal operation.

Interconnected both within and between countries, the networks are able to evade occasional crackdowns by law enforcement by transferring their scamming operations between compounds within a country or between countries, depending on the circumstances. A move by China’s law enforcement in late 2023 to close down the scam compounds on Myanmar’s border with China led many of them to relocate to the south in Myanmar’s Karen State, on the border with Thailand, as well as to Cambodia and Laos.

**The extensive scamming operations in Myanmar along the Chinese and Thai borders have become a key driver of the country’s internal conflict.**

Inasmuch as the scam compounds have been protected and run by affiliates of the military junta government in Myanmar, they have also become a factor in the ongoing rebellion against the country’s military coup. In the Kokang area in the northeast of Myanmar, along the Chinese border, the border guard force that operated a large array of scam centers was attacked by a coalition of armed ethnic organizations seeking to wrest control of Kokang from the Myanmar military and its border guard and close down the scam centers. In Karen State on the Thai border, the scam compounds have become surrounded by open conflict between anti-junta Karen armed forces and military forces supported by the Karen Border Guard Force hosting the criminal compounds. Widespread conflict between the Myanmar military and anti-junta resistance forces in Myanmar not only makes the military and its associated forces—as well as some of the militia groups involved in the criminal activity—more reliant on the revenue from the criminal operations, but also contributes to the militarized fortification of their compounds.

**Ample evidence suggests that protection of the scamming industry is now of strategic interest to the ruling elites in Myanmar, Cambodia, and other countries in the region due to the industry’s profitability and the nature of state involvement.**

In Cambodia, the return on cyber scamming is estimated to exceed \$12.5 billion annually—half the country’s formal GDP—with many compounds owned by local elites. More broadly, the study group calculates that the funds stolen by these criminal syndicates based in Mekong countries likely exceeds \$43.8 billion a year—nearly 40 percent of the combined formal GDP of Laos, Cambodia, and Myanmar. A significant share of these profits is reported to flow to the Myanmar military and to ruling elites in Cambodia and Laos.

**The criminal groups masterminding these scams have set up complex money-laundering operations to move funds into the formal economy, risking corruption of major international financial institutions.**

The criminal networks' methods have evolved over the past decade as they have sought to launder deposits made to online gambling accounts from China. Such industrial-scale laundering is prolific throughout Cambodia, Laos, Malaysia, Thailand, and Vietnam and in financial hubs such as Singapore, Hong Kong, and Dubai, where criminal groups take advantage of strategic vulnerabilities in financial systems and invest heavily in cutting-edge financial technologies that are not well understood by law enforcement. Investigative reporting has also exposed many examples of how laundered funds move into real estate across the globe, including in the United Kingdom and other parts of Europe, in Canada, and in the United States.

**The relationship between these criminal groups and the Chinese government is a confusing complex of mixed incentives and mutual opportunity, leading Chinese law enforcement to focus on some of the Chinese-origin criminals behind the scamming networks but not on others.**

China's strict laws against gambling, in person and online, have pushed organized crime groups into Southeast Asia, where they can tap this lucrative market from a safe distance and align with local elites to protect themselves from Chinese law enforcement. While Chinese police try to crack down on the networks with campaigns targeting illegal online gambling, fraud, and money laundering in China and elsewhere, the same crime groups maintain close relations with members of the Chinese Communist Party, as well as partnerships with a range of Chinese state actors, including business enterprises, party agencies, and quasi-governmental institutions.

As the criminal networks have become more powerful, the Chinese state, recognizing that it can no longer control them, has become more concerned about the threat their activity poses to its citizens, who are major victims of the criminal scamming and the capture of forced labor through fraudulent trafficking. At the same time, however, Beijing appears to see opportunity in instrumentalizing the rising global reach and influence of criminal groups to advance China's Belt and Road Initiative and its new Global Security Initiative, which aims directly at countering global security norms. Beijing has found in countries such as Cambodia and Laos that leaders will align closely with China politically in exchange for Beijing ignoring lucrative criminal activity. Meanwhile, rampant corruption in China also poses a major challenge to any Chinese crackdown, with anti-corruption agencies struggling with countless cases of police accepting bribes or favors to ignore illicit activity or undermine enforcement.

**The United States has become a major victim of the Southeast Asian scamming industry, with annual financial losses mounting rapidly.**

Recent documentaries broadcast or posted on major US and international media outlets have exposed the experience of victims across the United States who have together lost billions of dollars to sophisticated scams and fraud at the hands of malign actors operating across Southeast Asia. In 2023, for instance, Americans and Canadians are estimated to have lost \$3.5 billion and \$350 million, respectively. In December 2023, the US Department of Justice announced the indictment of four individuals based in the United States for allegedly laundering over \$80 million in scam profits,

confirming that the criminal groups are now working on American soil. This scamming industry could soon rival fentanyl as one of the top dangers that Chinese criminal networks pose to the United States. In 2023, US authorities warned Americans of the danger of being trafficked into scam syndicates in Southeast Asia and noted that US residents are now the top target of the criminal networks' financial crimes.

Aside from targeting American citizens, the criminal networks behind these scams also threaten US security interests for three key reasons. First, they endanger democracy, good governance, and stability around the world by co-opting local elites, undermining law enforcement, weakening state authority, and threatening the United States' strategic interest in a free and open Indo-Pacific. Second, the criminal networks have taken advantage of weak governance to gain control over territory and acquire opaque influence over the governments of Myanmar, Cambodia, and Laos, from where they can victimize Americans with near-absolute impunity. And third, China's government and law enforcement, after failing to take this problem seriously for years, are now using the presence of Chinese-led crime groups in other countries to justify striking increases in the presence of China's authoritarian police around the globe.

## Policy Options

**Constraining the transnational criminal networks examined in this report will require a holistic response that addresses their causes, effects, power, reach, and methods of operation. A country-by-country approach will be defeated by the criminal groups' agility in hopping borders and outrunning law enforcement.**

There is no overstating the degree to which robust international coordination is central to combating transnational organized crime. Tackling the scamming networks will require harnessing the research and law enforcement capacities of key countries and international organizations. The United States and China, as the two most strongly affected victims of the online scamming industry, would be key to any international response. Should they fail to find means of coordinating their efforts, criminal networks will exploit the resulting gaps to sustain their activities.

**An effective response by United States government will require a coordinated, whole-of-government effort that draws on the competencies of federal agencies in information collection, financial management, and law enforcement.**

A coordinated US mechanism of this kind would facilitate consistent US cooperation and coordination with countries in Southeast Asia and others affected by the criminal scamming. It would help compile and centralize a more robust information base than that which currently exists. Such a response would be most effectively centered in a National Security Council interagency task force. One major objective of a US response should be to strengthen the governmental and law enforcement capabilities and actions of Southeast Asian countries, not only to address this problem in their own countries but also to work together to interrupt the ability of the networks to move around the

region and exploit weaknesses that provide new openings for their operations. Buttressing these efforts should be a concerted effort by the US government to hold accountable all evidenced criminals—including compound owners, state-embedded co-conspirators, and affiliated corporations—through sanctions, asset seizure, travel bans, and other safeguarding mechanisms.

**The US response should begin by addressing the serious lack of information on all aspects of the scamming industry, not least the constantly advancing technology that facilitates the scamming operations, their financial underpinnings, and money laundering.**

Working internationally in Southeast Asia and globally, this effort should coordinate data collection on a worldwide basis, engaging not only government sources but also civil society, media, business, and financial institutions. One of the greatest weaknesses of current law enforcement efforts and other attempts to counteract the criminal activities involved in the scamming industry is the lack of systematic and coordinated data collection. This gap must be urgently filled if law enforcement is to have a full picture of the problem, its vast and evolving network of criminal actors, and its constantly shifting dynamics. Effective data collection demands significant international cooperation.

To protect its own citizens, the US government should conduct a nationwide public awareness program to draw attention to the scamming methods used to draw potential victims into fraudulent investment, dating, and gambling schemes designed to impoverish them.



# Introduction

The scamming industry proliferating across Southeast Asia over the past decade is the latest metastasis of vast, entrenched transnational criminal networks that have operated in the region for decades. These organizations target victims around the world with illegal and unregulated online gambling and sophisticated scamming operations. Although the size of this criminal market is still extremely difficult to estimate due to the lack of reporting on what represents a novel form of criminality, as of the end of 2023, a conservative estimate of the annual value of funds stolen by these scam syndicates worldwide now approaches \$64 billion a year and involves millions of victims. American losses for 2023 are estimated at \$3.5 billion, Canadian losses at \$413 million, and Malaysian losses at over \$750 million. Chinese police report detecting \$45.2 billion in attempted scams and fraud. The real costs, however, are much higher, because most victims are reluctant to admit their losses.<sup>1</sup>

The growing power and influence of these criminal networks has enabled them to establish a web of what are known as “scam compounds” or “fraud factories” across Southeast Asia and increasingly in other parts of the world. As they depend largely on forced labor, these facilities frequently bear the hallmarks of penal institutions, with high walls and barred windows, closed-circuit television, armed guards, and torture rooms. In this report, a “scam compound” refers to one or more structures built for high-tech fraud and housing a large number of individuals working on scams. The compounds are often established in partnership with powerful local elites, sometimes in urban centers of countries with feeble or deeply corrupt governance, and sometimes in official special zones or poorly regulated border regions where law enforcement and taxation are purposely restricted, creating virtual impunity for illicit conduct. Although local contexts may differ, the organized crime groups have evaded international pressure for years and continue to grow in influence.

Mounting evidence suggests that, while the overwhelming majority of these scams now emanate from Myanmar, Cambodia, and Laos, they are driven by sprawling criminal networks embedded across the Indo-Pacific in countries that include Malaysia, North Korea, the Philippines, the People's Republic of China (PRC), Singapore, Thailand, and Vietnam. Their reach extends also into the Pacific Island countries, and increasingly they are building new connections and a presence elsewhere around the world, including in Peru, South Africa, Turkey, Uganda, and the United Arab Emirates, with signs that they seek connectivity with organized criminal groups globally. Often, where law enforcement has tried to crack down, scam syndicates have become more diffused and now operate covertly inside of hotels, remote apartment blocks, or casino facilities.

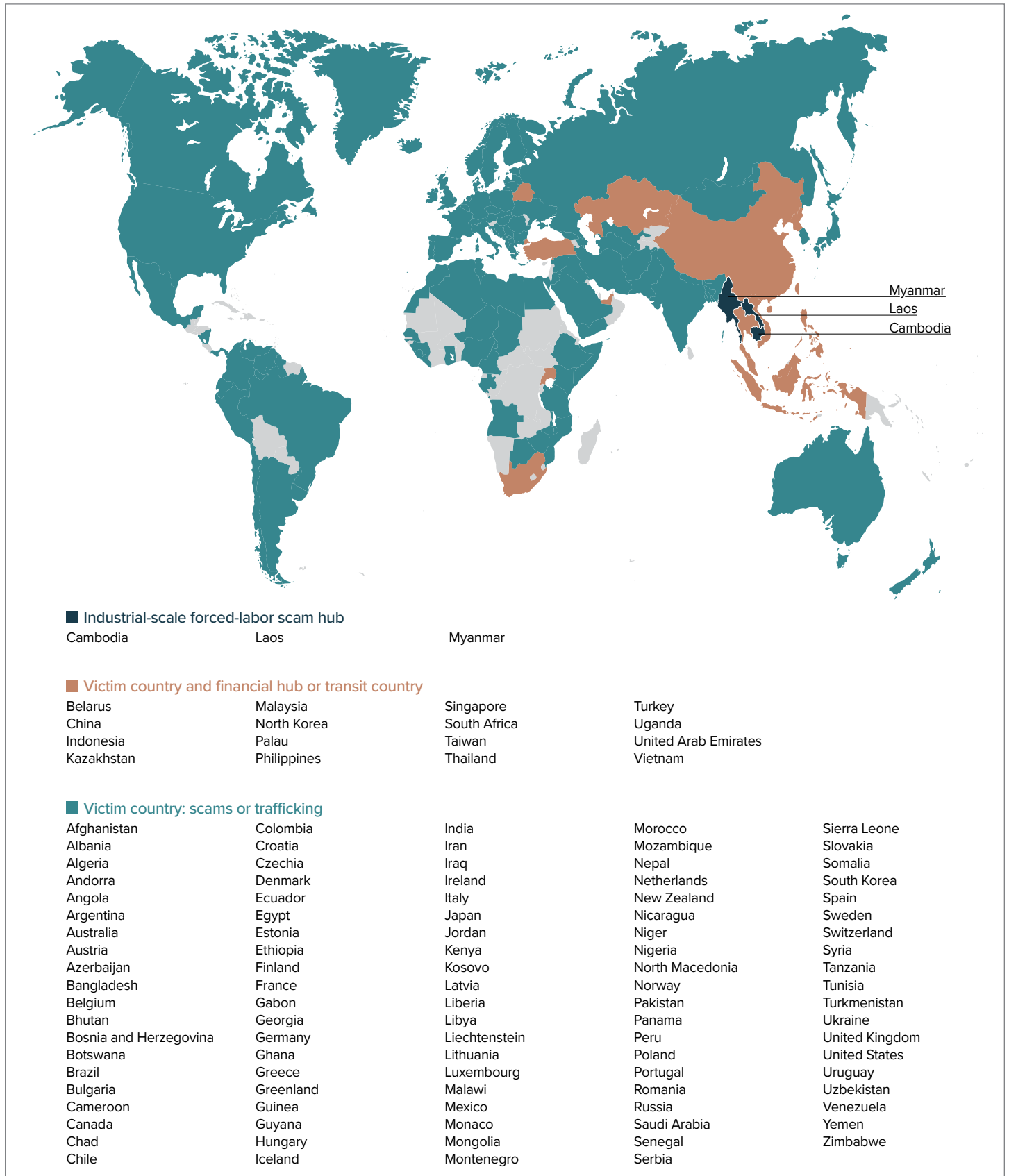
The study group produced case studies on several Southeast Asian countries and the methodologies of online scams. The case studies, which are presented later in the report, form a detailed picture of transnational crime in the region and the dramatic rise since early 2020 of scam compounds staffed by forced labor. These studies reveal that key criminal organizations behind the scam compounds often operate in more than one country and are associated in various ways with one another. They follow common patterns of elite capture in host countries, which extend well beyond the criminal epicenters of Myanmar, Cambodia, and Laos. Buying protection from local law enforcement, they move victims of forced labor freely between compounds and countries. They employ local state and nonstate armed actors to secure compound perimeters, police movement of forced labor among compounds, and prevent their captives' escape. Their global networks enable a rapid response to crackdowns in any given country or region, as they exploit governance gaps within and between states, operating in gray areas where the reach of law enforcement is restricted by borders or elite protection.

While the study group applied a wide lens to examine the threat of transnational organized crime, the report presented here focuses on several key areas:

- The roots of the scamming operations in Southeast Asia.
- The connections between criminal actors in various Southeast Asian countries and beyond.
- The methodology and technology employed in scams, including analysis of “pig butchering,” which involves assuming a fictitious online profile to build deep trust before scamming a victim.
- The general economic, financial, and human costs of the criminality and its impact on violence and conflict.
- The impact of the criminal activity on US national and global security.
- The growing regional influence of transnational Chinese-origin crime groups in Southeast Asia and beyond and their relationship with the Chinese government and the Chinese Communist Party (CCP).

FIGURE 1.

# Pig butchering is a global crisis



Source: Map adapted from artwork by Rainer Lesniewski/Shutterstock.

How to counter the regional conditions that lend advantages to the criminal networks and how to crack down more effectively on the criminal organizations behind the scam compounds are the subjects of the final section of this report. That section offers recommendations for countermeasures to be taken by the US and other governments, law enforcement organizations, financial institutions, and civil society to address the expanding threats to US and global security stemming from spreading transnational organized crime. Members of the study group agree that nothing less than a whole-of-government approach undertaken by the United States in collaboration with regional governments, civil society, and the private sector can reverse this trend.

# A Southeast Asian Web of Criminal Networks and the Origins of a Crisis

All the nations of Southeast Asia have histories of regional ties among local criminal organizations, including those that arise among diaspora groups and those that emanate from China. This web of ties has led to the entrenchment of transnational crime (to varying degrees) among social, business, and government elites throughout the region and the erosion of governance, law enforcement, and business regulation. Thus, criminal operators can hopscotch among the countries to seek new opportunities while they benefit from an aura of respectability. Significantly, the connectivity also eases the way for organized crime groups to expand political and economic influence across the region. Although online scamming and illegal online gambling have become the fastest-growing sources of illicit revenue, the same criminal networks also engage in such criminal activity as narcotics, wildlife, and human trafficking and in large-scale money laundering.

With roots in the loosely regulated gambling business, over time the criminal networks have moved on to more sophisticated scams. Perhaps the most pernicious involve “long cons,” often called pig butchering, in which the perpetrator gradually builds trust—and often a romantic relationship—as a prelude to introducing fraudulent investment opportunities using fake cryptocurrency trading platforms. Once the “pig,” or victim, has been “fattened” through a process of trust building, the perpetrator initiates the process of draining the victim’s bank account. Once complete, the pig is “slaughtered,” and the money disappears into a sophisticated labyrinth of blockchain connections, often leaving the victim penniless and inflicting deep emotional harm. (Box 1 describes the short and grim history of pig butchering.)

## BOX 1.

### The rise of pig butchering

The form of scamming known as “pig butchering” (*shazh-upan* in Chinese) emanated from China, with the first reported cases dating to 2018. However, the COVID-19 pandemic ignited an explosion of this form of criminal activity. Restrictions on international travel and business practices imposed in response to the pandemic created major problems for criminal zones in Southeast Asia. These enclaves initially featured luxury vacation retreats with gambling facilities designed to attract tourism. They appealed particularly to the huge market of gamblers in China, where gambling is largely illegal, and required thousands of Chinese-speaking staff to run the resorts. Later, as online casinos emerged, they relied on large marketing teams to build contacts with potential gamblers over social media such as WeChat and convince them to establish online gambling accounts and move funds offshore. Their questionable marketing tactics included appealing to clients’ emotional needs or introducing pornographic elements into online gambling to increase its addictiveness.

These labor-intensive operations resulted in large numbers of Chinese workers being situated abroad, beyond the reach of Chinese law enforcement. When China closed its borders and ordered Chinese travelers home to control the spread of COVID-19, it deprived the enclaves

of gambling tourists and the labor force needed to serve them and to attract online customers elsewhere.<sup>a</sup> With gambling profits collapsing, the criminal operators quickly turned to high-tech scamming. This switch took advantage of the environment generated by the COVID-19 pandemic, during which many people moved their relationships onto online platforms, where they were vulnerable to pig-butchering scams employing cons related to romance or friendship.

The criminals modified their business model to shift from near-exclusive reliance on China and to appeal in addition to a global market (thus also eluding the capital restrictions and ban on cryptocurrency China introduced in 2021).<sup>b</sup> For workers, they turned to criminal trafficking networks able to lure a new multinational labor force into scamming enclaves in Cambodia, Myanmar, Laos, and elsewhere with promises of well-paid, high-tech jobs. Today, there are an estimated 300,000 cyber scammers in the Mekong region, many of whom are held captive in prisonlike conditions and forced to spend long hours scamming unsuspecting targets, often victimizing people from their own countries. The labor force inside the compounds is controlled by armed Chinese gangs, while external security is typically in the hands of local militias or police.

**Note:** See page 66 for citations.

Starting in late 2020, empty casinos and adjacent infrastructure in Sihanoukville, Poipet, Bavet, and Phnom Penh in Cambodia were rapidly converted into militarized scam compounds. By mid-2021, a massive scamming industry had emerged there and was flourishing under multilayered state protection. A similar pattern was also developing in Myanmar, where the military coup of 2021 pushed it into overdrive. Meanwhile, in Laos and the Philippines—two other notorious hosts of online gambling operations targeting China—similar trends were playing out, with the Golden Triangle Special Economic Zone in Bokeo Province, Laos, providing ideal conditions for this form of criminal activity.

To meet the need for workers in the labor-intensive scamming and online gambling operations, the criminal operators traffic unwitting victims into their compounds using another form of scamming that emerged on a global scale by late 2021: recruitment fraud. Fake companies with elaborate websites put out mass recruitment postings making use of false profiles on social media, online dating, or matchmaking platforms to lure victims into major cities close to scam compounds such as Bangkok, Phnom Penh, Hanoi, and Vientiane. Often offering high-tech jobs or positions requiring advanced skills, the trafficking groups spread the ads on social media or recruitment platforms such as Facebook, Telegram, WeChat, TikTok, LinkedIn, and Jobs.com. Job applicants frequently undergo multiple rounds of interviews and tests before receiving a job offer, and the “successful” candidates get free plane tickets to their destination, where a VIP van awaits at the airport. From there, they are trafficked into the interior or across a border, only then to realize that they have been captured and forced into criminal labor.

