

Testimony of Reva Price

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before the

Joint Economic Committee

Hearing on

*“The Rising Global Scam Economy:
Modernizing Federal Approaches to Protect Americans from Foreign Fraudsters”*

March 25, 2026

Chairman Schweikert, Ranking Member Hassan, and members of the committee,

Thank you for the opportunity to testify before you on the evolving threat of Chinese-linked scam centers. My testimony today draws from the U.S.-China Economic and Security Review Commission’s recent work on this topic, including two reports, fact finding travel to Southeast Asia, and a set of recommendations for Congress to protect both the life savings of many Americans and broader U.S. national interests. I have attached both reports and the recommendation from USCC’s 2025 Annual Report as appendices to this testimony.

Background on the Commission

The U.S.-China Economic and Security Review Commission is a legislative branch commission created by Congress in October 2000 with the mandate to monitor, investigate, and report to Congress on the economic and national security issues in the relationship between the United States and China. Our independent Commissioners represent a wide range of views, with each of the leaders of the House and Senate appointing three Commissioners. I am proud to say that the Commission has a long history operating by bipartisan consensus. We provide Congress with an Annual Report and other research and analysis and make policy recommendations for legislative and administrative action. Our work on scam centers began last year from our hearing and chapter focused on China in Southeast Asia.

Scam Centers Are a Major and Growing Problem for Americans in Every State and District

Chinese criminal networks operate industrial-scale scam centers that steal tens of billions of dollars annually from people around the world. Collectively, this represents a massive criminal enterprise that rivals the global drug trade in scale and sophistication. For example, while estimates vary, scam centers in Burma, Cambodia, and Laos alone generated approximately \$44

billion of illicit proceeds in 2023. To put that in some perspective, it is equivalent to about 40 percent of these three countries' combined GDP.¹

Last May our Commission traveled to Cambodia, where we saw firsthand the consequences of Chinese-linked scam centers operating in broad daylight. The magnitude of the issue was apparent in meetings with U.S. government officials, Cambodian leaders, and non-government organizations. In Cambodia alone there are hundreds of scam compounds. Phnom Penh is dotted with high-rise buildings circled by barbed wire. Inside are factory-like call centers often filled with victims of human trafficking, held in conditions akin to modern slavery.

The largest and most powerful scam center networks in Cambodia and elsewhere are orchestrated by Chinese criminal organizations.²

Chinese Crime Syndicates Spread with At Least Implicit Support from Elements of the Chinese Government

It is important to note that many of these Chinese criminal syndicates have spread throughout Southeast Asia with at least implicit backing from elements of the Chinese government. For example, known crime syndicates invested large sums in infrastructure projects like “Yatai New City,” which were branded under Beijing’s Belt and Road Initiative (BRI). Despite the criminal history of project participants, and reports that Yatai New City was designed to host illicit activities, Chinese officials embraced the project. Multiple Chinese State-Owned Enterprises signed contracts to help build it. Just a few years later, the development had become the largest hub for Chinese online scam syndicates in Southeast Asia.³

In other cases, crime bosses seem to have gotten a pass from Beijing if they help spread its propaganda. This is a tactic used by notorious crime boss Wan Kuok-Koi, also known as “Broken-Tooth,” to gain at least tacit support from Chinese authorities. After spending 14 years in prison for crimes as head of the 14k triad, Broken-Tooth promptly began reestablishing criminal operations in Southeast Asia. But this time, he re-branded himself as a patriotic pro-CCP businessman. He famously stated, “I used to fight for the cartels, and now I fight for the CCP.” Remarkably, he received an award from a CCP-affiliated entity for the propaganda work of one of his organizations.

Broken Tooth has been sanctioned under the Global Magnitsky Act since 2020, but to date China has not taken any action to crack down on his scam centers. This suggests Beijing is willing to tolerate Chinese criminal groups that use the profits from scam centers to help support its agenda.

¹ USCC, China’s Exploitation of Scam Centers in Southeast Asia, July 18, 2025, 2.

² USCC, China’s Exploitation of Scam Centers in Southeast Asia, July 18, 2025, 3-5.

³ USCC, China’s Exploitation of Scam Centers in Southeast Asia, July 18, 2025, 3.

China’s “Inside Out” Strategy to Use the Scam Center Crisis to Grow Its Regional Influence

While it makes sense that China would want to take action to protect its citizens from scams, the Chinese government has exploited the scam center crisis to pursue an “inside out” strategy to enhance its regional influence. Beijing has used scam centers in Southeast Asia as an excuse to pressure those countries to agree to a greater role for Chinese security forces in the region.

- In 2023, China and Laos agreed to strengthen law enforcement and security cooperation.
- In 2024, Cambodia and China agreed to deepen joint law enforcement cooperation.
- In January 2025, China, Cambodia, Laos, Burma, Thailand, and Vietnam agreed to strengthen intelligence sharing and joint operations to crack down on scam centers.
- Later in 2025, China succeeded in convincing Thailand, an ally of the United States, to permit Chinese security forces to participate in scam center raids in Thailand. The Thai government had previously resisted such cooperation.

The spread of China-linked scam compounds in Southeast Asia is fueling corruption and violence, undermining the ability of governments in the region to control what happens in their territory. Having gained a foothold inside the internal security apparatus of other countries, China can use these as a source of leverage over and influence with these countries.⁴ China is trying to use the same playbook as scam centers have spread globally—including in Palau and most recently parts of Africa.

The Shift from Targeting China to Targeting America

Initially, the Chinese crime syndicates often targeted Chinese citizens in so-called “pig-butcher” scams, the Chinese translation for winning a victim’s trust to ultimately convince them to hand over a large sum of money. Over time, the industry has seen massive growth well beyond China and into the United States, in turn fueling a large-scale human trafficking crisis.

One driver of the shift from targeting China’s citizens to targeting Americans has been China’s crackdowns. Beijing has selectively cracked down only on scam centers that target Chinese citizens. For the most part, Beijing has turned a blind eye to criminal activity targeting foreigners. As a result, the Chinese criminal syndicates have been incentivized to shift toward targeting Americans. To illustrate this point, in 2024 China reported a 30 percent decrease in money lost to online scams, while in the same year the United States witnessed a 40 percent increase.⁵ Americans are now among the top global targets of China-linked scam centers, with an estimated \$5 billion lost to online scams in 2024 alone.⁶

⁴ USCC, 2025 Annual Report to Congress, November 2025, 236-238.

⁵ USCC, China’s Exploitation of Scam Centers in Southeast Asia, July 18, 2025, 6.

⁶ USCC, China’s Exploitation of Scam Centers in Southeast Asia, July 18, 2025, 1.

A more recent development that the Commission reported on in our Commission Spotlight earlier this month is the rise of small-scale scam operations within China. As criminals arrested in China's early crackdowns are released from prison, they have set up shop within China. They think they won't be targeted if they engage in "Foreign Butchering." Under the meme, "Chinese don't scam Chinese" they only target foreigners. While China has clarified that this activity is also illegal, in practice the perpetrators of foreign butchering scams within China rarely face consequences.

Recent Developments

Our recent update on Scam Centers discussed how the scam center syndicates are evolving.⁷ What was already a severe problem has been turbo-charged by AI. Scammers have used AI in multiple ways:

- to help scale their operations,
- to create more convincing fake personas,
- to develop more tailored content, and
- to operate in multiple languages.

Additionally, scammers are increasingly using cryptocurrency as part of their scams. They pitch fraudulent crypto investments; they steal money directly from Americans by convincing them to deposit it into cryptocurrency ATMs; they use cryptocurrency to launder the proceeds of their criminal activities.

Additionally, as I noted earlier, Chinese linked scam centers are expanding globally, spreading corruption and criminal elements to more countries. They also open the door for increased influence by Chinese security services in Africa, the Pacific Islands, and elsewhere.

Recommendations and Next Steps

Over the last year Congress and the Administration have taken initial steps to combat the proliferation of scam operations. In last year's report, the Commission recommended creating an interagency task force to combat scam centers. The Department of Justice-led Scam Center Strike Force was an important development along those lines.

Further, the DOJ's indictment of Chinese criminal kingpin Chen Zhi in Cambodia last October delivered a swift blow to one of the most powerful scam empires in the world. It also pushed the Chinese government to action. Chinese authorities extradited Chen Zhi back to the Mainland. While we welcome enforcement action, unfortunately, China's extradition limited international investigations into the extent of Zhi's ties to the CCP.

