

# Regulatory and Supervisory Approaches to Tackle Financial Scams and Frauds in Japan

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*OECD/FinCoNet International Seminar  
on Tackling Financial Scams and Frauds*

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# 1. A large scale scam case: 'Sky Premium'

## 1. Facts

Without obtaining registration, the company has held investment seminars and used approximately **500 agents** to solicit retail investors to purchase LION PREMIUM, a fraudulent FX CFD trading system.

Approximately **22,000 retail investors** (members) had contracts for Lion Premium. Total investments are approximately **120 billion yen**.

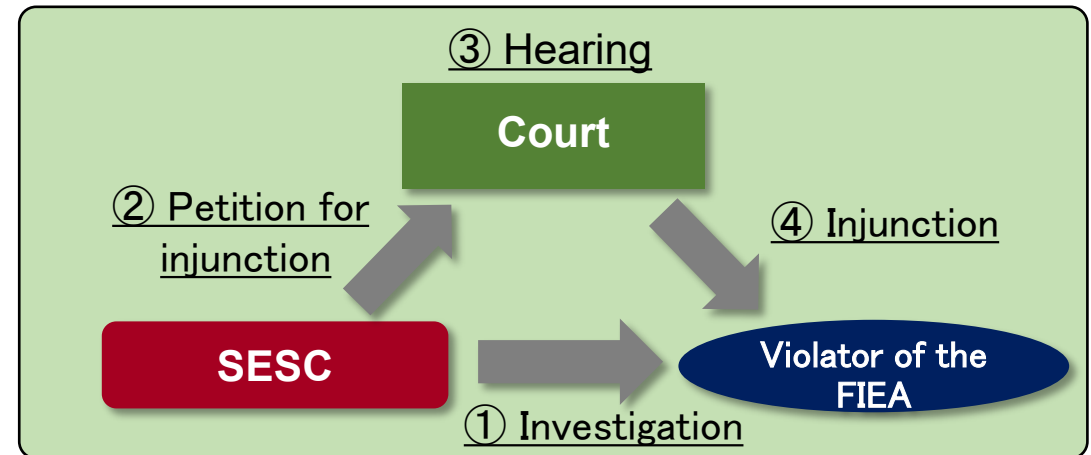
## 2. Petition with the Court

The Securities and Exchange Surveillance Commission (SESC) filed a petition with the Tokyo District Court to issue an order against Sky Premium (Company) and its Chief Sales Officer (CSO) to prohibit and suspend acts of offering intermediary services on September 17, 2021.

