The Cyber Security section examines current issues affecting companies and individuals in the realm of IT security. This edition analyses the growth of cybercrime in Latin America. A year after international organisations raised initial concerns about exposure of Latin American nations to cyber criminality, a notable increase in attacks has been reported. This month’s article will provide an update on current cybercrime trends affecting the region, including the spread of traditional organized crime groups, such as cartels, into the cyber domain.

The Focus Article offers an overview of the increasing use of Bitcoin in traditional crime, specifically kidnapping for ransom. In line with wider shifts towards online transactions, criminal groups are now increasingly seeking to exploit the latest technological developments in cryptocurrencies, including Bitcoin, due to their perceived untraceability, swiftness of transactions and growing use in the black markets. Ransom demands in bitcoins have become more common since 2015, recorded in different countries around the world and having a wider range of targets.

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GLOBAL OVERVIEW

AMERICAS

During the period of July-August 2017, the Americas saw an important growth in its relative participation of the total number of foreign victims recorded by Constellis at global level. This increase, accounting for over 11 percent points with respect to the previous two-month period, is assessed to be a reflection of general increases observed at regional level in recent months. Of concern in recent months has been the re-emerging kidnapping trend in Trinidad and Tobago, where a number of high profile incidents have been reported by local media on a regular basis since June 2017. If neglected by the Trinidadan authorities, this trend could translate into a return to the kidnapping levels observed in the islands in the late 2000s, when hundreds of incidents were recorded. People of Arab, Chinese and Indian origin have been a common target in the past within this territory.

CASES:

- Sookhal Ramroop, a 71 year-old businessman of Indian origin, was kidnapped from one of his properties in the city of San Fernando on 14 September. Ramroop was lured to the apartment by the kidnappers under the pretext of wishing to rent a room. Ramroop’s relatives were demanded a TTD 700,000 (about USD 101,000) ransom for his release. The businessman recovered his freedom after two days, allegedly rescued by the Trinidadian authorities from a mangrove in Marabella town. It is not clear if a ransom was paid.

- Meanwhile in Mexico, a kidnapped Spanish businessman was released over the weekend of 5-6 August, a week after his kidnapping in San Luis Potosi State. The expatriate businessman was kidnapped on 30 July while transiting a rural road in the municipality of Temuin, in a new 4x4. Local media affirmed the businessman was released following the payment of an undisclosed ransom, and not rescued by the police as earlier indicated by state authorities. The Spanish national was previously kidnapped in 2011 outside a supermarket in Ciudad Valles, where he resides. On that occasion, his family allegedly paid a ransom of €480,000 for his release.

- In Paraguay, as a result of a recent spike of kidnapping incidents, the government pledged in early September to convene an inter-institutional crisis group to tackle insecurity in the north of the country. At least two incidents recorded in the last month in this region have been attributed to the Paraguayan People’s Army (EPP) guerrillas. While the group’s activity is reportedly contained in the northern departments of San Pedro, Concepcion and Amambay, it has been responsible for a number kidnappings of high-profile targets, including foreign nationals, in the past. The EPP typically holds its victims for long periods of time in jungle areas under its control and is known to demand large ransom payments, which may include political demands. Past prominent cases include the kidnapping of the son of a Brazilian rancher who was held for 267 days, and whose family made serval ransom payments amounting to over USD 700,000; as well as the killing of a German couple in a kidnapping attempt by EPP militants in 2015.