Once trafficked into the compounds, the victims are held in prisonlike conditions and forced to participate in scams under threat of violence.<sup>2</sup> If they fail to meet ambitious targets set by the criminal syndicates, the cyber scammers are subject to extreme forms of torture and abuse. Conversely, they are rewarded with illicit entertainment or drugs if they exceed expectations. The Office of the United Nations High Commissioner for Human Rights estimates that criminal gangs are holding at least 220,000 people from more than 40 countries at scam centers in just Cambodia and Myanmar. The study group estimates that an additional 85,000 are held in Laos, so in the Mekong region as a whole, at least 300,000 people could be suffering from serious human rights violations in forced labor circumstances. It is important to point out that not all the individuals inside the compounds were trafficked or tricked. Many entered willingly as scammers, only later to discover that they were subject to torture or cruel forms of punishment should they fail to meet targets established by the scam syndicates. While precisely distinguishing victims from criminals inside these compounds is difficult, a total regional scamming labor force estimate of 300,000 is likely conservative.

The profits from cyber scamming in the region are immense. Although there are no official figures, the return on cyber scamming in Cambodia is estimated—by multiplying a conservative estimate of 100,000 laborers thought to raise an average of \$350 per person per day times the number of days in a year—to exceed \$12.5 billion annually, which is equivalent to nearly half the country’s formal GDP.<sup>3</sup> Using the same methodology, the study group calculates that the funds stolen by the criminal syndicates based in Mekong countries likely exceeds \$43.8 billion a year—over 40 percent of the combined formal GDP of Laos, Cambodia, and Myanmar.

This vast illicit wealth explains how criminal networks in the region have been able to form relationships with corrupt elites and criminal counterparts and how they maintain contacts in the Chinese government, as well as among economic and political elites in China, Hong Kong, and Macau, and with diaspora groups across the region. Another feature of Chinese transnational crime has been the ability of crime bosses to portray their activity as associated with China's Belt and Road Initiative (BRI).<sup>4</sup> This signature Chinese government program promoting Chinese businesses and Chinese influence over trade and commercial norms overseas has struggled in many countries to gain support from legitimate companies and government officials. In this regard, synergies have emerged between, on the one side, Chinese officials desperate to show overseas support for the BRI and, on the other side, illicit actors ready to invest sizable resources in the BRI in exchange for an association with the Chinese government. These relationships offer the criminal networks entry points into the full range of institutions across the region and beyond, and, in an illustrative case, even access to the United Nations (see box 5).

The trend in most Southeast Asian countries of creating special economic and industrial zones to attract foreign investment has been thoroughly co-opted by criminal actors. The zones' tax-free and largely unregulated business structures create virtual petri dishes for breeding illicit enterprises, particularly in countries run by authoritarian elites who care little about the national interest. Crime groups have become directly involved with state elites to design near-autonomous zones where regulation and political control fall directly under criminal bosses, restricting the access and powers of governmental authorities. Criminals, in turn, have poured in massive amounts of capital to build infrastructure, enhance connectivity, and upgrade telecommunications in the zones.<sup>5</sup> Perhaps most critically, they have introduced their own security regimes to keep outsiders from entering their enclaves or exposing the deplorable state of circumstances inside them.

Meanwhile, in countries including Cambodia and Myanmar, where criminal interests have almost completely captured the state apparatus, the "autonomous enclave" appears to be increasingly less useful or necessary for conducting illicit activities. In both countries, this has led to the proliferation of disaggregated webs of scam centers spanning major urban centers as well as more remote locations that are difficult for outside investigators or civil society to access. Myanmar is a particularly striking case, given the involvement of a wide array of nonstate armed groups in providing protection to the criminal activity. The situation there is complicated by the involvement of a range of militia groups traditionally under the military, but which, following the coup and the dramatic decline in the military's power, have built complicated relationships with other armed organizations to secure their illicit business interests.

The principal local enforcement challenge in the key host countries is undoubtedly political, not technological. Nonetheless, it is true that criminal groups behind these scams invest heavily in cutting-edge financial technologies (fintech) that are not well understood by law enforcement. They use these technologies to move their profits into the formal economy through complex money-laundering operations that have evolved over the past decade as they sought to wash deposits made to online gambling accounts from China (see box 2). A powerful illustration of this type of



## BOX 2.

# How technology facilitates scamming and money laundering

Criminals engaged in pig-butchering scams are adept at using current digital technology—social media, artificial intelligence (AI), cryptocurrency, and blockchain—to lure potential victims, operate the financial side of the scams, and launder the proceeds of their crimes. They use cryptocurrency for several reasons. The most basic is that victims are usually unfamiliar with cryptocurrency and can be easily manipulated to follow the damaging suggestions of their new romantic or investment partner from the beginning of the scam.

Most pig-butchering scams run roughly according to the following script:

1. The perpetrator reaches out to a victim flagged as belonging to one of several vulnerable groups—for example, a single individual between ages 40 and 60. The initial hook is what appears to be a misdirected message, such as “J are we still meeting in 5 minutes?” that comes from an account with an attractive profile picture.
2. The potential victim responds that he is “not J,” and the perpetrator then attempts to begin a conversation and get to know the victim on a personal level.
3. A period of courtship follows, during which the perpetrator forms a romantic relationship or friendship with the victim that sometimes lasts for months and involves video calls to deepen trust. On video or in photographs shared with the victim, the scammer may appear in luxurious surroundings that the scammer says are the product of their financial acumen.
4. With trust established, the perpetrator introduces what they assure the victim is a moneymaking opportunity. Victims are encouraged to wire funds to an

unregulated cryptocurrency exchange they may be familiar with, such as Coinbase or Gemini, and to convert their currency to Tether, a “stablecoin” that is tied to the US dollar and that is fast and inexpensive to move.

5. The victim is then directed to download a bogus “investment platform” app provided by the perpetrator, open an account on it, and move their cryptocurrency from the exchange where it is under the victim’s control to the platform account controlled by the scammers. A sham dashboard on the platform will show the victim is booking impressive profits—encouraging continuing deposits—as their money is being moved out and laundered through a chain of “crypto wallets” (devices or platforms that store cryptocurrency) and off the blockchain completely. Cryptocurrency movement is an irreversible, one-way transaction.
6. The relationship and subsequent deposits in the scheme continue until the perpetrator determines that the victim has been bled dry of assets. The scammer then “slaughters the pig” and disappears. All of this, accomplished by forced labor working in highly specialized teams, can leave the victim financially and emotionally devastated, even suicidal.

For investigators, the transparency of the blockchain is helpful—to a point. By looking at the blockchain, law enforcement can follow the transactions but cannot identify the owners of the wallets. Investigators are unable to determine the identity of the wallet owners until the cryptocurrency lands in an exchange where customer information is mandated. Many exchanges are deliberately housed in locations not subject to US law and are unwilling to cooperate voluntarily with criminal probes.

Additionally, the scammers use “money mules” to provide the customer information where required by the exchanges, which makes it even more difficult to identify the true identities of the scammers. Many of these money mules also specialize in the sale and purchase of fraudulently established crypto wallets using sophisticated AI applications such as Faceswap to steal the identities and likenesses of large numbers of people. Using Faceswap, they are able to assume the likeness of a victim of identity theft in order to overcome online Know Your Customer protocols established by many crypto exchanges. This gives bad actors access to an almost unlimited number of accounts through which they can launder funds.

Law enforcement internationally is plagued by insufficient understanding of how to use blockchain in investigating financial crime. The gap between scammers’ and investigators’ knowledge is wide and grows daily. While law enforcement struggles to catch up, the scammers stay dangerously ahead.

There are other channels for money laundering that are much lower-tech. Through popular social media

apps such as Telegram, Facebook, and Line, networks of money-laundering syndicates exchange information about sums of illicit cryptocurrency they need to launder into fiat currencies. Of these platforms, Telegram is the most notorious, with criminals having used it to establish thousands of public groups specifically for criminals to identify one another, discuss the terms of business, and begin moving cryptocurrency across the globe. One example is a Telegram group operated by the Fully Light Company, which is under the control of a powerful criminal “family” tied to the Kokang Border Guard Force in Myanmar, which also runs scamming operations on the border with Thailand and in Cambodia. Despite the border guard force’s defeat by an alliance of ethnic militias in January 2024, the Telegram group continues to have more than 100,000 members and registers more than 200,000 posts a week related to money laundering.<sup>a</sup> These illicit funds are now moving throughout Southeast Asia, hidden under e-commerce platforms, foreign currency exchanges, and a wide range of other legitimate businesses.

**Note:** See page 66 for citation.

laundering operation—this one based in Cambodia—was detailed in a Radio Free Asia exposé of the Cambodian-Chinese conglomerate Prince Group Holdings, which currently faces legal challenges in China. And the Prince Group is by no means the only organization of this kind. Industrial-scale money laundering is prolific throughout Cambodia, Dubai, Hong Kong, Laos, Malaysia, Singapore, Thailand, Vietnam, and other hubs with strategic vulnerabilities in financial systems.

# The Costs of the Crisis

Southeast Asia's criminal networks victimize millions of people throughout the world, but the burden is also borne by the people of Southeast Asia. They suffer in two main ways: from the networks' negative impact on violence and conflict in the region, and from an array of economic and human costs of the scamming industry, many of which extend far beyond the costs faced by victim countries in other parts of the world.

## The Impact on Violence and Conflict

The connection of these criminal networks to violence and conflict in Southeast Asia takes various forms. But most importantly, the ties are always a major source of enrichment for both state and nonstate armed actors, especially in authoritarian systems. The proliferation of criminal networks in Myanmar provides the starkest example. Official military and paramilitary forces are directly involved in hosting and protecting criminal compounds throughout the country's eastern and northern borderlands, and the profits generated by those compounds are used to upgrade weaponry, consolidate influence, and prevent international law enforcement or other armed actors from disrupting the criminal activity.

In countries where open warfare is not a factor, the proceeds from the criminal networks facilitate the expansion of nonstate armed elements and criminal gangs that prey on the local population and trade in illegal drugs and arms. These networks promote criminality within both state and nonstate actors, undermining professionalism and reinforcing police-state tendencies. In Cambodia, by 2019, criminal gangs had become so confident of their power that one crime boss even released a video of himself on YouTube declaring that his "Chongqing gang" would determine whether Sihanoukville was stable.<sup>6</sup> Meanwhile, all along Cambodia's border with Thailand, forced-labor compounds have rapidly built ties with private security companies, local police, and even security forces from across



Malaysian victims of job scams attend a press conference in Petaling Jaya, Malaysia, on September 21, 2022. They said they were offered high-paying jobs in Thailand, but instead they were taken to a casino complex in Myanmar near the Thai border. (Photo by Vincent Thian/AP)

the region. Things have reached the point where armed police operations struggle to gain access to many of these enclaves because their armed protection is so formidable. In both Cambodia and Myanmar, criminals have, with impunity, openly murdered trafficked victims who have attempted to escape compounds.

In many communities in countries where criminal scam syndicates and casino cities have emerged, the criminal networks have come to dominate the local economy and labor market. People from rural villages in Myanmar's Karen State have few alternatives other than to work for one of the scam compound operators. Similarly, the poor residents of Oddar Meanchey Province in Cambodia have few better opportunities for work than Ly Yong Phat's scam-trafficking megaplex O'Smach Resort and Casino.<sup>7</sup> This reality undermines the resilience of local communities and renders them powerless to bear witness to atrocities and rights violations for fear of losing their livelihoods or even their lives.<sup>8</sup> Although, as is widely understood, the governing authorities in places such as Myanmar and Cambodia actively repress the voices of civil society, the power of the criminal networks further reduces any ability for meaningful public dialogue.

## The Economic, Financial, and Human Costs

As noted in the introduction to this report, cyber scams alone extract tens of billions of dollars annually from vast numbers of innocent victims around the world. Yet this represents only the tip of the iceberg in terms of the overall economic, financial, and human costs tied to the spread of transnational organized crime.

The human toll is undoubtedly the negative effect felt most acutely in countries hosting this activity. As the case studies below make clear, an influx of crime groups predominantly from China has pushed local communities out of cities and towns such as Sihanoukville, where prices have skyrocketed, criminals have taken control of land, and the rights of local communities have been undercut by corrupt elites partnering with criminal networks. Similar impacts are felt by local communities in countries that serve as transit hubs or financial centers for this activity in the form of price increases and the growth of related criminal markets such as illicit entertainment and drug trafficking. In more economically advanced countries, victims of these scams are often robbed of their life savings, suffer serious psychological harm, and are sometimes even driven to suicide or reduced to criminality to make up for the losses they have sustained.

The hundreds of thousands of people from around the world who are tricked, trafficked, or pushed, often unwittingly, into Southeast Asia's criminal compounds are among the scamming industry's most egregiously abused victims.<sup>9</sup> They are forced against their will to work on the scams, held at gunpoint, and tortured if they resist or fail to meet quotas. If they try to escape, they are usually captured and returned, sold to another scamming operator, or ransomed back to their families for exorbitant sums. Very few make successful escapes, and some are killed trying. Unfortunately, many of those freed from scam compounds in Cambodia or Myanmar face further abuse and extortion by endemically corrupt law enforcement while awaiting repatriation, and many are treated as criminals when they return home.<sup>10</sup>

Governance in the region is another victim. The expanding scamming industry is gradually undermining governance by empowering local elites to use funds from criminal activities to erode democracy, transparency, and the role of the media. As the case studies of Cambodia, Laos, Malaysia, Myanmar, and the Philippines illustrate, illicit actors have formed deep associations with powerful political circles, enabling criminals to influence political outcomes. Meanwhile, the growing power and influence of organized crime undermine local economic development as officials jockey for payoffs rather than focus on governance and as crime and absence of the rule of law discourage legitimate international investors.

The use of digital technology by criminal actors represents another trend in rising human costs. For the first time in human history, almost anyone anywhere can become a victim of human trafficking simply by looking for a job or a date online. Criminal networks have completely infiltrated the social media space and flooded online recruitment and matchmaking platforms with fake jobs and fake profiles.<sup>11</sup> Platforms such as Facebook, Messenger, Jobs.com, and Tinder can no longer be assumed to be safe.

TABLE 1.

## Estimated revenue from pig-butchering scams in 2023

COUNTRY	NUMBER OF SCAMMERS	DAILY REVENUE	TOTAL ANNUAL REVENUE (BILLIONS)
<b>Cambodia</b>	100,000	\$350	\$12.8
<b>Myanmar</b>	120,000	\$350	\$15.3
<b>Laos</b>	85,000	\$350	\$10.9
<b>Philippines</b>	15,000	\$350	\$1.9
<b>Dubai</b>	20,000	\$350	\$2.6
<b>China</b>	30,000	\$350	\$3.8
<b>Other countries</b>	130,000	\$350	\$16.6
<b>TOTALS</b>	<b>500,000</b>	<b>\$350</b>	<b>\$63.9</b>

**Note:** See pages 66 and 67 for citations.

The financial costs of the full array of illicit activity by the criminal networks are already very steep and growing rapidly. As criminal influence within regulatory authorities expands in weak states in Southeast Asia, an assortment of new private banks and financial institutions is emerging under the control of illicit actors. Particularly in Cambodia, Laos, and Myanmar, the formal banking sectors have become so compromised that they open the entire global financial system to new levels of risk. International financial institutions have yet to identify, let alone calculate, the extent of the damage currently being inflicted.

The United Nations Office on Drugs and Crime in a January 2024 report found that revenue from criminal scam syndicates in Cambodia alone may exceed \$12 billion a year.<sup>12</sup> Using the same methodology, the study group derived an estimate of \$63.9 billion for global revenue from pig-butchering scams (see table 1). It is important to note, however, that each of these calculations relies on victim-reported data and conservative labor force estimates. The true total is likely even greater, given that the calculations do not include any estimates of the human, political, financial, emotional, and psychological costs discussed elsewhere in this report.

# Case Studies

The case studies compiled by regional experts for this report provide clear outlines of a deeply embedded network of criminal operators engaged not only in online gambling and sophisticated scams, but also in narcotics and wildlife trafficking and in the associated human trafficking and money laundering that all those activities depend on.

The case studies describe various facets and locations of this network, beginning with the most concentrated sites of today's scamming industry in Myanmar, Cambodia, and Laos. The Vietnam and Thailand cases illustrate the close connections between the centers of scamming and neighboring countries, and the case of the Philippines shows the malign progression of the gambling and scamming industries from their earlier manifestations as development initiatives encouraged by government. The Malaysia case brings focus to the Chinese triad nexus that gave birth to the region's criminal linkages, providing insights into how these networks seek to embed themselves in vibrant ethnic Chinese communities as an entry point to building ties with local political and economic elites. The case of Singapore explores how regional economic and financial centers factor into the criminal networks, facilitating money laundering and offering connections with often legitimate companies and highly sophisticated and often underregulated technologies that can be co-opted to conceal illicit activities.

## Myanmar

Myanmar's military played a central role in enabling the establishment of criminal enclaves all along the country's borders.<sup>13</sup> This was a direct result of the approach that the military took to consolidating its control of border regions that had long been under the influence of ethnic armed organizations (EAOs) that began forming in the country after independence in 1948. In 2006, the military rolled out its border guard force (BGF) scheme, in which ethnic militias were required to come under the umbrella of the Myanmar army and in exchange were granted the right to establish self-administered zones within which any form of illicit economic activity would be allowed. While many EAOs resisted

the scheme, splinter groups in key territories acquiesced, leading to the formation by 2010 of massive criminal empires focused on online gambling, narcotics, prostitution, and other illicit activities.

The Chinese scam enclaves in Myanmar along the Thai border began as illegal online gambling centers between 2017 and 2021 in areas controlled by the Karen Border Guard Force under the authority of the Myanmar army (see box 3).<sup>14</sup> Similar gambling operations—both in-person and online and aimed exclusively at mainland China—had been built in the late 1990s and early 2000s along the Chinese border, including in territory under the control of armed groups maintaining a neutral position vis-à-vis the Myanmar military such as the United Wa State Army (UWSA).<sup>15</sup> The largest of these zones was in the Kokang area and expanded dramatically after 2009, when it became a self-administered zone under the control of the Myanmar military through the establishment of the Kokang Border Guard Force. Throughout 2020, Myanmar’s elected government moved to close the centers in Karen State, but immediately after the military coup of February 2021, these efforts were reversed and criminal enclaves began to proliferate rapidly along Myanmar’s borders with Thailand and China.

When the COVID-19 pandemic caused China to close its borders, the criminal enclaves ran short of Chinese staff and gambling junket operators lost access to the border casinos. As a result, the criminal enterprises supplemented their online gambling with pig butchering, as described above. Like those in Cambodia, Myanmar’s pig-butchering operations began reaching beyond China for labor with online recruitment touting lucrative high-tech jobs in Southeast Asia. Globally dispersed trafficking networks—paid by Myanmar-based crime groups—stepped in to bring unsuspecting job seekers into the scam centers, where they were confined and forced to work with minimal pay. The forced-labor pool at first came from the region, then expanded globally. Scamming operations also extended their reach internationally, enabled by forcing trafficked workers to prey on their compatriots or even their own social networks in their native language. By mid-2023, there were more than 30 scamming enclaves along Myanmar’s Thai border and nearly 100 along the Chinese border.

In 2023, as China reopened, the hostage-taking and scamming aimed at China rebounded, raising public alarm in the country. In response, the Chinese government began pressuring the Myanmar junta to close the scam centers, because the junta’s governing arm, the State Administrative Council, was at least nominally in control of the border guard forces hosting the Chinese criminal activity. The junta, however, took no action. On the contrary, the generals effectively shielded the criminal activity to preserve the substantial profits being siphoned off by the military itself.<sup>16</sup> Beginning in September 2023, China moved from issuing warnings and threats to taking direct action. Late that month, it began arresting senior leaders of the BGF and of EAOs in the China-Myanmar borderlands, including the deputy commander-in-chief of the UWSA and the CEO of the Kokang BGF Fully Light Company, for their involvement in industrial-scale scamming.<sup>17</sup> While this triggered a rapid crackdown in UWSA-controlled territory, business continued as usual in Kokang, resulting in even greater tensions.

The friction came to a head on October 20, 2023, when an incident inside one of the compounds directly controlled by the Kokang BGF resulted in the death of dozens of Chinese nationals held in the compound. This incident was the last straw for China, leading Chinese authorities to step back when anti-regime armed groups under their influence opened a major offensive against the military.



### BOX 3.

## She Zhijiang: From Loyal Party Man to the PRC's Most Wanted Gambling Boss

From 2017 until 2020, a relatively unknown Chinese businessman named She Zhijiang partnered with a wide range of Chinese state-owned enterprises, quasi-governmental agencies, and commercial associations in the rapid construction of a new city along Myanmar's border with Thailand. By mid-2020, this project, referred to by its Chinese investors as the Yatai New City, towered over one of Thailand's main border cities, Mae Sot, located just across the river between Myanmar and Thailand.<sup>a</sup> She's company, the Hong Kong-registered Yatai International Holdings Group (IHG), signed a series of deals to pave the way for this development. These included an agreement with a company owned by the border guard forces (BGFs) under the leadership of Col. Saw Chit Thu, which provided Yatai IHG with land at Shwe Kokko in Karen State, security, and a concession for Yatai IHG to assume de facto governance over the territory; a \$260 million construction contract with a Chinese state-owned enterprise, China Metallurgical Group Corporation (MCC), to complete the first phase of the infrastructure; and a series of deals with an eye toward placing the Chinese government's stamp of approval on the project. These deals included an advisory contract with the China Center for International Economic Exchanges, the think tank of the Chinese state planning body; a deal with the National Reform and Development Commission; and a deal with the China Federation of Overseas Entrepreneurs (CFOE) that made She and his business partners vice chairs of the organization and provided that the CFOE would host the launch ceremony for the project in Yangon in September 2017.