## 3. Court order

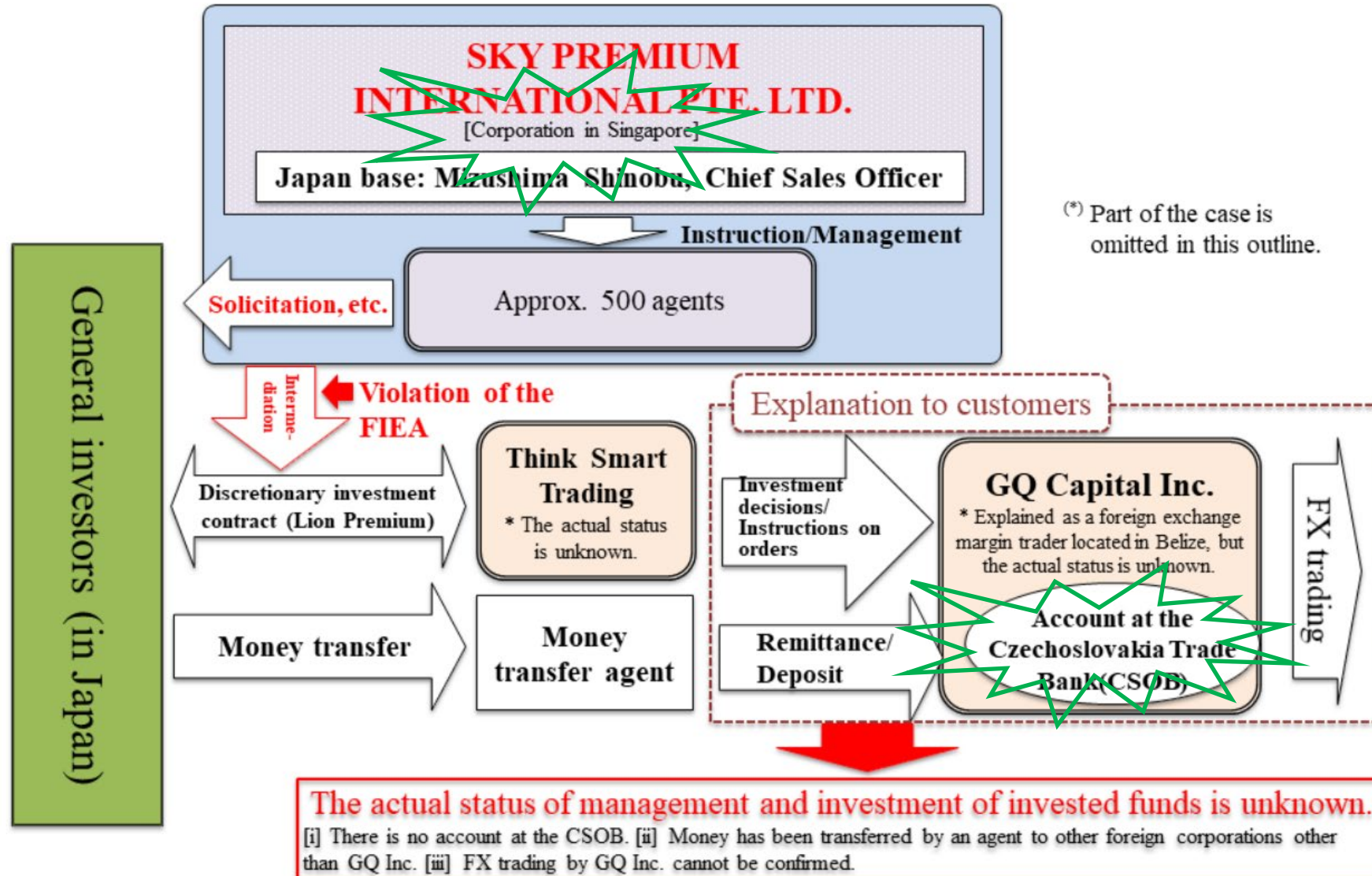
On December 8, 2021, a court order was issued as per the content of the petition on September 17, 2021.

### Process of Petitions for Court Injunction



# 1. A large scale scam case: 'Sky Premium' - continued

## Outline of This Case



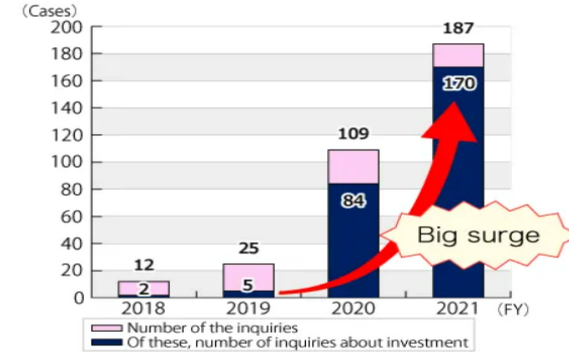
## 2. Romance investment scams on the rise

*Example: A case where a woman in her 30's is the victim. Reported in November 2021.*  
*“I made an investment for our future. When I tried to withdraw money, I was told to pay a deposit”*

“I met a foreign man on a dating site who introduced himself as an entrepreneur. He started **calling me baby.**”

“He encouraged me to **make an investment for our future.** I made a small investment and made a profit.”