- A Mexican Mennonite farmer, identified as Franz Hiebert Wieler, was kidnapped from his uncle’s estate in the locality of Tacuati, San Pedro department, on 20 August. The armed assailants raided the farm, burnt some machinery and took the farmer away. The government attributed the attack to EPP militants. The group has not made any demands so far nor has it provided proof of life for the victim. Another Menonite farmer was kidnapped by the EPP in similar conditions on 2 September. The EPP is believed to be holding at least another three victims, all of them held for periods between one and three years.
Europe experienced a noticeable increase in the number of cases of kidnapping of foreign nationals over the period of July-August 2017. This has been attributed mainly to the persistent trend of kidnapping of foreign migrants in Turkey, which has seen exponential increases of reported cases since its identification in late 2016. During the reporting period, Constellis recorded the release of at least 14 individuals. These incidents have been carried out in their majority by transnational criminal gangs of Afghan and Pakistani origin; however, in recent months, Turkish gangs have also been reported to be involved in these activities. These groups abduct migrants looking to be smuggled into Europe, commonly Iranian, Syrian, and Pakistani nationals, who in many cases hold Turkish visit visas. Victims frequently face physical torture to pressure their relatives to pay ransoms ranging between USD 50,000 and 60,000, and captivity periods surpassing two weeks.

**CASES:**

On 14 August, Turkish police rescued two Iranian tourists who had been kidnapped in July in Istanbul. Three other foreign hostages of unspecified nationality were also released during the operation. The rescue operation took place after an Iranian hostage escaped the kidnappers and informed the police. One suspected kidnapper was arrested during the raid. Previously in July, three Iranian tourists were kidnapped and held for over a month, lured by a Turkish gang which promised help obtaining a European visa. The kidnappers reportedly demanded €50,000 as ransom and sent photos of the victims being tortured to their relatives to pressure them to pay.

Organised criminal groups continue to maintain an important presence in eastern European countries, especially in Bulgaria. These groups are usually involved in diverse criminal activities, including extortion and kidnapping. The latter, often used as a tool to reinforce racketeering and score settling with adversaries. However, these activities rarely affect travellers and, therefore, do not usually target foreign businesses, avoiding unwanted attention to their operations. Notwithstanding, gang-related violence has reportedly increased in recent years, increasing the risk of collateral damage.

**CASES:**

On 14 August, Turkish police rescued five kidnapped foreign nationals on 14 August 2017. (The Independent)

Cooperation between the French and Belgian police allowed the rescue of a French hostage on 2 August 2017. (La Voix du Nord)

On 30 August, the son of the owner of one of Bulgaria’s largest car dealerships was abducted by men posing as police officers outside his home in the outskirts of Sofia. According to local media, Andrey Zlatkov was released after 12 days in captivity, following the payment of BGN3 million (USD1.8 million). It is unclear why Andrey was targeted, although the police believe the motive was revenge. Bulgarian police said they are investigating the possible link between the kidnapping and a past arson attack on one of the family businesses in April 2017. The victim’s father, Tony Zlatkov, has in the past been linked to the Bulgarian mafia, although this has never been officially established.

Meanwhile in Belgium, a French national was rescued by Belgian authorities on 2 August. The victim, who was found inside a car in the city of Dottignies, had been abducted in Burgundy, France, on 31 July, after a meeting with an acquaintance. The incident was reported by the victim’s brother after receiving a call from the kidnappers demanding an undisclosed ransom. Four suspected kidnappers were arrested on the spot, and four others were arrested in subsequent search operations in France and Belgium. All the arrested suspects were French nationals with criminal records for a series of drug-related offenses and other violent crimes. The French authorities attributed the kidnapping to a possible drug dispute.

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MIDDLE EAST

Reporting levels of kidnappings involving foreign nationals continued to be low during July and August. However, the cases recorded by Constellis serve as a reminder of why some of the countries in the region remain among the most hostile environments in the world, particularly to expatriates. In Iraq, following the victory over the Islamic State in Mosul and the progression against the group in other territories, concern has been voiced regarding the future of the largely Shiite Iraqi militias. Formed in 2014 to fill in the gap created by the absence of a strong state security apparatus, the Hashad al Shaabi, today numbering not less than 40 groups with different affiliations and goals, have grown considerably in power. Acting as a parallel force to the security forces, the Hashad al Shaabi, neither accountable to the state nor under the rule of law, have raised concerns for their alleged criminal actions, including kidnapping for ransom or with sectarian or political motivations. In this context, the US embassy issued a statement on 9 August warning of the kidnapping threat in the country. Although the statement makes no mention of the origin of the threat, the warning followed general threats recently issued by the Sayyid al-Shuhada militia group and IS against western expatriates.