⁷ USCC, Protecting Americans from China-Linked Scam Centers: An Update on Emerging Trends, March 5, 2026.

Still, the problem is growing, putting at risk the life savings of more and more Americans in every state and district. For these reasons the Commission proposed a number of other ideas for Congress to consider:

- The Commission’s [2025 Annual Report](#) included a [recommendation](#) that Congress direct the President to create an interagency task force on scam centers. While the Administration recently created a Scam Center Strike Force, codifying a task force into law will ensure that it is permanent, accountable to Congress, and focused on the national security risks posed by China’s involvement in the scam crisis.
- The Commission’s 2025 [recommendation](#) called for greater cooperation between the U.S. government and U.S. technology companies to detect and stop scams. Reports indicate that scam-linked ads may be driving significant revenue to some technology intermediaries, indicating a need for more extensive cooperation in this space.
- The Commission’s 2025 [recommendation](#) on scam centers called for creation of a national public awareness campaign and for enhancing law enforcement training on scams. There continues to be a significant victim reporting gap. State and local law enforcement agencies are often the first point of contact when Americans fall victim to scam centers, but most departments lack the training and resources to identify these cases as part of transnational criminal operations linked to China. Too often, cases are filed as isolated fraud incidents and never reach the federal investigators who could connect them to broader scam center networks. Congress should consider directing the Scam Center Strike Force to establish information-sharing mechanisms and training programs—particularly for departments serving communities with large elderly populations—that enable state and local agencies to identify, document, and refer scam center-linked cases to federal authorities.
- As the United States seeks to ensure it is the global leader in AI and cryptocurrency, the U.S. government has both an economic and moral imperative to stop criminal organizations from weaponizing these technologies to steal from Americans. Congress should consider ways to strengthen protections built into AI tools to prevent their use for scams.
- The Commission’s 2025 [recommendation](#) called for greater cooperation between the U.S. government and financial intermediaries to detect and stop scams, particularly relating to cryptocurrency. Given their increasing use by criminal organizations to move large sums of money rapidly outside of the United States, Congress should also consider whether existing regulation of cryptocurrency ATMs is sufficient and should encourage states to strengthen oversight of cryptocurrency ATM operators, which are often subject to minimal state-level licensing requirements.

- The U.S. government’s seizure of approximately \$15 billion in Bitcoin from the Prince Group demonstrates that scam center proceeds can be identified and recovered through blockchain analysis. Congress should consider establishing a reward program that incentivizes cryptocurrency tracing firms and other private sector actors to identify and report stolen assets linked to scam center operations, modeled on existing whistleblower frameworks at the Securities and Exchange Commission and the Internal Revenue Service.
- Scam centers rely on spoofed phone calls, SMS phishing campaigns, and social media platforms to make initial contact with potential victims. Congress should consider requiring telecommunications carriers and social media platforms to implement stronger verification and detection measures targeting scam center-linked activity. Existing anti-spoofing frameworks such as STIR/SHAKEN (Secure Telephone Identity Revisited/Signature-based Handling of Asserted information using toKENs)—which require carriers to verify that caller ID information is legitimate before a call reaches the recipient—have helped combat domestic caller ID spoofing but were not designed to address the international calls, text messages, and social media outreach that scam centers predominantly use to target Americans. Congress should consider expanding the scope of these frameworks to close these gaps.
- Given the scale of the scam center problem, the U.S. anti-money laundering regime may be ill-equipped for the challenge of stopping transnational crime syndicates from exploiting cryptocurrency to launder the billions of dollars they steal from Americans each year. Congress should consider if U.S. anti-money laundering policies should be updated in light of the growth of scam centers and consider ways to expand cooperation with allies and partners to coordinate enforcement across borders.
- When scam center assets are successfully recovered, Congress should consider directing that the proceeds be prioritized for victim restitution rather than flowing into the general Assets Forfeiture Fund. These are stolen savings, disproportionately taken from elderly Americans, and victims should be first in line when assets are recovered.
- Chinese criminal networks have responded to crackdowns in Southeast Asia by globalizing their operations. In order to stop new clusters of scam centers from emerging in other regions, the United States should act proactively to make disrupting the development of scam centers beyond Southeast Asia a priority for U.S. diplomacy, intelligence gathering, security cooperation, and foreign assistance.
- Scam centers run by Chinese criminal organizations threaten the wellbeing of Americans and the security of the United States. The U.S. government should treat the scam crisis, alongside the fentanyl epidemic, as a priority issue in bilateral negotiations with Beijing and the governments of countries where scam centers operate.

Conclusion

The issue of scams and global fraud has rightfully gained attention from U.S. policy makers, exemplified by this hearing today and enforcement actions taken over the past year. However, the trends outlined in my testimony demonstrate how Chinese-linked scam operations continue to proliferate both globally and inside of China. As long as Chinese criminal networks believe they can earn higher profits with lower risk by scamming Americans, they will likely continue shifting resources away from Chinese targets and toward U.S. victims.

Thank you, and I look forward to answering your questions.



Protecting Americans from China-Linked Scam Centers

An Update on Emerging Trends

MARCH 5, 2026

Key Findings

- » American losses from industrial-scale scam centers operated by Chinese criminal groups in Southeast Asia continue to mount. The U.S. government estimates that Americans lost at least \$10 billion to Southeast Asia-based scams in 2024—with losses projected to have grown further in 2025.
- » In recent months, the U.S. government has taken steps to protect Americans from scam centers in Southeast Asia by sanctioning criminal kingpins and launching an interagency Scam Center Strike Force. Yet Chinese criminal organizations are moving quickly to stay ahead of the crackdowns by embracing advanced technologies and exploiting cryptocurrency to launder stolen assets across national borders with virtual impunity.
- » Scam centers are rapidly adopting artificial intelligence (AI) tools to scale their operations, increase the sophistication of scams, and evade traditional detection methods. These AI-powered scams make it difficult for even the most discerning potential victims to distinguish fact from fraud.
- » In response to Beijing's selective crackdowns on scam centers in Southeast Asia, many Chinese criminals are returning home and opening smaller-scale scam operations inside China that exclusively target foreigners—an alarming new trend known in Chinese as "foreigner butchering."
- » Chinese criminal organizations are also globalizing their scam operations. New clusters of scam centers are emerging in the Pacific Islands, South Asia, the Middle East, and West Africa. Building on its playbook from Southeast Asia, China is exploiting the globalization of scam centers to expand its security presence throughout these regions.

Introduction

In July 2025, a Florida woman named Sharon received what appeared to be a distraught call from her daughter, who had been detained after a car accident and urgently needed \$15,000 to pay bail. “There is nobody that could convince me that it wasn’t her,” Sharon said later. “I know my daughter’s cry.”¹ As it turns out, Sharon had fallen victim to a sophisticated scam that used AI-powered voice cloning technology to replicate her daughter’s voice, likely using snippets of audio from social media.² Her case illustrates a disturbing trend. The crime syndicates behind these operations are rapidly embracing AI tools—among other new tactics—to create dramatically faster and effective scamming operations and stay ahead of the possible crackdowns.

In July 2025, the Commission published a [report](#) on *China’s Exploitation of Scam Centers in Southeast Asia*, which analyzed how scam centers operated by Chinese criminal groups defraud Americans of billions of dollars annually. The Commission found that Beijing is exploiting the growing crisis of scam centers—which spread across Southeast Asia with *at least* implicit backing from elements of the Chinese government—to expand its security footprint in the region. As with the fentanyl crisis, Chinese criminal networks are inflicting enormous harm on Americans while Beijing selectively enforces only when it serves its own interests. Since the Commission published its findings, the U.S. government has sanctioned individuals and entities involved in scam centers and announced the formation of an interagency Scam Center Strike Force. Nevertheless, the scam crisis only continues to escalate. The U.S. Department of the Treasury now estimates that Americans lost \$10 billion to Southeast Asia-based scams in 2024—and losses are projected to have exceeded that figure in 2025.³

This Commission issue brief analyzes three developments that pose challenges to U.S. efforts to combat scam centers:

1. Scammers’ adoption of AI and AI-enabled tools and exploitation of cryptocurrency.
2. The rise of scam operations inside China that exclusively target foreigners.
3. The globalization of China-linked scam centers beyond Southeast Asia.

