

CORPORATE INVESTIGATIONS ALERT

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CLIFFE DEKKER HOFMEYR

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How to spot a scam: A discussion on emerging global risk trends

Another day, and yet another dollar you might lose to a new cryptocurrency or foreign exchange con that is gaining global popularity. The “*Sha Zhu Pan*” (meaning “*Butchering the Pig*”) scam first gained notoriety in China, but it has crossed the oceans and continents to make landfall in Australasia, Europe and the US, and is likely to arrive on South Africa’s shores shortly.



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How to spot a scam: A discussion on emerging global risk trends

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This is not your average con. Unlike the rapid in-and-out type of hustle which the world has become accustomed to, this scam appears to have direct similarities to Simon Leviev’s (of Tinder Swindler fame) successes. In this con, targets are affianced over a period of several months (the “*fattening of the pig*” so to speak) before the con artist extracts a significant sum of money out of them and then disappears (the proverbial “*slaughter*”).

THE ANATOMY OF THE CON PLAYS ITSELF OUT AS FOLLOWS:

1. The con artist (most often utilising a fictitious profile depicting an attractive person) will reach out to the target via any number of social media platforms.
2. The social media engagement between the scammer and the target is craftily scripted on the scammer’s part and continues over a period of weeks or months while the scammer builds a “*relationship*” with the target and gains their trust.
3. After the passing of a few months (and after having established a connection) the scammer then cunningly guides the romantic relationship or friendship conversation towards the subject of cryptocurrency or foreign exchange investments and the remarkable profits that the scammer has enjoyed by contributing in a specific “*investment*” (the scammer knows this to be fake company that the scammer has set up or has affiliations with).
4. The target (emboldened by the scammer’s encouragement) deposits an amount into the suggested investment and is pleasantly surprised when significant apparent “*profits*” are quickly realised (utilising the amounts paid into the company by other innocent targets who have succumbed to stage 7 below). To deepen the target’s false sense of security, the target is even able to extract funds from the investment (making the investment seem “*legitimate*”).
5. In gaining the target’s trust in the scam by demonstrating a quickly realisable profit (exceeding anything that can be achieved in the market) and allowing the target to withdraw the investment, the scammer is able to induce the target to invest a more sizable sum.
6. Once the target has made their move and invested a sizeable sum (in the hope of quickly realising a prodigious profit margin), the scheme quickly starts to unravel, as the target is then advised (by a purported “*customer services representative*” of the investment company) that funds cannot be withdrawn (usually because of alleged capital gains tax implications) unless the target deposits further amounts into the “*investment*” in order to be entitled to withdraw the funds.

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7. Immediately upon receiving the target's further "investment" (on top of the sizeable investment referenced in stage 6 above), the scammer and the investment company cut all communications with the target and the target is left holding the (by this stage very naked and cold) baby.

PROFILING TARGETS

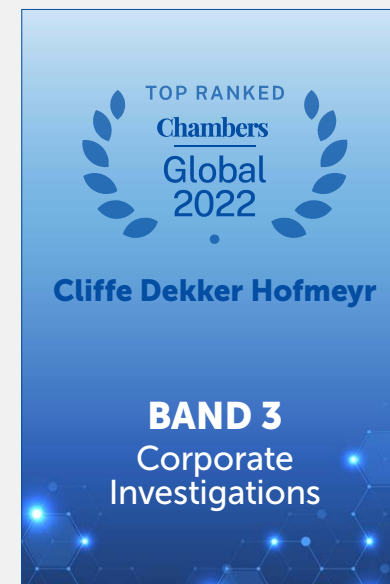
This carefully curated and pernicious scheme primarily preys on those individuals whose social media presence demonstrates that they have a degree of wealth (the scammers are on the lookout for photos of designer watches, handbags, exotic holidays and motor vehicles) and are social or are single – but the criteria is not limited to this. The scammer is also not necessarily looking to establish a romantic connection and even a friendship will suffice if the scammer sees that they can establish a "trust" relationship with the target.