CASES:

- A Kurdish truck driver was kidnapped on his way to Baghdad from Sulaymaniyah on 7 August by a group of armed men suspected to be part of a Shia militia. The kidnappers demanded a ransom of USD600,000 and threatened to kill the victim if this was not paid. The victim was reportedly rescued by Iraqi security forces in Baghdad on 14 August.

- Two Bangladeshi nationals were rescued by Iraqi troops from a location in Baghdad on 1 August. While no further information was disclosed by the Iraqi authorities, it is believed the kidnapping had an economic motivation. The Baghdad Operations Command said the kidnappers were arrested in the operation.

- An American national was abducted from his car by unidentified gunmen on a busy street in Sanaa, on the morning of 23 September. The victim has been identified as Danny Burch, an engineer at the Yemeni state-owned oil company, who had been living permanently in Yemen since 2005. No group has claimed the attack. While initial reporting pointed at the Houthis as possible perpetrators, the group on 27 September denied its participation in the kidnapping, attributing it to an “armed gang”, pledging to bring the perpetrators to justice.

In Yemen, kidnapping for ransom and terrorism-related was already a serious concern before the civil war which began in March 2015. As conditions have deteriorated over the past two years, the kidnapping risk has increased as more actors with diverse motivations engage in the practice. In addition to the threat presented by terror groups such as al-Qaeda and IS, Houthi rebels have a history of targeting and holding Westerners, usually on suspicion of being spies. Meanwhile, the proliferation of arms in the country has helped the spread of criminal groups who may try to sell the hostages to terror groups (or may threaten to do so) in order to increase their profits.

CASES:

- Indian priest Fr. Tom Uzhunnalil was released on 12 September, after 18 months in captivity. The Indian authorities said that Uzhunnalil was released following the intervention of the Omani government and denied the payment of a ransom.

- Father Uzhunnalil was abducted in March 2016 by suspected IS militants who attacked a home for the elderly run by a Catholic charity in the city of Aden, killing 16 in the assault. While his captors previously released two ransom videos featuring Fr. Uzhunnalil, their demands were never made public.
AFRICA

Although decreasing its levels of participation in the total number of kidnappings of foreign nationals globally, Africa remained the primary destination for the abduction of foreign nationals over July-August 2017, with 41 recorded victims. Most of these victims were kidnapped in Sudan, in the context of a significant increase in the kidnapping of refugees and migrants, particularly in the east of the country. Most of these incidents are carried out by trafficking gangs which kidnap foreigners crossing Sudan on their way north, and force them to pay a ransom for their release. Refugees have also been a common target of Sudanese criminal groups, given their vulnerable situation. Moreover, Sudanese officials have often been accused of being involved in these activities and maintaining links to trafficking gangs. Meanwhile in Nigeria, kidnapping for ransom continues to increase in both frequency and scope. Expatriate employees are commonly targeted in the country, and although most hostages are released unharmed after a ransom is paid, many are injured or even killed during the abduction process or rescue attempts.

CASES:

- On 31 August, human traffickers in eastern Sudan released 22 Eritrean refugees who were kidnapped in mid-August. The victims were reportedly released after their captors received ransom payments ranging between USD 1,500 to 5,000 per person. A relative of one of the victims said that the responsible gang bought the hostages from another criminal group that was smuggling them from Shagarab camp to Khartoum, paying SDG 2,500 (USD 375) per person.

- In Nigeria, a Chinese expatriate, his driver and a policeman were killed by suspected kidnappers along the Ajakuta-Lokoja Road in Kogi State, on 16 September. Another policeman and a civilian sustained injuries during the attack, which is believed to have been an attempt to abduct the Chinese national. According to reports, one of the security escorts resisted the kidnapping attempt, which led to the shootout.