The success of U.S. efforts to protect Americans from scams will depend on whether authorities can move to enact policies to stay ahead of these emerging trends and cooperate on enforcement efforts with other governments.

New Measures Cracking Down on Scam Centers

The U.S. government has taken several steps to begin addressing the scam crisis.

- In September 2025, the Treasury Department sanctioned numerous entities and individuals behind major scam hubs in Burma and Cambodia.⁴
- In October 2025, the United States and the UK imposed coordinated sanctions on the Prince Group, a transnational criminal organization that operates large-scale scam centers across Cambodia.⁵ At the same time, the U.S. Department of Justice indicted Chen Zhi, the mastermind behind the Prince Group, and seized approximately \$15 billion in Bitcoin—the largest forfeiture action in U.S. history.⁶ The Justice Department’s indictment of Chen Zhi also revealed new evidence of the complicity of Chinese officials in scam centers. The Prince Group bribed

officials from China’s Ministry of Public Security and Ministry of State Security for protection and advanced notice of raids, and Chen Zhi and his associates often bragged that their connections with Chinese officials ensured their protection.⁷

- In November 2025, the Justice Department announced the creation of an interagency Scam Center Strike Force to combat scams perpetrated by Chinese criminal organizations in Southeast Asia.⁸

Although the United States has taken initial measures to tackle the scam center crisis, Chinese criminal syndicates are evolving their operations to stay ahead of crackdowns—first and foremost by accelerating their adoption of advanced technologies, including AI.

Selective Crackdowns by China and Several Southeast Asian Countries Have Not Stopped the Growth of the Scam Crisis

China and several Southeast Asian governments have also launched crackdowns targeting scam centers, but their selective measures often serve political purposes and have not stemmed the growth of the region’s scam industry. The Cambodian government launched a highly publicized crackdown on scam centers in July 2025, but analysts cautioned that it was a choreographed “show crackdown” designed to stave off international pressure, not a serious attempt to disrupt the scam industry.⁹ In December 2025, China’s Ministry of Public Security published a list of 100 high-level criminals wanted for scams “targeting Chinese citizens,” offering a reward of 200,000 renminbi (RMB) (\$28,400) for information leading to an arrest.¹⁰ In January 2026, China secured the arrest and extradition to China of the U.S.-indicted scam center’s kingpin, Chen Zhi, from Cambodia.¹¹ However, Beijing continues to turn a blind eye to criminal activity targeting foreigners.¹²

AI Is Turbocharging Scam Centers

Generative AI is revolutionizing the scam industry. Within weeks of the release of OpenAI’s ChatGPT in November 2022, cyber security analysts observed scammers using it to create more convincing personas for online romance scams.¹³ While most popular generative AI tools are designed to refuse requests to facilitate illegal activity, studies have found that it is relatively easy for criminals to evade these guardrails—often simply by telling the prompt that they are conducting research or writing a novel about scam operations.¹⁴ According to Ken Westbrook, a former CIA officer and founder of the nonprofit Stop Scams Alliance, criminal groups are reinvesting their profits “to fund a huge development of artificial intelligence.”¹⁵ A 2025 Reuters report based on interviews with people who had worked in scam compounds in Burma found that ChatGPT is “the most-used AI tool to help scammers do their thing.”¹⁶ OpenAI has publicly documented instances in which it disrupted scam centers that were using ChatGPT, including one case in which Chinese-language actors operating out of Cambodia had used ChatGPT to generate and disseminate tailored content in multiple languages for romance scams, fraudulent job offers, and fake investment firms.¹⁷

Scammers Use AI to Scale Their Operations

Generative AI tools enable scammers to scale their operations. First, scammers use large language models (LLMs)

and AI image generation software to create convincing social media profiles that evade traditional detection techniques such as reverse image searches. The scammers then use these fake profiles to churn out enormous quantities of AI-generated initial contact messages.¹⁸ After establishing contact with potential victims, generative AI tools enable individual scammers to engage with larger pools of victims simultaneously. According to the UN Office on Drugs and Crime, the adoption of generative AI is “significantly amplifying the scale” of scam operations—enabling a single scammer to defraud people on a scale that previously would have required an entire team.¹⁹ AI tools have also contributed to the growing scale of online scams by lowering the technical barriers to entry for would-be cybercriminals, facilitating what some have termed the “democratization” of cybercrime.²⁰ For example, AI coding tools enable mid-level developers to create “scamming kits” that make SMS phishing campaigns “easy, extremely effective, scalable, and affordable for cybercriminals.”²¹

The scam industry’s embrace of AI has not reduced the vast scale of human trafficking into Southeast Asia’s scam centers. At least thus far, scam centers primarily use AI to enhance the efficacy of human scammers rather than to replace them altogether.²² In fact, the crime syndicates behind scam centers are using AI tools to expand their human trafficking operations, both by using AI models to scrape social media platforms in search of vulnerable individuals and to generate more realistic fake job advertisements to lure victims into scam centers.²³

AI-Enhanced Scams Are Increasingly Difficult to Recognize

AI-powered technologies also enable scammers to increase the believability of their scams, making it difficult for even highly discerning potential victims to distinguish fraud from reality. The Federal Bureau of Investigation has warned that criminals are using “vocal cloning” technologies and AI-generated imagery to engage in real-time conversations and video chats with victims in which they impersonate loved ones or company executives.²⁴ Scam centers in Southeast Asia are investing in these technologies. One Chinese-language advertisement posted on an encrypted messaging service claimed to have installed “face-swapping” software at more than 1,000 compounds and promised 24/7 support and “door-to-door delivery” throughout Cambodia.²⁵

AI tools have also made it possible for scammers to target victims more effectively across linguistic and cultural barriers. For instance, a man from Kenya who had been trafficked into the notorious KK Park scam compound in Burma reported that he impersonated cattle ranchers in Texas and soybean producers in Alabama by using ChatGPT to generate idiomatic local expressions and credible responses to detailed questions.²⁶

Cryptocurrency Fuels the Global Scam Industry

The explosive growth of online scams into a massive global criminal industry has also been facilitated by crime syndicates’ exploitation of cryptocurrency. FTC data indicates that in a recent calendar quarter, about one third of all cash lost by Americans to scammers involved cryptocurrency transfers.²⁷ Like other transnational criminal organizations, scam centers exploit cryptocurrency as an effective tool for international money laundering that makes it difficult to detect and trace their illicit activities. In one common approach, scammers contact victims under false pretenses—such as claiming to be a bank representative or government official—and instruct them to withdraw cash and deposit it into a Bitcoin or cryptocurrency ATM to avoid financial penalties or legal troubles, a tactic that sends funds directly to the scammer’s digital wallet with no way for banks to reverse the transaction.²⁸ This method disproportionately affects older adults, who often do not distinguish crypto ATMs from traditional bank ATMs and are guided through the process by fraudsters taking advantage of the kiosks’ speed, anonymity, and lack of regulatory oversight.²⁹

Another tactic that is becoming increasingly common is for scammers to exploit the lure of cryptocurrency as an exciting investment opportunity to ensnare victims.³⁰ The goal of many newer scams is to convince victims to “invest” in fake cryptocurrency platforms, which mimic the appearance of legitimate sites with professional design, customer service, and two-factor authentication.³¹ Scammers often allow victims to withdraw “earnings” during the early stages of the scam to reassure them that the platform is legitimate and encourage further investment.³²

After obtaining a victim’s funds, crime syndicates hire money laundering services that employ vast networks of “mules” to transfer stolen assets across many different crypto wallets until the funds are eventually returned to the original scam group “clean” and ready to be spent in the legitimate economy.³³ By transacting in cryptocurrency, scammers can move funds rapidly across borders, bypassing oversight from traditional financial intermediaries.³⁴ Although crypto transactions are permanently recorded on blockchains, criminals deploy services called “mixers” and “tumblers” that pool and redistribute crypto assets, enhancing anonymity and obscuring the origin of funds.³⁵ Moreover, since criminals can rapidly transfer crypto overseas, law enforcement investigations encounter significant challenges tracing transactions across multiple jurisdictions.³⁶ Chinese money laundering networks (CMLNs) are playing an increasingly large role in laundering the proceeds from scams and other criminal activities and now process approximately 20 percent of all illicit crypto funds.³⁷

Figure: Cryptocurrency and Online Scams



Source: Visualization generated using an AI tool based on the text and citations of the preceding two paragraphs.