Diagram: Annual number of inquiries about dating sites or matchmaking apps to CCJ\*



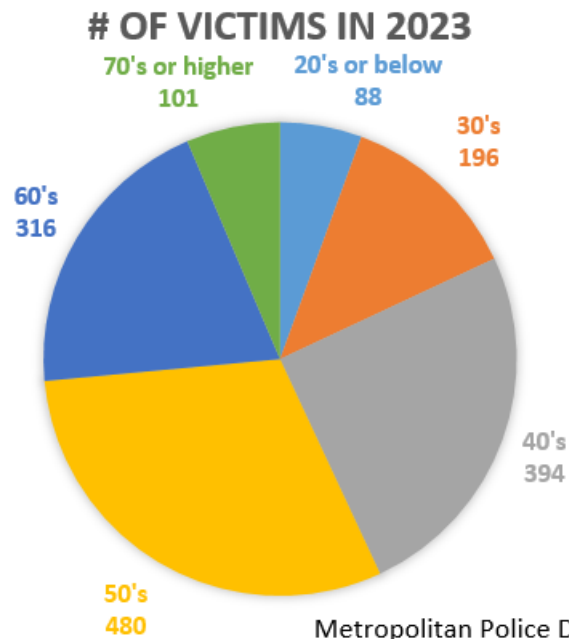
\* Inquiries received by CCJ from April 1, 2018 through December 31, 2021

“He made me to invest more to get more return. So **I borrowed 5 million yen from a consumer finance company to invest.**”

“**When I requested to withdraw the money, I was told to pay 1.8 million yen as a deposit.** I further borrowed another 500,000 yen. I talked with him about how to pay the remaining 1.3 million yen.”

“**But soon after that I lost contact with him.**”

[https://www.kokusen.go.jp/e-hello/news/data/n-20220303\\_2.html](https://www.kokusen.go.jp/e-hello/news/data/n-20220303_2.html)



Total Damage amount  
 Year 2023: 127 million USD

Damage amount per victim  
 Average: 80 thousand USD  
 Maximum: 2.6 million USD

Metropolitan Police Department

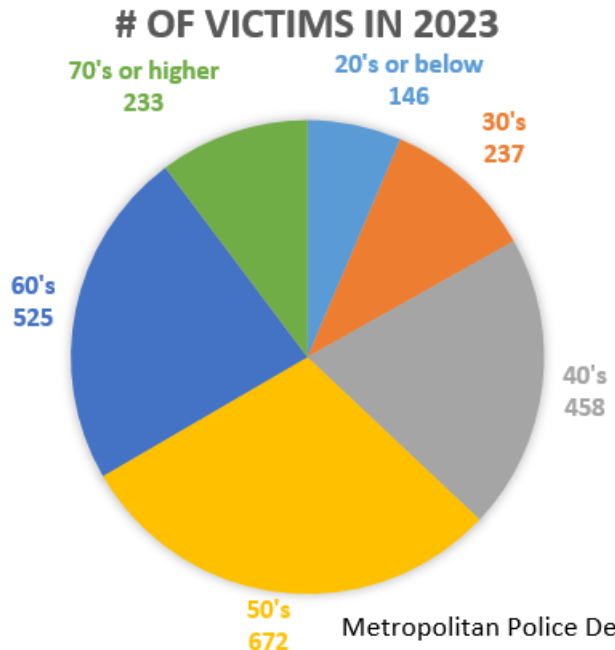
### 3. Investment Scams via SNS rise sharply

With the increase in investment scams via SNS, the National Police Agency plans to **strengthen the investigation and deterrence of investment scams.**