- In a notable trend, South Africa has seen a recent spread of high-profile kidnapping cases. This challenge appears to be escalating as more sophisticated syndicates are targeting wealthy businessmen, particularly those of foreign origin, obtaining large ransoms for their release. Victims in recent incidents have included businessmen of South Asian and Arab origin, Chinese, Zimbabwean and Mozambican nationals. Many of these organised criminal gangs, which are noted to be increasingly acting in a more daring manner, operating in public and in broad daylight, also reportedly have support from foreign criminals with links to transnational syndicates. Sources close to recent cases have also indicated that police elements may in collusion with kidnappers.

- Cape Town businessman Sadeck Zhaun Ahmed was released on 30 September, more than two months after his kidnapping. According to local media, a R20 million (almost USD 1.5 million) ransom was paid for his release, down from the USD 3.3 million originally demanded. Ahmed was kidnapped outside one of his businesses in the afternoon of 25 July, in the presence of his employees. Preliminary investigations have revealed that Ahmed’s kidnappers are members of a prominent gang from the area of Cape Flats, believed to be behind other similar cases.

- Meanwhile in Somalia, NGO workers continue to be the target of terror group Al-Shabaab. On 12 September, Al-Shabaab militants released three local female aid workers they had kidnapped from the border town of Far Libah area in Hiiraan region in July 2017. Reportedly, the victims’ relatives paid the group USD 13,000 for each hostage. The aid workers were employees of local aid organization Hello Trust. In a separate incident, on 11 September, Al-Shabaab militants abducted six local aid workers at Garas Mooshin village in Bay region. The six victims, who were working for aid group GREDO, were kidnapped at gunpoint as they were carrying out a nutrition programme in the area.

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ASIA

Asia retained the same levels of participation within Constellis’ global kidnap for ransom statistics over the reporting period, with a minor increase of 2.5% in attacks with respect to May-June 2017. The main driver of activity regionally was the Philippines, where kidnap for ransom remains one of the main security concerns for foreign nationals. In addition to the terrorism-based threat, the country presents high rates of crime and corruption affecting the kidnapping landscape. The kidnapping threat is particularly heightened in the southern territories and in the Metro Manila area. Foreign nationals are common targets, perceived more affluent by local criminal groups, and also targeted by gangs membered by individuals of the same nationality. In recent incidents, a number of foreign nationals have been targeted at casinos after being identified as “high-rollers.”

CASES:

- A Chinese casino financier was arrested for the abduction of a Korean man on 7 August. The Korean victim was kidnapped by a 10-man gang from his home in Manila, and held captive for 10 days. A ransom of P4 million (almost USD 78,000) was demanded for his release. The kidnapping took place allegedly after the Korean man failed to settle a gambling debt amounting to P600,000 (USD 11,600) with the Chinese national. The incident was reported to the police by the victim after he managed to escape his kidnappers on 14 August.

- Similarly, in Thailand, three Indian nationals were arrested for the kidnapping for ransom of three countrymen, posing as brokers for jobs in Canada. The three Indian victims were kidnapped from Bangkok International Airport, on 7 July and their relatives were demanded 1.5 million baht (USD 45,000) for their release, payable to Indian bank accounts. The victims were released near the border with Cambodia, after relatives paid part of the ransom.

- In Afghanistan, a Finnish aid worker who was kidnapped in May in Kabul city was released on 14 September. The unnamed woman was working for Swedish NGO Operation Mercy when gunmen raided the guesthouse she was staying in, killing a German colleague and an Afghan guard during the attack. No group claimed the attack. While the conditions of her release were not ascertained, the Finnish authorities denied that the government had paid a ransom.