Repatriated Scammers Set Up Shop in China

As discussed in the original [“Commission Spotlight” on scam centers](#), over the past several years, Beijing’s selective crackdowns on scam centers that target Chinese victims have caused Chinese criminal groups to conclude that they can make more money with less risk by targeting Americans instead.³⁸ These crackdowns are now driving an alarming new trend: Chinese criminals that have been arrested and repatriated from Southeast Asian scam centers are opening small-scale scam operations inside China itself that exclusively target foreigners.

China’s selective raids on scam centers in Southeast Asia have led to a wave of scam center “alumni” setting up shop in China.³⁹ In 2024, Chinese authorities prosecuted approximately 78,000 people for online fraud—a 54 percent increase over the previous year.⁴⁰ According to China’s Ministry of Public Security, more than 8,000 Chinese nationals were repatriated from scam centers in Southeast Asia in 2025.⁴¹ While China has meted out harsh punishment to some of the kingpins behind scam centers, “ordinary participants” in online fraud typically receive comparatively short prison sentences ranging from a few months to a few years.⁴² As a result, tens of thousands of people previously arrested for participating in online scams are being released back into Chinese society with little money, few skills apart from online scamming, and a criminal record that makes it nearly impossible to find legitimate employment.⁴³ Increasingly, these “alumni” of Southeast Asian scam centers are opening stealthy, small-scale scam operations out of apartments and office buildings in cities across China.⁴⁴

From “Pig Butchering” to “Foreigner Butchering”

To evade scrutiny, these small domestic scamming operations often exclusively target foreign victims—a new criminal trend that is referred to in Chinese as “foreigner butchering” (*sha yang pan*). As described by Chinese official

“Chinese Don’t Scam Chinese”

The phrase “Chinese don’t scam Chinese” is popular online slang in China—an expression used to mean “you can trust me on this one.”⁴⁵ Yet this cheeky phrase can be tied to the rise of foreigner butchering scams at first in Southeast Asia and more recently inside China itself.⁴⁶ In March 2021, China’s Ministry of Public Security released a video—which went viral on Chinese social media—depicting dozens of young Chinese men who had been arrested for online fraud in Burma chanting in unison: “We conducted scams in northern Burma. Now we have returned to the motherland’s embrace... We are Chinese. Chinese don’t scam Chinese.”⁴⁷ A few months later, China’s Supreme People’s Court issued an opinion stating that “engaging in telecom and online fraud from outside the country targeting residents inside the country” violated China’s Criminal Law—language that appeared to exclude situations in which the fraud victims were located outside of China.⁴⁸ For Chinese criminal organizations, the message was clear: They could continue constructing massive scam compounds dedicated to industrial-scale fraud—as long as their targets were foreigners, not Chinese. Almost immediately, Chinese scam groups in Southeast Asia began to pivot from targeting Chinese people to targeting foreigners, and some organizations adopted the phrase “Chinese don’t scam Chinese” as a motto.⁴⁹

media, foreigner butchering is a “mutation of pig butchering”⁵⁰ and a “new form of telecommunications and online fraud in which criminals make foreigners their targets, use translation software and messaging apps to feign romance with foreign men, and then swindle the victim’s money after gaining their trust.”⁵⁰

Despite recent changes to Chinese law explicitly criminalizing scams targeting foreigners, in practice the Chinese perpetrators of foreign butchering scams rarely face consequences. In July 2024, China’s Supreme People’s Court issued an opinion clarifying that online fraud targeting victims outside of China also violated the Criminal Law.⁵¹ In practice, however, enforcement remains extremely difficult. Foreign victims almost never report these crimes to Chinese authorities, leaving prosecutors with little hard evidence.⁵² As a result, high-level bosses are rarely caught, and low-level scammers arrested in raids often receive little if any punishment.⁵³ While there have been at least 40 legal cases involving foreigner butchering operations inside of China in recent years, these likely represent only a small fraction of the scale of the problem—Chinese criminals recognize that they remain far less likely to face legal consequences if they target victims overseas.⁵⁴ Foreigner butchering is apparently so widespread that Chinese authorities and Chinese Communist Party (CCP) media have launched publicity campaigns to remind people that “scamming foreigners is also a crime.”⁵⁵

Emulating the strategy of scam centers operated by Chinese crime syndicates in Southeast Asia, the criminals running new foreigner butchering operations inside China also cloak their scams in patriotic rhetoric.⁵⁶ According to a Chinese lawyer who has worked with numerous people accused of participating in scams targeting foreigners, many believe that “defrauding foreigners out of money is not illegal” and even that “this is patriotic behavior.”⁵⁷ In one revealing case, Chinese police arrested four men who were running a scamming operation out of an apartment in Jiangxi Province that specifically targeted Japanese men.⁵⁸ Upon being apprehended, the men proudly stated that they only targeted Japanese victims because “Chinese don’t scam Chinese.”⁵⁹ When the case became public, the perpetrators received an outpouring of support on Chinese social media, with some netizens calling them “anti-Japanese heroes” and others saying that they should be granted leniency because they acted patriotically.⁶⁰

The Globalization of Scam Centers

As a hedging strategy against crackdowns in Southeast Asia, Chinese criminal organizations have also begun expanding their scam operations around the world, targeting countries with high rates of corruption and limited government capacity.⁶¹ Interpol has tracked the expansion of scam centers from the “original hub” of Southeast Asia to the Middle East, Central America, and West Africa, noting that West Africa in particular “could be developing into a new regional hub.”⁶² The UN Office on Drugs and Crimes has likewise reported on the “spillover” of scam networks into South Asia and select Pacific Island countries.⁶³ As of March 2025, approximately 26 percent of victims trafficked into scam centers were sent to compounds outside of Southeast Asia.⁶⁴

As scam centers spread across Southeast Asia during the pandemic, Chinese officials initially looked the other way as Chinese crime syndicates expanded throughout the region.⁶⁵ After scam centers operated by these criminal groups had taken root, Beijing exploited the problem by pressuring regional countries to allow Chinese security forces to lead crackdowns inside their territories—a key part of China’s larger strategy of using internal security cooperation to increase its leverage over Southeast Asian governments.⁶⁶ Although framed as assistance to combat

* Originating in Chinese criminal slang, the term “pig butchering” (*sha zhu pan*) refers to scams in which the scammers build personal relationships with victims over weeks or months (“fattening the pig”) before stealing their money by convincing them to invest in fraudulent financial schemes (“slaughtering the pig”). U.S.-China Economic and Security Review Commission, *China’s Exploitation of Scam Centers in Southeast Asia*, July 18, 2025. <https://www.uscc.gov/research/chinas-exploitation-scam-centers-southeast-asia>.

scams and transnational crime, these arrangements often involve China providing equipment, training, and surveillance technologies that strengthen authoritarian control by host governments, deepen their dependence on Chinese security services, and reduce their willingness to cooperate with the United States.⁶⁷ Beijing is now deploying this same playbook in regions such as the Pacific Islands and Africa.⁶⁸

Beijing Is Using Organized Crime to Infiltrate the Pacific Island Country of Palau

In the Pacific Islands, U.S. officials have assessed that Beijing is using organized crime to infiltrate Palau, a country that recognizes Taiwan diplomatically and hosts important U.S. military facilities.⁶⁹ In 2019, Broken Tooth—a notorious criminal kingpin behind scam centers in Southeast Asia with close ties to the CCP—visited Palau and met with government leaders with the stated aim of leasing land for a casino.⁷⁰ While Palau’s government halted the project after learning about Broken Tooth’s criminal background, Chinese criminal networks have nevertheless managed to establish numerous scam centers in the country.⁷¹ An April 2025 Reuters investigation found that hundreds of foreign nationals have entered Palau via China and Southeast Asia to work in scam centers, which have “continued to thrive” in the country despite its attempts to crack down.⁷²

