



Fraudulent Activities against Foreign Tourists in Thailand: A Case Study of Jewelry Business

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Abstract

This qualitative study was conducted to examine deceptive methods used by perpetrators in luring the foreign tourists into buying inferior quality overpriced jewelry, as well as to explore degree and type of offenses, the litigation and guidelines for prevention and suppression of such offenses. The samples were selected through purposive sampling among the experienced perpetrators and those assisted in fraudulent activities against foreign tourists in Thailand. The results reveal the severity of the offence in contrast with the lower number of this unreported crime. The study further indicates three major causes of offenses: officer corruption, barriers to law enforcement and litigation and collaboration to commit crime between the small size stores and the conspirators. Besides travel agencies and jewelry store operators offering commission to any group that could bring tourists to the stores, more obstruction to litigation were ranged from misinterpreting laws, collecting evidence and tourist time-constraint, officer corruption, and the tourists decision not to engage in litigation. This research recommends disseminating information to tourists, setting up crime surveillance unit and prosecuting the store operators and conspirators.

Keywords: Foreign Tourist Fraudulent Activities, Misinterpreting Laws, Litigation.

Introduction

Tourism has become extremely significant industry helping to strengthen social foundation of Thailand, as well as being a major source of nation income. Thailand received World's Best Award in the year 2013 for the country's readiness to service tourists; tourism revenues had jumped to 19 percent and generated tourism revenue as high as 1 million, million Baht as being shown in Table 1. The study of Boonmaruen (2003) on factors affecting foreign tourists visiting Thailand revealed the variables such as per capita income, currency exchange rate, and travelling expenses were major influential factors on foreign tourists decision to visit Thailand apart from being selected as the World Best Destination. While numbers of tourists and tourism revenues are increasing steadily, crime statistics also indicated higher numbers of crime against tourists. Crimes occur daily against foreign tourists in various forms, mainly in the popular and crowded tour areas. Many areas are crime prone areas that directly undermine the Thailand tourism image. Even

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with the governments officials attempt to consistently eradicate the fraudulent activities, problems are existing with tendency to increase annually.

Table 1. Foreign Tourists Numbers and Tourism Revenues (2007- 2013)

Year	Tourist Numbers		Tourism Revenues	
	Numbers	%	Amount (Million) Bhats	%
2007	14,464,228	+4.65	547,781.81	+13.57
2008	14,584,220	+0.83	574,520. 52	+4.88
2009	14,149,841	-2.98	510, 255.05	-11.19
2010	15,936,400	+12.63	592, 794.09	+16.18
2011	19,230,470	+20.67	776,217.20	+30.94
2012	22,353,903	+16.24	983,928.36	+26.76
2013	26,735,583	+19.60	1,171,651.42	+19.08

Source: Department of Tourism, Ministry of Tourism and Sports

The study of Ryan and Tilley (1993) reveals that the offenders intentionally target the vulnerable victims in the tour area in Thailand (Ryan & Tilley, 1993, cited in Hodgkinson & Tilley, 2007) and the foreign tourists are the prime targets because of their limited communication ability of local language and unfamiliar location. Fraud is a serious crime happening against tourists visiting Thailand. It results from unfair tourism-related businesses located in the main tour sites. Statistically, most complaints were filed by the tourist victims of jewelry-related fraud in comparison with the other fraudulent activities. In 2011 and 2012, there were 250 and 341 complaints, respectively.

The methodology of these fraudulent activities is: At first, the store operator offers the tour leader the commission if he could persuade the tourists to the store, regardless of sale. If the tourists bought the merchandise, the tour leader would then earn additional cut from profit the store made in certain percentage. The perpetrators attempt to distort the information on the jewelry store, by informing the foreign tourists that the store is the government-operated store and it carries only good quality merchandises and the tourist can resell the jewelry at higher price. However, if the tourists are reluctant to go with the perpetrator, he would tell them that such tour site is closed or opened on certain hours. Eventually, the tourists had no choice but to go with him to the jewelry store. Fraudulent activities are arranged in two approaches 1) through collaboration between the jewelry store operator and the tour bus driver and 2) a group of individual or gang operation comprised of the jewelry store operator, illegal tour leader, hotel employee and public vehicle driver with division of labor and share benefits before actual operation

This paper aims to explore the problem of fraudulent activities against foreign tourists relating to purchasing jewelry, to examine crime patterns of foreign tourists' related-fraudulent activities on purchasing jewelry and examine prosecution procedures on the offenders, and to provide recommendations for preventing foreign tourists' fraudulent activities.