India continues to experience terrorist and insurgent activities. Maoists (“Naxalites”) are the most active insurgent group in India with an important presence throughout the country, particularly in the eastern territories. Indian insurgent groups often use extortion and kidnap for ransom to fund their activities. While foreign nationals are rarely targets of these groups, these activities may affect foreign interests in areas under their control. Foreign companies in the tea and oil and gas sectors have been particularly targeted in the past for extortion and the kidnapping of their staff, in some occasion including regional expatriates.
Statistics for July-August 2017 are drawn from Constellis’ record of 84 kidnapped foreign nationals. Over March and April 2017, Constellis recorded a total of 108 foreign nationals kidnapped across the world.

<table>
<thead>
<tr>
<th>Country</th>
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<tbody>
<tr>
<td>Sudan</td>
<td>46.4%</td>
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<tr>
<td>others</td>
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KIDNAPPED FOREIGN CITIZENS

REGIONAL ORIGINS OF VICTIMS

- **01** NORTH AFRICAN 27.3%
- **02** SOUTH EAST ASIAN 15.5%
- **03** LATIN AMERICAN 14.3%
- **04** UNKNOWN 14.3%
- **05** MIDDLE EASTERN 1.2%
- **06** NORTH AMERICAN 1.2%
- **07** CENTRAL ASIAN 3.5%
- **08** AFRICAN 6.0%
- **09** EUROPEAN 6.0%
- **10** SOUTH ASIAN 10.7%

MOST VICTIMISED SINGLE NATIONALITY

- **01** Eritrean
- **02** Chinese
- **03** Indian
- **04** Argentinean
- **05** Costa Rican
- **06** Iranian
- **07** Congolese
- **08** Pakistani
- **09** Libyan
- **10** Moroccan

MOST VICTIMISED OCCUPATIONAL SECTOR BY REGION

- **01** OIL + GAS 1.2%
- **02** JOURNALISTS 1.2%
- **03** EDUCATION 1.2%
- **04** DIPLOMATS 1.2%
- **05** DEPENDENTS 2.4%
- **06** CONSTRUCTION 3.6%
- **07** MARITIME 6.0%
- **08** UNSKILLED 7.1%
- **09** UNKNOWN 9.5%
- **10** PROFESSIONALS 9.5%

- **01** BUSINESS PEOPLE 9.5%
- **02** TOURISTS 16.7%
- **03** OTHER 30.9%

MOST VICTIMISED ORIGIN BY REGION

<table>
<thead>
<tr>
<th>REGION</th>
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<td>South East Asians</td>
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<td>Central Asians</td>
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<td>Middle East</td>
<td>South Asians</td>
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*Only one case, therefore not statistically significant

DISCLAIMER: These statistics herein presented are the result of a compilation of kidnapping incidents involving foreign nationals only, which have been reported in the media and other open sources. The information contained and its results are therefore partial as result of the incomplete nature of open-source material. Thus, this report should be taken only as a reference of general trends, taking its limitations into consideration.
The third quarter of 2017 showed a marked reduction in the number of recorded piracy incidents when compared to Q2 2017. In the Gulf of Aden, incident figures dropped from 31 to 14, in the Gulf of Guinea from 18 to 16 and in Southeast Asia from 23 to 12. These incident figures incorporate all activities related to piracy, including hijackings, armed robberies, attempted attacks, pirate sightings and suspicious activity. A general decreasing trend in piracy activity has been observed throughout the year, particularly relating to the number of armed attacks, kidnapping of crew and hijacking events. Kidnappings and hijackings incidents fell from nine in Q2 to one in Q3, whilst the number of armed attacks decreased from 17 to five. The number of criminal boardings however remained stable, with 27 cases recorded in Q2 and 28 in Q3. Meanwhile, the number of terrorism-related incidents saw an increase, from one incident in Q2, to three reported attacks in Q3. All the mentioned incidents related to the conflict in Yemen, where Houthi rebels have previously targeted coalition ships with ballistic missiles, artillery strikes and attack boats (filled with explosives), and have on occasion targeted aid vessels.

