

Kyar Phyant Crackdown

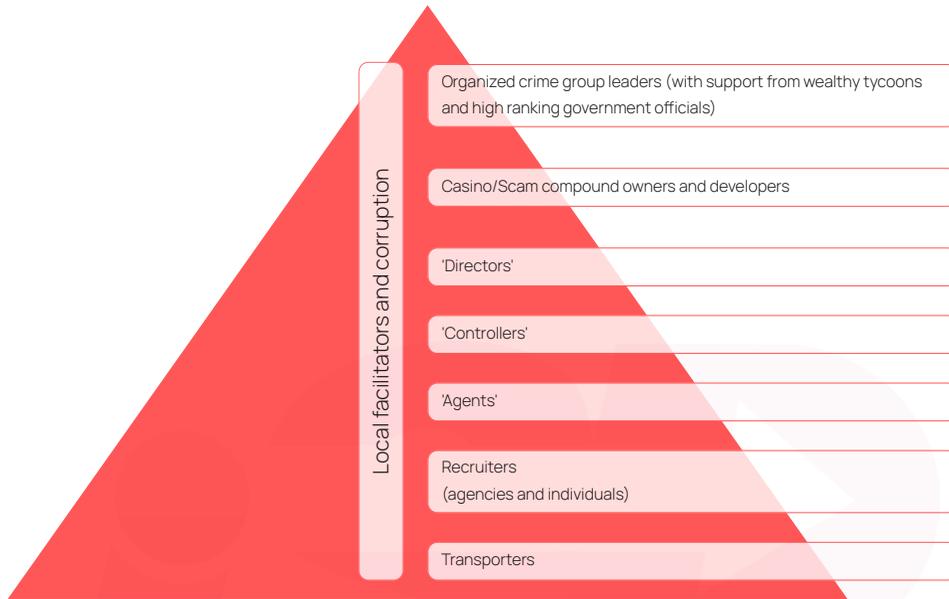
If *Kyar Phyant* operations are suppressed in one location, they relocate to another area and continue their illicit activities.

After Operation 1027 in northern Shan, which was partly aimed at eradicating the online scam syndicates, the term "*Kyar Phyant*" (originally from the Chinese 诈骗) gained widespread use among the public as it began to emerge as a global threat. According to a report in August 2023 by the United Nations Office on Drugs and Crime (UNODC), these scams are increasing and are orchestrated by organized crime groups. Primarily situated in the Mekong region, including countries like Cambodia, Laos, Myanmar, and other ASEAN nations, these scam syndicates are often linked to human trafficking, forced labor, and even slavery. The UNODC has even coined the term "cyber slavery" to describe cases where individuals are abducted and coerced into committing online crimes. The report estimated that hundreds of thousands to millions of people may be forced to participate in these criminal activities, highlighting the horror of how these schemes extract profits. According to the UNODC report, the profits generated from these scams could range from 7.5 to 12.5 billion US dollars. This amount is equivalent to approximately half of the GDP of some small ASEAN countries, highlighting the global nature of the threat.

2024 can be named "the year of eradicating *Kyar Phyant*" problem by regional governments, which has become so widespread in Myanmar and neighboring countries. From the opposition National Unity Government (NUG), the Restoration Council of Shan State (RCSS), to the State Administration Council (SAC), all have claimed to eliminate these online scam syndicates. The geographic reach of crackdowns extends from the far northeast to the far south of Myanmar, with repercussions felt along the Thai-Myanmar border from Tachileik to Kawthoung.

In January 2024, Chinese police officers arrived in Nay Pyi Taw. They arrested ten individuals, among them the four Kokang leaders who were closely associated with and shielded by Myanmar Armed Forces (MAF) top leaders. Allegedly, the Beijing Supreme Court later sentenced four of these leaders to death, although no details were reported. UWSA Deputy Commander in Chief Bao Junfeng, aka Tax Ai Chan, the nephew of UWSP Chairman Bao Youxiang, was also detained by the Chinese authorities with similar charges. The Chinese authorities also extended their cross-border search to Monghsu, situated east of the Salween River, in