Methodology

This qualitative study was conducted with in depth interviews and data from texts, electronic documents and various relevant documents in Bangkok Metropolis because the area received the most complaints from the foreign tourists. A questionnaire was constructed with questions that could be used also with a semi-structured interview or Guide Interview. It was a flexible and open interview, ready to rephrase the questions to match the research participants or each respondent including those involved in foreign tourist fraudulent activities on purchasing jewelry. A sample size of 21 respondents was selected through purposive sampling from those involved in foreign tourist fraudulent activities at least 5 years comprising of Public Vehicle Driver, Tour Guide or Tour Leader, Tourism Police and Suppression Police on Consumer Protection, and Officers from Consumer Protection Board, Tourism Authority of Thailand Officer, and Revenue Department.

Results and Discussion

The statistical complaints reveals much lower number than the non-reporting of crime as a result from tourist time-constraint. The involved officers often suggest reconciliation instead of pursuing litigation. The fraudulent activities are arranged as a ring operation, having the conspirators, viz., the Jewelry Store Operator, Tour Guide or Leader and Public Vehicle Driver. Moreover, the legal limitations obstructed the officers from enforcing laws and unable to solve problems effectively.

The prosecution of offender jewelry-related fraud on foreign tourists has encountered a major legal problem obstructing the judicial process where none of the case has been successfully prosecuted, partly because of time limitation during the collection of evidence to prove the alleged offender's guilt. As for prevention and suppression, many legal problems have obstructed the operation as well since most offenders are skillful and know how to avoid the officers' inspection, so they have no fear of the laws and officers. As a result, the officer is unable to prove that they have violated other law.

The Tourist Police described that most fraudulent activities against foreign tourists occurred in Bangkok Metropolitan areas. The respondents mentioned that a lone tourist is the prime target for fraud, but the tourist who booked the tour is also subjected to the fraud as well by merchandise bought by force. Any earnings less than planned target, the guide or tour leader must fill in his quotas. Ironically, the fraudulent activities not only resulted from the offenders' actions, but also due to victim precipitation, i.e., the tourist himself preferred buying merchandise at low price regardless of risk.

The study had located the places of major tourist attraction where frauds are frequently committed. This finding coincided with the study results of Kumpeeyan (2011), which indicated that most unfair business practices occurred in the major tourist attractions with many visitors, especially the sale of merchandise at higher price than usual or conduct different fraudulent activities. It was found that many tourists subjected to fraud came from Japan, England, Germany, Singapore and USA, respectively (Sirikheth, 2001).

The foreign tourists travelling alone are the prime target that the offender most likely to spot because they were unfamiliar with the surroundings as well as free to travel out of designated schedule at all times without the tour leader or Tour Company to lead the way or protecting his safety. This fact is concurrent with the Routine Activity Theory that mentioned the following three components are the major contributors to the increased rate of crime victims: Motivated Offenders, Suitable Targets and Lack of Capable Guardians.

The fraudulent activities starting with the jewelry store operator offers commission to whoever could bring the tourists to the store, mostly, the tour bus driver, taxi cab driver, TukTuk driver and tour leader who received double compensations. First, soon after delivering the tourists to the store, regardless of tourist numbers and sale of merchandise, he could collect cash or “tea-money” of 200-400 baht per trip depended on the agreement between the store operator and the collaborators. The second income is the part that the conspirators focused on, which considered as the main incentive for delivering the tourists. This is the percent of commission from 30 to 40 percent of profit from sale of merchandise that the conspirators soon earned after the tourists left the country. Therefore, the commissions from the sale of merchandise at extremely high price, or even the tea-money for delivering the tourists at the store are the main motivating factors for the store operator and the conspirators to arrange tourist fraudulent activities.

This finding is corroborated with the Rational Choice Theory that suggested the offender would weigh between benefits and losses. Whoever involved with the crime or offense must optimize maximum profit and minimize loss. Then, the benefit received from foreign tourist fraudulent activities is the tea-money and huge share of profit from the sale of merchandise. Besides, the drawbacks from the tourists’ complaints were minimal because of their limited time in staying, and they only wanted their refunds without wasting time with litigation. In addition, most officers solved the problem by reconciling conflict of both parties because they were fully aware that this particular case required ample evidence to prosecute the offender. The research findings also revealed 2 types of foreign tourist fraudulent activities: individual and a ring operation.