While She portrayed the \$15 billion project as a major success for China's Belt and Road Initiative, Beijing began to wake up to the reality behind the development in late

2019, when the company's Chinese-language promotional materials were discovered by Myanmar's National League for Democracy (NLD) government. Despite China's ban on Chinese companies investing in casinos and online gambling operations overseas, the company disclosed that what Yatai and MCC were building was nothing other than a casino "smart city" powered by financial technology and designed to house as many as 100,000 individuals involved in illegal online gambling. Investigations in 2020–2021 revealed that She had been on the run from Chinese police since 2014, when Chinese courts had convicted more than a dozen members of his criminal organization of financial crimes that had netted in excess of \$150 million; that despite his status as a fugitive, She had procured a Cambodian passport in 2018 and had garnered an additional \$100 million in illicit funds in Cambodia from 2017 to 2021; and that She also operated unregistered and illegal online casinos in the Philippines, where he had experienced a series of legal problems as early as 2013.<sup>b</sup>

By August 2020, the NLD government had established a committee to investigate the development in Karen State and had successfully pressured China into publicly disassociating itself from the project, with the Chinese embassy stating that it would "help to address the criminal activity."<sup>c</sup> Under pressure from the NLD government, the project was closed by December 2020; Thailand had cut its cross-border electricity and internet connectivity to help force the project's close. Unfortunately, this was not enough to stop She Zhijiang and Chit Thu. Following the February 1, 2021 military coup, Shwe Kokko went back online immediately, and She's Yatai IHG intensified its efforts to co-opt officials into supporting the project—this time focusing on Thailand, where Yatai IHG maintained

a large office in central Bangkok as well as a presence at the Mae Sot airport. Shwe Kokko quickly surpassed Sihanoukville to become the largest hub for sophisticated Chinese online scam syndicates, using forced labor. Yatai redoubled its efforts to whitewash the project, making repeated COVID-19–related donations to local communities, pro-military monks, and the BGF. This renewed tolerance for the project underscores the importance of the criminal city to the Myanmar army, which before the coup, increasingly saw its illicit business interests and control of the economy threatened by the NLD’s reform campaign. Indeed, that campaign ultimately played into the military’s calculations around staging the coup.

By late 2021, as the number of victims of human trafficking and forced labor grew, the Chinese courts began hearing their first cases related to pig-butcherings in Shwe Kokko. This prompted Chinese law enforcement finally to move against She by issuing an Interpol red alert for his arrest.<sup>d</sup> On August 13, 2022, Thai police detained She, announcing that he would soon be extradited to China. Perhaps to China’s surprise, She remains in Thai custody today, while the Yatai IHG’s illicit activities in the Myanmar-Thai border area continue to expand.<sup>e</sup> Both She individually and Yatai IHG have gone on the offensive, arguing that China’s charges against him are politically motivated, that he is a Cambodian citizen, and that Thailand has no right to extradite him to China; She has even released a video of himself in prison in which he claims

that the Chinese Communist Party has sent assassins to kill him.

At present, all of She’s key partners in the Yatai Shwe Kokko project are still at large, several being current or former Chinese government officials living in China. While the United Kingdom has sanctioned both She and Chit Thu for their roles in gross human rights violations, no action has yet been taken by China against the latter.<sup>f</sup> Chit Thu nominally transformed his armed group from a BGF under the military into a private army, probably out of concern for protecting his cash cow in Shwe Kokko and as part of a strategy by the Myanmar army to deflect responsibility for the criminal activity. Finally, sources inside the Thai detention facility indicate that She has access to large sums of cash inside prison, and that he has put the majority of the prisoners and workers in the facility on his payroll.

She’s case illustrates the role that the Chinese government played in enabling this criminal activity, as well as the Chinese government’s shifting response as it realized just how powerful the criminal networks had become. That She remains in Thai detention, despite strong pressure from the Chinese government to secure his extradition, and that his crime city on the border continues to operate illustrate the extent of his influence across the region, including in Thailand, Myanmar, and Cambodia—the country to which he desperately seeks to be extradited.<sup>g</sup>

**Note:** See page 67 for citations.

The resistance forces joining the attack—which was called “Operation 1027,” after its launch date of October 27—pledged to shut down the scam centers in the Kokang region and elsewhere along the Chinese border.<sup>18</sup> This objective gained Chinese acquiescence for the operation, which eventually led to the military’s complete surrender of the Kokang region to the anti-military forces. The Kokang BGF leaders running the scamming operations, who were also business and political cronies of the junta, were arrested by the junta itself after China issued arrest warrants, and six of the leading players were handed over to the Chinese authorities in early 2024.

The junta nonetheless helped others to abscond. Some of these are believed to have repositioned their scamming operations in Laos or Cambodia, where the operating environment is perceived as safer due to greater political stability and the capture of the state apparatus by criminal elites. Meanwhile, for similar reasons, many more moved south to Karen State along the Thai border. This dynamic began to feed into destabilization of the Thai border in early 2024, when the Karen BGF support for the Myanmar army wavered following the military’s defeat in Kokang. This in turn helped trigger a new military operation by the Karen National Liberation Army aimed at pushing the military out of Myawaddy.<sup>19</sup> While the scamming operations remain free from the turmoil for the moment, there is a growing question as to whether they will eventually become engulfed in violent conflict.

With the launch of Operation 1027, Chinese criminal activity in Myanmar became directly enmeshed in the country’s internal conflict, and China’s law enforcement became actively engaged in bringing down the enclaves along its border. Meanwhile, Operation 1027 extended beyond Kokang to encompass the entire upper half of Myanmar, overrunning major military bases and taking large caches of heavy weapons and armored vehicles, severely weakening the State Administrative Council’s control of the country.

## Cambodia

The migration of sophisticated Chinese organized crime groups to Cambodia and their growing ties to local power brokers is a process spanning at least the last two decades. It sprang into public awareness in 2017, however, when Chinese real estate investors began descending on Cambodia’s Sihanoukville to pave the way for the arrival of large-scale Chinese casino and online gambling operations, many of which had been forced out of the Philippines.<sup>20</sup> For two years, gambling in Sihanoukville was essentially left unregulated as the labor-intensive industry grew rapidly, drawing a wave of Chinese nationals to the city, including armed gangs that provided security and ensured clients paid their bills. In the space of a single year, Chinese nationals came to represent 30 percent of the city’s population.<sup>21</sup> As violent incidents involving Chinese gangs became regular occurrences on the streets of Sihanoukville in 2019, Cambodian prime minister Hun Sen banned online gambling, sharply criticizing the role of foreign criminals in defrauding customers and causing public disorder.<sup>22</sup> He concluded an agreement with China that established the presence in Cambodia of Chinese police, who arrested and deported some 116 Chinese criminals to China for prosecution.<sup>23</sup> More than 10,000 Chinese reportedly fled Sihanoukville as a result, many seeking greener pastures in neighboring countries.

Despite Cambodia's negative experience with Chinese gambling investors in Sihanoukville in 2019, the underlying infrastructure and criminal-elite connections were already firmly established. Accordingly, gambling-adjacent criminal activity did not merely survive in Cambodia—it prospered. As of May 2024, Cambodia is host to large-scale, sophisticated cyber-scamming operations spread widely across the country.

Government officials initially denied the existence of the problem and later the scale of it, despite overwhelming evidence and widely corroborated reports. Over the last two years in particular, the Cambodian government has consistently responded to pushes against the scamming industry with repressive actions such as imprisoning a rescue activist who helped rescue captive workers, shuttering a media outlet, and issuing threats against a host of media and civil society groups.<sup>24</sup>

In spite of the government's efforts, early public advocacy filtered to global media, significantly raising the profile of the issue and Cambodia's role therein. Ultimately, many of the major trends were consolidated in reports issued in 2023 by the United Nations Office on Drugs and Crime and the United Nations Office of the High Commissioner for Human Rights outlining the scale and gravity of Cambodia's most recent organized crime epidemic.

Following a well-established response, the Cambodian government rejected the United Nations' findings wholesale, saying the reports were baseless and unsupported by evidence. The country's top countertrafficking official dismissed the claims of many human trafficking victims by characterizing them as illegal migrants rather than legitimate victims.<sup>25</sup>

In the same year, the Cambodian government pushed back against Chinese state–endorsed efforts to raise awareness of the problems, banning the Chinese movie *No More Bets*, which presents Cambodia as a lawless space where criminals working with corrupt officials can engage in extreme forms of illicit activity.<sup>26</sup> Indeed, widely available evidence reveals that ownership of these compounds in Cambodia frequently is concentrated in the hands of business elites with close connections to politicians and government officials, including recently retired prime minister Hun Sen, as well as his son, who succeeded him in 2023.<sup>27</sup> In one particularly glaring example, Ly Yong Phat, a senator and permanent member of the ruling Cambodian People's Party, publicly advertises ownership of the notorious O'Smach Resort and Casino on his business's website.<sup>28</sup> Despite mounting evidence linking the premises with industrial-scale fraud, human trafficking, and violent abuse, the prospects of accountability for this oligarch and many others like him are dim.<sup>29</sup> The strong control wielded by the Cambodian ruling party over its institutions and population, combined with the profound way in which the state apparatus has been compromised by embedded criminality, is the unique defining feature that makes Cambodia a premier destination for these criminal groups. Campaigns to crack down on Sihanoukville's scam compounds in August 2022 also indicate collaboration between criminal entities and parts of the state. Early in the month, large numbers of scam workers were observed being cleared out of the known Sihanoukville scam compounds and loaded onto buses headed to more remote parts of the country.<sup>30</sup> A week later, Cambodian law enforcement "raided" those same compounds, finding only a fraction of the former residents and quietly deporting those remaining. No charges were filed against leading syndicate figures or compound owners.



Construction workers on a new Chinese-financed casino, condo, and hotel development on the seafront in Sihanoukville, Cambodia, on February 17, 2018. During the COVID-19 pandemic, developments like this were converted into militarized scam compounds. (Photo by Adam Dean/New York Times)

If this campaign had any real impacts, they were to alleviate international pressure somewhat, thus protecting the longevity of the industry, and to consolidate ownership of the compounds in a smaller set of hands.<sup>31</sup> An ongoing 2024 “crackdown” against a sporadic subset of minor compounds around Sihanoukville appears similar in design and likely result. The chief economic effect of such moves has been that criminal networks focused even more intensively on investing in properties owned by the core of the ruling elite. A similar pattern is apparent in other illicit industries controlled by the Cambodian elite such as illegal logging, where crackdowns have clearly served the cause of monopoly, not reform.<sup>32</sup> Dispersing the compounds from Sihanoukville in 2022 has meant that their activity now increasingly takes place in remote areas where journalists and civil society have limited access. It has also catalyzed the proliferation of thousands of “boutique” mini scam compounds across the interior of Cambodia—another unique feature of organized crime in Cambodia today. While there is little evidence of actual shrinkage in the Cambodian scamming industry following the supposed crackdown of 2022 or of any significant movement out of Cambodia around this time, it does appear that Myanmar’s scam centers absorbed a large portion of the industry’s growth in the following year. In a reversal of that pattern, the late 2023 disruption of the scamming industry along Myanmar’s border with China has resulted in the distinct revival of Cambodia’s industry.

Cambodia's scamming industry's fortunes continue to unfold unpredictably. In late 2022, the G-7's anti-money-laundering organization, the Financial Action Task Force (FATF)—the chief means for global financial institutions to assess the risk of doing business in a country—quietly removed Cambodia from its “grey list” of countries with deficient money-laundering controls.<sup>33</sup> This delisting followed a significant lobbying effort by the Cambodian government and was conducted in the absence of meaningful civil society consultation. Conversely, Myanmar is among a handful of countries on the task force's “black list,” warranting the highest level of scrutiny of transactions and making the movement of funds most difficult.

Cambodia's removal from the list, despite overwhelming evidence that its financial system is a key facilitator of industrial-scale money laundering, significantly strengthens the already well-aligned economic incentives for the scamming industry to flourish there. Coupled with a failure of local or international law enforcement to hold a single prominent perpetrator or government co-conspirator accountable, the 2022 FATF delisting leaves Cambodia's scamming industry poised to continue flourishing unabated.

One possible challenge to Cambodia's scamming industry is the possibility of an incursion of PRC law enforcement into the country. This would look different from what took place in northern Myanmar beginning in May 2023 and would likely require the approval of the Cambodian government to proceed. Nonetheless, the same incentives that propelled it to act in Myanmar might also drive the PRC to disrupt the scamming industry in Cambodia.

Indeed, Cambodian scam syndicates appear to be pivoting in anticipation of that possibility. Recent months have seen a massive upsurge in the targeting of victims who are not Chinese and do not speak Mandarin, likely in an effort to avoid attention from Chinese law enforcement, which focuses on crimes involving or targeting Chinese nationals. These shifts are leading to a broader range of trafficked nationalities and an increasing focus on English-speaking downstream scamming targets.

As lawlessness and violence spread across the country on the heels of the gangs' upsurge, international narratives in media and social media, especially in China, are causing the Cambodian tourism industry to collapse. This crash is undermining one of Cambodia's key economic pillars and deepening the country's reliance on the illicit economy.<sup>34</sup>

The extent to which illicit economic actors have consolidated control over the country's formal economy was recently captured in a Radio Free Asia exposé of the involvement of Prince Group Holdings, one of the largest Chinese-owned business conglomerates in Cambodia, in human trafficking, money laundering, scamming, and illegal offshore gambling.<sup>35</sup> Despite Prince's CEO, Chen Zhi, having obtained Cambodian citizenship and minister status as an adviser to former prime minister Hun Sen and his son, the Chinese police began investigating Prince Group in 2020. They even set up a special task force in Beijing to investigate its “major cross-border gambling” operation. The Prince Group has been implicated by witnesses in eight criminal cases heard by courts in three different Chinese provinces as being involved in fraud, scams, illegal gambling, forced sex work, and money laundering. Meanwhile, the Jinbei complex on Cambodia's border with Vietnam, constructed and

now managed by a Prince Group affiliate, is implicated in at least 83 criminal cases heard in courts spread across nine Chinese provinces, including 63 cases in Henan Province alone.<sup>36</sup>

The linkages documented by these sources reasonably suggest that Prince Group and its executives legally own or otherwise hold beneficial ownership in numerous compounds where thousands of foreign nationals have been trafficked and are scamming Americans out of millions of dollars. All the while, Chen Zhi and his business associates hold significant assets in multiple European countries and in the United States. They are also seeking to build legitimacy through proactive interactions with the Western private sector. For instance, in 2023, the Prince Group's subsidiary Prince served as a key sponsor of a major American Chamber of Commerce in Cambodia private sector meeting in Phnom Penh. Later in the year, Prince entered a new business relationship with the Radisson Hotel Group.<sup>37</sup> Without sanctions, blacklisting, and appropriate safeguards in place, American companies are exposed to significant risks of unknowingly engaging with such criminal enterprises due to the apparent legitimacy they have gained in Cambodia.

The Cambodian People's Party's power depends on continued economic growth and inflows to support its patronage system. Aside from unsustainable natural resource extraction, renting out real estate to criminal enterprises is one of the few available options. A significant danger of this solution is that once it has rented to such actors, Cambodia may find it impossible to maintain its sovereignty.<sup>38</sup>

## Laos

Like Cambodia, Laos has been a welcoming hub for cyber-scamming operations experiencing crackdowns elsewhere in the region. It is a small, authoritarian country with limited resources and capacity; a tiny and highly constrained civil society; and nonexistent media freedom, enabling criminal networks to gain protection of local political and business elites with minimal external scrutiny. Most of the known activity appears to be concentrated in the Golden Triangle Special Economic Zone (GTSEZ) in the province of Bokeo on the banks of the Mekong River. Although the Lao government technically owns 20 percent of the zone, it is fully operated by Kings Roman Group, which has ties to the PRC, Hong Kong, and Chinese-speaking militia groups in northern Myanmar.<sup>39</sup> Its president, Zhao Wei, was sanctioned by the United States in 2018 for drug, wildlife, and human trafficking; money laundering; and bribery facilitated through Kings Roman Casino in the economic zone.<sup>40</sup> The zone is easily visible and accessible from Thailand and now houses tens of thousands of individuals engaged in online scamming operations, including victims trafficked into the GTSEZ and adjacent areas.<sup>41</sup>

To better understand the role that Chinese criminal networks play in the broader criminal economy of Laos, the study group conducted a network analysis of the GTSEZ. The analysis uncovered connections to the Chinese party-state, especially through an early Chinese proponent of the zone, who facilitated engagement by other Chinese entities and boasted of links to the CCP's united front system and the party elite.<sup>42</sup> The analysis also found ties to regional Chinese chambers of commerce and the Lao-Fujian Chamber of Commerce established inside the special economic zone administered by Zhao Wei.<sup>43</sup>

The analysis uncovered multiple links between Zhao and some key Lao and other leading political figures in the region, who have effectively endorsed Kings Roman by visiting the zone multiple times.<sup>44</sup> These links suggest that the Lao political echelon not only lacks the political will to regulate and curb Chinese-origin criminality, but also has reason to encourage it. Creating the GTSEZ, placing it under the control of a Chinese criminal, and ignoring major criminal activities (see box 4) demonstrate a willingness by the Lao government to secure foreign investment by any means. The partnership has solidified over the years, even amid heightened international scrutiny, culminating in the 2024 inauguration of the new international airport in Tonpheung district in Bokeo Province, which is likely to attract even more illicit capital to this zone.<sup>45</sup>

The study group's analysis also shows a strong connection between the GTSEZ and armed conflict in Myanmar. The zone plays a key role in money laundering, narcotics, scamming, and other criminal pursuits tied to at least two powerful Chinese-speaking EAOs on China's border in Myanmar: the UWSA and the National Democratic Alliance Army (NDAA), also known as Mongla. Chinese-speaking individuals recruited through these groups guard the border gates and provide most security inside the zone.<sup>46</sup> The zone's population numbers more than 120,000 people, almost 40 percent of whom come from Myanmar. The majority of those originate in Myanmar's Chinese-speaking enclaves.

Following his rise to prominence in Macau, Zhao Wei relocated into the Mongla territory on the Chinese border, where he opened a casino around 2001.<sup>47</sup> In 2004, following a series of violent incidents in Zhao's Mumian casino, Chinese authorities pressured the NDAA to close the casino. This prompted Zhao Wei to shift to Laos, where he entered negotiations with the Lao government over the GTSEZ. The establishment of this new zone served the interests of China, the UWSA, and the NDAA in three ways: it pushed illicit activity away from China's border, while still giving the UWSA and NDAA access to the illicit economy in Laos; it extended Chinese influence along the Mekong River, where Zhao Wei has been a willing partner in cracking down on various forms of crime harmful to a perceived Chinese security interest; and it provided China with backdoor access to Thailand through both Myanmar and Laos.

The GTSEZ is one of the most problematic criminal zones in the region because the host government has been enticed to support criminal activity there. Nevertheless, as more scamming syndicates move into Laos, especially following the recent crackdown on the Chinese border, the GTSEZ could eventually become a source of embarrassment for the Chinese government, especially in the event of an extreme incident, such as the mass killing of Chinese nationals by security forces following an attempted escape, as happened in Kokang on October 20, 2023. Laos itself may also find reason to crack down, particularly if the number of victims from Laos and other countries in the region trafficked into the GTSEZ increases. Finally, it is important to note that criminal activity has spread from the GTSEZ to many other struggling economic zones in the Lao-Chinese border area along the Sino-Lao railroad project.<sup>48</sup> This parallels the patterns identified in the Cambodia case, where smaller criminal syndicates seek out local elites under pressure to prop up ill-advised commercial zones often located in remote parts of the country.