Beijing Exploits Scam Centers to Expand Its Security Influence in Africa

Since early 2024, scam centers linked to Chinese nationals have been uncovered in the African countries of Angola, Namibia, and Zambia.⁷³ In all three countries, Beijing has used the growing problem of scam centers to press for greater security access. In June 2024, China’s Embassy in Angola announced that it would cooperate with Angolan authorities to combat online scams by “increasing police cooperation,” “deepening joint law enforcement,” and “coordinating crackdowns.”⁷⁴ That same month, Namibian officials traveled to China to participate in an anti-transnational crime working group meeting to discuss strengthening law enforcement cooperation and joint crackdowns on scams.⁷⁵ More recently, in October 2025, Chinese Embassy officials met with Zambia’s Inspector-General of Police Graphel Musamba to discuss efforts to strengthen security cooperation to combat transnational crime.⁷⁶ The following month, China’s Prime Minister Li Qiang traveled to Zambia and expressed China’s willingness to strengthen “judicial, police, and law enforcement cooperation” with the country.⁷⁷

China-Linked Scam Centers in Nigeria

Over the past year, Nigeria has become a hotspot for Chinese criminal networks diversifying their operations out of Southeast Asia. In December 2024, Nigerian officials arrested 148 Chinese nationals in a raid on a seven-story scam compound in Lagos.⁷⁸ According to the officials, these Chinese criminals had recruited and trained hundreds of local Nigerians to conduct pig butchering scams targeting victims in North America and Europe.⁷⁹ In a January 2025 raid on a scam compound in the capital of Abuja, Nigeria arrested four Chinese nationals who had allegedly recruited and trained 101 Nigerians to conduct scams targeting the UK.⁸⁰

The Chinese government is exploiting the spread of scam centers to press for greater security influence in Nigeria. In March 2025, China’s Ambassador to Nigeria Yu Dunhai met with Nigerian police and offered to send a Chinese working group to the country to assist with “evidence collection” and “fraud tracing.”⁸¹ In July 2025, the Chinese Embassy further proposed “joint operations” targeting scams and other transnational crimes.⁸² Most recently, in September 2025, Nigeria’s Inspector-General of Police visited China to discuss greater security cooperation and intelligence sharing with officials from China’s Ministry of Public Security.⁸³ Nevertheless, Nigerian analysts have expressed concern that such security arrangements could grant China “undue influence” in the country.⁸⁴

Considerations for Congress

- The Commission’s [2025 Annual Report](#) included a [recommendation](#) that Congress direct the President to create an interagency task force on scam centers. While the Administration recently created a Scam Center Strike Force, codifying a task force into law will ensure that it is permanent, accountable to Congress, and focused on the national security risks posed by China’s involvement in the scam crisis.
- The Commission’s 2025 [recommendation](#) called for greater cooperation between the U.S. government and U.S. technology companies to detect and stop scams. Reports indicate that scam-linked ads may be driving significant revenue to some technology intermediaries, indicating a need for more extensive cooperation in this space.⁸⁵
- The Commission’s 2025 [recommendation](#) on scam centers called for creation of a national public awareness campaign and for enhancing law enforcement training on scams. There continues to be a significant victim reporting gap. State and local law enforcement agencies are often the first point of contact when Americans fall victim to scam centers, but most departments lack the training and resources to identify these cases as part of transnational criminal operations linked to China. Too often, cases are filed as isolated fraud incidents and never reach the federal investigators who could connect them to broader scam center networks. Congress should consider directing the Scam Center Strike Force to establish information-sharing mechanisms and training programs—particularly for departments serving communities with large elderly populations—that enable state and local agencies to identify, document, and refer scam center-linked cases to federal authorities.
- As the United States seeks to ensure it is the global leader in AI and cryptocurrency, the U.S. government has both an economic and moral imperative to stop criminal organizations from weaponizing these technologies to steal from Americans. Congress should consider ways to strengthen protections built into AI tools to prevent their use for scams.
- The Commission’s 2025 [recommendation](#) called for greater cooperation between the U.S. government and financial intermediaries to detect and stop scams, particularly relating to cryptocurrency. Given their increasing use by criminal organizations to move large sums of money rapidly outside of the United States, Congress should also consider whether existing regulation of cryptocurrency ATMs is sufficient and should encourage states to strengthen oversight of cryptocurrency ATM operators, which are often subject to minimal state-level licensing requirements.
- The U.S. government’s seizure of approximately \$15 billion in Bitcoin from the Prince Group demonstrates that scam center proceeds can be identified and recovered through blockchain analysis. Congress should consider establishing a reward program that incentivizes cryptocurrency tracing firms and other private sector actors to identify and report stolen assets linked to scam center operations, modeled on existing whistleblower frameworks at the Securities and Exchange Commission and the Internal Revenue Service.
- Scam centers rely on spoofed phone calls, SMS phishing campaigns, and social media platforms to make initial contact with potential victims. Congress should consider requiring telecommunications carriers and social media platforms to implement stronger verification and detection measures targeting scam center-linked activity. Existing anti-spoofing frameworks such as STIR/SHAKEN (Secure Telephone Identity Revisited/Signature-based Handling of Asserted information using toKENS)—which require carriers to verify that caller ID information is legitimate before a call reaches the recipient—have helped combat domestic caller ID spoofing but were not

designed to address the international calls, text messages, and social media outreach that scam centers predominantly use to target Americans. Congress should consider expanding the scope of these frameworks to close these gaps.

- Given the scale of the scam center problem, the U.S. anti-money laundering regime may be ill-equipped for the challenge of stopping transnational crime syndicates from exploiting cryptocurrency to launder the billions of dollars they steal from Americans each year. Congress should consider if U.S. anti-money laundering policies should be updated in light of the growth of scam centers and consider ways to expand cooperation with allies and partners to coordinate enforcement across borders.
- When scam center assets are successfully recovered, Congress should consider directing that the proceeds be prioritized for victim restitution rather than flowing into the general Assets Forfeiture Fund. These are stolen savings, disproportionately taken from elderly Americans, and victims should be first in line when assets are recovered.
- Chinese criminal networks have responded to crackdowns in Southeast Asia by globalizing their operations. In order to stop new clusters of scam centers from emerging in other regions, the United States should act proactively to make disrupting the development of scam centers beyond Southeast Asia a priority for U.S. diplomacy, intelligence gathering, security cooperation, and foreign assistance.
- Scam centers run by Chinese criminal organizations threaten the wellbeing of Americans and the security of the United States. The U.S. government should treat the scam crisis, alongside the fentanyl epidemic, as a priority issue in bilateral negotiations with Beijing and the governments of countries where scam centers operate.

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Commission Spotlight

U.S.-China Economic and Security Review Commission (USCC.gov)

July 18, 2025

China's Exploitation of Scam Centers in Southeast Asia

Key Findings

- Chinese criminal networks operate industrial-scale scam centers across Southeast Asia that steal tens of billions of dollars annually from people around the world—a massive criminal enterprise that rivals the global drug trade in scale and sophistication.
- The Chinese criminals behind scam centers have built ties—some overt, some deniable—to the Chinese government by embracing patriotic rhetoric, supporting China's Belt and Road Initiative (BRI), and promoting pro-Beijing propaganda overseas. As a result, Chinese crime syndicates have expanded across Southeast Asia with, at a minimum, implicit backing from elements of the Chinese government.
- The spread of China-linked scam compounds in Southeast Asia is fueling corruption and violence, undermining the ability of governments in the region to control what happens in their territory, and promoting human trafficking.
- China is exploiting the problem of scam compounds to increase its leverage over Southeast Asian governments, conduct intelligence and influence operations, and expand its security footprint in the region.
- Beijing has selectively cracked down on scam centers that target Chinese victims, leading Chinese criminal organizations to conclude that they can make greater profits with lower risk by targeting citizens of wealthy countries such as the United States.
- Americans are now among the top global targets of China-linked scam centers, with an estimated \$5 billion lost to online scams in 2024 alone—a 42 percent increase over the previous year.

