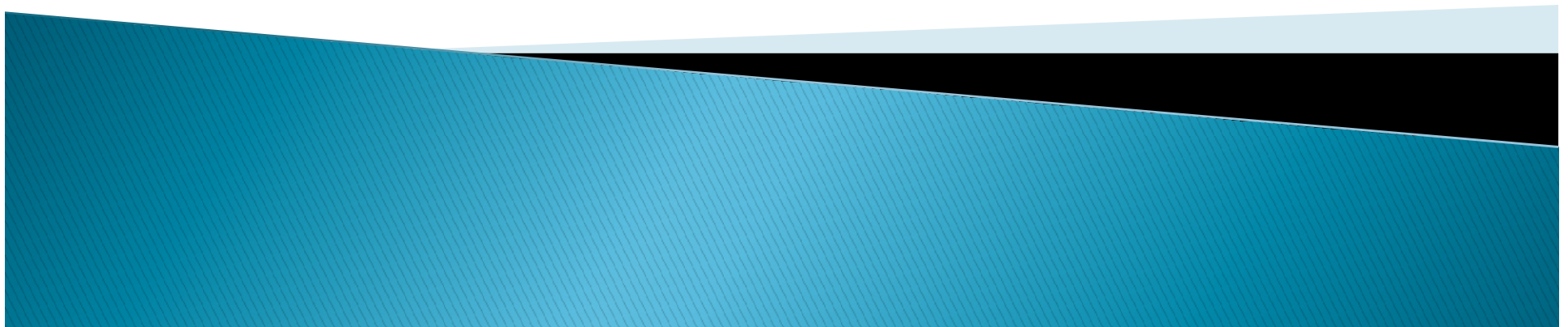


Seminar 2 preparation – Cybercrime Case Analysis: Fraud

Michael Geiger



Fraud Definition

UK fraud definition:

- Making a dishonest representation for your own advantage or to cause another a loss.
- Dishonestly neglecting to disclose information when you had a duty to do so.
- Abusing your position, if you have a duty to protect the financial interests of others and you fail in this for the purpose of your own gain to cause another to make a loss.
- False accounting.
- Using accounting documents which you know are misleading.

Fraud Act (2006); Theft Act (1968 & 1978)

German fraud definition:

“[A] property damage with the intention of enrichment, brought about by a misleading deception:

- By misrepresentation of false facts or misrepresentation of true facts, or
- By concealing true facts in the case of a legal obligation to disclose the truth.”

§ 263 StGB
(German criminal law)

Comparison fraud offline vs online

Aspects	Offline	Online
Financial expense	Higher <ul style="list-style-type: none">• Newspaper advertisement, possession of physical property	Lower <ul style="list-style-type: none">• Free (phishing) or low cost (scam websites)
Time expense	Higher <ul style="list-style-type: none">• Need for active participation in the act of crime	Lower <ul style="list-style-type: none">• After creation no need to participate in the act of crime
individualization	Tailored individualization to the victim.	Low individualization due to large number of potential victims.
Ethical concerns (scruples)	Higher <ul style="list-style-type: none">• Need for a physical contact with the victim	Lower <ul style="list-style-type: none">• Anonymity through the internet.
Risk of getting caught	Higher	Lower



Online fraud

Dominant online fraud offenses are **scams** and **phishing**.

- In the case of **scams**, the victims are presented with **false facts or offers** in order to induce the victims of the scam to make **voluntary payments**.
- **Phishing** attacks are aimed at **obtaining sensitive data**, such as victims' personal information and bank details or internal company information, in order to **commit crimes themselves** or to sell them to **third parties**.

Online fraud can be divided into the following categories:

- **Electronic financial frauds** (online banking frauds affecting both, costumers/individuals and businesses)
- **Fraudulent sales** through online auction or retail sites
- **Mass-marketing frauds and consumer scams** (phishing, pharming, romance scams, business email compromise)

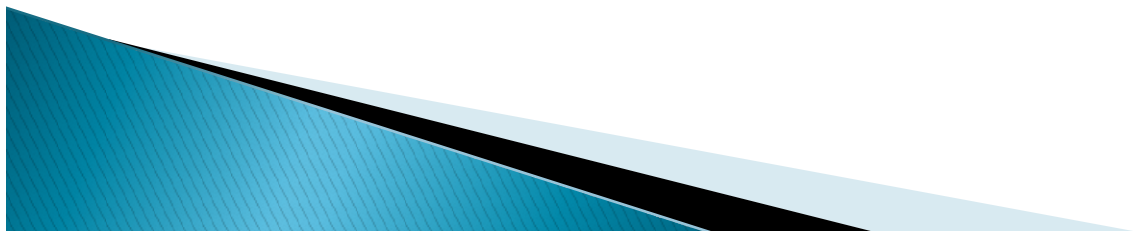
Complications of Law Enforcement

- Preservation of evidence:

1. Scam websites can go offline, destroying evidence.
2. Tracing the IP can be made more difficult (e.g. by VPN).

- International crimes:

1. Law enforcement across national borders may be difficult due to national laws.
2. International criminal prosecution requires the cooperation of the target countries.



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