## BOX 4.

# Zhao Wei's Golden Triangle Special Economic Zone

Zhao Wei's Golden Triangle Special Economic Zone (GTSEZ) sits on the banks of the Mekong River in the Golden Triangle in Bokeo Province, Laos, next to Thailand and Myanmar. The GTSEZ was inaugurated in 2009, but the immediate path to its creation began two years earlier when Kings Romans Group signed a 99-year lease with the Laos government for a four-mile stretch overlooking the Mekong River that included 39 square miles of farmland.<sup>a</sup> The full agreement grants Laos a 20 percent share of the project, with the stated objective of "attracting one million tourists to the region along with more than three hundred companies." On the Chinese side, the project is one of various SEZs in the region increasingly associated with China's Belt and Road Initiative. The GTSEZ itself "is run on Beijing time, signs are in Mandarin, the majority of workers are Chinese nationals and Chinese yuan is the main currency used."<sup>b</sup> The physical centerpiece of the ambitious project is a casino, "plunked down in a clearing of jungle and rice fields and topped with a mammoth gold and turquoise crown."<sup>c</sup> The zone is also rife with serious criminal activity. The US Treasury Department concluded in its sanctions action on the zone that "human trafficking, methamphetamine production and wildlife smuggling" are rampant.<sup>d</sup>

Zhao, originally from Heilongjiang Province in China's northeast, established himself as a timber trader before moving in the 1990s to Macau, where he began investing in casinos. In the early 2000s, Zhao ventured to Myanmar, where he opened his own casino in Mongla and forged ties with the National Democratic Alliance Army militia group, which has long maintained a ceasefire with the Myanmar military. Eventually, his business faced pressure when China began to clamp down on officials crossing the border to visit the casino. At the invitation of the Laos government, Zhao was handed an opportunity to invest in

Bokeo, leading to the creation of the GTSEZ. According to Thai media reports, then Lao deputy prime minister Somsavat Lengsavad appears to have played an instrumental role in the arrangement.<sup>e</sup>

Since the designation of his enterprise as the Zhao Wei Transnational Criminal Organization on January 30, 2018, by the US Treasury Department's Office of Foreign Assets Control (OFAC), there are few doubts about Zhao's involvement in multiple illicit activities across the region. Zhao; his wife, Su Guiqin; Abbas Eberahim, an Australian national; and Nat Rungtawankhiri, a Thai national, were all named by OFAC. A department press release stated that Zhao and his organization exploited the region "by engaging in drug trafficking, human trafficking, money laundering, bribery, and wildlife trafficking, much of which is facilitated through the Kings Romans Casino located within the GTSEZ."<sup>f</sup>

Zhao's involvement in Laos does not end with the GTSEZ. In 2020, one of his businesses, Osiano Trading Company, won the contract to develop a port in a small Lao river town called Ban Mom.<sup>g</sup> The port is of critical importance to Mekong navigation between China, Laos, Myanmar, and Thailand, and according to a formal agreement among the four on Mekong navigation, it "will be a checkpoint for upstream river traffic from Chiang Saen Port in Thailand to China."<sup>h</sup> This implies that Zhao Wei controls not only the GTSEZ, but also one of the key ports facilitating the movement of goods and people along the Mekong River, and that he is doing so in close alignment with the governments of the region. In 2021, Radio Free Asia reported that Zhao's Dok Ngiew Kham Group has planned to invest in infrastructure, agriculture, and tourism projects in other provinces, such as Salavan and Xieng Khouang, where the UNESCO heritage site Plain of Jars is located.<sup>i</sup>

Meanwhile, the China-Laos railroad has also been a boon for the GTSEZ, as it has dramatically improved connectivity between the two countries. The GTSEZ has recently introduced a bus line and VIP transportation along improved roads to another SEZ on the China-Myanmar border, the Boten SEZ, which borders the Chinese city of Mohan. Boten has a history of involvement in illicit casinos targeting Chinese nationals and was the center of a major scandal exposed by China Central Television in 2010. The network reported that dozens of Chinese were tricked into losing hundreds of thousands of dollars in the Boten Golden City Casino on credit, then kidnapped and tortured until they paid their debts.<sup>j</sup> With the inauguration of the railroad, the governments of China and Laos are under pressure to bring investment into the new SEZ in Boten, but international investors have shown little interest. The growing involvement of the GTSEZ in Boten has attracted elements of the online gambling and scamming syndicates to the city.<sup>k</sup>

Zhao's ties to Myanmar, China, and Macau all play a critical role in the operation of the GTSEZ. During his time in

Macau, Zhao became extremely active in local business circles, gaining the title of "Founding Chairman" of the Macau ASEAN Chamber of Commerce. Through this platform, Zhao maintains access to some of the most powerful and influential business leaders in Macau, as well as a web of regional elites, many of whom are involved in the casino business. Zhao's Macau criminal ties include a tie to Wan Kuok-koi, a.k.a. Broken Tooth, who is a regular visitor to the zone (see box 5).

Zhao's ties to Mongla and more broadly to northern Myanmar also run deep. Throughout the 2010s, Zhao was a regular visitor to Mongla, where he recruited security personnel for the GTSEZ, and through which he partnered with a range of Myanmar militia groups to acquire space for a full range of illicit revenue-generating activities, including online casinos and, later, fraud operations. He also met occasionally with Chinese officials in the zone, including even China's special envoy for Asian affairs, who is responsible for supporting peace initiatives in Myanmar.

**Note:** See page 67 for citations.

## Vietnam

Vietnam's rapid emergence as an economic powerhouse, adapting to advances in technology and digital connection, has exposed the country to diverse transnational crime threats, including online scams, illegal gambling, and forced labor. In fact, sophisticated cybercrime, with phone scams, phishing, and bank fraud, has been prevalent in Vietnam since the early 2010s.<sup>49</sup> And for decades, criminal networks have exploited Vietnam's long borders with Cambodia, Laos, and China to traffic humans, drugs, and wildlife. New forms of transnational crime have now been added to the list. With the rise of pig butchering during the COVID and post-COVID periods, Vietnam has become an important source for recruiting and trafficking forced labor into the Chinese-led scam centers across Cambodia, Laos, Myanmar, and the Philippines.

Research on Vietnam, commissioned by USIP, found that these traffickers tend to prey on socioeconomically disadvantaged youth, especially those who are highly educated but underemployed in major cities, as well as young people in rural and mountainous areas eager for income opportunities.<sup>50</sup> As elsewhere, this recruitment drive uses platforms such as Facebook, Telegram, and Zalo to entice the potential victims with fraudulent employment opportunities. The cybertechnology revolution in Vietnam has made increasingly sophisticated means of communication available, connecting metropolitan and rural areas and facilitating the use of clandestine and underregulated financial transactions, such as cryptocurrency, to launder illegal proceeds from scamming.

The research highlighted Ho Chi Minh City and the provinces of Dak Lak, Dong Nai, Gia Lai, Ha Tinh, Lam Dong, Nghe An, Tay Ninh, Thai Nguyen, and Tuyen Quang as trafficking hot spots for recruiting forced labor into scam compounds and casinos in Cambodia, Laos, and Myanmar. Traffickers make particular use of the Bavet-Moc Bai and Ha Tien International Border Gates, as well as clandestine jungle paths, where border officials are reported to be accepting bribes to facilitate victim transfer. The latest data indicate that 1,200 Vietnamese nationals have been rescued from Cambodia, with another 1,400 repatriated from Myanmar through China in December 2023.<sup>51</sup>

Many of the most notorious Cambodian scam compounds are located on the Cambodia-Vietnam border, where they house a complex network of criminals with ties to Myanmar, China, and Laos. The Bavet–Moc Bai compound offers an example of these connections.<sup>52</sup> Located only 62 kilometers northwest of Ho Chi Minh City and within a five-minute walk of the Moc Bai border crossing (on the Cambodian side), the compound is owned by a hardened criminal named Wang Yong, hailing from China's Guangdong Province, who in the 1990s ventured into northern Myanmar, where he took over control of casinos in Majiayang (in Kachin State) and in Wa territory. From there, Wang expanded into Laos and finally into Cambodia, where he obtained an additional passport in 2019.<sup>53</sup> Throughout this entire period, Wang's Yongyuan Group laundered massive amounts of funds back into his hometown of Maoming, China.

Another example includes a compound along the Vietnam border owned by Pacific Real Estate Development Company. In August 2022, more than 40 Vietnamese victims escaped from the building as men in black uniforms wielding large sticks chased them into the Binh Di River on the Vietnam

side of the border. One victim was dragged back into the building. Another drowned swimming across the river. The remainder surrendered to Vietnamese immigration and relayed reports of human trafficking, coerced criminal activity (targeting Vietnamese scam victims), and widespread violent abuse in the compound. No legal action was taken by the Cambodian government against Pacific Real Estate Development Company. Requests for information by reporters were redirected to Hieng Bun Heng, the head of Prime Minister Hun Sen's Bodyguard Unit (sanctioned by the Office of Foreign Assets Control in 2018).<sup>54</sup> Pacific Real Estate Development Company and its chairman, Hum Sovanny, were sanctioned by the United Kingdom in late 2023.

The Vietnam research also reveals a clear hierarchical structure within Chinese-led scamming operations that exploit labor from Vietnam, consisting of six levels of responsibility from Chinese bosses to victims who become recruiters. Engaging Vietnamese collaborators at various operational levels, the bosses manage key administrative functions such as task allocation, timeline monitoring, bank account management, and payroll. Many victims of trafficking from Vietnam reportedly participate willingly in the scamming operations upon arrival, making use of their technical expertise or previous experience running successful scams. With respect to money laundering, many concerns have been raised around Vietnam's legal casinos, especially on the border with China. The majority of these casinos have operated at a loss since their establishment four or five years ago. Vietnamese law enforcement has also occasionally cracked down on scam syndicates operating inside the casinos, another indicator of the challenges that casinos are bringing to the Vietnamese economy.

A more recent development illustrates not only the scale of the problems faced by Vietnam but also signs of growing moves by law enforcement to address those problems. In March 2024, in an unusual move, Vietnam took action against a tycoon involved in a multibillion-dollar fraud and corruption case, which could signal greater vigilance in the future.<sup>55</sup> While such efforts to curb scamming are encouraging, Vietnam faces an uphill battle against transborder criminal networks, not least because both China and Cambodia exhibit limited legal cooperation for cases that impact Vietnam but occur inside their borders.

## Philippines

Another early manifestation of contemporary transnational crime spreading from China to Southeast Asia can be found in the Philippines, where Chinese business leaders with ties to organized crime began appearing on the political scene in the 1990s. Using their connections with presidents Joseph Estrada, Gloria Macapagal Arroyo, Benigno Aquino III, and Rodrigo Duterte, they promoted investment in online gambling and casinos as an engine of economic development and tax income for the government, particularly in special economic zones free from many of the regulations that control gambling elsewhere in the country.<sup>56</sup> President Duterte's relationship with Chinese investor Michael Yang brought Yang's online gambling and cyber-scamming operations to the Philippines, where he became the key gatekeeper for other transnational organizations in the country.<sup>57</sup> Local political and business conditions during the Duterte administration promoted the development of casinos and online gambling aimed especially at a Chinese clientele, locally and overseas. With a foot in both licit and illicit business in the Philippines, Yang is alleged to have built the country's narcotics trade and production industry.<sup>58</sup>

Another key factor in the rise of online gambling and cyber scamming in the Philippines was President Duterte's centralization of online gambling in the hands of a new government agency dedicated to marketing its positive contribution to economic sectors including real estate, construction, and wholesale and retail business. Prior to 2016, Philippine offshore gaming operators (POGOs) were largely decentralized, operating in a legal gray area. In 2016, Duterte issued an executive order establishing a formal licensing process for POGOs under the government-controlled Philippine Amusement and Gaming Corporation (PAGCOR). Over 300 licenses for such casinos were issued from 2016 to 2019, expanding spaces in the Philippines where online gambling could avoid regulation that applied to other business. For example, PAGCOR replaced taxation of the industry with payment of a fee and a percentage of profits to the agency itself and exempted gambling firms registered in offshore financial centers from filing financial disclosures in the Philippines.

Part of Duterte's motivation in establishing the POGO framework under PAGCOR was the need to respond to increasing pressure from China, starting in 2014, to ban the POGOs. The introduction of the framework provided additional protection for the industry and generated incentives for its expansion. Many analysts argue that Duterte's refusal to bend to Beijing on restricting the gambling sector directly affected relations between the two countries.

This was seen most clearly in the case of the dispute between the two countries over the South China Sea. On July 12, 2016, the Permanent Court of Arbitration in The Hague ruled against China and in favor of the Philippines over Manila's case that China's territorial claims have no basis in international law, making Beijing's military and fisheries activities within the Philippines' exclusive economic zone illegal.<sup>59</sup> Subsequently, however, Duterte failed to rally international support for the panel's ruling. Around this time, China dropped its aggressive stance on illicit online gambling. The likely explanation, according to these analysts, was at least an implied agreement that satisfied both sides of the dispute.

By late 2021, there was significant evidence of human trafficking–fueled pig butchering taking place in the remaining POGO locations across the Philippines, which was triggered by the collapse in revenues for the online POGOs, causing economic pressures on POGOs and associated industries.<sup>60</sup> Since coming into office in 2022, the Marcos government has taken action on scam syndicates within the POGOs, leading more players in the scamming industry to exit the Philippines.<sup>61</sup>

The Philippine government's response has not been without its problems, particularly where victim identification by police has been inconsistent and political involvement in POGOs' ownership has inhibited accountability. Yet there is a clear and profound difference in the government's response from what has been observed in the other Southeast Asian cases studied for this report.

Public scrutiny has brought numerous policy reforms, although significant results are yet to be seen. At a minimum, the Philippine government has conducted large-scale rescues and investigations and has removed the licenses from a number of POGOs, shrinking the total number of operators from a 2019 high of 295 to about 60 in 2024.<sup>62</sup> There has also been significant proactive government support for and coordination of this enforcement effort, as well as some early prosecutions. While there is legislative momentum to eradicate the POGO scheme altogether, it is still a work in progress.

## Malaysia

Bordering four countries in the region, Malaysia has long been a regional hub for transnational crime in Southeast Asia, including small arms trade, smuggling, and drug, human, and wildlife trafficking. Its relaxed immigration regulations provide relatively easy access to criminal actors, and the presence of local and socially acceptable umbrella organizations for criminal activity—especially Chinese triads—provides ready-made allies and space for a shadow economy. The role of the triads in Malaysia, replicated to varying degrees in other Southeast Asian countries, is a key feature binding the criminal networks in the region.

Three elements of weak governance undercut law enforcement action against organized crime in Malaysia. First, there is official corruption from the top to the bottom; second, organized crime has ties within government—including the police force, customs, and other departments—that ensure its facilitation by state-embedded actors; and third, organized crime has political allies in Malaysia’s patronage system who provide cover for criminal activity. In Malaysia today, criminal groups are sophisticated and diverse. Local triads have adapted to changing conditions, especially the expanding transnational scope of criminal activities, and they have grown accustomed to operating in gray areas of the law, such as online gambling. They now engage in a range of diverse “business” activities, including some involving legally registered entities that are part of the formal economy and, at times, part of the international formal economy.<sup>63</sup> Local Malaysian triads primarily control sex work, extortion, loan sharking, protection, illegal lotteries, and pirated goods, and they provide a supporting role for human trafficking, smuggling, online gambling, and online scamming.

The majority of the 72 criminal groups identified by the Malaysian government in 2023 are Chinese triads.<sup>64</sup> There are two major China-linked triad groups operating in Malaysia, both of which trace their roots back to the Qing dynasty in China. The first, known as the “Green Gang,” is connected to Wah Kee, one of the largest gangs operating in Malaysia.<sup>65</sup> The second, known in Malaysia as “Red Gate,” is linked to one of the largest triads in the region, the Hongmen, a.k.a. the 14K.<sup>66</sup> Hongmen is now emerging as the most well-known China-national syndicate because of its notorious leader, Wan Kuok-koi of Macau’s branch of the 14K (see box 5), and his activities in Malaysia, Cambodia, and beyond (see figure 2).

In the last two decades, China-origin syndicates have moved from being affiliates to playing a more direct role in Malaysia, adopting legal fronts to operate in the formal economy. The triads often register officially as social organizations with thousands of members to avoid recognition as illegal gangs. Wan Kuok-koi’s World Hongmen and Culture Association, based in Cambodia, has operated in Malaysia since at least 2018. He and his allies have also set up legally registered companies for their criminal activities and adapted to stronger laws and enforcement in their home base by extending operations abroad.<sup>67</sup> Couching themselves as part of a reenergized role for China in Southeast Asia, the criminal networks have piggybacked on the expansion of China’s investment in the region, notably the BRI. They have established ties with powerful businesses that develop and launch cryptocurrencies, invest in real estate, and manage security companies specializing in protection of BRI investments, as well as shell companies to launder money and facilitate pyramid schemes, fraud,

scams, and online gambling.<sup>68</sup> Rather than playing their past role of promoting Chinese culture or providing a platform for escaping communist Chinese state control, they now emphasize investment and the critical role they play in support of the PRC's policies and political positions.

Malaysia's crime groups have also become involved in other jurisdictions across the region in illicit online gambling targeting both mainland and overseas Chinese, as well as in pig-butcher scams, particularly in Myanmar. A signing ceremony for several criminal investors in Wan Kuok-koi's Dongmei Zone in Myanmar was held in Kuala Lumpur in March of 2020, and the management team for this project was subsequently drawn from Malaysia, illustrating this trend.

Malaysia provides a useful illustration of how China-national syndicates facilitate their activities through alliances with Southeast Asian syndicates and enhance a facade of legitimacy locally in order to secure access to political elites and legitimate business partners and to local financing. To gain social currency, they engage with philanthropic activities, as well as make donations and gifts to elites, and, of course, contribute to corruption.<sup>69</sup> They have used Southeast Asia as a base to carry out crime targeting Chinese nationals, especially online gambling and other scams. Reports from locally based nongovernmental organizations also illustrate how this activity has seriously harmed Malaysian nationals. These harms include the trafficking of at least 1,000 Malaysian nationals who have been forced to participate in online scamming.<sup>70</sup>

Rather than face their own laws at home, China-origin syndicates operate in the gray areas of other countries, such as Malaysia, and in collaboration with their local affiliates, portraying themselves as a face of China in Southeast Asia. China-national syndicates have managed to strengthen the links of organized crime across Southeast Asian countries, moving a decentralized business into one with more cross-border cooperation and coordination.

## Thailand

Sharing a long and porous border with Myanmar, Thailand serves as a major conduit for illegal trafficking of drugs and wildlife and increasingly as a hub for money laundering from and human trafficking into Myanmar, Laos, and Cambodia. Most of the trafficked victims held inside scam centers—particularly on Thailand's border with Myanmar and Laos—seem to have been moved across the Thai border. It is no accident that Chinese criminal networks have built dozens of large scamming enclaves just inside Myanmar's Karen State on the Moei River that marks the Thai border. Thailand offers the enclaves reliable energy, stable telecommunications, and easy access to a major financial center. In addition, thousands of trafficking victims are Thai nationals. Following Myanmar's 2021 military coup, many of the criminal syndicates operating along Myanmar's Thai border dramatically expanded their use of Thailand for operational support. They lobbied Thai telecom companies to build communications towers providing Thai cell service to the criminal enclaves emerging across the border; they tapped into the Thai electric grid; and they signed deals with Thai companies for cross-border internet access.<sup>71</sup> Operators of some of the more notorious of the scam compounds, such as KK Park, even took control of Thai territory, establishing docks, supply houses, and private security on Thailand's side of the Moei River. In the case of KK Park, this took place adjacent to a

Thai military border post that overlooks a floating dock used to transfer supplies, criminals, and trafficking victims into Myanmar daily.

Years earlier, transnational criminal groups gained a foothold in Thailand by registering companies there to facilitate cross-border transactions and launder illicit income. A recent Reuters report details how one such money-laundering syndicate moved funds stolen by scammers operating out of Myanmar from the United States into Thailand.<sup>72</sup> Another example of how Thailand has been leveraged by the criminal networks is the case of She Zhijiang (profiled in box 3), who set up the offices of his Yatai International Holdings Group (IHG) in Bangkok, where he worked to legitimize the notorious Shwe Kokko Yatai New City project. From 2017 until his arrest by Thai police in 2022, She Zhijiang posed as a legitimate businessperson in Thailand, registering a China-Thailand-Myanmar Economic Corridor Promotion Association through which he formed deep connections with Thai businesses and authorities.<sup>73</sup> He also built ties with the Hongmen network, whose channels to corrupt elites helped him take control of Thailand Wisdom Airways in 2019—a deal that also served to enhance connectivity between China, Thailand, Cambodia, and his crime hub on the Myanmar border.

Thailand began a crackdown on this illicit business in 2021, with Thai police announcing a special operation to crush “gray Chinese business” across the country.<sup>74</sup> While the operation continues, the enforcement has drawn significant backlash from the Chinese business community, which claims the crackdown harms legitimate Chinese business interests. Some in the Thai tourist industry have expressed similar concerns. Thai authorities and companies charged publicly that the crackdown “damaged Thailand’s reputation,” aiming their complaints particularly at Chinese social influencers who have highlighted the risks of human trafficking through Thailand.<sup>75</sup> Popular Chinese movies such as *No More Bets*, which detail the lawlessness around the pig-butchering scams, have played into these dynamics as they feature many scenes filmed in Thailand, reflecting Thailand’s role in the criminal activity.<sup>76</sup>

In Thailand’s defense, some of the claims made on TikTok and other Chinese social platforms have been extreme—for example, many Chinese TikTok posts warn that travelers to Thailand could be kidnapped in the streets, trafficked, and have their organs harvested.<sup>77</sup> These exaggerated fears underscore growing concerns about human trafficking. As a new Thai government entered office in August 2023, Thailand introduced a range of new measures targeted at rebuilding the tourist industry in the country, including providing visa-free entry for China nationals.<sup>78</sup> This move has succeeded in bolstering tourism, but it has also triggered some anxiety in Thailand regarding how the criminal networks might take advantage of the increasingly open immigration policies.