Introduction

In March 2024, an 82-year-old Virginia man named Dennis committed suicide after losing his life savings in an online scam.¹ Dennis had connected with a woman named “Jessie” on Facebook, and the two built a close relationship over months of chatting. Jessie told Dennis she earned money by investing in cryptocurrency and gradually persuaded Dennis to invest his savings too. Then one day, all of Dennis's money—and Jessie—disappeared.² Dennis was one of tens of thousands of Americans who have collectively lost billions of dollars to online “pig butchering” scams, in which scammers build personal relationships with victims over months (“fattening the pig”) before stealing their money by convincing them to invest in fraudulent financial schemes (“slaughtering the pig”).³ According to very conservative estimates, Americans lost at least \$5 billion to such scams in 2024—an increase of 42 percent over the previous year.⁴ Unbeknownst to most victims, these pig butchering scams are perpetrated primarily by sophisticated Chinese criminal networks that operate large-scale scam compounds in Southeast Asia.⁵

This Commission Spotlight examines how China-linked scam centers are fueling corruption and violence in Southeast Asia, paving the way for greater Chinese influence in the region, and directly harming Americans in the process. Its findings are based on the Commission's March 2025 hearing on “Crossroads of Competition: China in Southeast Asia and the Pacific Islands”; fact-finding trips to the Philippines, Indonesia, Vietnam, and Cambodia; and open source research.

The Rise of China-Linked Scam Centers in Southeast Asia

During the early 2000s, Chinese criminal groups made enormous profits through illicit casinos and online gambling facilities before pivoting to scamming.⁶ After General Secretary of the Chinese Communist Party (CCP) Xi Jinping launched his anticorruption campaign in 2012, many Chinese criminal organizations relocated their illicit gambling operations to Southeast Asia—particularly the Philippines, Cambodia, Laos, and Burma (Myanmar)—outside the reach of Chinese law enforcement.⁷ Yet as China continued to crack down on online gambling platforms, criminal syndicates turned to scamming as an alternative source of revenue.⁸ The first reported cases of “pig butchering” scams, which initially targeted Chinese victims, emerged in China in 2018.⁹ According to Chinese reports, between January and August 2019 Chinese citizens lost more than \$500 million to these scams.¹⁰

During the COVID-19 pandemic, Chinese criminal organizations expanded their scamming operations in Southeast Asia by exploiting forced laborers to target non-Chinese victims around the world. After the outbreak of the pandemic, China recalled many of its citizens from Southeast Asia, depriving Chinese criminal organizations of workers and customers for their casinos.¹¹ At the same time, China banned cryptocurrency transactions and launched new crackdowns on online gambling and scamming. Chinese criminal groups adapted to these changes in several ways:

- To replace lost revenue from casinos and online gambling, Chinese criminal organizations expanded their operations to focus more heavily on scamming, converting empty hotels and casinos into compounds devoted specifically to pig butchering scams and other forms of online fraud.¹²
- To make up for the loss of Chinese workers, criminal organizations turned to human trafficking as their main source of labor, forcing trafficking victims to work in scam compounds under conditions observers have described as “modern slavery.”¹³
- As Beijing’s domestic crackdowns made it more difficult to target people in China, Chinese criminal groups increasingly focused on scamming non-Chinese victims in wealthy countries like the United States.¹⁴

The sophisticated Chinese criminal groups behind scam centers deploy an ever-evolving array of technologies to ensnare victims and evade detection. The perpetrators of pig butchering scams often reach out to potential victims on social media and dating applications.¹⁵ After contacting a potential victim, scammers often move their communication to encrypted messaging services to make their activities more difficult to track.¹⁶ Scamming operations also increasingly use tools such as translation software, generative artificial intelligence (AI) chatbots, and AI-powered face-changing technology to expand their reach and efficacy.¹⁷ After establishing trust, scammers convince their victims to invest in fraudulent investment schemes connected to accounts controlled by the scammers.¹⁸ Finally, the scammers use money laundering services advertised on encrypted messaging apps to move the stolen assets across thousands of digital wallets before laundering it into the formal economy.¹⁹

China-Linked Scam Centers in Southeast Asia Have Exploded into an Enormous Criminal Industry

Over the past several years, scam centers have exploded into a massive criminal industry that rivals the global drug trade—including the fentanyl market—in scale and sophistication.²⁰ An expert working group convened by the United States Institute of Peace (USIP) estimated that pig butchering scams generated \$63.9 billion in global revenue in 2023.²¹ Burma, Cambodia, and Laos are currently the epicenter of scamming operations.²² Scam centers in these three countries produced approximately \$43.8 billion in revenue in 2023, equivalent to about 40 percent of their combined official gross domestic product (GDP).²³ The explosive growth of scam centers in Southeast Asia has also fueled large-scale human trafficking. In August 2023, the Office of the UN Commissioner for Human Rights estimated that 220,000 people from dozens of countries were being held as forced laborers in scam centers in Cambodia and Burma alone.²⁴ Often lured into scam centers through fake recruitment ads offering positions in fields like “online marketing,” scammers are forced to work long hours in compounds that resemble industrial-scale call centers surrounded by armed guards and subject to brutal beatings if they fail to meet their quotas or attempt to escape.²⁵ On May 19, 2025, a group of UN experts released a joint statement warning that human trafficking tied to scam centers in Southeast Asia “has reached the level of a humanitarian and human rights crisis.”²⁶

Chinese Criminal Groups Have Promoted China’s BRI and CCP Propaganda to Gain Chinese Government Support

As Chinese criminal networks expanded across Southeast Asia, they developed a mutually beneficial relationship with officials eager to promote China’s Belt and Road Initiative (BRI).²⁷ Known syndicates invested large sums in infrastructure projects branded under the BRI, helping build the physical and digital backbone of their scamming operations in places like Cambodia and the Thai-Burmese border.²⁸ In turn, Chinese officials and state-owned enterprises (SOEs) backed these projects to demonstrate progress advancing the BRI—despite their ties to transnational crime.²⁹

While Beijing has taken action against criminal groups that defy its control, it has often turned a blind eye when syndicates align with the CCP’s broader agenda. The cases of two notorious Chinese kingpins—She Zhijiang and Wan Kuok-Koi (“Broken Tooth”)—highlight how criminal actors gained tacit support from Chinese authorities while amassing vast profits from scam centers.

From a “Model BRI Project” to a “City Built on Scams”: She Zhijiang’s Yatai New City Project

The case of Chinese criminal kingpin She Zhijiang’s “Yatai New City” project in the town of Shwe Kokko on the Thai-Burmese border illustrates how the Chinese criminal groups behind scam centers secured Chinese government support by embracing BRI.³⁰ In 2017, She Zhijiang, a convicted criminal with a long history of involvement in illegal gambling operations in the Philippines and Cambodia, launched a \$15 billion project to construct a “smart city” in Shwe Kokko, which he promoted as part of China’s BRI.³¹ Despite She’s criminal history and reports that Yatai New City was designed to host illicit activities, Chinese officials embraced the project. China’s official Xinhua news agency promoted the Yatai New City project as “a model for deep economic and cultural cooperation between China and Myanmar,” and China’s state-owned *Global Times* extolled the project as a model example of private entrepreneurs contributing to BRI.³² Senior Chinese Embassy officials participated in the signing ceremony for the project, which was held in front a large banner promoting it as part of China’s BRI.³³ Multiple Chinese SOEs signed lucrative contracts to help construct Yatai New City.³⁴ By 2021, the development in Shwe Kokko had become “the largest hub for sophisticated Chinese online scam syndicates” in Southeast Asia, which international media has described as a “city built on scams.”³⁵ After Shwe Kokko became synonymous with transnational crime, Beijing retroactively claimed that the Yatai New City project never had any links to BRI, and in 2022 China issued an international warrant for She Zhijiang’s arrest. Nevertheless, She Zhijiang’s Yatai New City Project illustrates how a known Chinese criminal obtained Chinese government support and resources to help build a development that now houses one of the largest clusters of scam centers in Southeast Asia.