Hostile maritime activity saw a marginal reduction in the Gulf of Aden during Q3 2017. Although a number of sightings and suspicious activity were reported, only two confirmed and two attempted attacks took place. All four incidents took place off Yemeni waters, with only one related to criminal activity. It is assessed that the overall reduction in piracy incidents this period was partly as a result of maritime security operations conducted throughout September by multinational naval units and aircraft in areas off the Somali Coast and the Socotra Gap. Of particular importance has been the establishment of the Maritime Security Transit Corridor (MSTC) by the Combined Maritime Forces (CMF) (a naval partnership of 31 nations) to protect merchant vessels transiting through the Bab al-Mandeb Strait to the Gulf of Aden and Horn of Africa. The MSTC is intended to provide recommended merchant traffic routes around which multinational navies of the CMF can focus their presence and deterrence efforts.

Of the total number of seafarers kidnapped for ransom worldwide so far this year, the majority have been abducted in the Gulf of Guinea. Most incidents are clustered off the Niger Delta, where organised groups have increasingly turned to kidnapping for financial gain. It has been observed that such activity typically spikes during periods of muted insurgency, as militant groups turn to criminality to seek additional funding for their causes. Although insurgent attacks on oil installations in the area have fallen sharply since 2016 following negotiations between the Nigerian government and rebel groups, seaborne attacks have risen sharply, owing to the number of groups still present in the Delta. Sporadic such incidents have targeted security personnel associated with the oil industry. A feature of the area is that Nigerian pirates are typically violent and persistent. Throughout September, sporadic armed robberies were also reported on vessels anchored at Conakry, Guinea, where security measures are basic.

In Southeast Asia, although a downward trend was observed in June/July, August and September saw a reversal, particularly related to armed robberies. However, total regional incident figures for the first half of 2017 remain amongst the lowest on record over the past ten years. This has been attributed largely to an enhanced security environment in the Straits of Malacca and Singapore, and at certain ports and anchorages across India, Indonesia and Vietnam. Nonetheless, the number of reported incidents at ports and anchorages in Bangladesh and the Philippines have seen a slight increase. Most incidents recorded between August and September related to actual or attempted armed robberies. While no incidents have thus far been recorded in October, having in mind the identified cyclical growth in the region over the second half of the year, it is expected that similar heightened activity is likely to continue through the end of October and into November.

CASES:

- On 6 October, an Indian navy patrol vessel thwarted a hijack attempt against Indian bulk carrier "Jag Amar." The bulker was underway from Romania to Jubail, Saudi Arabia, when it was approached by a 12-man gang on a skiff in the Gulf of Aden. Upon raising a distress call, the Indian navy, deployed on anti-piracy patrols in the area, responded to the scene and averted the attack, confiscating an AK-47, rifle, ammunition, grenades, fuel drums, and ropes and ladders from the suspected pirates. This equipment, common with boarding attempts and indicates the attempted attack was likely a hijacking.

- On 6 September, 13 men armed with machetes boarded a Thai-flagged Product Tanker, MGT 1, 54 nm east off Kuala Dungun, Malaysia, while underway from Rayong port, Thailand. The pirates forced the crew to transfer one million litres of diesel oil to a mother ship, but were stymied by Malaysian coastguard, who rapidly dispatched two ships and a helicopter to the scene. Ten of the perpetrators were apprehended and later sentenced to 16 years imprisonment each. This is the second theft of oil cargo reported in Malaysian waters in 2017.