## Singapore

Singapore does not host illegal gambling or scamming operations on a significant scale, nor is it directly linked with trafficking people into centers elsewhere. However, as a major Asian financial center, it has attracted substantial money laundering from illegal operations in other Southeast Asian countries. In response to this mushrooming threat to the reliability of its financial institutions, in 2022 and 2023, the authorities launched a series of crackdowns and raids. One recent case involved a 400-person squad of officials from several government watchdog departments, including Police



## BOX 5.

# Wan Kuok-koi's Hongmen Association: A transnational criminal organization aligned with the Chinese Communist Party

Until his arrest in 1998, Wan Kuok-koi, a.k.a. Broken Tooth, a.k.a. Yin Guoju, was the head of the 14K cartel in Macau. Just before his arrest, Wan released a movie, *Casino*, which told the story of how he rose to the top of one of Asia's most notorious organized crime groups. In November 1999, Wan was convicted on charges of illegal gambling, loan sharking, maintaining organized criminal associations, and attempted murder of the police chief of then-Portuguese Macau.<sup>9</sup>

Following his release from prison in 2012, Wan wasted little time in rebuilding his criminal organization, initially focusing on Southeast Asia as a hub for his activities. By early 2017, he had established the World Hongmen Historical and Cultural Association in Cambodia as a platform for reconstituting his criminal empire. He focused initially on the cryptocurrency craze in the mid-2010s, using his "brand" as a famous gangster to trick Chinese audiences into investing hundreds of millions of dollars into an initial coin offering (ICO) for a new cryptocurrency known as "Hong coin," dedicated specifically to the online gambling business.<sup>9</sup> A series of ICO launches and events in Thailand, Malaysia, Cambodia, and the Philippines in 2017, 2018, and 2019 pulled in over \$750 million, shortly after which the Hong coin disappeared from public view.

With this newfound wealth, Wan next focused on real estate schemes, attempting to establish a "smart technology" island in Palau, and on stock market manipulation in Malaysia, where he was based from mid-2019 to 2020.<sup>6</sup> During this period, Wan became the second organized crime boss to venture into the Myanmar-Thailand border area. In late 2019, Wan signed a deal with the Karen Border Guard Force to establish a large-scale scam center known initially as Saixigang, which broke ground in March 2020. This facility continued to expand through-

out the pandemic, eventually being renamed Dongmei Zone and establishing an office in Mae Sot in mid-2020. Numerous cases of human trafficking into Dongmei have been documented subsequently.<sup>d</sup>

Throughout this same period, Wan continued to launder his ill-gotten gains by registering no fewer than 15 companies across mainland China, as well as six additional entities in Cambodia, Myanmar, and Malaysia. In China's Guangdong Province, where he maintains close ties with a broad range of government and party officials, Wan focused on real estate and construction, setting up the Hongying Construction Company and the Hongying Real Estate Company in 2020. He later expanded into luxury items, e-commerce, import-export, and restaurants, and he even opened a brewery in 2021. These entities include the Hongmen Watch Company, which markets luxury watches using Chinese gang symbols, and Tianyu Trading, which licenses the Hongmen brand of beer.

As Wan's criminal activity continued to expand, law enforcement began to catch up with some of his key associates in Southeast Asia in 2020. In 2021, the Malaysian government announced that Wan was being investigated for suspected gangsterism and fraud, and in April 2021, Malaysian authorities arrested 48 members of his association in Malaysia.<sup>e</sup> During the following year, key Wan associates in Thailand were investigated and the Hongmen branch office in Bangkok was raided by Thai police in February 2023.<sup>f</sup> While Thai police arrested one member of the Hongmen cartel in this raid, two others—notably, Wan's current right-hand man, Bai Zhaohui—managed to escape.

Even before authorities across Southeast Asia began to crack down on his Hongmen network, Wan had already initiated an expansion into the Middle East, Africa, and

even the United States, despite the US Treasury placing sanctions on Wan and his Hongmen Association in December 2020.<sup>9</sup> The growth included the establishment of the Uganda Hongmen Association in 2021, the Dubai branch in 2023, and the South Africa branch in early 2024, which is headed by gangster Bai Zhaohui. (Figure 2 shows the geographical extent of Wan’s cartel.)

Meanwhile, another of Wan’s Hongmen affiliates, previously involved in a series of cryptocurrency scams, fraud, and other illicit activity, fled to the United States in 2023, where he is now involved in a series of business schemes in the medical sector.<sup>h</sup> This individual, named Wang Hongbin, a.k.a. Oudum Wang, a.k.a. Fyu Oudum, has a long history of involvement in fraud spanning Laos, Thailand, and Vanuatu.<sup>i</sup> After obtaining a diplomatic passport in Vanuatu around 2014, Wang Hongbin managed to become the permanent representative of Vanuatu to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).<sup>j</sup> From 2014 to 2016, he was involved in cryptocurrency fraud, launching a crypto-coin that he claimed would raise funds to construct the Kra Canal Project, a multibillion-dollar canal through southern Thailand that would connect the Pacific and Indian Oceans. This scheme generated so much controversy that China’s Ministry of Foreign Affairs was forced to denounce publicly Wang’s claims that the Chinese government was planning to construct the canal.<sup>k</sup> Following this incident, Wang assumed a role in Wan Kuok-koi’s Hongmen Association. In this capacity, he became involved in promoting She Zhi-jiang’s Yatai New City project in Myanmar and in helping She to deepen his connections with financial technology developments across the region, an abuse of his position in UNESCAP. In 2018, Wang went so far as to bring a delegation of Hongmen gangsters into the UNESCAP building for a photo op, helping to provide the criminals with an aura of legitimacy.<sup>l</sup>

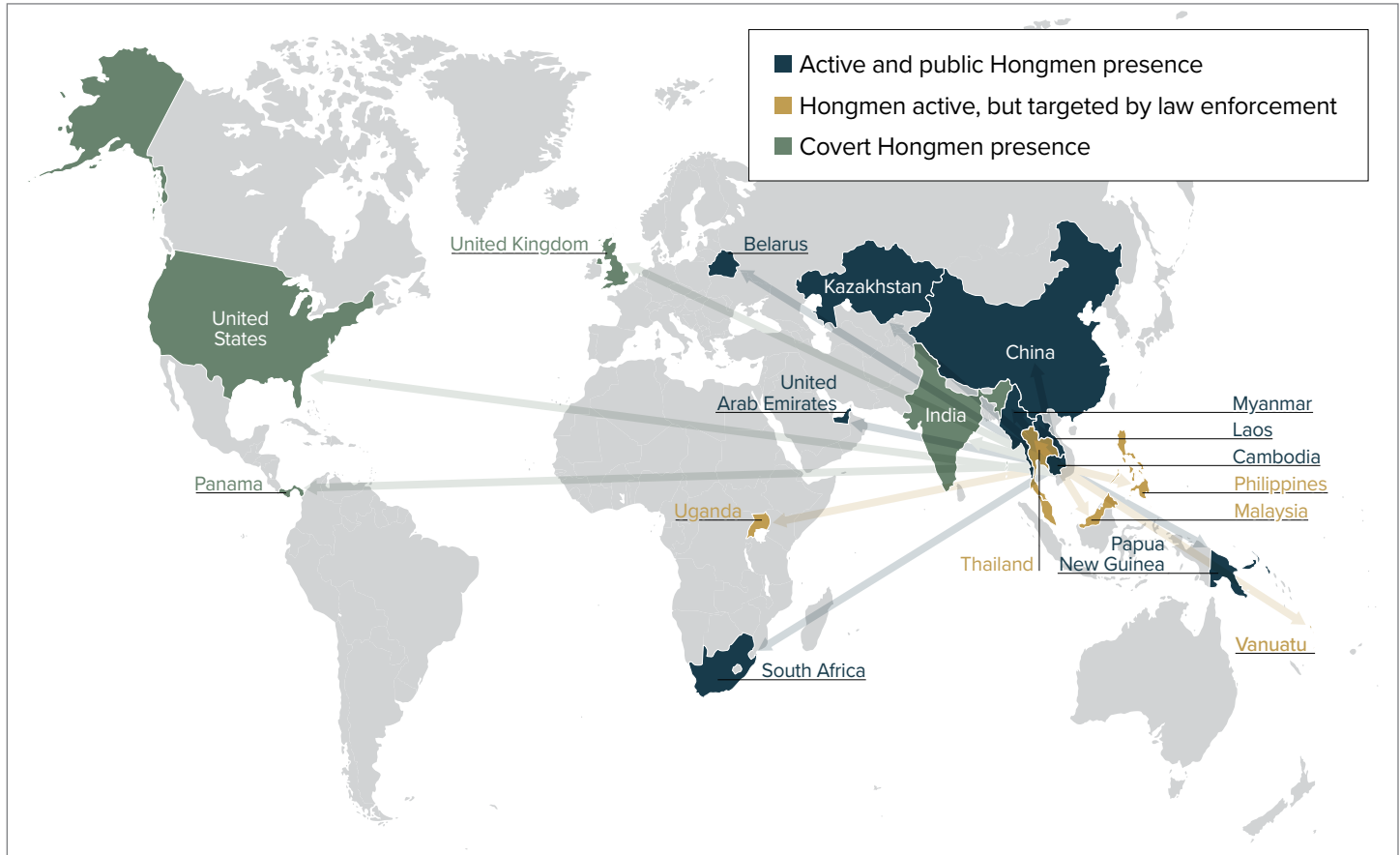
Despite efforts by some law enforcement agencies to crack down on Hongmen—notably, in Thailand and Malaysia—the Chinese government has done nothing to address Wan Kuok-koi’s spreading criminal network, including his involvement in massive scams, fraud, and human trafficking in Myanmar and money laundering in China itself. Instead, Wan has received awards from quasi-governmental agencies and has built a massive online following both for himself and for his World Hongmen Historical and Cultural Association. Cambodia, Laos, and countries further afield continue to maintain warm ties with the Hongmen criminal organization. In January 2024, Wan’s association opened a new hotel and cryptocurrency exchange in Sihanoukville, Cambodia, with local officials giving speeches at an opening ceremony attended by many leading figures in the Chinese underworld in Cambodia. The month before, Wan had flown to Laos on a chartered plane as one of the first arrivals into the new Bokeo airport built to service the nearby Golden Triangle Special Economic Zone.

There are likely two reasons why China has not taken action. One is that, thanks to the rapid expansion of his businesses across China, Wan is bringing massive amounts of laundered proceeds back into China, helping the domestic economy at a critical moment of slowing growth. The second reason is that Wan remains politically aligned with the Chinese Communist Party (CCP). In his own words: “I used to fight for the cartels, and I now fight for the CCP.”<sup>m</sup> As a prominent and popular online influencer, Wan is able to blend the culture of the CCP with that of traditional Chinese secret societies and the underworld. In this way, Wan’s Hongmen can mobilize the Chinese underworld to align with China’s political agendas overseas. Notably, Wan is a staunch defender of China’s positions on Tibet, Xinjiang, the South China Sea, and Taiwan.

**Note:** See page 68 for citations.

FIGURE 2.

## The global presence of Wan Kuok-koi's Hongmen cartel



Source: Map adapted from artwork by Rainer Lesniewski/Shutterstock.

Intelligence, raiding the offices and residences of individuals of Chinese origin and arresting 10 of them, who, it turned out, held multiple passports. Chinese court records establish that these individuals have a long history of involvement in casino-related crimes in Cambodia, as well as arrest records in China.<sup>79</sup> Found in possession of some \$2.23 billion in assets, much of it held in Singapore branches of international banks, they were charged with forgery, money laundering, and resistance to lawful apprehension. They are believed to belong to the so-called Fujian Gang, Fujian being an area of China known for involvement in online gambling and scams.<sup>80</sup>

Most of the arrested individuals are well connected in Singapore's elite social circles and have made generous charitable contributions.<sup>81</sup> These revelations have embarrassed Singapore's ruling political party, and the government plans to establish an interministerial committee to review the country's financial system and strengthen protections against money laundering.<sup>82</sup> In 2024, Parliament will begin to consider new laws to detect illicit activities by businesses based in Singapore. Already, Singapore banks have tightened customer scrutiny, international banks have closed accounts for Chinese clients with dual citizenship, and some are requiring more stringent verification of sources of wealth.<sup>83</sup>

Another way in which criminals exploit Singapore is by tapping into the country's cutting-edge financial technology, which is often infiltrated by malign actors who manage to stay several steps ahead of regulators. Myanmar's notorious crime city of Yatai New City, discussed earlier, offers an example of this. Between 2018 and 2021, Yatai IHG partnered with a Singapore-based fintech start-up headed by an individual named Douglas Gan to roll out an entire package of fintech solutions that were used by criminals to transfer cryptocurrencies between Myanmar, Cambodia, Singapore, and dozens of other countries.<sup>84</sup> The main app, called Fincy, was later forced out of use in Myanmar following an exposé in the Singaporean media.<sup>85</sup> However, this did not stop the same fintech syndicate involving Gan from developing a series of additional products, which are now used by illicit markets under Gan's ASEAN Fintech Group, including Jazzy pay and Betterpay.

The Monetary Authority of Singapore has tightened its scrutiny of cryptocurrency dealings, blacklisting at least two major crypto exchanges.<sup>86</sup> Singapore's anti-money-laundering measures and tighter scrutiny of questionable activities by Chinese residents connected to international criminal networks offer valuable lessons for other countries, not only in Southeast Asia, but everywhere where these criminal networks operate.

Finally, it is important to highlight the extent to which Singaporean nationals have been targeted by the pig-butcher operations. According to Singapore police, losses stood at over \$500 million in 2023.<sup>87</sup> This is almost certainly a gross underestimate given the challenges involved in collecting this data.

# The Role of Mainland China

The case studies present a complex picture of China's involvement in the criminal networks. The country plays at least three roles simultaneously: it is the origin and a key facilitator of the contemporary network operators; millions of its people have been victimized by the networks' scamming activities; and it is a critical arm of law enforcement directed at organized crime.

The Chinese triads connecting the networks reach far back into Chinese history, while in recent decades, the shadow of Chinese state-owned enterprises, government agencies, and the CCP could be seen lurking around the illicit activities. This trend intensified after 2012, when Xi Jinping, China's new leader, initiated the BRI, giving the criminal networks a convenient umbrella under which to legitimize their criminal activity (see box 3). The combination of deep-seated corruption in China and the need for officials to show that Chinese companies and overseas stakeholders were mobilizing to support the BRI produced a symbiotic relationship between, on the one side, illicit capital networks and criminal groups and, on the other side, many arms of the CCP and state. The cases of She Zhi-jiang and Wan Kuok-koi illustrate these points. Both She and Wan framed their activities around China's BRI. They poured resources into establishing associations and media outlets promoting the BRI and other state narratives, strategically building partnerships with Chinese state-owned enterprises, overseas Chinese associations, Confucius Institutes, and many other elements of the Chinese state. Similar patterns played out in the Philippines, Cambodia, and Laos, with major crime groups investing in a wide range of activities that portrayed the CCP in a positive light.

At the same time, despite this symbiotic relationship, for the past two decades, Chinese police have launched crackdowns on overseas Chinese involved in illicit offshore gambling, fraud, money laundering, and drug trafficking. Before the 1980s, the party and police viewed triad groups as a serious threat because their involvement in illegal market activities was at odds with fundamental Chinese communist ideology, especially when associated with Hong Kong, Macau, and Taiwan. This attitude began to shift markedly following the reform and opening period in the 1980s, when overseas triads

began returning to China and working to build connections in a corrupt and rapidly evolving business environment. Campaigns against corruption and the Chinese underworld began to emerge in the early 1990s but often failed to target the most significant figures within organized crime.<sup>88</sup> Instead, the party and state tended to use crackdowns on corruption to eliminate political opponents and their backers.

From the early 2000s, as offshore illegal gambling became a major activity for Chinese illicit capital networks and triads, it attracted increasing attention from the Chinese police.<sup>89</sup> They adopted a “campaign-style” approach, conducting propaganda campaigns and intense raids for a short period of time, after which the police’s attention would wane, enabling many overseas Chinese groups to develop strategies for evading law enforcement. Corruption across China also allowed those targeted by police to clear their records, assume new identities, or obtain passport documentation needed to establish identities in a second or third country. The recent case of the Kokang BGF crime leaders extradited to China—almost all of whom had Chinese ID cards despite being Myanmar citizens born in Myanmar—underscores this point.<sup>90</sup> With the introduction of the BRI in 2012, the Chinese police continued a campaign-style approach to law enforcement but often looked the other way when powerful criminal actors assumed the mantle of the BRI or filtered funds into BRI projects. This approach continued until the criminal groups’ schemes led to serious setbacks for Chinese interests in countries of critical geostrategic importance such as Myanmar. The case of She Zhijiang (see box 3) illustrates China’s changing approach.

By 2020, Chinese policies began to shift markedly on overseas criminal groups and illicit capital networks. Myanmar’s National League for Democracy government played a key role in the change by exposing how criminal actors leveraged the BRI to cover their endeavors.<sup>91</sup> Then, China’s response to COVID-19 gave the Chinese overseas illicit online gambling industry a shock. In its efforts to control the spread of the pandemic, China began severely restricting movement of the Chinese population, barring Chinese from traveling overseas and demanding that Chinese nationals come back to China. These policies upended the casino business Chinese crime groups had built abroad. The Chinese government followed up with a range of mechanisms to staunch the movement of funds from China to Southeast Asia. By late 2020, criminal networks, faced with major disruption, had been forced to adapt significantly.

In 2021, China began introducing a series of new laws that cracked down specifically on telecom fraud and banned cryptocurrency. Simultaneously, Chinese police initiated a mass public awareness campaign aimed at organized crime. Local TV stations, newspapers, and local police through social media began exposing scams and, in many cases, using scare tactics to persuade Chinese nationals not to travel to Southeast Asia.<sup>92</sup> One police campaign in 2022 referred to cities in Myanmar as “nightmare cities” and included interviews with Chinese victims discussing how they had been kidnapped, tortured, and beaten.<sup>93</sup> China also set up a powerful police presence online and began targeting influencers, fraudulent ads, online gambling, and investment and fintech platforms. More than 1 million accounts across platforms such as TikTok and WeChat were taken down by Chinese police in 2022 and 2023.<sup>94</sup>

In many respects, though, the expanded enforcement was too little, too late. Chinese crime groups had already embedded themselves deeply around the region, obtaining protection from a range of local actors, including the Myanmar army and the Cambodian and Lao governments. While Chinese police pushed these governments to address organized crime, their top officials deflected the pressure by instead aligning more closely with China politically and supporting Beijing's initiatives in other areas. Meanwhile, powerful criminal actors increased their support for corrupt Southeast Asian elites and redoubled their efforts to forge alliances with Chinese political actors operating overseas.

In 2022, with both domestic and international pressure rising, China unveiled a new plan—the Global Security Initiative (GSI)—as part of a broader move to tighten its focus on the security of Chinese investments abroad and to increase its influence on global security norms.<sup>95</sup> The introduction of the GSI coincided with the internationalization of the pig-butcher scam, offering Chinese law enforcement a ready-made opportunity to dramatically escalate its efforts to address criminal activity. From early 2023, Chinese police became much more aggressive in tackling overseas criminal activity, instructing high-level officials to engage more directly with governments across Southeast Asia regarding illicit gambling, human trafficking, scams, and fraud.

In many ways, Myanmar became the proving ground for the GSI's effectiveness in fighting crime, and China has exploited the results to demonstrate the utility of the GSI to the Chinese public as well as to an international audience. Chinese police began issuing arrest warrants for both Myanmar and Chinese nationals involved with scamming along the border, including even individuals considered close security and business allies of Myanmar's military leaders.<sup>96</sup> Chinese undercover operatives have infiltrated scam centers in areas near China's borders to obtain intelligence and facilitate rescues. China has also leveraged conflict dynamics among rival clans and militias in Myanmar as a means of enhancing its efforts to crack down on criminality, as illustrated by China's tacit support in late 2023 for the ethnic insurgency against the Myanmar military. The stated goals of these resistance groups included disrupting criminal scamming activity along the China-Myanmar border.

In early 2024, the Chinese police announced they had reduced online fraud against Chinese citizens by 28.6 percent from August 2023 to January 2024.<sup>97</sup> Based on published estimates of a \$33.8 billion loss due to fraud in China in 2022, Chinese police can now argue that China's GSI has saved Chinese nationals \$9.66 billion.

China's more aggressive stance on overseas criminal activity has also served as a vehicle for introducing its police presence in member states of the ASEAN. Beijing has secured agreements with Cambodia, Laos, and Myanmar to station Chinese police on the ground.<sup>98</sup> In Cambodia, it has established an entire joint law enforcement center. And in Myanmar, Chinese police played a role in bringing down one of the military's most powerful border guard forces and ultimately compelled Myanmar to hand the BGF leaders over for prosecution in China. This resulted in the Chinese police obtaining a considerable amount of intelligence regarding the involvement of high-level Myanmar army officials in protecting or enabling the scamming—intelligence that China is clearly willing to act on, given that it has moved to arrest representatives of the Myanmar military.