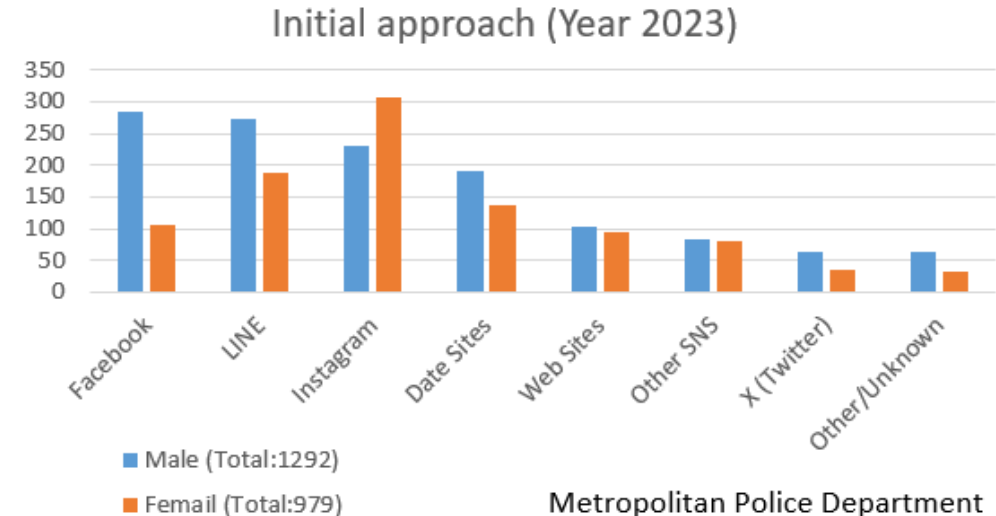
SNS-type investment scams typically induce victims to click on fake investment advertisements on SNS, offering them “highly profitable asset management schemes,” etc.

The police are asking internet service providers to remove posts and fake advertisements on SNS that lead people to investment scam sites.



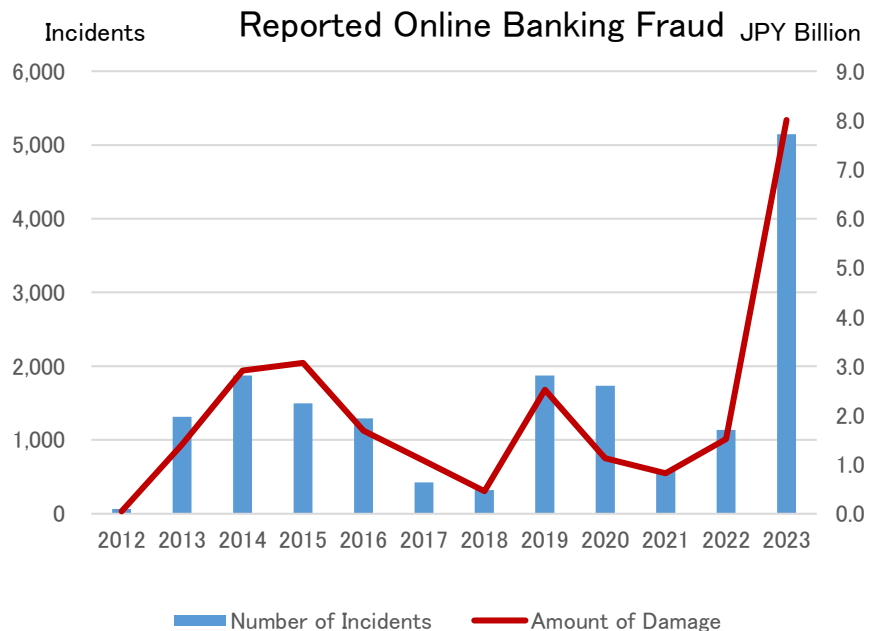
Total Damage amount  
Year 2023: 199 million USD

Damage amount per victim  
Average: 87 thousand USD  
Maximum: 2.4 million USD



## 4. Online banking frauds are increasing rapidly

Online banking frauds through SMS/email phishing attacks typically steal IDs and passwords of online banking users and fraudulently transfers their deposits.



Warnings by the FSA and the National Police Agency

- Urge financial services consumers to take precautions, such as not to open unknown SMS messages.
- Urge financial services consumers to report to and/or consult with the authorities whenever any sign of fraud is detected