Figure 1 displays the fraudulent activities planned by individual perpetrator to lure foreign tourists into purchase overpriced jewelry. They are either the tour bus driver, taxi cab driver or *TukTuk* driver who would stakeout the tour site alone to capture attention of the foreign tourists. The conventional and simple method is done as follows:

Step1: The offender would approach the targeted tourists to make acquaintance and persuade them to the jewelry store that had been arranged for tea money and share of profit earlier. The tourists were told false information that the store operated under the government with quality merchandise, since that day was the last day for clearance sale, the tourists could purchase the merchandise at much cheaper price. So the tourists believed the story and follow the offender the store.

Step 2: If the tourists are still reluctant to visit the jewelry, the tour bus driver would take them to the tourist destination, but once they arrived there, the tour bus driver lied to them that the place closed for business or between remodeling or open for servicing foreign tourists in certain hour, so the tourists had no alternatives, but to go with the offender at the jewelry store.

Figure 2 reveals the patterns and fraudulent activities planned on foreign tourist to purchase jewelry by a group of individual forming into a network of conspirators consisted of the jewelry store operator, public vehicle driver, hotel employee, and tour leader. The study indicated that the store operator offered business benefit to the tour company as the tea-money and profit similar to the tour bus and tour leader had received. This is another approach to establish collaboration network for capturing more tourists, eliminating competitors and paying less compensations, avoiding legal hassle and no need to stake out the tourist destinations for victims.

Figure 1: Patterns and Fraudulent Activities Planned on Foreign Tourists to purchase jewelry by individual offender

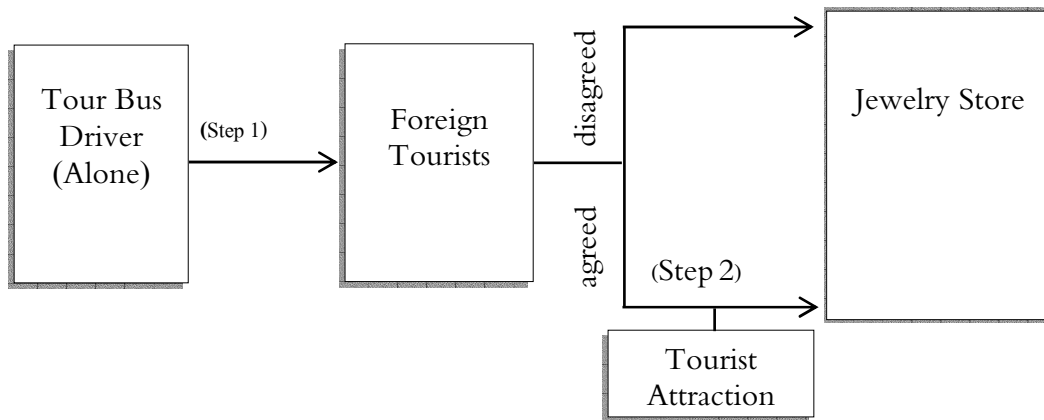
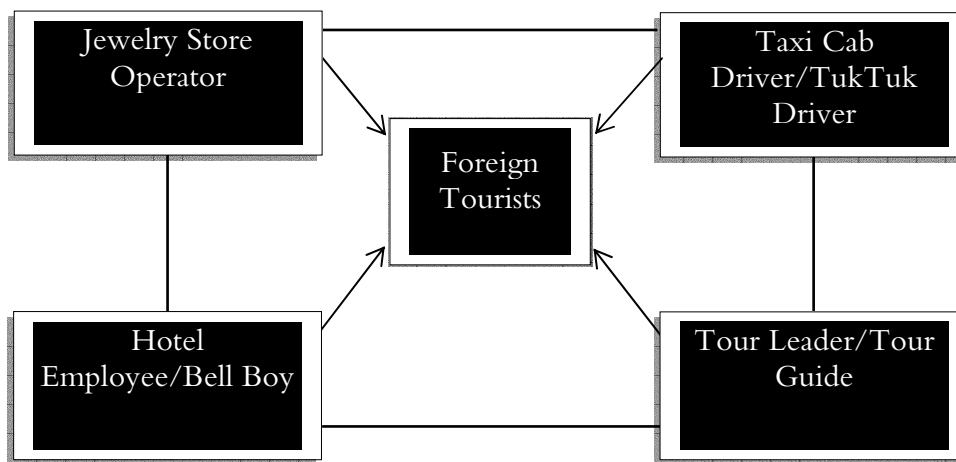