China is certain to continue its campaign against overseas Chinese criminal networks and to trumpet its efforts to protect the Chinese people from trafficking and scams. But it is equally likely that Chinese enforcement will remain selective. The Chinese government persists in looking the other way when it comes to many of the most powerful kingpins, such as Wan Kuok-Koi, as his Hongmen network expands around the globe, perpetrating fraud, human trafficking, and other crimes on a mass scale. Unlike the leaders of many other triad groups, Wan launders his criminal profits back into China, where he invests widely in real estate, helping to prop up the sagging economy. Wan's popularity in China, especially among uneducated youth, makes him a useful ally for the CCP. Similarly, other key criminal actors, such as Zhao Wei in Laos, help the Chinese government build more strategic influence in the Mekong region and ensure that Laos, Cambodia, and parts of Myanmar stay aligned politically with China. These considerations will continue to constrain the ability of Chinese police to combat the criminal networks. As a result, the police appear to be developing a new criterion for tackling those networks: the police will take action primarily when criminal activity causes significant capital outflows or becomes hostile to the CCP. This selective approach will no doubt incentivize the criminal networks to internationalize their activities more rapidly. It is already having a demonstrable effect on the demographic of scamming and trafficking targets, with an explosion in the number of English-language victims of both activities observed in recent months.



# Responding to a Global Security Crisis

As this report makes clear, transnational organized crime is thriving across Southeast Asia, where the incursion of criminal groups from the PRC over the past two decades has led to the rapid normalization of criminal activity. The region's lack of resistance to sophisticated crime groups is illustrated by the proliferation of modern slavery, industrial-scale scamming, mass trafficking, forced criminality and torture, criminal infiltration of financial systems, and blatant money laundering. The situation in Southeast Asia is particularly acute due to the explosion of malign activity in Myanmar since the coup there; the country now ranks among 193 countries on the Global Organized Crime Index as the most seriously impacted by organized crime.<sup>99</sup> Similarly, the World Justice Project places Cambodia second to last—141 out of 142 nations—on its Rule of Law Index, beating out only Venezuela.<sup>100</sup>

But the effects of transnational crime in Southeast Asia are also felt far beyond the region. According to the Global Organized Crime Index for 2023, the rapid decline in resilience to transnational crime globally since 2019 has left 83 percent of the world's population living in conditions of high criminality. And even countries that experience less criminality are nonetheless vulnerable to the pernicious effects of pig butchering and other online scams conducted by the scamming industry in Southeast Asia.

The United States is no exception. As reported in a series of recent documentaries from Al Jazeera, CNA (formerly Channel News Asia), BBC, Vice, CNN, DW, CBC, ITV, and other major outlets, victims across the United States have lost billions of dollars to sophisticated scams and fraud at the hands of malign actors operating across Southeast Asia.<sup>101</sup> In December 2023, the US Department of Justice announced the indictment of four individuals based in the United States for allegedly laundering over \$80 million in scam profits to Southeast Asia, confirming that the criminal groups are now working on American soil.<sup>102</sup> Cases of pig butchering have also resulted in a new wave of emotional and psychological issues across the United States, with cases of suicide among victims on the rise.<sup>103</sup> Pig-butcheringscams have also demonstrated vulnerabilities in the US financial system, with one case bringing down an entire bank in the state of Kansas and the victim now facing criminal charges.<sup>104</sup> Furthermore, members of the study group also identified several instances of Americans

getting trapped in scam zones in Myanmar and Cambodia. In 2023, US authorities warned Americans of the danger of being trafficked into scam syndicates in Southeast Asia and noted that US residents are now the top target of the criminal networks' financial crimes. The scamming industry could soon rival fentanyl as one of the top dangers that Chinese criminal networks pose to the United States.

Aside from targeting American citizens, the criminal networks behind these scams also threaten US security interests for three key reasons. First, they endanger democracy, good governance, and stability around the world by co-opting local elites, undermining law enforcement, weakening state authority, and threatening the United States' strategic interest in a free and open Indo-Pacific. Second, the criminal networks have taken advantage of weak governance to gain control over territory and acquire opaque influence over the governments of Myanmar, Cambodia, and Laos, from where they can victimize Americans with near-absolute impunity. And third, China's government and law enforcement, after failing to take this problem seriously for years, are now using the presence of Chinese-led crime groups in other countries to justify striking increases in the presence of China's authoritarian police around the globe.

The United States thus has good reason to want to participate in international efforts to end the plague of human trafficking, long cons, and fraud factories using forced labor in Southeast Asia. To date, however, those efforts have been modest. Despite the crisis outlined in the preceding pages, most nations are either just becoming aware of the threat or are in the earliest stages of responding to it. While international organizations and diplomatic communities in Southeast Asia have begun convening to better understand the problem set, most efforts to address it are ad hoc and piecemeal, and lack international coordination. A telling illustration of this surfaced during the preparation of this report. When members of the study group sought to put a financial figure on total losses to the scams, they discovered that most countries do not collect any data. Furthermore, in most countries, law enforcement is powerless to aid scam victims or detect when someone is falling victim to scams and work with them to prevent further losses. Cases where lost funds are recovered are relatively rare, as are efforts to indict the heads of these crime syndicates.

Many countries whose nationals have been tricked or trafficked into the scam centers have difficulty identifying, rescuing, and repatriating them. In early 2024, for example, it took over four months for the Ugandan government to identify, rescue, and repatriate 23 of as many as 250 nationals trafficked into Myanmar. This required senior government officials to spend weeks in the region negotiating with Myanmar armed actors for the victims' extraction, as well as managing complex processes to identify rescued individuals as trafficking victims and repatriate them.<sup>105</sup> Hundreds of thousands of victims from other countries have not experienced such a happy outcome; instead, many are facing criminal charges after being extracted from the compounds, and some face abuse from corrupt police or immigration authorities, while most remain inside the compounds with no access to help.

The complex nature of the networks and their ability to shuffle among countries confound detection and accountability. Their capacity to stay at the cutting edge of technological development will continue to obscure detection, seriously challenging law enforcement and other government

officials working to address the problems. To the extent that criminal actors are held accountable, the focus is primarily on lower-level actors in the networks or at the local level in individual countries and lacks sufficient regional coordination. Adequate data collection is also lacking. Heavily guarded, closed compounds and authoritarian controls on media and civil society in host countries constrain attempts to expose corruption and criminality. Data on how criminal actors are embedded in seemingly legitimate chambers of commerce and Chinese overseas associations have not been collected systematically. Limited access to vital government records and restrictions on media are obstacles created by weak governance and obstruction by authoritarian regimes. In addition, cultural traits in some societies minimize the effect of social shaming or shining a public light on the perpetrators of the criminal activity.

**Immediate remedial measures to be undertaken by the US government in concert with other concerned governments and international law enforcement** should begin with investing significantly in research to develop full comprehension of the problem and working to enhance public awareness, to cut off money flows, and to compel legitimate businesses and governments to combat the scamming industry. Specific action items should include the following.

*Taking steps to hold key perpetrators and enablers accountable.*

- Enacting sanctions, travel bans, asset seizures, and other safeguarding measures against all known scam syndicate leaders and their co-conspirators in regional governments.
- Building legal cases against perpetrators and pressing countries with possible jurisdiction to issue arrest warrants for and prosecute syndicate heads, compound owners, and elite enablers.
- Introducing new initiatives to hold countries accountable for permitting organized crime actors to commit crimes with impunity and for ceding sovereignty and control of territory to criminal actors.
- Considering a ban or punitive action against any social media platform that permits the creation of online groups to facilitate money laundering or the sale of manuals, kits, and other resources that might be used to aid criminals in advancing sophisticated scams. This step might first target the Telegram platform, where these kinds of criminal activities are prevalent. It can be extended to hold social media platforms liable for online criminal activity or for failing to take action against users that engage in harmful criminal activity on the various platforms. It should also include action against online app stores, such as Google Play, which should be held responsible for hosting fraudulent apps used by criminals to perpetrate pig-butcherings.
- Tightening regulations regarding the sale of passports and conducting due diligence in the issuance of passports to individuals with criminal records. This will prevent criminal actors from taking on new identities and undermining efforts by law enforcement to track them down.

*Implementing robust measures to raise awareness of victims with an eye toward prevention and harm reduction.*

- Developing and publishing a catalog of scamming methodologies so that the public is better informed about
  - how scam syndicates utilize social media platforms, including recruitment apps, chat apps, dating apps, and professional networking tools;
  - how to spot fraudulent cryptocurrency platforms (this information could be combined with a primer about cryptocurrency generally); and
  - how to spot fake job advertisements and employment scams.

*Strengthening financial intelligence capacities, abilities to track the movement of cryptocurrencies, and abilities to crack down on money laundering.*

- Training law enforcement in blockchain analytics and how to follow money through cryptocurrency and blockchain labyrinths.
- Tightening Financial Action Task Force recommendations with respect to financial technology and cryptocurrency, targeting platforms that fail to use Know Your Customer measures (i.e., regulations that require financial service providers to identify and verify their customers). This measure should include strengthening Know Your Customer standards, so as to ensure that criminals cannot defeat them using AI deep-fake videos, and setting an extremely high bar for the registration and operation of any form of app that permits exchanges between cryptocurrencies and fiat currencies.
- Pushing for reform to FATF listing and delisting processes to incorporate the voice of civil society more effectively.
- Encouraging FATF to reevaluate Cambodia in light of evidence uncovered in recent years.

*Introducing measures to stop forced-labor criminality and the use of borderlands by criminal actors.*

- Undertaking audits of border management practices across key countries involved in facilitating the movement of people, goods, and funds into scam centers located in borderlands.
- Mainstreaming findings of the US Department of State's 2023 report on trafficking in persons, particularly those regarding the human rights of individuals trapped in forced labor and compelled to participate in criminal activities.<sup>106</sup> Among other measures, the report recommends the following.

- Strengthen and contextualize services for survivors of forced scamming.
  - Create emergency shelters accessible by victims of forced criminality in destination countries; victims should not be detained in prisons or illegal immigration detention centers upon identification.
  - Provide trauma-informed psychological, vocational, and legal support for survivors after they return home.
  - Ensure relevant government agents, including law enforcement, social services, judicial officials, and immigration officials, are well-versed in anti-trafficking and labor exploitation laws, trauma-informed care, and repatriation mechanisms.
- Strengthen processes of victim identification to prevent the criminalization of forced scamming victims.
- Creating or strengthening host government national identification and referral mechanisms and ensuring consistency across countries.
- Building the capacity of embassies in destination countries to identify victims and report the crimes committed against them.
- Building the capacity of relevant units of local government agencies (specifically, those that deal with immigration) to identify victims.
- Building robust partnerships with key frontline states in mainland Southeast Asia that are working to address criminal activity, including Thailand and Vietnam; and exploring the potential for similar partnerships with other ASEAN states that are also struggling to mount a more effective regional response, including Singapore, Malaysia, the Philippines, and Indonesia.

**Recommendations for civil society should include the following.**

- Establishing legal aid networks to support victims of human trafficking syndicates.
- Integrating gender-sensitive perspectives to ensure a comprehensive community-oriented response.
- Establishing programs and making available resources to provide psychosocial support to pig-butcher victims and establish community groups for victims to share their stories as part of the healing process and to assist others.
- Building close relationships with law enforcement to share information from victims of both pig butchering and forced labor.

**Longer-term strategic actions and priorities should include the following.**

*Filling gaps in research and understanding of the problem set.*

- Enhancing understanding of how criminal actors exploit technology and identifying initiatives to disrupt their ability to influence technological innovation.
- Working collaboratively among researchers, civil society organizations, and governments to identify criminal entities, elite enablers, and affiliated companies that could be regulated and sanctioned.
- Assessing the involvement of the private sector in supporting and legitimizing transnational criminal activity.

*Strengthening institutions and platforms to address transnational organized crime.*

- With forced-labor cyber scamming as an entry point, building new platforms for regional and trans-regional coordination that bring together an array of stakeholders, including law enforcement agencies, legal aid organizations, civil society, and researchers.
- Expanding approaches to law enforcement beyond the central role of law enforcement agencies to involve nongovernmental organizations, legal experts, UN entities, and other stakeholders.
- Engaging with international agencies and institutions to facilitate a global, high-level response (e.g., the appointment of a UN special envoy on transnational crime) to support coordinated international action.
- Introducing new platforms for sharing information on the scope and scale of pig-butchering scams and for reporting and monitoring losses.

To advance the adoption of the above measures, the United States should spearhead a coordinated international response. Toward that end, a task force should be established under the National Security Council to incorporate the competencies of various federal agencies in a coordinated approach to information collection, financial management, and law enforcement. The task force would marshal the relevant US resources to help focus a broad international effort on the grave threat Southeast Asian criminal networks pose to international security, effective governance, and the integrity of modern financial systems. This task force would work with Congress, which might also decide to form a dedicated task force or designate a committee to ensure that legislative bodies are fully engaged in the effort.

Despite the growing threat that criminal networks are now posing to global security, their greatest victim is Southeast Asia, where they are already degrading political and economic governance,

corrupting financial institutions, and preying on a younger generation of regional victims. As this report describes, the networks are so deeply embedded in the region and their innovative forms of criminality are spreading so rapidly that efforts to combat them must be approached with a sense of urgency. It is an international task and will require significant and sustained international coordination. Such efforts should begin in Southeast Asia in partnership with the region's governments, law enforcement, civil society, media, business community, and political institutions. The United States and its major security and trading partners can and should provide critical support, because all have a stake in saving this vibrant region from the spreading malignancy of these regional criminal networks. While early measures are already underway more or less on a country-by-country basis, they must be widened into a regional and, ultimately, global effort in order to be effective. International and regional organizations such as ASEAN can play a pivotal role in this. With criminal actors already gaining new footholds on every continent, it is highly likely that, if the response focuses only on Southeast Asia, criminal groups will defeat it. Given the extreme nature of the threat posed by these new forms of criminality, tackling that threat warrants the attention of the United Nations Security Council and of regional platforms around the world.





# Notes

1. Ken Dilanian, "With 'Pig Butchering' Scams on the Rise, FBI Moves to Stop the Bleeding," NBC News, February 5, 2024, <https://www.nbcnews.com/news/crime-courts/pig-butchering-scams-rise-fbi-moves-stop-bleeding-rcna137009>; Marsha Lederman, "Online Scams Have Reached Epidemic Levels," *Globe and Mail*, April 5, 2024, <https://www.theglobeandmail.com/opinion/article-online-scams-have-reached-epidemic-levels/>; "Online Scam Up, Malaysians Lose RM1.34 Billion To Top Schemes," *Business Today* (Malaysia), January 28, 2024, <https://www.businesstoday.com.my/2024/01/28/online-scam-up-malaysians-lose-rm1-34-billion-to-top-schemes/>; and Xinhua, "Four Major Highlights in Combatting Telecommunication and Internet Fraud in 2023" [in Chinese], December 25, 2023, <http://www.news.cn/20231225/31c0d7815d3647b3aedfcafbcd51cea7/c.html>.
2. Once tricked into entering the scam compounds, victims are informed that they must pay huge sums of money in order to leave to compensate the scam syndicates for the costs of recruitment and transportation. According to victim testimony, the amounts demanded in ransom are anywhere from \$5,000 to \$100,000. Isabelle Qian, "7 Months Inside an Online Scam Labor Camp," *New York Times*, December 17, 2024, <https://www.nytimes.com/interactive/2023/12/17/world/asia/myanmar-cyber-scam.html>.
3. United Nations Office on Drugs and Crime (UNODC), "Casinos, Cyber Fraud, and Trafficking in Persons for Forced Criminality in Southeast Asia," September 2023, [https://www.unodc.org/roseap/uploads/documents/Publications/2023/TiP\\_for\\_FC\\_Policy\\_Report.pdf](https://www.unodc.org/roseap/uploads/documents/Publications/2023/TiP_for_FC_Policy_Report.pdf).
4. Jason Tower and Priscilla A. Clapp, "Myanmar's Casino Cities: The Role of China and Transnational Criminal Networks," Special Report no. 471, United States Institute of Peace, July 2020, <https://www.usip.org/publications/2020/07/myanmars-casino-cities-role-china-and-transnational-criminal-networks>.
5. Priscilla A. Clapp and Jason Tower, "A Criminal Cancer Spreads in Southeast Asia," United States Institute of Peace, June 26, 2023, <https://www.usip.org/publications/2023/06/criminal-cancer-spreads-southeast-asia>.
6. Andrew Nachemson and Kong Meta, "Chinese Gang Threatens Chaos in Cambodian Province as Rift Deepens between Locals and New Arrivals," *South China Morning Post*, May 14, 2019, <https://www.scmp.com/news/asia/southeast-asia/article/3010138/chinese-gang-threatens-chaos-cambodian-province-rift>.
7. Arthur Eremita, "Smackdown on O'Smach: Cambodia's Path out of Tier 3?," *The Diplomat*, December 1, 2023, <https://thediplomat.com/2023/12/smackdown-on-osmach-cambodias-path-out-of-tier-3/>.
8. Research on Myanmar commissioned by the United States Institute of Peace (USIP) was undertaken by an independent researcher from February to May 2023.
9. "IOM's Regional Situation Report on Trafficking in Persons into Forced Criminality in Online Scamming Centres in Southeast Asia," Migrant Protection Platform, International Organization for Migration, United Nations Migration, February 2024, <https://migrantprotection.iom.int/en/resources/report/ioms-regional-situation-report-trafficking-persons-forced-criminality-online>.
10. Rachel Cheung, "They Thought Their Human Trafficking Nightmare Was Over. Then Came the Police," *Vice*, October 4, 2022, <https://www.vice.com/en/article/g5vwn3/human-trafficking-police-corruption-cambodia>.
11. Regional Support Office of the Bali Process, "Trapped in Deceit: Responding to the Trafficking in Persons Fuelling the Expansion of Southeast Asia's Online Scam Centres," policy brief, April 2023, <https://rso.baliprocess.net/new-rso-policy-brief-calls-for-coordinated-international-response-to-huge-and-growing-impact-of-online-scam-centres/>
12. UNODC, "Casinos, Money Laundering, Underground Banking, and Transnational Organized Crime in East and Southeast Asia: A Hidden and Accelerating Threat," January 2024, <https://www.unodc.org/roseap/en/2024/casinos-casinos-cryptocurrency-underground-banking/story.html>.
13. Priscilla A. Clapp and Jason Tower, "The Myanmar Army's Criminal Alliance," United States Institute of Peace, March 7, 2022, <https://www.usip.org/publications/2022/03/myanmar-armys-criminal-alliance>.
14. Tower and Clapp, "Myanmar's Casino Cities."
15. Myint Myint Kyu, "Gambling as Development: A Case Study of Myanmar's Kokang Self-Administered Zone," Understanding Myanmar's Development, Research Report no. 7, Regional Center for Social Science and Sustainable Development, Chiang Mai University, February 2018, <https://rcsd.soc.cmu.ac.th/publications/um-d-7-gambling-as-development-a-case-study-of-myanmars-kokang-self-administered-zone/>.
16. Priscilla A. Clapp and Jason Tower, "Myanmar's Criminal Zones: A Growing Threat to Global Security," United States Institute of Peace, November 9, 2022, <https://www.usip.org/publications/2022/11/myanmars-criminal-zones-growing-threat-global-security>.
17. "China Detains Myanmar Kokang Group Including High-Profile Figures," *The Irrawaddy*, October 9, 2023, <https://www.irrawaddy.com/news/burma/china-detains-myanmar-kokang-group-including-high-profile-figures.html>.

18. Priscilla A. Clapp and Jason Tower, "China's Influence Increases amid Myanmar's Instability," United States Institute of Peace, December 20, 2023, <https://www.usip.org/publications/2023/12/chinas-influence-increases-amid-myanmars-instability>.
19. Jason Tower and Priscilla A. Clapp, "China Forces Myanmar Scam Syndicates to Move to Thai Border," United States Institute of Peace, April 22, 2024, <https://www.usip.org/publications/2024/04/china-forces-myanmar-scam-syndicates-move-thai-border>.
20. Jing Jing Luo, "The Grey Zone of Chinese Capital: Online Gambling in Cambodia's Sihanoukville," *Contemporary Southeast Asia* 45, no. 3 (December 2023): 414–41.
21. "A recent report by the National Police, under Cambodia's Ministry of the Interior, said that there are some 250,000 Chinese nationals living in Cambodia, including around 100,000 each in the capital Phnom Penh and Preah Sihanouk province." "Some 120,000 Chinese Nationals Depart Cambodia Following Ban on Online Gambling," Radio Free Asia, September 6, 2019, <https://www.rfa.org/english/news/cambodia/depart-09062019172808.html>. In 2019, the population of Preah Sihanouk Province was 302,887, excluding migrants working abroad. "General Population Census of the Kingdom of Cambodia 2019: Provisional Population Totals," National Institute of Statistics, Ministry of Planning, Kingdom of Cambodia, June 12, 2019. <https://www.nis.gov.kh/index.php/en/15-gpc/79-press-release-of-the-2019-cambodia-general-population-census>.
22. Reuters, "Cambodia to Ban Online Gambling, Cites Threat to Social Order," *Bangkok Post*, August 18, 2019, <https://www.bangkokpost.com/world/1732447/cambodia-to-ban-online-gambling-cites-threat-to-social-order>.
23. "Chinese Police Work in Cambodia to Handle Chinese Suspects," Radio Free Asia, December 18, 2019, <https://www.rfa.org/english/news/cambodia/police-12182019162823.html>.
24. Will Jackson, "How Volunteers Are Fighting the Cyberscam Industry in South-East Asia despite 'Massive Risks,'" ABC News, March 27, 2024, <https://www.abc.net.au/news/2024-03-28/volunteers-fighting-cyberscams-south-east-asia/103638880>.
25. Taing Rinith, "Cambodia Is Being Victimised by Biased Human Trafficking Reporting," *Khmer Times*, January 17, 2024, <https://www.khmertimeskh.com/501424151/cambodia-is-being-victimised-by-biased-human-trafficking-reporting/>.
26. Sebastian Strangio, "Cambodia to Block Release of Chinese Cyber-Scam Film," *The Diplomat*, September 28, 2023, <https://thediplomat.com/2023/09/cambodia-to-block-release-of-chinese-cyber-scam-film/>.
27. Radio Free Asia recently reported on a compound that has such connections to business and political elites. The Golden Fortune Science and Technology Park, which Radio Free Asia claims now hosts cyber-scam operations, was built by the Prince Group. Although it denies involvement, the company operating the compound is allegedly led by Prince Group executives. Group founder Chen Zhi was an adviser to Prime Minister Hun Sen and now serves as an adviser to Prime Minister Hun Manet. Jack Adamović Davies (RFA Investigative) and RFA Khmer, "Cambodia's Prince Group: A Business Empire Built on Crime?," Radio Free Asia, February 16, 2023, <https://www.rfa.org/english/news/special/prince-group/index.html>.

