Carbon Credits Recovery Fraud

May 2016

Copyright © City of London Police 2016

NFIB Disclaimer: While every effort is made to ensure the accuracy of the information or material contained in this alert, it is provided in good faith on the basis that the Commissioner, the City of London Police and its police officers and staff accept no responsibility for the veracity or accuracy of the information or material provided and accept no liability for any loss, damage, cost or expense of whatever kind arising directly or indirectly from or in connection with the use by any person, whomsoever, of any information or material herein. The quality of the information and material contained in this document is only as good as the information and materials supplied to the City of London Police. Should you or your police force hold information, which corroborates, enhances or matches or contradicts or casts doubt upon any content published in this Alert, please contact the City of London Police NFIB by return.

Any use of the information or other material contained in this document by you signifies agreement by you to these conditions.
CARBON CREDITS RECOVERY FRAUD

The purpose of this alert is to raise awareness to ROCU’s, police forces in the UK and regulatory bodies such as the Financial Conduct Authority (FCA), on how previous investors of carbon credits are being targeted for recovery fraud.

ALERT CONTENT

Summary

Consumers, who initially invested in carbon credits between 2011 and 2013, have reported recent contact from firms offering exit strategies for their carbon credit investments in exchange for an advance fee. The reports received by the NFIB suggest that when the advance fee is paid, the consumer receives no further contact from the firm, or a financial return for the sale of their carbon credits.

How does it work?

Consumers (predominantly aged 55 to 80 years old) who have previously invested in carbon credits between 2011 and 2013 are being targeted by cold callers. Some callers state they are calling from a financial regulator, such as the Financial Conduct Authority (FCA), to persuade members of the public that their initial carbon credit venture was fraudulent; therefore they should pay an upfront fee for insurance to recover their investment.

Other consumers have experienced cold callers who offer to sell their carbon credits due to the company becoming insolvent or have promised higher returns on their preliminary investment. In order for them to sell the victim’s carbon credits, the victim is required to pay an advanced fee directly to the suspects’ account via bank transfer. The caller states a fee is required to cover costs for reasons such as:

- Insurance
- Administration
- Security Bond
- Converting Verified Emissions Reductions (VER’s) to Certified Emission Reductions (CER’s)
- US income tax - if the carbon credits were held by a US firm

However, once the upfront fee is paid, the company selling the carbon credits can no longer be contacted, or the promised high returns are not paid to the victim.

Over the past 12 months, there have been 78 reports on carbon credit recovery rooms recorded by Action Fraud, with a total reported loss of £570,000. In 60% of Action Fraud reports, victims have claimed that suspects are located in the City of London, in multi-occupancy offices, which are utilised for their prestigious address. The firm may only use the London address to re-direct their mail and may not physically operate from the address, or have any association with the address at all.

Who is affected?

Victims from the UK, especially in South East England, have been contacted by recovery fraud boiler rooms offering high returns for carbon credits previously purchased. Victims who have been targeted have been aged 55 to 80 on average.
Handling Instructions

This report may be circulated in accordance with the protective security marking shown below and caveats included within the report. The information contained in this report is supplied by the City of London Police in confidence and may not be shared other than with the agreed readership/handling code without prior reference to the City of London Police. Onward disclosure without prior authority may be unlawful, for example, under the Data Protection Act 1998.

The cover sheets must not be detached from the report to which they refer.

<table>
<thead>
<tr>
<th>Protective Marking:</th>
<th>NOT PROTECTIVELY MARKED</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOIA Exemption:</td>
<td>NO</td>
</tr>
<tr>
<td>Suitable for Publication Scheme:</td>
<td>NO</td>
</tr>
<tr>
<td>Version:</td>
<td>V1.2</td>
</tr>
<tr>
<td>Storage File Location:</td>
<td>G:\OPERATIONAL\Fraud_Intel\IFT\Alerts</td>
</tr>
<tr>
<td>Purpose:</td>
<td>Alert on Carbon Credits Recovery Fraud</td>
</tr>
<tr>
<td>Owner:</td>
<td>NFIB Management</td>
</tr>
<tr>
<td>Author:</td>
<td>100785J, Analyst</td>
</tr>
<tr>
<td>Review By:</td>
<td>88071e, Senior Analyst</td>
</tr>
</tbody>
</table>