Figure 2 Patterns and Fraudulent Activities Planned on Foreign Tourist by the ring operation



To judge whether or not the store is charging suitable price for the merchandise is rather difficult to prove and the available fact barred the officers from persecuting the offender or the accomplices on tourist fraudulent charges. The research findings indicated that the involved officers often saw the problem as non-violation of the law because of insufficient evidence to press charge. Even though, the jewelry had no standard price, the tourists who were fully aware of the risk insisting on purchasing the jewelry because of their desires to make profit. This finding is coincided with the concept of Victim Precipitation. According to Von Hentig’s Victimology Theory (Chubumrung, 1991), the foreign tourists with the desire to resale the merchandise at their own country for profit actually lure them to take such risk.

Time-constraint is another factor obstructing the officer from prosecuting the offenders. Usually, the tourist is only staying in Thailand of a brief period and already reserving ticket for the return flight. The litigation is time-consuming and it could disrupt the tourist's traveling schedule and departure time. Most of them only wanted the refund before the departure without entering the judicial process.

The research findings indicated that the foreign tourist fraudulent activities on purchasing jewelry has its similarity and could be explained by Routine Activity Theory of Cohen and Felson (1979) through the key principles of crime as follows:

Figure 3. Correlations between Routine Activity Theory and Planned Fraudulent Activities

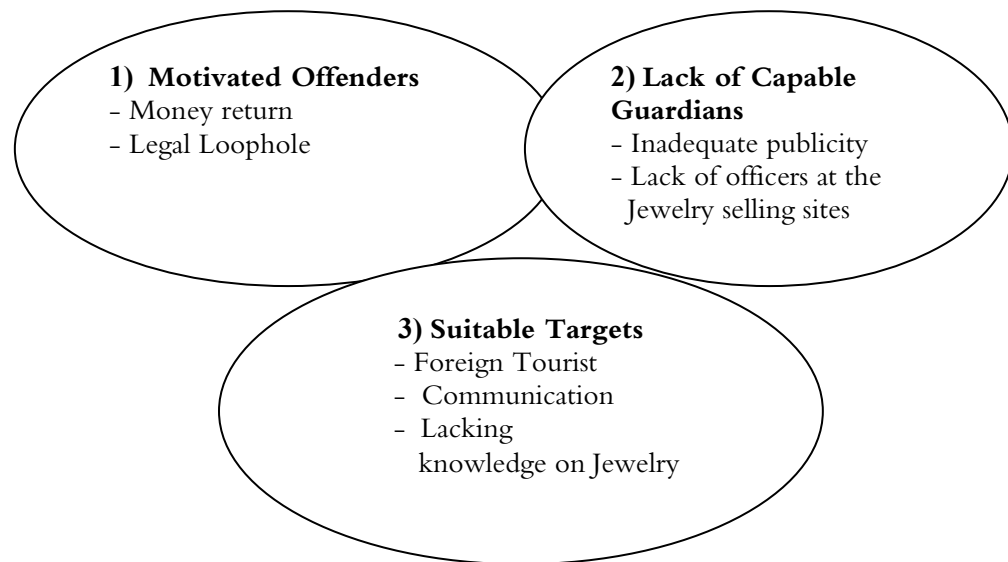


Figure 3 suggests correlations between Routine Activity Theory and planned fraudulent activities, which involved the financial commission as the motivation. First is the tea-money that the store operator paid to the guide about 200-400 baht each trip, regardless of the sale. And second part is the commission from profit of sale amounted to 10 to 60 percent.

- Suitable Targets: The offender picks only foreign tourists who had been to Thailand for the first time.
- Lack of Capable Guardians: Most victims were unaware that they were about to be deceived into buying low quality merchandise at a very high price.
- Motivated factors is when victim unaware that he is about to be tricked into purchasing at extremely high price, due to lack of information on fraudulent problems on purchasing jewelry that should be disseminated by the government officials, especially on knowledge and understanding of how to choose jewelry carefully.