- On 29 July, a general cargo vessel owned by a Polish company was attacked on its way to Cameroon by armed Nigerian pirates off Bonny Island, Rivers State. The pirates boarded the OYA1 (formerly CELUA) and kidnapped five crew, two Moroccan officers and three Congolese sailors. The incident was reported to the Nigerian navy who responded and located the ship, taking it to Bonny. The Moroccan sailors were released after 20 days in captivity, allegedly following the payment of a USD 5 million ransom. No information was released on the status of the other victims. This incident was followed by the killing of Nigerian navy officials during a pirate attack on a Cameroonian cargo vessel at the end of August, and the kidnapping of other four foreign crew members in September, both incidents off Calabar waters.
THE GROWTH OF CYBERCRIME IN LATIN AMERICA

In 2016 the Inter-American Development Bank (IDB) and the Organization of American States (OAS) conducted a report which raised an alarm about Latin America’s critical situation in the cybersecurity arena. The report showed that Latin America was extremely vulnerable, to potentially devastating cyber-attacks. Lack of cybersecurity strategies or plans for protecting critical infrastructure, lack of any sort of command and control centre for cybersecurity crises and weak enforcement of laws against cyber-attacks were some of the most critical vulnerabilities found to be characteristic of the region.

A year on, analysts at Kaspersky Lab have noted significant escalations in cybercrime across the region with a 59% increase in malware attacks over the past year. From 1 January to 31 August 2017, the Russian cybersecurity company recorded over 677 million malware attacks in Latin America, roughly equating to 33 attacks per second and almost double the figure recorded over the same period last year. Similar trends have been observed for the number of ransomware attacks. While 57,512 infections were detected over the course of 2016, so far in 2017 there have been 24,110 registered cases, with the number of detections growing rapidly on a daily basis. According to Kaspersky’s report, Brazil has led the statistics in the region with 55% of all reported attacks, followed by Mexico (23.4%) and Colombia (5%). Additionally, it has been noted that Latin American nations are quickly gaining ground in terms of data theft. According to the IDB, cybercrime cost Latin America $90 billion in 2016, a figure which has prompted many countries in the region to urgently improve their efforts in countering this phenomenon.

Most attacks in Latin America are made via remote access, taking advantage of weak passwords, or via the Web and E-mail surreptitiously used by cybercriminals to infect systems with malware and banking Trojans. Cyber criminals have employed a variety of methods to hack into systems to steal financial data or implant malicious software, including phishing, pharming and the use of malware. It has been noted that ransomware attacks in the region have commonly targeted the health sector and small to medium-sized businesses.

Following global trends, the greatest threat businesses face in Latin America is the appropriation and encryption of data by cybercriminals, who then threaten its deletion unless a ransom is paid. For instance, the notorious WannaCry virus, which affected hundreds of thousands of systems globally in May 2017, infected over 500 banking, communications and retail firms in Mexico alone. An outbreak of another dangerous ransomware called Mamba has recently resurfaced in Brazil, although it is yet to reach the scale of WannaCry. Mamba first materialised in Brazil in September 2016 in a high-profile attack targeting a Brazilian energy company which then spread to the US where the virus demanded 100 bitcoins (USD 337,000) to restore the use of affected systems in known cases. Unlike other ransomware, Mamba not only encrypts files, but whole hard drives, making it impossible to break. As of summer 2017, Mamba has resurfaced within corporate networks in Brazil, primarily targeting larger corporations. Unlike other ransomware, Mamba scales the ransom demand based on how many endpoints are infected, requiring victims to contact the cybercriminals to learn the ransom sum. Whilst the current outbreak of Mamba has not thus far had the same financial impact as its first appearance last year, it is regarded as perhaps the most advanced malware to date.

It has been identified that the growth of cybercrime in Latin America largely corresponds to the proliferation of internet access on the continent, which now reportedly accounts for 43% of the world’s online community. Hand in hand with this growth has been the empowerment of organised criminals, whose modus operandi has been largely reshaped by the democratisation of web access. Moreover, the criminal underworld of the internet, also known as the dark web, has enabled criminal networks to offer “crime as a service,” where criminals are able to not only propagate their long-established activities, such as drug trafficking, but also obtain ready-made digital tools or services to assist them in the perpetration of sophisticated cyber-crime. Recent investigations into criminal organisations have also found a growing linkage between traditional crime groups, such as the drug cartels, and the use of service-based cybercrime; with cases of cartels kidnapping cyber criminals or enlisting them into their networks being reported.