## 5. IOSCO Investor Alerts Portal

Company	Regulator	Jurisdiction	Date
<a href="#">Tomorrow Technologies Ltd</a>	Financial Services Agency	Japan	<a href="#">29 Jan 2024</a>
<a href="#">Rayz Liquidity Corp</a>	Financial Services Agency	Japan	<a href="#">29 Jan 2024</a>
<a href="#">AxiTrader Limited</a>	Financial Services Agency	Japan	<a href="#">29 Jan 2024</a>
<a href="#">TechnoFino Ltd</a>	Financial Services Agency	Japan	<a href="#">25 Dec 2023</a>
<a href="#">ACADIAN</a>	Financial Services Agency	Japan	<a href="#">25 Dec 2023</a>
<a href="#">Ark invest or Ark invest Japan or Ark</a>	Financial Services Agency	Japan	<a href="#">25 Dec 2023</a>
<a href="#">Properfly Limited</a>	Financial Services Agency	Japan	<a href="#">25 Nov 2023</a>
<a href="#">NORTANA SERVICES LIMITED</a>	Financial Services Agency	Japan	<a href="#">25 Nov 2023</a>
<a href="#">株式会社栄光 (The name of the service provider (English translation) is "Eiko".)</a>	Financial Services Agency	Japan	<a href="#">25 Nov 2023</a>
<a href="#">JustforexGO</a>	Financial Services Agency	Japan	<a href="#">16 Nov 2023</a>
<a href="#">sixamo Group Limited</a>	Financial Services Agency	Japan	<a href="#">16 Nov 2023</a>
<a href="#">Rupex Limited</a>	Financial Services Agency	Japan	<a href="#">16 Nov 2023</a>
<a href="#">FairGrowth Investment Management Ltd</a>	Financial Services Agency	Japan	<a href="#">02 Oct 2023</a>
<a href="#">HLMI Markets nternational Limited</a>	Financial Services Agency	Japan	<a href="#">02 Oct 2023</a>
<a href="#">ThreeTrader Global Limited</a>	Financial Services Agency	Japan	<a href="#">29 Aug 2023</a>
<a href="#">株式会社スリーエス (The name of the service provider (English translation) is "Three S".)</a>	Financial Services Agency	Japan	<a href="#">29 Aug 2023</a>
<a href="#">株式会社ストックラボ 販売責任者、代表者 斎藤 勇樹 (The name of the service provider (English translation) is "Stock Lab".)</a>	Financial Services Agency	Japan	<a href="#">09 Aug 2023</a>
<a href="#">Luda Markets Ltd</a>	Financial Services Agency	Japan	<a href="#">09 Aug 2023</a>

## 6. Establishment of ‘Japan Financial Literacy and Education Corporation’ in March 2024

### ■ Promotion and support of “customer-oriented” advisors

- J-FLEC certifies and supports advisors who provide advice that is not biased toward any particular financial business or financial product.
- It creates an environment in which customers can easily consult with advisors.

### ■ Consolidation and substantial expansion of financial and economic education activities

- The know-how accumulated by the public and private sectors will be brought together to expand nationwide seminars for corporate employers and the dispatch of lecturers to school classes.

### ■ Improvement of the quality of financial and economic education

- J-FLEC will provide training programs for certified advisors.
- It combines the expertise of public and private sector organizations to ensure that advisors have opportunities to acquire cross-sectorial education knowledge.

### ■ Enhancement of educational materials and contents

- The development and dissemination of educational materials covering a wide range of fields.
- Timely updates to **cover the latest cases of financial troubles** to improve educational effects.

### ■ Provision of individual consultation

- Certified advisors will provide consultations on “household budget management,” “life planning,” “asset building,” etc., where individuals can obtain advice tailored to their individual circumstances.

### ■ Provision of individual consultation

- J-FLEC will conduct surveys that includes the awareness and behavioral change of those who have received financial and economic education.
- It will continuously pursue strategic education in the PDCA cycle.



# 7. Japan Securities Dealers Association warns against SNS scams

‘I am a financial analyst!  
I will give you the information on stocks that are sure to rise!’



‘There should be no financial product that guarantees high returns with no risk of principal loss...’



## 8. Lessons and Challenges

### ■ Scams/Frauds are more serious in size and number

- SNS
- AI and lower language barrier
- Cross-border issues

### ■ Actions

- Enforcement
- Financial education to raise awareness
- Domestic and cross-border co-operation