

# RESCINDED

BC - 258

Supplement-2



## BANKING ISSUANCE

Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

Type: Banking Circular

Subject: External Fraud

TO: Chief Executive Officers of all National Banks; All State Banking Authorities; Chairman, Board of Governors of the Federal Reserve System; Chairman, Federal Deposit Insurance Corporation; Conference of State Bank Supervisors; Deputy Comptrollers Districts); District Administrators; District Counsel and Examining Personnel.

On February 27, 1992, the Office of the Comptroller of the Currency issued BC-258 External Fraud which cited phony financial transactions originating in Nigeria. The Central Bank of Nigeria accordingly issued a PRESS RELEASE. Since that date, the volume of such purported fraud has increased substantially. The Embassy of the Federal Republic of Nigeria, Washington, D.C. issued as of July 24, 1992, an ADVISORY ON FRAUDULENT AND CRIMINAL ACTIVITIES; copy attached. Please be guided accordingly.

Any information which you may have concerning this matter should be brought to the attention of:

Office of the Comptroller of the Currency  
Enforcement & Compliance Division  
250 E Street, S.W.  
Washington, D.C. 20219  
FAX (202) 874-5301

Ralph E. Sharpe  
Director  
Enforcement & Compliance Division

Attachment

July 24, 1992

## ADVISORY ON FRAUDULENT AND CRIMINAL ACTIVITIES

The Embassy of Nigeria hereby wishes to up-date its earlier advisory to members of the U.S. business community, issued on August 9, 1991, concerning various scams and acts of fraud perpetrated from Nigeria.

For some time now, many business persons and corporations in the United States and elsewhere have been recipients of fraudulent business proposals from individuals in Nigeria. These have usually been through poorly worded letters and faxes, or at times, telephone calls. The letters usually begin ...."You have been referred to us by a reliable source...." The intentions of these individuals have been to dupe willing parties abroad through any one of a variety of scams. These are often as follows:

a. Import Requests

The Nigerian party requests pro-forma invoices for the planned purchase or importation of goods from U.S. companies with assurances that payment will be made by wire transfer, certified bank draft or letter of credit. In some cases, samples are requested. Where samples or substantial quantities of the requested goods are shipped, payment is either not made, or false instruments of payment (forged documentation, purportedly from Central Bank of Nigeria (CBN) are sent.

b. Transfer of Funds from Nigeria to Bank Accounts Abroad

The Nigerian party claims that it has access to funds (usually millions of dollars) owed by previous administrations to foreign companies since the late 1970s and through the 80s. the scam perpetrators offer to have these funds "secretly" transferred to the account of any

willing party overseas, and in return for the use of such an account, promise the foreign party a substantial percentage of the purported millions. The Nigerian party initiates the proposal by requesting blank letter headed stationary of the foreign firm or individuals contacted.

c. Offers for the Sale of Nigerian Crude Oil or Contracts for the Importation of Goods to Nigeria

The scam operators claim that they can be instrumental in obtaining sizeable contracts for the sale of Nigerian crude petroleum to interested buyers from the Nigerian National Petroleum Corporation (NNPC). They similarly claim to be able to influence government contracts for the purchase of various importable commodities from the U.S.

d. Payment of various fees

The con men claim that a fee, "economic recovery tax," or bribe to government officials has to be paid by the foreign party before progress can be made with a business transaction. This is usually said to be required for payment up-front and is applied to all the above scenarios. It is the obvious catch to these too-good-to-be-true "business" proposals!

The Embassy wishes to advise the general public and members of the business community in particular, to be mindful of the above, should they receive "business" proposals from Nigeria along the lines described. U.S. Corporation or business persons should ensure that the parties being dealt with are bonafide companies. Inquiries can be made to either the Nigerian Embassy or Consulate in Washington, D.C. or New York, respectively, for advice. In addition, business transactions should be conducted on the basis of confirmed letters of credit.

The following are the Nigerian Government establishments to which the perpetrators of these scams usually claim affiliation, or in which they can influence contracts:

- Ministry of Defence
- Ministry of Mines, Power and Steel
- Federal Ministry of Aviation
- Central Bank of Nigeria
- Federal Ministry of Finance
- Ministry of the Federal Capital Territory
- Nigerian National Petroleum Corporation (NNPC)
- Nigerian Telecommunications Limited (NITEL)
- Delta Steel Company Limited, Aladja
- Ajaokuta Steel Company
- Shiroro Hydroelectric Project
- National Electric Power Authority

It is the view of the Nigerian Government that any persons who part with their money in expectation of more money for virtually doing no actual job themselves, particularly in the circumstances described above, must be fully aware of their criminal involvement in such a scam.

The Nigerian Government is seriously concerned about these criminal activities which tend to mar the image of Nigeria abroad. They are an embarrassment to Government and cannot be allowed to continue. Firm steps have therefore been taken to bring this scam to a stop and to swiftly apprehend and prosecute its perpetrators. While security measures at the Central Bank of Nigeria, the Ministry of Finance and Economic Development and the Nigerian Postal Services have been tightened, offenders are prosecuted by law and their names made known in the print and electronic media in Nigeria. Any really legitimate companies found to be involved in this scam will also have their corporate licenses immediately withdrawn from them. There have been several acts of legislation aimed at arresting this situation. A Trade Malpractices Tribunal Decree has been passed and a "Consumer Protection Council" established. In addition, a Special Task Force headed by a Deputy Inspector General of Police has been set up to bring an end to these scams.

Furthermore, as one of a number of long-term measures, the Nigerian Organised Private Sector has been restructured to ensure that all business organisations are affiliated with an arm of the sector such as the Nigerian Association of Chambers of Commerce,

Industry, Mines and Agriculture (NACCIMA), the Manufacturers Association of Nigeria (MAN), the Nigerian Association of Small-Scale Industrialists (NASSI) and the Association of Nigerian Exporters (ANE) among others. To ensure that Nigerian companies contacted by foreign businessmen are registered by law and are associated with the Organised Nigerian Private Sector, American firms are advised to seek clarification on their status from either the Nigerian Embassy or Consulate in Washington, D.C. and New York, respectively. The prompt forwarding of all questionable proposals to these missions will greatly assist in the investigation of each case by the Nigerian authorities.

Finally, the Embassy of Nigeria wishes to emphasize that these fraudulent and criminal practices by some unscrupulous and unpatriotic Nigerians should not, repeat not, be considered as a reflection of the general Nigerian business person, who is really prepared to do honest and genuine business with interested parties abroad. The Government remains confident that Nigeria will continue to be an investment haven for both Nigerian and foreign entrepreneurs who take advantage of the numerous incentives now being offered. The country's Industrial Policy underscores the progress that has been made in creating an enabling environment for investment, including the current focus on a far more dominant role for the private sector. Information on investment opportunities in Nigeria can be obtained from either of the two Nigerian missions mentioned above.

EMBASSY OF NIGERIA  
WASHINGTON, D.C.