Another example is a Sihanoukville property known as Kaibo, or KB Hotel. The directors of the hotel's holding company have included Xu Aimin, who was sentenced in absentia to 10 years' imprisonment in China for running an illegal gambling ring, and Rithy Samnang (now deceased), the son-in-law of Cambodian senator Kok An, who owns the Crown Casinos chain. USIP-commissioned researchers visited Kaibo in March 2023 and found evidence that the site was used for large-scale scamming by forced labor. "Business Registration," Ministry of Commerce, Kingdom of Cambodia, accessed May 4, 2023, <https://www.businessregistration.moc.gov.kh/>; and Jack Davies et al., "Wanted Chinese Kingpin Owns Casino with Cambodian Senator's Son-in-Law," Radio Free Asia, June 22, 2021, <https://www.rfa.org/english/news/special/hunsen-family/xu-aimin.html>.

28. "Leisure and Hospitality," L.Y.P. Group, <https://lypgroup.com/hotel-entertainment.php>.
29. Sui-Lee Wee, "They're Forced to Run Online Scams. Their Captors Are Untouchable," *New York Times*, August 28, 2023, <https://www.nytimes.com/2023/08/28/world/asia/cambodia-cyber-scam.html>; and Lindsey Kennedy and Nathan Paul Southern, "'Just As Scared': Cyberscam Victims in Cambodia Find No Freedom in Rescue," *Al Jazeera*, November 24, 2023, <https://www.aljazeera.com/features/2023/11/24/just-as-scared-cyberscam-victims-in-cambodia-find-no-freedom-in-rescue>.
30. Mech Dara, "Eerie Silence Descends on Notorious Sihanoukville Scam Compounds," VOD, September 19, 2022, <https://vodenglish.news/eerie-silence-descends-on-notorious-sihanoukville-scam-compounds/>.
31. For example, Cambodia media reports document how new casino licenses were issued to connected companies operating out of known forced scam hubs following a 2022 crackdown. See Mech Dara, "Authorities Deny Detention, Torture After Launching Trafficking Raids," VOD, August 29, 2022, <https://vodenglish.news/authorities-deny-detention-torture-after-launching-trafficking-raids/>.
32. "Cambodia's Family Trees," Global Witness, May 31, 2007, <https://www.globalwitness.org/en/reports/cambodias-family-trees/>.
33. "2023 Investment Climate Statements: Cambodia," Bureau of Economic and Business Affairs, US Department of State, <https://www.state.gov/reports/2023-investment-climate-statements/cambodia/>.

34. This section has benefited from USIP-commissioned research on Cambodia that was undertaken from February to May 2023.
35. Jack Adamović Davies and Mary Zhao (RFA Investigative), “Chinese Courts Go after ‘Notorious’ Cambodian Conglomerate,” Radio Free Asia, February 5, 2024, <https://www.rfa.org/english/news/cambodia/prince-group-investigation-02022024124011.html>.
36. Court cases accessed February 14, 2024; provinces include Henan, Jiangxi, and Sichuan. China Judgements Online [in Chinese], <https://wenshu.court.gov.cn/>.
37. James Whitehead, “Radisson Hotel Group to Enter into Cambodian Hospitality Market,” *Khmer Times*, February 14, 2024, <https://www.khmertimeskh.com/501439365/radisson-hotel-group-to-enter-into-cambodian-hospitality-market/>.
38. Sebastian Strangio, “Jack Adamović Davies on the Rise and Rise of Cambodia’s Prince Group,” *The Diplomat*, February 13, 2024, <https://thediplomat.com/2024/02/jack-davies-on-the-rise-and-rise-of-cambodias-prince-group/>.
39. RFA Lao, “Lao Authorities Seem Powerless to Stop Crime in Golden Triangle Economic Zone,” Radio Free Asia, November 25, 2022, <https://www.rfa.org/english/news/laos/golden-triangle-11252022131629.html>.
40. US Department of the Treasury, “Treasury Sanctions the Zhao Wei Transnational Criminal Organization,” press release, January 30, 2018, <https://home.treasury.gov/news/press-releases/sm0272>.
41. Sebastian Strangio, “Report Claims 700 Malaysians Held for Ransom in Laos SEZ,” *The Diplomat*, October 4, 2022, <https://thediplomat.com/2022/10/report-claims-700-malaysians-held-for-ransom-in-lao-sez/>.
42. This section has benefited from USIP-commissioned research on Laos that was undertaken by the Global Initiative Against Transnational Organized Crime (GI-TOC) from February to May 2023.
43. “Consul General in Luang Prabang, Mr. Lai Baoguang, Attended the First Anniversary Celebration of the Laos-Fujian Chamber of Commerce” [in Chinese], Consulate-General of the People’s Republic of China in Luang Prabang, December 22, 2016, <https://archive.ph/zXgL8>.
44. “Deputy Prime Minister Asks for Peace and Stability in Golden Triangle,” *Laotian Times*, February 2, 2023, <https://laotiantimes.com/2023/02/02/minister-addresses-peace-and-stability-in-the-golden-triangle/>.
45. “International Airport Opens in Bokeo to Support Investment, Tourism,” *Vientiane Times*, February 6, 2024, [https://www.vientianetimes.org.la/freenews/freecontent\\_26\\_International\\_y24.php](https://www.vientianetimes.org.la/freenews/freecontent_26_International_y24.php).
46. See also “Inside the Chinese Colony in Laos - Human Trafficking Hell (#167),” Sabbatical, November 17, 2023, YouTube video, 47:36, <https://youtu.be/Lfck8uHXfiY>. In this video featuring a visit to the Golden Triangle Special Economic Zone, Chinese-speaking guards at the entrance admit that they are from Myanmar.
47. Lindsey Kennedy and Nathan Paul Southern, “Inside Southeast Asia’s Casino Scam Archipelago,” *The Diplomat*, August 2, 2022, <https://thediplomat.com/2022/08/inside-southeast-asias-casino-scam-archipelago/>.
48. Alastair McCready, “Will Laos’ Economic Zones Boost Growth or Bring in Criminals?,” *Nikkei Asia*, October 10, 2023, <https://asia.nikkei.com/Spotlight/Asia-Insight/Will-Laos-economic-zones-boost-growth-or-bring-in-criminals>.
49. Trong Van Nguyen, “The Modus Operandi of Transnational Computer Fraud: A Crime Script Analysis in Vietnam,” *Trends in Organized Crime* 25, no. 2 (June 2022): 226–47.
50. USIP-commissioned research on Vietnam was undertaken by Dr. Hai Luong from July to November 2023.
51. “Cambodia Repatriates 1,200 Vietnamese Citizens Allegedly Rescued from Scam Centres Back to Vietnam,” *Khmer Times*, September 25, 2022, <https://www.khmertimeskh.com/501157352/cambodia-repatriates-1200-vietnamese-citizens-allegedly-rescued-from-scam-centres-back-to-vietnam/>.
52. UNODC, “Casinos, Money Laundering, Underground Banking, and Transnational Organized Crime in East and Southeast Asia.”
53. “Murder at Bavet Moc Bai Casino: Commune Police,” VOD, July 4, 2022, <https://vodenglish.news/murder-at-bavet-moc-bai-casino-commune-police/>.
54. US Department of the Treasury, “Treasury Sanctions Two Individuals and Five Entities Under Global Magnitsky,” press release, June 12, 2018, <https://home.treasury.gov/news/press-releases/sm0272>.
55. Agence France Presse, “Vietnam Tycoon Appeals Against \$27 Bn Fraud Death Sentence,” *Barron’s*, April 26, 2024, <https://www.barrons.com/news/vietnam-tycoon-appeals-against-27-bn-fraud-death-sentence-a2763565>.
56. Republic of the Philippines, Presidential Decree No. 1067-A (January 1, 1977), Chan Robles Virtual Law Library, <https://www.chanrobles.com/presidentialdecrees/presidentialdecreeno1067-A.html>.
57. Pia Ranada, “Malacañang Contracts Show Michael Yang Is Economic Adviser,” *Rappler*, November 05, 2018, <https://www.rappler.com/newsbreak/in-depth/215992-exclusive-malacanang-documents-michael-yang-tapped-as-economic-adviser/>; and Ralf Rivas, “In Myanmar, Human Trafficking Hub Forces Filipinos into Crypto Scam,” *Rappler*, November 23, 2022, <https://www.rappler.com/business/inside-myanmar-human-trafficking-hub-forcing-filipinos-cryptocurrency-scam/>.
58. Organized Crime and Corruption Reporting Project (OCCRP) and Rappler, “Philippine President Duterte’s Former Economic Adviser Was a ‘Drug Lord,’ Says Affidavit in New ICC Case,” OCCRP, November 10, 2021, <https://www.occrp.org/en/investigations/philippine-president-dutertes-former-economic-adviser-was-a-drug-lord-says-affidavit-in-new-icc-case>.
59. Jeoffrey Maitem, “Ex-Philippine President Rodrigo Duterte’s South China Sea ‘Deal’ with Xi Jinping Sparks Calls for Treason Charges,” *South China Morning Post*, April 15, 2024, <https://www.scmp.com/week-asia/politics/article/3259094/ex-philippine-president-rodrigo-dutertes-south-china-sea-deal-xi-sparks-calls-treason-charges>.

60. Aaron Recuenco, "From Offshore Gaming to Love Scam: Link of Some POGOs to Online Scamming Activities Discovered," *Manila Bulletin*, March 14, 2024, <https://mb.com.ph/2024/3/14/from-offshore-gaming-to-love-scams-link-of-some-pog-os-to-online-scamming-activities-discovered>.
61. Dave Grunebaum, "Philippine Lawmakers Target Online Casino Operators in Bid to Crack Down on Human Trafficking," *Voice of America*, May 31, 2023, <https://www.voanews.com/a/philippine-lawmakers-target-online-casino-operators-in-bid-to-crackdown-on-human-trafficking/7116799.html>.
62. This section has benefited from USIP-commissioned research on the Philippines that was undertaken by Dr. Alvin Camba from February to August 2023.
63. "Chinese Press: Gangs Are Registered Groups," *The Edge Malaysia*, August 30, 2013, <https://theedgemalaysia.com/article/chinese-press-gangs-are-registered-groups>.
64. "72 Secret Societies, Including Chinese, Indian, Malay, and Indigenous Peoples from Sabah and Sarawak" [in Chinese], *China Press*, June 16, 2022; and Ahmad Ismadi Ismail, "72 Underworld Gangs on Police Radar," *Sinar Daily*, June 16, 2022, <https://www.sinardaily.my/article/175482/malaysia/national/72-underworld-gangs-on-police-radar>.
65. "Bukit Bintang Blast and Gang Rivalry: Top 10 Gangs on Malaysia's Watchlist," *Straits Times*, January 9, 2016, <https://www.straitstimes.com/asia/se-asia/bukit-bintang-blast-and-gang-rivalry-top-10-gangs-on-malysias-watchlist>.
66. "The Largest Chinese Gang, Hongmen, Has Many Factions" [in Chinese], *Oriental Daily*, August 29, 2013, <https://www.orientaldaily.com.my/index.php/news/nation/2013/08/29/34998>; and "Tiga Line, Gang 04 among the 49 Triads Disclosed by KDN," *Astro Awani*, August 29, 2013, <https://www.astroawani.com/berita-malaysia/tiga-line-gang-04-among-49-triads-disclosed-kdn-21272>.
67. Muzliza Mustafa and S. Adie Zul, "US Sanctions Help Crack Malaysian Crime Ring," *Benar News*, April 21, 2021, <https://www.benarnews.org/english/news/malaysian/gang-leader-04212021181737.html>.
68. Teh Athira Yusof, "34 Govt Personnel, Cops Suspected to Be in Cahoots with Datuk Seri Nicky," *New Straits Times*, March 30, 2021, <https://www.nst.com.my/news/crime-courts/2021/03/678279/34-govt-personnel-cops-suspected-be-cahoots-datuk-seri-nicky>.
69. "Company Donates 50,000 Face Masks to Star Media Group," *The Star*, April 15, 2020, <https://www.thestar.com.my/metro/metro-news/2020/04/15/company-donates-50000-face-masks--to-star-media-group>.
70. John Bunyan, "NGO: 1,000 Malaysians Forced to Work for Scams in Myanmar by Human Trafficking Syndicates," *Malay Mail*, September 28, 2023, <https://www.malaymail.com/news/malaysia/2023/09/28/ngo-1000-malaysians-forced-to-work-for-scams-in-myanmar-by-human-trafficking-syndicates/93305>.
71. "Revealing the History of 'Saw Tin Win,' an Important BGF Soldier Who Purchases Electricity from Thailand to Supply to Gray China" [in Thai], *Prachatai*, September 22, 2023, <https://prachatai.com/journal/2023/09/106032>.
72. Poppy McPherson and Tom Wilson, "Crypto Scam: Inside the Billion-Dollar 'Pig-Butchering' Industry," *Reuters*, November 23, 2023, <https://www.reuters.com/investigates/special-report/fintech-crypto-fraud-thailand/>.
73. Chen Jun (Radio Free Asia Cantonese), "Detained Gambling Tycoon She Zhijiang Faces Deportation to China from Thailand," *Benar News*, June 20, 2023. <https://www.benarnews.org/english/news/thai/gambling-tycoon-she-zhijiang-06202023174439.html>.
74. "China's Triads and Corrupt Thai Cops Undermined National Security," *Thai PBS World*, March 13, 2023, <https://www.thaipbsworld.com/chinas-triads-and-corrupt-thai-cops-undermined-national-security/>.
75. See, for example, Goh Ruoxue, "After Losing Favour with China Travellers, Thailand Pulls Out All the Stops to Woo Them Back," *Business Times*, January 24, 2024, <https://www.businesstimes.com.sg/international/asean/after-losing-favour-china-travellers-thailand-pulls-out-all-stops-woo-them-back>.
76. Pachara, "Why Is Blockbuster Film *No More Bets* Scaring Chinese Away from Thailand?" [in Thai], *Thaiger*, November 28, 2023, <https://thethaiger.com/th/news/1008072/>.
77. James Morris and Son Nguyen, "Fear-Mongering, Fake News and Disinformation Being Stoked in China against Visiting Thailand," *Thai Examiner*, March 24, 2023, <https://www.thaiexaminer.com/thai-news-foreigners/2023/03/24/fake-news-stoked-in-china-against-travel-to-thailand/>.
78. Sebastian Strangio, "Thailand and China to Introduce Visa-Free Travel from March," *The Diplomat*, January 3, 2024, <https://thediplomat.com/2024/01/thailand-and-china-to-introduce-visa-free-travel-from-march/>.
79. Singapore Police Force, "Ten Foreign Nationals to Be Charged for Offences Including Forgery and Money Laundering with an Estimated Value of about One Billion in Cash and Various Assets Seized, Frozen or Issued with Prohibition of Disposal Orders," press release, August 16, 2023, [https://www.police.gov.sg/Media-Room/News/20230816\\_10\\_Foreign\\_Nationals\\_Offences\\_Forgery\\_Money\\_Launder\\_Est\\_1\\_Bil\\_Assets](https://www.police.gov.sg/Media-Room/News/20230816_10_Foreign_Nationals_Offences_Forgery_Money_Launder_Est_1_Bil_Assets); and Fiona Tan, "S'pore Alerted to S\$2.8b Money Laundering Case in 2021, 'Quietly' Launched Probe in Early 2022," *Mothership*, October 3, 2023, <https://mothership.sg/2023/10/singapore-money-laundering-case-details-parliament/>.
80. Kerr Puay Hian, "10 Arrested in S\$1 Billion Raid in S'pore Allegedly from 'Fujian Gang', 'Spent Millions' in Nightclubs in 1 Night," *Mothership*, August 21, 2023, <https://mothership.sg/2023/08/billion-raid-million-nightclub/>.
81. Andrew Wong and Samuel Devaraj, "Money Laundering Case: Some Suspects Donated Six-Figure Sums to Charities," *Straits Times*, October 9, 2023, <https://www.straitstimes.com/singapore/courts-crime/money-laundering-case-some-suspect-donated-six-figure-sums-to-charities>.

82. "How Did Singapore's Billion-Dollar Money-Laundering Case Come to Light?," CNA, October 5, 2023, YouTube video, 7:53, <https://youtu.be/yHthgB8nkpg>; and Tang See Kit, "New Inter-Ministerial Committee to Review and Strengthen Singapore's Anti-Money Laundering Regime," CNA, October 3, 2023, <https://www.channelnewsasia.com/singapore/money-laundering-ministerial-statement-indranee-rajah-new-committee-parliament-3816376>.
83. Reuters, "Singapore Banks Sharpen Scrutiny after \$2 Bln Money Laundering Scandal-Sources," *The Star*, October 9, 2023, <https://www.thestar.com.my/business/business-news/2023/10/09/singapore-banks-sharpen-scrutiny-after-2-1bn-money-laundering-scandal--sources>.
84. "Singapore Fintech Pulls out of Myanmar Border City amid Allegations," *Business Times*, October 7, 2020, <https://www.businesstimes.com.sg/startups-tech/startups/singapore-fintech-pulls-out-myanmar-border-city-amid-allegations>.
85. Miguel Cordon, "Singapore's Fincy Exits Myanmar Smart City Project Following Allegations," *Tech in Asia*, October 7, 2020, <https://www.techinasia.com/singapores-fincy-exits-myanmars-smart-city-project-gambling-allegations>.
86. Sujha Sundararajan, "Singapore's MAS Adds Crypto Wallet imToken to Its Investor Alert List," *Cryptonews*, January 10, 2024, <https://cryptonews.com/news/singapores-mas-adds-crypto-wallet-imtoken-to-its-investor-alert-list.htm>.
87. "Scam Victims in Singapore Lost S\$651.8 Million in 2023, with Record High Cases," *Business Times*, February 18, 2024, <https://www.businesstimes.com.sg/singapore/scam-victims-singapore-lost-s6518-million-2023-record-high-cases>.
88. Andrew Wedeman, "Growth and Corruption in China," *China Currents* 11, no. 2 (2012), <https://www.chinacenter.net/2012/china-currents/11-2/growth-and-corruption-in-china/>.
89. "Officials Lead Way in China's Illegal Gambling," *The Age*, February 5, 2005, <https://www.theage.com.au/world/officials-lead-way-in-chinas-illegal-gambling-20050205-gdzi2e.html>.
90. Priscilla A. Clapp and Jason Tower, "Myanmar's Junta Is Losing Control of Its Border with China," United States Institute of Peace, November 8, 2023, <https://www.usip.org/publications/2023/11/myanmars-junta-losing-control-its-border-china>.
91. Tower and Clapp, "Myanmar's Casino Cities."
92. Tommy Walker, "Is a Chinese Blockbuster Discouraging Travel to Thailand?," *Voice of America*, November 13, 2023, <https://www.voanews.com/a/is-a-chinese-blockbuster-discouraging-travel-to-thailand-/7352844.html>.
93. Panda Anti-Fraud (Sichuan Bureau of Public Security), "A Place That Is More Terrifying than Northern Myanmar: Myanmar's Eastern 'Myawaddy'" [in Chinese], WeChat, September 20, 2022, [https://mp.weixin.qq.com/s/B\\_8tCQYsDU0GRv\\_x2VqhuA](https://mp.weixin.qq.com/s/B_8tCQYsDU0GRv_x2VqhuA).
94. According to Chinese state media, more than 3.8 million fraudulent websites were taken down by July 2022. "People of Changsha, These Are All Fake! Internet Information Office Attacks 'Li Xiong' Style Investment Fraud Platforms," ZTV, July 2, 2022.
95. Carla Freeman and Alex Stephenson, "Xi Kicks Off Campaign for a Chinese Vision of Global Security," United States Institute of Peace, October 5, 2022, <https://www.usip.org/publications/2022/10/xi-kicks-campaign-chinese-vision-global-security>.
96. RFA Burmese, "China Issues Warrants for 10 People in Myanmar's Kokang Region," *Radio Free Asia*, December 11, 2023, <https://www.rfa.org/english/news/myanmar/myanmar-china-arrest-warrants-12112023193721.html>.
97. "3.5 Billion, 28.6%, 98.2% . . . The People's Security Awareness Continues to Be at a High Level for 4 Years" [in Chinese], CCTV, January 15, 2024, <https://news.cctv.com/2024/01/15/ARTIyte1c99WLC0XwV3LFCj4240115.shtml>.
98. State Council Information Office of the People's Republic of China, "Coordination Office for China-Cambodia Joint Law Enforcement Established in Phnom Penh" [in Chinese], *Xinhua*, September 28, 2019, [https://www.gov.cn/xinwen/2019-09/28/content\\_5434513.htm](https://www.gov.cn/xinwen/2019-09/28/content_5434513.htm).
99. "Global Organized Crime Index 2023: Myanmar," GI-TOC, <https://ocindex.net/country/myanmar>.
100. World Justice Project Rule of Law Index, 2023, <https://worldjusticeproject.org/rule-of-law-index/>.
101. "Behind Asia's Cyber Slavery," DW Documentary, January 30, 2024, YouTube video, 28:25, <https://youtu.be/Ti7YDegRMYE>.
102. Office of Public Affairs, US Department of Justice, "Four Individuals Charged for Laundering Millions from Cryptocurrency Investment Scams," press release, December 14, 2023, <https://www.justice.gov/opa/pr/four-individuals-charged-laundering-millions-cryptocurrency-investment-scams>.
103. McPherson and Wilson, "Crypto Scam."
104. Chris Riotta, "Apparent Pig-Butchering Crypto Scam Took Down a US Bank," *BankInfoSecurity*, February 13, 2024, <https://www.bankinfosecurity.com/report-says-pig-butchering-crypto-scheme-took-down-us-bank-a-24351>.
105. Tabu Butagira, "Ugandans Trapped in Myanmar Freed," *Daily Monitor*, March 30, 2024, <https://www.monitor.co.ug/uganda/news/national/ugandans-trapped-in-myanmar-freed-4573942>.
106. Office to Monitor and Combat Trafficking in Persons, US Department of State, "2023 Trafficking in Persons Report," <https://www.state.gov/reports/2023-trafficking-in-persons-report/>.