The Patriotic Crime Boss: Broken Tooth’s Pro-CCP Criminal Network

The case of Macau-born Chinese crime boss Wan Kuok-Koi (“Broken Tooth”) demonstrates that China has been willing to look the other way for criminal networks that expand Chinese influence and promote Beijing’s narratives in Southeast Asia.³⁶ Previously the head of the 14K triad, one of the most notorious criminal groups in Asia, Broken Tooth spent 14 years in prison before reestablishing his criminal operations in Southeast Asia.³⁷ In 2019, Broken Tooth reached an agreement with the Karen Border Guard Force in Burma to establish the Dongmei Zone near the Thai-Burmese border, which was initially billed as a high-end tourism project but quickly became a notorious cluster of scam compounds.³⁸ As Broken Tooth was rebuilding his criminal empire based on scam centers, he also strategically rebranded himself as a patriotic pro-CCP businessperson. In 2017, Broken Tooth founded the World Hongmen History and Culture Association in Cambodia, which claims to be dedicated to promoting the “great rejuvenation” of the Chinese nation and which frequently disseminates articles echoing Beijing’s propaganda on issues such as Hong Kong and Taiwan.³⁹ Broken Tooth famously stated, “I used to fight for the cartels, and now I fight for the CCP.”⁴⁰ Broken Tooth has reportedly laundered profits from his criminal enterprises into business ventures in China, including investing in China’s struggling real estate and construction sectors.⁴¹ To date, China has not taken any action to crack down on Broken Tooth’s criminal enterprises, suggesting Beijing is willing to tolerate Chinese criminal groups that use the profits from scam centers to help support its agenda.⁴²

China-Linked Criminal Operations Undermine Security and Fuel Corruption in Southeast Asia

Scam centers operated by Chinese transnational criminal organizations have become one of the most significant problems undermining security and governance in Southeast Asia. According to a 2025 survey of Southeast Asian policymakers and elites, “global scam operations” ranked as the region’s second most important geopolitical concern, only behind aggressive behavior in the South China Sea.⁴³

China-Linked Scam Centers Drive Violence in Burma

In Burma, scam centers have helped finance both the military and ethnic armed organizations (EAOs).⁴⁴ Since Burma’s military junta overthrew a democratically elected government in a 2021 coup, Chinese criminal groups have exploited the country’s lawless environment to build clusters of industrial-scale scam centers near Burma’s borders with China and Thailand.⁴⁵ Jason Tower, USIP’s Country Director for Burma and a leading expert on Chinese transnational crime, testified before the Commission that scam centers in areas controlled directly by armed groups have “brought in billions of dollars in revenue annually,” with both the military and EAOs using their cut of the profits to purchase weapons.⁴⁶ According to a 2024 USIP report, scam centers in Shwe Kokko provide the Karen National Army, which controls the surrounding territory along the border with Thailand, with about \$192 million annually, half of which it hands over to the military junta.⁴⁷ Reports based on phone geolocation data gathered in 2024 showed regular movement between scam centers and central government buildings, suggesting the military government coordinates closely with the criminal groups operating scam centers.⁴⁸

Scam Centers Fuel Government Corruption in Cambodia, Laos, and the Philippines

According to recent reports, high-level Cambodian officials have deep ties to the Chinese criminal networks operating scam centers in the country.⁴⁹ Hun To, a cousin of the prime minister, is on the board of directors of Huione Group, which has been accused of laundering hundreds of millions of dollars in profits from online scams.⁵⁰ It has also been widely reported that in 2017, Sar Sokha, who at the time was the son of the Minister of Interior, partnered with Chen Zhi, a well-known China-born criminal, to construct the Jinbei Casino, which became “one of the largest and most notorious scam centers in the country.”⁵¹ Sar Sokha inherited his father’s position as Minister of Interior in 2023 and is now Cambodia’s top government official in charge of cracking down on scamming.⁵² Recently published reports indicate that his family remains “deeply and directly implicated” in scam centers.⁵³

Chinese criminal groups are also fueling large-scale government corruption in Laos.⁵⁴ In 2007, the Laos government agreed to a deal with a Chinese criminal boss named Zhao Wei to create the Golden Triangle Special Economic Zone, which is fully operated by Zhao’s Kings Romans Group, but in which the Laos government holds a 20 percent stake.⁵⁵ Long associated with drug trafficking and wildlife smuggling, the Golden Triangle Special Economic Zone has recently become a hub for scam centers. According to a USIP report, the zone houses “tens of thousands of individuals engaged in online scamming operations.”⁵⁶ The Laos government has continued to support Zhao Wei as it has profited from his illicit activity, and in October 2022 it even presented him with its “Medal of Bravery.”⁵⁷

In the Philippines, online gambling hubs serving the Chinese market (locally known as POGOs—Philippine offshore gaming operators) were often able to serve as fronts for scam centers by paying off police and officials in the Bureau of Immigration, including funding a large-scale bribery scheme at the Manila airport.⁵⁸ In 2024, the Marcos Administration banned POGOs, and the Philippines has since made significant progress cracking down on scam centers.⁵⁹ Nevertheless, reports have indicated that local government and police complicity have enabled some of the criminals behind these scam centers to evade punishment.⁶⁰

China Has Exploited Scam Centers to Expand Its Security Presence in Southeast Asia

China has exploited the problem of scam centers to expand its influence throughout Southeast Asia. In the case of the Philippines, large-scale scam centers were allegedly linked to Chinese espionage. In the mainland Southeast

Asian countries of Burma, Cambodia, Laos, and Thailand, China has used the presence of transnational criminal organizations operating scam centers as an excuse to expand the role of its security forces in the region.

Scam Centers Have Allegedly Enabled Chinese Cyber Operations, Signals Collection, and Espionage in the Philippines

Numerous reports have indicated that scam centers in the Philippines were likely linked to Chinese espionage efforts. Philippine police have raided POGOs serving as fronts for scam centers near Clark Air Base (a Philippine Air Force Base previously operated by the United States) and Basa Air Force Base, one of the key bases to which the United States has access under the U.S.-Philippines Enhanced Defense Cooperation Agreement (EDCA).⁶¹ According to Philippine Senator Risa Hontiveros, “There is persuasive information from the [Philippines] intelligence community” showing that scam compounds have been used for surveillance and hacking activities.⁶² Philippine authorities reportedly seized sophisticated listening equipment during raids on scam centers and found evidence of Chinese state-sponsored hackers operating out of scam compounds.⁶³ The most well-known example of scam centers serving as instruments of Chinese infiltration in the Philippines is the case of Alice Guo, the former mayor of the rural town of Bamban north of Manila.⁶⁴ According to media reports, Guo purchased a plot of land in the town in 2019 and invested in constructing a large-scale compound with a license to operate a POGO.⁶⁵ After Guo became mayor in 2022, she granted a permit to a company named Zun Yuan Technology Incorporated to continue operating a POGO out of the compound.⁶⁶ In February 2024, Philippine police raided the compound and found what reports called “one of the largest scam hubs ever uncovered in the Philippines.”⁶⁷ According to Philippine investigators who looked into Guo’s background after the raid, Alice Guo is actually a Chinese national named Guo Huaping who moved to the Philippines as a child and later obtained a fraudulent Philippine birth certificate.⁶⁸ It has since been alleged that Alice Guo was a Chinese spy whose campaign for mayor was “arranged by Chinese state security.”⁶⁹

China Has Exploited Scam Centers to Deepen Its Security Presence in Mainland Southeast Asia

Beijing has used the issue of Chinese transnational criminal organizations operating in Southeast Asia as an excuse to pressure Southeast Asian countries to agree to a greater role for Chinese security forces in the region.

- On May 25, 2023, China and Laos agreed to strengthen law enforcement and security cooperation to crack down on transnational criminal activities.⁷⁰
- In September 2024, Cambodia’s Minister of Interior Sar Sokha traveled to Beijing and agreed to deepen joint law enforcement cooperation, particularly with regard to transnational crime.⁷¹
- In January 2025, China hosted a meeting of the Lancang-Mekong Law Enforcement Cooperation mechanism with representatives from Cambodia, Laos, Burma, Thailand, and Vietnam in which the parties agreed to strengthen intelligence sharing and joint operations to crack down on scam centers.⁷²

China has successfully exploited the problem of scam centers to pressure Thailand—a U.S. treaty ally that has long resisted allowing Chinese police to operate on its territory—to permit Chinese security forces to work within its borders. After a Chinese actor named Wang Xing was abducted in Thailand and trafficked into a scam center in Burma in January 2025, Chinese tourist arrivals in Thailand reportedly dropped by 33 percent, causing significant harm to Thailand’s economy.⁷³ Under pressure to reassure Chinese tourists, Thai Prime Minister Paetongtarn Shinawatra met with Xi Jinping in Beijing on February 6, 2025, and vowed to “strengthen law enforcement cooperation with China.”⁷⁴ In late February, Thailand allowed high-level Chinese officials and Chinese security forces to participate in cross-border raids on scam centers in Burma that resulted in thousands of Chinese citizens being turned over to Chinese personnel in Thailand and repatriated to China on Chinese charter flights.⁷⁵ However, numerous Thai academics and opposition Members of Parliament have since argued that granting China such access violated Thailand’s sovereignty and sections of Thailand’s penal code prohibiting actions that undermine the independence of the state.⁷⁶