We all wonder, how the target could be so blind to what is happening, but the scammers are intelligent and crafty. Statistics from an Australian

sample survey suggest that the vast majority of people succumbing to the scam are under the age of 35 and have a bachelor's degree from a university. Statistics from a US survey indicate that the vast majority of cases result in the target losing between 50 and 100% of their net worth to the scam. These statistics are indicative of the salacious intelligence of the scammers and with cybercrimes and fraudsters on the rise in South Africa, this is something we should all be alive to. Accenture has even identified that South Africa has the third-highest number of cybercrime victims worldwide, at a cost of R2,2 billion a year, with online scams in our top five cyber threats.

There have already been instances of this scam in Africa (although only a few), but with the rest of the world becoming alive to it, it is only a matter of time before the scammers focus their attention on South Africa.

**TIM SMIT, LISA DE WAAL AND
PAIGE WINFIELD**



OUR TEAM

For more information about our Corporate Investigations team and services in South Africa and Kenya, please contact:



Tim Fletcher

Chairperson
Practice Head
Director
Dispute Resolution
T +27 (0)11 562 1061
E tim.fletcher@cdhlegal.com



Gasant Orrie

Cape Managing Partner
Director
Corporate & Commercial
T +27 (0)21 405 6044
E gasant.orrie@cdhlegal.com



Eugene Bester

Director
Dispute Resolution
T +27 (0)11 562 1173
E eugene.bester@cdhlegal.com



Chris Charter

Practice Head
Director
Competition
T +27 (0)11 562 1053
E chris.charter@cdhlegal.com



Jackwell Feris

Sector Head
Industrials, Manufacturing & Trade
T +27 (0)11 562 1825
E jackwell.feris@cdhlegal.com



Anja Hofmeyr

Director
Dispute Resolution
T +27 (0)11 562 1129
E anja.hofmeyr@cdhlegal.com



Corné Lewis

Director
Dispute Resolution
T +27 (0)11 562 1042
E corne.lewis@cdhlegal.com



Richard Marcus

Director
Dispute Resolution
T +27 (0)21 481 6396
E richard.marcus@cdhlegal.com



Burton Meyer

Director
Dispute Resolution
T +27 (0)11 562 1056
E burton.meyer@cdhlegal.com



Rishaban Moodley

Director
Dispute Resolution
T +27 (0)11 562 1666
E rishaban.moodley@cdhlegal.com



Aadil Patel

Practice Head
Director
Employment
T +27 (0)11 562 1107
E aadil.patel@cdhlegal.com



Lucinde Rhoodie

Director
Dispute Resolution
T +27 (0)21 405 6080
E lucinde.rhoodie@cdhlegal.com



Belinda Scriba

Director
Dispute Resolution
T +27 (0)21 405 6139
E belinda.scriba@cdhlegal.com



Krevania Pillay

Senior Associate
Dispute Resolution
T +27 (0)11 562 1317
E krevania.pillay@cdhlegal.com

BBBEE STATUS: LEVEL ONE CONTRIBUTOR

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

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JOHANNESBURG

1 Protea Place, Sandton, Johannesburg, 2196. Private Bag X40, Benmore, 2010, South Africa.

Dx 154 Randburg and Dx 42 Johannesburg.

T +27 (0)11 562 1000 F +27 (0)11 562 1111 E jhb@cdhlegal.com

CAPE TOWN

11 Buitengracht Street, Cape Town, 8001. PO Box 695, Cape Town, 8000, South Africa. Dx 5 Cape Town.

T +27 (0)21 481 6300 F +27 (0)21 481 6388 E ctn@cdhlegal.com

NAIROBI

Merchant Square, 3rd floor, Block D, Riverside Drive, Nairobi, Kenya. P.O. Box 22602-00505, Nairobi, Kenya.

T +254 731 086 649 | +254 204 409 918 | +254 710 560 114

E cdhkenya@cdhlegal.com

STELLENBOSCH

14 Louw Street, Stellenbosch Central, Stellenbosch, 7600.

T +27 (0)21 481 6400 E cdhstellenbosch@cdhlegal.com

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