



## Misleading advertising practices

The role of the Fraud Helpdesk in the Netherlands and her vision on the scope of international cooperation on prevention and repression


Chambre de Commerce Luxembourg

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## About our Fraud Support Center

- Foundation on battle against Financial-Economic Crime in the Netherlands (SafeCin)
- Founded October 2003
- Started with Fraud Support Center (SAF): The logo for SAF (Steunpunt Acquisitiefraude) consists of the letters "SAF" in a large, white, bold, sans-serif font, set against a dark blue rectangular background. Below the letters, the full name "STEUNPUNT ACQUISITIEFRAUDE" is written in a smaller, white, sans-serif font.
- Participants of SAF (3.000) get legal assistance and information about actual phenomenons (still in a prudent way because of legal risks)
- SAF has focus only on company life and misleading business practices

## What do we do?

- We work together with employer organizations and chambers of commerce
- Since March 2011 Fraud Helpdesk:  **FRAUDE** HELPDESK.nl
- Fundings from Ministry of Justice, son some (small) fundings of ministry of Economic Affairs
- Two front offices become one front office

## Mission and goals

- Fulfilling an active role between public authorities, citizens and company life in order to actually contribute to the battle against fraud en scams
- Focus on awareness and prevention, registration of complaints, legal advice and research
- Focus on strenghtening and combining as many public and private forces as possible in order to provide for added value in the chain of battle against (organized) crime.
- Problem is difficult for prosecution parties

## Misleading business practices

- All companies and other organisations are being targeted by the malafide advertising companies, most of the damage is reported by small and medium enterprises
- Also public authorities, hospitals, schools and universities, municipalities are being targeted
- Sometimes one branch at the same time and with a appropriate script (phone, mail or fax)
- In the Netherlands 4 basic variations: [Clic](#)

## Facts and figures in The Netherlands 2004 - 2012

- 2004 t/m 2012: 65.000 notifications
- Estimated damage: € 400 million per year
- 2010: 8.300
- 2011: 11.000
- 2012: 26.000
- 2013 6.751 (Jan-March)
- Average damage € 1.000 – 5.000
- About 70-80% concerns phantom invoices and misleading business directories

## Mass-marketing fraud (MMF) Characteristics

- Criminal groups operate according to cross border principle (Germans, Swedish, Swiss)
- “Many – little principle”; large groups of targets
- Entrepreneur is unwillingly involved in a longlasting and expensive contract.
- Production of “free entry documents” vof business registers from country 1, invoices from country 2, victims in country 3, bank account in country 4, perpetrator groups in country 5
- Very hard to trace

## The National fraudeheldesk

- On our two websites: publication of different types of mass-marketing scams: phantom invoices + misleading directories
- Publication of individual misleading practices (phone) not possible because of too much “danger” of being sued (animation and youtube)
- SG Benelux took the first steps to start up a project
- From public authorities point of view: Belgium (FOD) has good practices by publication black list
- Also the European Commission is considering this possibility



## Examples from the Dutch Support Centre

## Publication of the phantom invoices:

Clic

## Publication of the international directories:

[Clic](#)



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verzeichnisse/139-  
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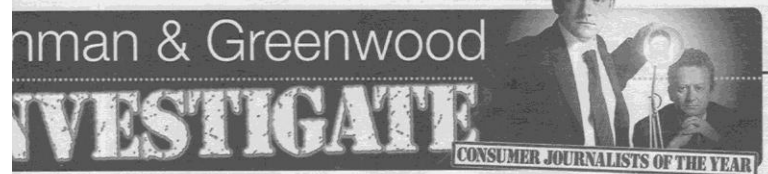
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## Man & Greenwood WESTGATE

CONSUMER JOURNALISTS OF THE YEAR

# Big bully who got rich off Euro ad con

## WATCH OUT FOR GERMAN AD PARASITE

**H**E looks like a rich, arrogant conman. And that's exactly what he is — meet Meinolf Ludenbach.

The German-born cheat has been running an international scam for years, so we are delighted to show you his ugly mug.