Given the significance of the Latin American economies and the increasing linkage between cybercrime and organised crime in the region, the international community has increasingly looked to address cybersecurity in the continent. These efforts have included training to the national security forces and strategies of public awareness on cyber security. Another key area Latin American countries are seeking to address relates to coordination in order to promote improved intelligence sharing and agreements for mutual assistance and extradition.
While Bitcoin is the primary payment method in cybercrime, particularly ransomware, its use has increasingly been reported in common criminal activity such as kidnapping for ransom and extortion. The practice of issuing ransom demands in bitcoins dates as early as 2015 when the first such cases made the headlines and has since increased. While initially demands issued in bitcoin were recorded only in high-profile cases, now they are increasingly being reported in lower-level incidents. There are a number of reasons why this phenomenon is starting to generalise. One is regarding the ransom exchange. This is one of the most critical points of any kidnapping or extortion situation as it is one of the few opportunities law enforcement has to apprehend the suspects, either at the moment of the drop-off or later by tracing the money/funds. Contrary to what is widely believed, Bitcoin itself is traceable, however, it cannot necessarily be traced back to an individual as numerous money laundering methods have arisen. While all bitcoin transactions leave a forensic trail, these methods, which typically add layers of “anonymous” transactions to intricate the trails, bring significant obstacles in the identification of beneficiaries, making law enforcement extremely difficult.

It has also been identified that organised crime is now becoming a virtual activity in many aspects and as a result transnational criminal organisations are migrating towards virtual payment methods to conduct commercial affairs. For example, marketplaces over the darknet such as Silk Road 3.0 and Valhalla Marketplace are increasingly being used to facilitate the sale and trafficking of illicit drugs, firearms, precursor chemicals and other illegal goods and services. Transactions in these websites take place with the use of Bitcoin as the payment method. As organised criminal groups increase their use of these sites, it is expected their demand for Bitcoin will also increase. In this context, it is anticipated that organized criminal groups increase their use of this currency in order to facilitate other transactions. Reports on recruitment (voluntary or forced) of IT experts into the ranks of organised criminal groups is yet another sign of the migration of these organizations into the virtual world. While so far no cases of kidnappings with ransom issued in bitcoins have been recorded involving terrorist organisations, this possibility cannot be discarded in the future.

CASES:

The first publicly known bitcoin case was reported in September 2015 during the kidnapping of Hong Kong oil magnate Wong Yul-Kwan in New Taipei city, Taiwan. His kidnappers demanded USD 9 million in bitcoin as ransom. Wong’s family reportedly managed to put together over USD 1.5 million a few days after the demand was made, but failed to transfer the whole amount to the captors because they were not familiar with the bitcoin system. One of the kidnappers was arrested by Hong Kong police when he travelled to the territory to negotiate the rest of the payment with the family. The arrest led to Wong’s rescue on 27 October, after 38 days in captivity. Thus far, local authorities have been unable to trace the bitcoin transaction or the bitcoin wallet that received the ransom.
The wife of a Brazilian businessman involved in the Bitcoin trade was kidnapped on 26 April 2017 in Santa Catarina state and rescued by police after three days in São Paulo. The kidnappers contacted the victim’s husband through Facebook and WhatsApp, in an attempt to hinder authorities’ efforts to trace their location. Additionally, the ransom amounting to 115 million reais (over USD 36 million) was demanded in cryptocurrencies zcash and monero, to be deposited in separate e-wallets.

On 30 May 2017, a six-man gang led by an IT graduate abducted a trader in Patiala, India. The gang demanded 20 bitcoins as ransom, with a value of approximately USD 52,000 at the time. The kidnappers released the victim after six days. It is unclear if his family members paid the ransom. The police later arrested all members of the gang.
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