## BOX 1. THE RISE OF PIG-BUTCHERING

- a. Wong Woon Shin, “Analysis: Is It Illegal for Chinese Nationals to Gamble Overseas, and How Might China’s Warning Hurt Regional Casinos?,” CNA, March 21, 2024, <https://www.channelnewsasia.com/asia/china-gambling-overseas-casino-warning-illegal-asia-embassy-macao-4211111>.
- b. Vidya Ranganathan and Summer Zhen, “Bruised by Stock Market, Chinese Rush into Banned Bitcoin,” Reuters, January 25, 2024, <https://www.reuters.com/technology/bruised-by-stock-market-chinese-rush-into-banned-bitcoin-2024-01-25/>.

## BOX 2. HOW TECHNOLOGY FACILITATES SCAMMING AND MONEY LAUNDERING

- a. Cezary Podkul, “Southeast Asian Casinos Emerge as Major Enablers of Global Cybercrime,” ProPublica, October 5, 2023, <https://www.propublica.org/article/casinos-cambodia-myanmar-laos-southeast-asia-fraud-cybercrime>.

### TABLE 1. ESTIMATED REVENUE FROM PIG-BUTCHERING SCAMS IN 2023

**Cambodia, Myanmar:** In August 2023, Chinese state media estimated that there were no fewer than 100,000 scammers operating out of more than 1,000 scam centers in eastern and northern Myanmar (not including other parts of the country). “Myanmar, Why Has It Become a Hub for Telecommunication Fraud Syndicates?” [in Chinese], CCTV, August 24, 2023, [https://content-static.cctvnews.cctv.com/snow-book/index.html?item\\_id=226183371718202916](https://content-static.cctvnews.cctv.com/snow-book/index.html?item_id=226183371718202916).

The same month, the United Nations estimated that 120,000 scammers were working in Myanmar and 100,000 in Cambodia. “Hundreds of Thousands Trafficked into Online Criminality across SE Asia,” UN News, August 29, 2023, <https://news.un.org/en/story/2023/08/1140187>.

**Laos:** According to research supporting this report, there are at least 50 buildings in the vicinity of the Laos Golden Triangle Special Economic Zone (GTSEZ) involved in industrial-scale scamming. Officially, there are 120,000 people living in the zone proper. Of these, 74,000 are from Myanmar and China, and it is highly probable that the majority of them are working in either scamming operations or casinos. “SEZ Official: Lao’s Hong Kong, the Population of the Laos Golden Triangle Is 120,000: Chinese 33,000; Myanmar 41,000” [in Chinese] [http://zgmn.net/Article\\_show.aspx?chid=9&id=47976](http://zgmn.net/Article_show.aspx?chid=9&id=47976).

These official statistics fail to include the thousands of nationals from other countries also held in the GTSEZ, as evidenced by the regular stream of rescues. See “250 Suspects in a Nude Chat Fraud Ring Captured and Brought Back from Laos Golden Triangle” [in Chinese], Sohu News, April 23, 2024, [https://m.sohu.com/a/773620772\\_121347613/?pvid=000115\\_3w\\_a](https://m.sohu.com/a/773620772_121347613/?pvid=000115_3w_a).

Including estimates for other parts of Laos with known scamming, 85,000 is a conservative estimate of scammers in the country.

**Philippines:** From 2022 to 2023, the Philippines saw the release of well over 2,000 scammers, many of whom were forced labor. Agence France-Presse, “More than 1,000 Rescued in Pampanga ‘Scam Call Center,’” ABS-CBN News, May 6, 2023, <https://news.abs-cbn.com/news/05/06/23/more-than-1000-rescued-in-pampanga-scam-call-center>; and Agence France-Presse, “Hundreds Rescued from Philippines Scam Center: Police,” *Daily Tribune*, March 14, 2024, <https://tribune.net.ph/2024/03/14/hundreds-rescued-from-philippines-scam-centre-police>.

Scam syndicates are based inside Philippine offshore gaming operators and also operate secretly in remote locations. An extremely conservative estimate of the number of scammers is 15,000; this figure is based on the assumption that the government’s strong stance against this activity has compelled scam syndicate kingpins to relocate en masse.

**Dubai:** Five major scam hubs have been identified in the United Arab Emirates, with generous estimates indicating that they could each contain 20,000 people. “Four Large Scam Compounds, Closed Management, Dubai: the Next Northern Myanmar, Wangyihao” [in Chinese], NetEase, August 27, 2023, [https://m.163.com/dy/article/ID56T95K05562RYQ.html?spss=adap\\_pc](https://m.163.com/dy/article/ID56T95K05562RYQ.html?spss=adap_pc).

A recent exposé showed the scale of one of these compounds. “Undercover Video Exposes Massive ‘Pig Butchering’ Romance Scam Center in Dubai,” Boing Boing, March 8, 2024, <https://boingboing.net/2024/03/08/undercover-video-exposes-massive-pig-butchering-romance-scam-center-in-dubai.html>. Based on a recent raid of one of these compounds, the study group estimates that they each use 3,000–7,000 scammers.

**Other countries:** The estimated total of 500,000 minus the estimates for individual countries provides the figure for the “other countries” category: 130,000. This number includes individuals conducting scamming in Thailand, Malaysia, Indonesia, the Pacific Islands, Vietnam, and other countries where this activity has a much less noticeable presence.

**Total number of scammers:** The total number of scammers in table 1 stems from estimates from Chinese sources that more than 1 million people were involved in the online gambling industry in Southeast Asia before the COVID-19 pandemic. Based on the assumption that at least 50 percent of them pivoted to scamming and that an additional 70,000 Chinese were brought into forced scamming from 2023 to the present, along with thousands of individuals from other countries, a very conservative estimate of the total number of scammers today is 500,000. These calculations are further supported by the fact that from 2021 to 2023, Chinese authorities annually identified more than 200,000 people suspected of involvement in scams—and these were only a fraction of the total number involved. Luoyang City Anti-Fraud Center, “In 2021, 210,000 Overseas Fraud Victims Are Called Back to China by Police” [in Chinese], WeChat April 8, 2022, [https://mp.weixin.qq.com/s/QDK5bdCrFzvnWq\\_hlKTxJw](https://mp.weixin.qq.com/s/QDK5bdCrFzvnWq_hlKTxJw).

**Revenue estimates:** United Nations Office on Drugs and Crime, “Casinos, Money Laundering, Underground Banking, and Transnational Organized Crime in East and Southeast Asia: A Hidden and Accelerating Threat,” January 2024, <https://www.unodc.org/roseap/en/2024/casinos-casinos-cryptocurrency-underground-banking/story.html>.

**Note:** Members of the study group agree that these are very conservative estimates, and several members of the group feel strongly that the actual amount is much higher.

### **BOX 3. SHE ZHIJIANG: FROM LOYAL PARTY MAN TO THE PRC'S MOST WANTED GAMBLING BOSS**

- a. Plato Cheng, “Shwe Kokko Special Economic Zone / Yatai New City,” People’s Map of Global China, August 18, 2022, <https://thepeoplesmap.net/project/shwe-kokko-special-economic-zone-yatai-new-city/>.
- b. Tang Ail et al., “Cover Story: A Fugitive Businessman’s High-Profile Bet in Myanmar,” Caixin Global, October 26, 2020, <https://www.caixinglobal.com/2020-10-26/cover-story-a-fugitive-businessmans-high-profile-bet-in-myanmar-101618684.html>; and Straits Times Crime Desk, “‘The Man Named She’ - Online Gambling Kingpin Has Links throughout South-East Asia,” *The Star*, September 3, 2023, <https://www.thestar.com.my/aseanplus/aseanplus-news/2023/09/03/039the-man-named-she039---online-gambling-kingpin-has-links-throughout-south-east-asia>.
- c. “China supports Myanmar in Handling the Shwe Kokko New City Issue in Accordance with Laws and Regulations,” Embassy of the People’s Republic of China in the Republic of the Union of Myanmar, August 25, 2020. [http://mm.china-embassy.gov.cn/eng/xwtdt/202008/t20200825\\_1391985.htm](http://mm.china-embassy.gov.cn/eng/xwtdt/202008/t20200825_1391985.htm).
- d. “Thai Police Arrest Suspected Chinese Gambling Kingpin,” Reuters, August 16, 2022, <https://www.reuters.com/world/asia-pacific/thai-police-arrest-suspected-chinese-gambling-kingpin-2022-08-15/>.
- e. “Businessman She Zhijiang Questions Government Motivations behind His Persecution in Connection with Yatai Zone,” *Bangkok Post*, June 9, 2023, <https://www.bangkokpost.com/thailand/pr/2588671/businessman-she-zhijiang-questions-government-motivations-behind-his-persecution-in-connection-with-yatai-zone>.
- f. Sebastian Strangio, “US, UK, Canada Sanctions Target Southeast Asian Scam Operations,” *The Diplomat*, December 11, 2023, <https://thediplomat.com/2023/12/us-uk-canada-sanctions-target-southeast-asian-scam-operations/>.
- g. Chen Jun (Radio Free Asia Cantonese), “Detained Gambling Tycoon She Zhijiang Faces Deportation to China from Thailand,” Benar News, June 20, 2023. <https://www.benarnews.org/english/news/thai/gambling-tycoon-she-zhijiang-06202023174439.html>.

### **BOX 4. ZHAO WEI’S GOLDEN TRIANGLE SPECIAL ECONOMIC ZONE**

- a. “U.S. Slaps Sanctions on Laos Golden Triangle ‘Casino’ in Bid to Break up Narco-Empire,” Reuters, January 31, 2018, <https://www.reuters.com/article/idUSKBN1FK1OS/>.
- b. Amanda Gore et al., “Asian Roulette: Criminogenic Casinos and Illicit Trade in Environmental Commodities in South East Asia,” Global Initiative Against Transnational Organized Crime, July 2022, <https://globalinitiative.net/analysis/casino-crime-south-east-asia/>.
- c. Murray Hiebert, *Under Beijing’s Shadow: Southeast Asia’s China Challenge* (Washington, DC: Center for Strategic and International Studies, 2020), 209.
- d. US Department of the Treasury, “Treasury Sanctions Two Individuals and Five Entities Under Global Magnitsky,” press release, June 12, 2018, <https://home.treasury.gov/news/press-releases/sm0272>.
- e. “A Lao leader’s True Friend ‘Zhao Wei,’ Thai MPs Respect” [in Thai], *Kom Chad Luek*, November 4, 2022, <https://archive.ph/Ym4f7>.
- f. US Department of the Treasury, “Treasury Sanctions the Zhao Wei Transnational Criminal Organization,” press release, January 30, 2018, <https://home.treasury.gov/news/press-releases/sm0272>.
- g. “Chinese Casino Kingpin Behind New Mekong Port to Serve Golden Triangle SEZ in Laos,” Radio Free Asia, October 7, 2020, <https://www.rfa.org/english/news/laos/port-10072020195319.html>.
- h. Swaroopini Nair, “Lao Makes Its Mark on the Mekong River,” ASEAN Post, November 11, 2017, <https://theaseanpost.com/article/lao-makes-its-mark-mekong-river>.
- i. RFA Lao, “Tourism Development Near Laos’ Plain of Jars to Be Studied,” Radio Free Asia, August 2, 2023, <https://www.rfa.org/english/news/laos/tourism-development-08022023152101.html>.
- j. “10 People Held Hostage in Laos Casino Rescued after Being Tortured and Left with Scars,” Sohu News, December 27, 2009, <https://news.sohu.com/20091227/n269234237.shtml>.
- k. Alastair McCready, “Will Laos’ Economic Zones Boost Growth or Bring in Criminals?,” Nikkei Asia, October 10, 2023, <https://asia.nikkei.com/Spotlight/Asia-Insight/Will-Laos-economic-zones-boost-growth-or-bring-in-criminals>.

**BOX 5. WAN KUOK-KOI'S HONGMEN ASSOCIATION: A TRANSNATIONAL CRIMINAL ORGANIZATION  
ALIGNED WITH THE CHINESE COMMUNIST PARTY**

- a. Niall Fraser, "'Broken Tooth' Takes Bite at Fame," *South China Morning Post*, April 20, 1998, <https://www.scmp.com/article/237675/broken-tooth-takes-bite-fame>.
- b. Jirapas, "Former Underground Oligarch Successfully Raises over \$750 Million in 5-Minute ICO" [in Thai], *Siam Blockchain*, July 16, 2018, <https://siamblockchain.com/2018/07/16/ex-triad-boss-ico-750-million-5-minutes/>.
- c. Bernadette Carreon, Aubrey Belford, and Martin Young, "Pacific Gambit: Inside the Chinese Communist Party and Triad Push into Palau," *Organized Crime and Corruption Reporting Project*, December 12, 2022, <https://www.occrp.org/en/investigations/pacific-gambit-inside-the-chinese-communist-party-and-triad-push-into-palau>; and "Broken Tooth Koi, Inix's New Chairman, in the Spotlight," *The Edge Malaysia*, August 24, 2020, <https://theedgemalaysia.com/article/broken-tooth-koi-inixs-new-chairman-spotlight>.
- d. Jason Tower and Priscilla A. Clapp, "Myanmar's Casino Cities: The Role of China and Transnational Criminal Networks," *Special Report no. 471, United States Institute of Peace*, July 2020, <https://www.usip.org/publications/2020/07/myanmars-casino-cities-role-china-and-transnational-criminal-networks>.
- e. Hafidzul Hilmi Mohd Noor, "Police to Ask Interpol to Issue Red Notice for 'Broken Tooth,'" *New Straits Times*, January 31, 2021, <https://www.nst.com.my/news/crime-courts/2021/01/661888/police-ask-interpol-issue-red-notice-broken-tooth>.
- f. Lewis Sanders IV, Julia Bayer, Julett Pineda, and Yuchen Li, "The Chinese Mafia Are Running a Scam Factory in Myanmar," *The Wire*, February 5, 2024, <https://thewire.in/world/the-chinese-mafia-are-running-a-scam-factory-in-myanmar>.
- g. "Global Magnitsky Designations: Specially Designated Nationals List Update," *Office of Foreign Assets Control, US Department of the Treasury*, December 9, 2020, <https://ofac.treasury.gov/recent-actions/20201209>.
- h. World "One Belt One Road (OBOR)" Organization, "The Birth of the Hong Men International Foundation Leadership" [in Chinese], *WeChat*, February 3, 2019, <https://mp.weixin.qq.com/s/iM7PXG8LAFY0sUK7EW3Uqg>.
- i. Greg Raymond, "Chinese Mafia Footprint in Thailand Raises Questions," *Thailand Business News*, December 25, 2022, <https://www.thailand-business-news.com/opinion/95139-chinese-mafia-footprint-in-thailand-raises-questions>; and "Watchara Filed a Complaint against the President of the House of Representatives' Consultant for Using a Counterfeit Parliamentary Seal" [in Thai], *MGR Online*, March 17, 2013, <https://mgronline.com/politics/detail/9560000032763>.
- j. "Oudom Wang, Laos Businessman, Connected with Alien Case, Previously Reported Vanuatu Citizenship - 16 Companies" [in Thai], *Isra News Agency*, July 30, 2020, <https://www.isranews.org/article/isranews-scoop/90773-report0.html>.
- k. Ministry of Foreign Affairs, People's Republic of China, "Chinese Government Has No Plans to Participate in the Kra Canal Project" [in Chinese], *Xinhua*, May 19, 2015, [http://www.xinhuanet.com/world/2015-05/19/c\\_1115338105.htm](http://www.xinhuanet.com/world/2015-05/19/c_1115338105.htm).
- l. "A Historical Day: Dr. Liu Jinhui of the World Hongmen Alliance Brings Hongmen into the United Nations for the First Time" [in Chinese], *Sohu News*, September 24, 2019, [https://www.sohu.com/a/343010241\\_100031412](https://www.sohu.com/a/343010241_100031412).
- m. Wan Kuok-koi's Hongmen WeChat account reproduced this statement in many of its public posts. See Hongmen Official, "Public Account Announcement: Patriotic Chinese Businessman Wan Kuok-koi Supports the Hong Kong National Security Law" [in Chinese], *WeChat*, October 28, 2020, <https://mp.weixin.qq.com/s/2bTRrX0j47kM7ZJT6FA58Q>.





# United States Institute of Peace

The United States Institute of Peace is a national, nonpartisan, independent institute, founded by Congress and dedicated to the proposition that a world without violent conflict is possible, practical, and essential for US and global security. In conflict zones abroad, the Institute works with local partners to prevent, mitigate, and resolve violent conflict. To reduce future crises and the need for costly interventions, USIP works with governments and civil societies to build local capacities to manage conflict peacefully. The Institute pursues its mission by linking research, policy, training, analysis, and direct action to support those who are working to build a more peaceful, inclusive world.

## Board of Directors

Judy Ansley (Chair), Former Assistant to the President and Deputy National Security Advisor under George W. Bush • Nancy Zirkin (Vice Chair), Former Executive Vice President, Leadership Conference on Civil and Human Rights • Jonathan Burks, Vice President, Global Public Policy, Walmart • Joseph L. Falk, Former Public Policy Advisor, Akerman LLP • Edward M. Gabriel, President and CEO, The Gabriel Company LLC • Stephen J. Hadley, Principal, Rice, Hadley, Gates & Manuel LLC • Kerry Kennedy, President, Robert F. Kennedy Human Rights • Michael Singh, Managing Director, Washington Institute for Near East Policy • Mary Swig, President and CEO, Mary Green • Kathryn Wheelbarger, Vice President, Future Concepts, Lockheed Martin • Roger Zakheim, Washington Director, Ronald Reagan Presidential Foundation and Institute

## MEMBERS EX OFFICIO

Uzra Zeya, Under Secretary of State for Civilian Security, Democracy, and Human Rights • Lloyd J. Austin III, Secretary of Defense • Michael T. Plehn, Lieutenant General, US Air Force; President, National Defense University • Ambassador George Moose, Acting President and CEO, United States Institute of Peace (nonvoting)



# About the Transnational Crime in Southeast Asia Senior Study Group

Recognizing the growing impact of transnational organized crime on global security, the United States Institute of Peace assembled an international group of experts to assess one of the most pernicious aspects of such criminality in Southeast Asia today: rapidly spreading, industrial-scale scam compounds that rely heavily on forced labor lured from around the world to conduct online scams targeting vast numbers of people across the region and beyond. The report illuminates the connections among the far-reaching criminal networks behind these compounds that enable them to adapt to regional conditions and escape the constraints of law enforcement. The study group convened from October 2023 to February 2024 to share research and information on the trends, dimensions, and character of criminal networks operating the scam compounds and to develop recommendations for countering their malign effects.



UNITED STATES  
INSTITUTE OF PEACE  
Making Peace Possible

2301 Constitution Avenue NW  
Washington, DC 20037  
202.457.1700  
[www.USIP.org](http://www.USIP.org)