Ludenbach specialises in conning small firms into advertising in his worthless business directories.

Victims are sent cleverly worded invoices which trick them into ordering ads they don't want.

When they refuse to pay, he sets his debt collectors on to them.

Last week we told how threats from his British lawyers, Wragge & Co, had forced the closure of a website that campaigns against Ludenbach's nasty empire.

Ludenbach is behind European City Guide (ECG), which operated from Spain and was fined £200,000 in 2003 for feeding firms in Britain and across the continent.

One reason he likes Spain is that he loves bull-fighting. Unlike us, we prefer fighting bull.

Ludenbach is also linked to two similar operations, NovaChannel, currently under investigation by watchdogs in Switzerland, and Austrian-based Construct Data.

And here he is, pictured for the first time in the UK, thanks to our chums on Swiss newspaper Tages Anzeiger.

One of his victims was Swansea music shop owner Jules Woodell, who was stung for £26k.

Jules hit back by setting up [www.StopECG.org](http://www.StopECG.org) to publicise the scam. Last week the site vanished from the net after Wragge & Co solicitor Nick Cunningham threatened to sue the internet company



ALL BULL: Ludenbach's cons have made him a fortune



**ACTION:** Lawyer Nick Cunningham

that helped get Jules' site online.

Among the bizarre objections was the fact that the site claimed to be 'established in opposition to all companies that mail potentially misleading contracts'.

We asked lawyer Cunningham what was wrong with campaigning against misleading contracts, but he didn't reply.

Nor did he respond when we told him:

*"We intend to describe your clients as notorious parasites, or possibly leeches, conmen or cheats."*

*"I hope you will let us know if your client has any reasonable objections to such descriptions. Also, we can't find*

any mention of NovaChannel on your website on the page where you list your clients.

*"Is this because Wragge & Co are ashamed to be representing them?"*

Just in case Cunningham had any doubts about his clients, we sent him the file of stories we've written about Ludenbach's operations dating back to 2001.

The lawyer might be silent, but they didn't manage to silence shop owner Jules.

We're delighted to say that he's found another host to put StopECG back on the web — though he doesn't expect it will be long before they too get leaned on to pull the plug.

*"I expect it will survive ten to 14 days,"* he said. *"But I've got two more companies lined up who say they'll do it."* Good luck Jules, you're a star.

Also individual misleading practices

[www.fraudehelpdesk.nl](http://www.fraudehelpdesk.nl)



## What is the problem?

- Mass-marketing scams are for 70 - 80% related to international and very professionally operating rogue traders
- Big problem on the “cross border tactics”
- Perpetrators are very hard to trace
- International cooperation between public authorities and private parties necessary

## What is going on ?

- ❑ The Fraud Helpdesk is one of the driving forces behind the concept of getting an international warning system
- ❑ Network of the International Mass Marketing Fraud Working Group (IMMFWG)
- ❑ Network of European Consumer Centres (ECC's) in every member state
- ❑ Cooperation started within the Benelux Union
- ❑ Need to establish an international network of notification centers
- ❑ The European Commission is now in action; focus on October 2013