Recommendations and Conclusion

To solve the problem with setting up preventive and suppressive measures, all factors must be restrained; especially the financial compensation, tea-money and a share for the sale that motivated offenders still had direct effect on decisions-making whether or not to commit the offense.

Reducing motivated offenders should be done first by stopping the store operators from paying tea-money to those who could bring the tourists to the store, using the technical equipment such as CCTV installing in the area with frequent complaint to prevent such offense. Second is to build conscious among the tour bus driver, tour leader or hotel employee so that they could be aware of the impact of the fraudulent activities. Key informants proposed more information to boost the foreign tourist awareness of self-protection as well as increasing manpower and officers' ability to communicate in foreign languages.

These suggestions coincided with the study of Nuchnat (1998) who stated that having the workplace ethics, experiences, trainings and control from the government officials and officers working for private companies could reduce fraudulent problems on jewelry sale. Meantime, he recommended harsh punishment for those committing fraud against the tourist, considering it as a critical factor to discourage the offender from committing the offense. In order to avoid bad publicity and impact on Thailand tourism industry, the officers suggested the measures to identify two clear-cut guidelines to control and eliminate frauds against foreign tourists as follows:

1. Prevention and Suppression Measures

Publicity should be done regularly through leaflets, posters, advertise, media, radio, television and internet, starting from the tourists entering the Immigration Checkpoint by providing them with helpful information, situation, current fraud patterns and fraudulent activities on purchasing jewelry. The Public Relations Mobile unit should be arranged to access all the risk areas in order to disseminate helpful information, especially knowledge in selecting merchandises, list of the standard stores that had been certified by the government organizations or Thai Gem and Jewelry Traders Association.

There should be officers assigned to inspect and monitor the operation of store owners/operators and the accomplices as authorized by laws. For the store operators, the inspection includes requesting the evidence for tax payments and the proof for product label in accordance with the Consumer Protection Act. For the collaborator, viz., the tour bus driver, tour leader and hotel employee, the officers must thoroughly inspect every document pertaining to their occupations such as Public Vehicle Driver License, Tour Operating License as well as recording their backgrounds to prevent the wrongdoings.

The active and effective law enforcement begins with considering incident whether or not the alleged offender intended to commit fraud. All evidences must be collected when prosecuting the offenders, with the setup of norms to handle tourist's fraudulent activities. Reconciliation between disputed parties with their consent should be made a frequent practice. The authorized officers must take other related-offenses into consideration, such as, tax payment records of the store operators, driver license and tour license to widen the scope of operate and create effective deterrence. Another measure to stop individual from committing the offenses and comply with Law Enforcement Theory is the presence of authority to instill fear in the offender's mind of being arrested if he/she commits such crime.

2. Fraudulent problem-solving on foreign tourist purchasing overpriced Jewelry

An Ad Hoc Committee should be established to handle specific fraudulent problems because the government officials have encountered problems and barriers such as interpretation of laws, collecting evidences for prosecution, including the foreign tourists' limitations as well as acting as the center to distribute information and liaise between various agencies to ensure the law enforcement and integrate the practice and arrange for public monitoring, follow-up and assessment of the officers' performance and monitoring to avert officers' receiving kickback from the store.

The Tourism Authority of Thailand should arrange training to enhance moral ethics for tourism-related personnel in order to raise their consciousness and professional ethics and disregard the earnings from corruption as well as arrange for Public Relations Campaign through the publication, publishing articles in foreign languages to educate the foreign tourists on how to purchase good quality jewelry in Thailand. The list of stores under the government organization or Thai Gem and Jewelry Traders Association and the survey form for the foreign tourists to make comments or complaints should be available for the tourists. The Ad Hoc Committee must handle problems on foreign tourist fraudulent activities on jewelry sale and operated as the Coordination Center for enforcing relevant laws and conduct investigation, follow-up and assessment of the outcomes on monthly basis, including collection and learning the cause of problems in order to propose solutions (Theory of Crime Control through Environment Design). Moreover, the Tourism Authority of Thailand with Thai Gem and Jewelry Traders Association should set up measures for price guarantee and buy back policies. In addition, the Royal Thai Police should rotate the police officers on the annual basis in order to prevent officers from receiving kickback from the jewelry store operator as well as engage the service of Thai Gem and Jewelry Traders Association to monitor the police's performance.

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