China's Selective Crackdowns Have Prompted Criminal Groups to Target Americans

Beijing has placed intense pressure on governments in Southeast Asia to crack down on scam centers that target Chinese victims.⁷⁷ Yet these selective crackdowns have done little to disrupt the increasing scale and scope of scam centers in the region. Instead, China's focus on protecting Chinese victims has accelerated the shift toward targeting Americans.⁷⁸

Despite High-Profile Crackdowns, Scam Centers Continue to Proliferate in Southeast Asia

Recent reports have indicated that scam centers in Southeast Asia are expanding at an “unprecedented scale” despite recent crackdowns.⁷⁹ An April 2025 report by the UN Office on Drugs and Crimes concluded that the criminal organizations behind scam centers are “rapidly outpacing” government efforts to contain them.⁸⁰ Reports have described scamming operations in Cambodia as being on an “explosive growth trajectory,” noting that occasional “show crackdowns” have only served the purpose of alleviating international pressure while the scam industry continues to grow.⁸¹ In Burma, a series of high-profile raids on scam centers has not significantly interrupted their operations. After Chinese law enforcement moved to shut down compounds along the Chinese border with Burma, many simply relocated to the Thai-Burmese border.⁸² Attempts to shut down internet access to known scam compounds have likewise proved ineffectual. A *Wired* investigation found that after Thailand began attempting to cut off internet access to scam centers on the other side of its border with Burma in spring 2024, some compounds installed satellite-based internet service to continue their operations without interruption.⁸³

Chinese Criminal Groups Have Shifted Focus to Target Americans

China's crackdowns on scam operations targeting Chinese citizens have incentivized criminal groups to target Americans instead.⁸⁴ As Beijing has deepened its surveillance over Chinese social media platforms and tightened controls on its banking systems, criminal networks have found it comparatively less risky to target Americans.⁸⁵ In 2024, China reported a 30 percent decrease in money lost to online scams.⁸⁶ In the same year, the United States witnessed a 40 percent increase in losses from online scamming.⁸⁷ According to a February 2025 USIP report, after recent China-led crackdowns, the criminal syndicates operating scam centers in Shwe Kokko shifted their online recruitment to target individuals with English proficiency to scam Americans and Europeans.⁸⁸ In Cambodia, Chinese pressure to crack down on scam centers targeting Chinese citizens has reportedly “had a displacement effect, leading to greater targeting of English-speaking scam victims.”⁸⁹ Since 2024, scam centers based in Laos have used fraudulent employment advertisements to lure large numbers of Indians who are able to use English to target European and American victims.⁹⁰

According to numerous U.S. indictments, associates of Chinese criminal syndicates are operating on U.S. soil to assist with laundering the profits of scams targeting Americans. In December 2023, the U.S. Department of Justice (DOJ) indicted four individuals in California and Illinois for opening shell companies and bank accounts to launder more than \$80 million in losses from pig butchering scams.⁹¹ Since the beginning of 2024, numerous other individuals residing in the United States have been indicted on similar charges related to money laundering for these scams. In May 2024, DOJ announced indictments of two foreign nationals apprehended in the United States for allegedly managing an international criminal syndicate that laundered \$73 million in scam proceeds.⁹² In February 2025, the U.S. Attorney's Office for the Central District of California announced the arrest of two individuals residing in Los Angeles for laundering \$13 million in scam profits.⁹³

Chinese Security Forces Have Likely Obtained Sensitive Personal Data of American Scam Victims during Raids

According to Chinese government documents, when Chinese security forces participate in raids on scam centers in Southeast Asian countries, they often confiscate large quantities of devices used by scammers. For example, in 2023 Chinese officials participated in numerous raids on scam centers in Laos and confiscated at least 640 computers and

phones used for scamming.⁹⁴ In August 2024, China’s Ministry of Public Security announced that Chinese security forces had participated in a raid on scam centers in Burma and confiscated a “large quantity” of computers and phones used by scammers, all of which they took back with them to China.⁹⁵ These devices likely contain important intelligence pertaining to the Chinese criminal networks as well as highly sensitive private information pertaining to scam victims, including Americans. Jason Tower testified before the Commission that China has been unwilling to share information gleaned from these devices with other countries.⁹⁶

U.S. Government Efforts Have Been Insufficient to Protect Americans from the Increasingly Sophisticated Scams Perpetrated by Chinese Criminal Networks

While the United States has recently implemented several measures to protect Americans from pig butchering scams and combat the Chinese criminal syndicates behind them, the threat from China-linked scam centers to Americans continues to grow rapidly. In January 2024, the Federal Bureau of Investigation (FBI) launched Operation Level Up to identify and notify victims of ongoing scams. As of April 2025, the FBI had notified 5,831 victims of cryptocurrency investment fraud (the vast majority of whom were unaware they were being scammed), leading to an estimated \$359 million in savings.⁹⁷ In May 2025, the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) labeled the Cambodia-based Huione Group as a primary money laundering concern and proposed severing its access to the U.S. financial system.⁹⁸ The United States has also imposed sanctions on several individuals accused of being key players in scam operations.⁹⁹ Nevertheless, these measures have not yet deterred Chinese criminal networks, which continue to steal billions of dollars annually from American victims through increasingly sophisticated scams. As long as Chinese criminal networks believe they can earn higher profits with lower risk by scamming Americans, they will likely continue shifting resources away from Chinese targets and toward U.S. victims.

Considerations for Congress

- Americans are now top targets of Chinese criminal organizations operating scam centers in Southeast Asia. In 2024, Americans lost a conservatively estimated \$5 billion—a figure that is both likely low and continues to climb. Despite this growing threat, U.S. efforts remain fragmented and under-resourced. Without a coordinated push to raise public awareness, equip law enforcement, and take aggressive action to expose and deter these scams, American losses will almost certainly escalate.
- Chinese criminal networks routinely exploit American social media, dating, and job search platforms to identify and ensnare victims of pig butchering scams. When Southeast Asian governments have cut off internet access to known scam centers, Chinese criminal groups working out of these compounds have used a satellite internet provider to continue scamming uninterrupted. The U.S. government needs to work with technology companies and financial intermediaries to develop systems and procedures to detect and stop sophisticated new scams from reaching Americans. Otherwise, Chinese criminal groups will likely continue exploiting their platforms and services to target Americans with impunity.
- Chinese criminal networks are not only undermining governance across Southeast Asia, they are also providing a pretext for China to expand its security presence in the region. Many Southeast Asian countries lack the capacity to counter sophisticated criminal syndicates, making them increasingly vulnerable to Chinese influence. China-linked scam centers offer the United States a strategic opportunity to strengthen law enforcement cooperation with regional partners—especially allies like the Philippines and Thailand—on an issue of shared concern. If the United States does not strengthen its relationships with Southeast Asian countries and help them build the capacity to tackle scam centers, these countries will likely grow more reliant on China to address transnational crime, further entrenching Beijing’s presence and influence.

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Chapter 4: Crossroads of Competition: China and Southeast Asia

The Commission recommends:

4. Congress direct the President to create an interagency task force to combat scam centers, which are primarily operated by Chinese criminal networks in Southeast Asia and defraud Americans of billions of dollars annually. The task force should:
 - Work with the Intelligence Community to:
 - Assess the extent to which China has obtained Americans' sensitive personal data stored on computers and phones confiscated in raids on scam centers and evaluate how Beijing could use that data; and
 - Prepare a report in both classified and, if possible, unclassified form detailing the extent to which the Chinese government has ties to the individuals and criminal enterprises that run scam centers.
 - Foster cooperation with U.S. technology companies and financial intermediaries to detect and stop scams, particularly cryptocurrency investment fraud;
 - Create training programs for U.S. law enforcement on sophisticated new cyber scams and implement a national public awareness campaign;
 - Enhance law enforcement cooperation and intelligence sharing with allies and partners to dismantle scam centers, recover stolen assets, and protect victims' personal data; and
 - Implement sanctions on individuals, corporations, and foreign government officials that perpetrate and enable online scams.