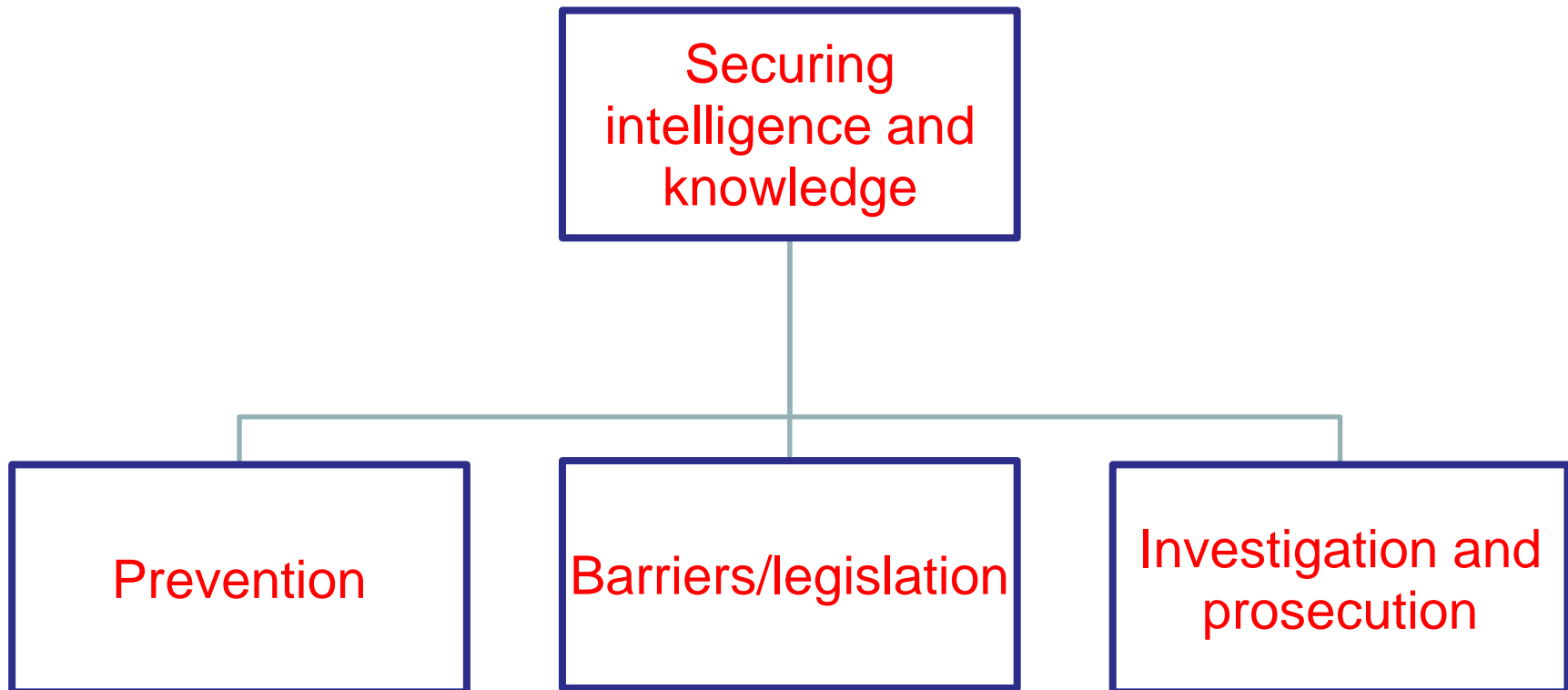
## In the Netherlands: National Platform on Crime Prevention (NPC)

- Minister of Safety and Justice holds the chair
- Co chair: Dutch Association of Employers
- Banking life, insurance industry, Ministry of Economic Affairs, Prosecution Office and Police are also participants
- Project acquisition fraud/mass-marketing fraud
- Also Dutch Parliament is preparing a specific law against acquisition fraud

## The Dutch Project on public private partnership

- ❑ Aims at as much impact as possible on the phenomenon:
  - ❑ Preventing financial and other damage
  - ❑ Frustrating the perpetrators by working hand in hand with enablers like banks, phone companies, virtual office services, postal services, tax services, chambers of commerce (EU legislation helps!)
  - ❑ Stabilizing the chances of becoming a victim

## Model



## Our wishes for the future

- Public-private and international cooperation between the member states
- Focus on misleading B2B practices and other phenomena as advance fee fraud (datingscams, lottery scams), scams online market places, cybercrime
- Continuation of the (concept of the) Fraud Helpdesk
- Proper care for victims of financial and economic crime
- Internationally shared databases (red flag system)