■ Hierarchy of Offenders in Trafficking for Forced Criminality



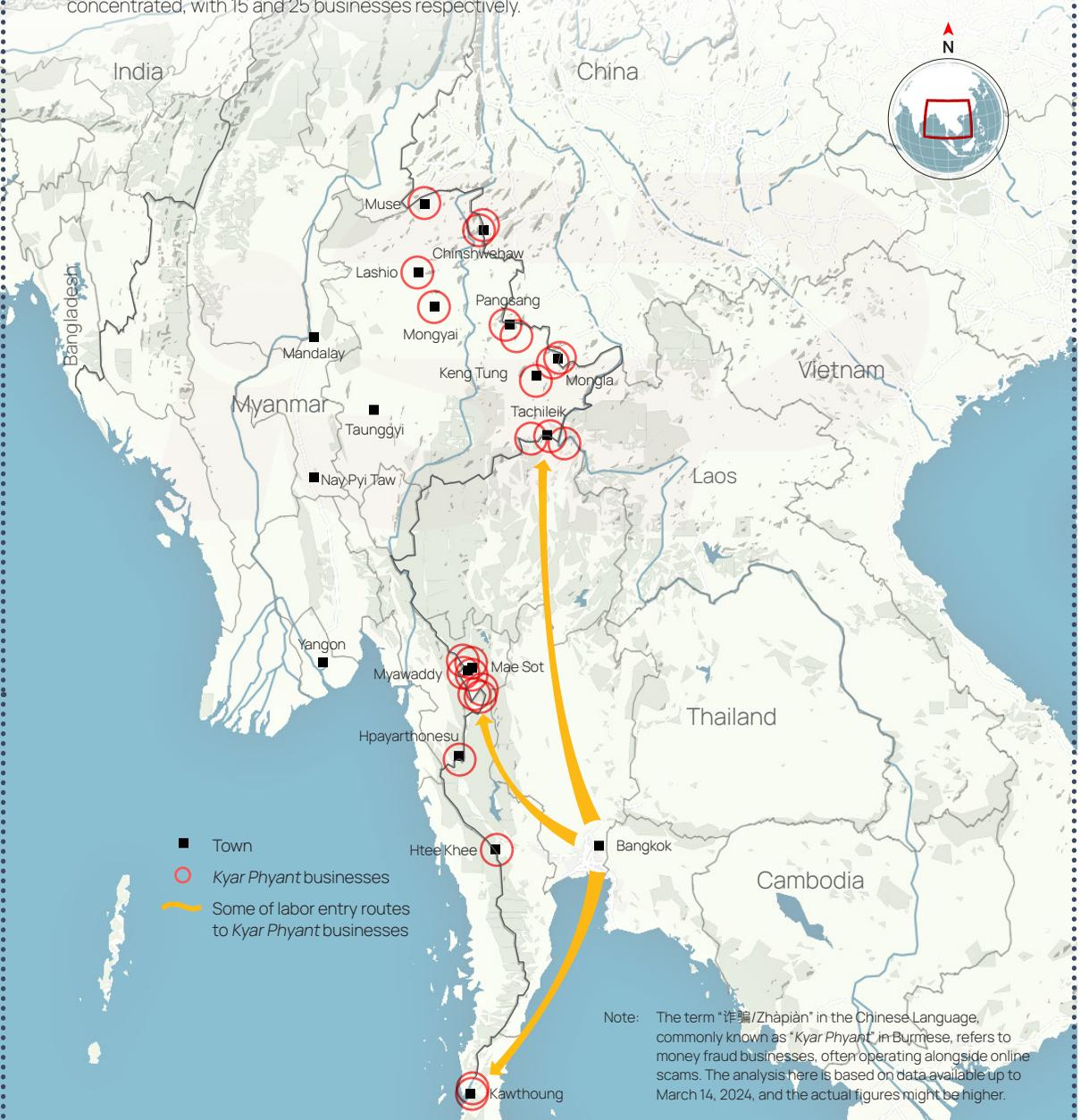
Source - United Nations Office on Drugs and Crime (UNODC), August, 2023. Casinos, cyber fraud and trafficking in persons for forced criminality in Southeast Asia Policy Brief - Summary Overview. Pp. 6.

▶ pursuit of two former officers associated with Bao Youxiang. However, *Kyar Phyant* syndicates that have relocated to Mongyai and Tangyan, where the Shan State Army and United Wa State Army (UWSA) are based, remain unaffected. As per a China Central Television (CCTV) report, out of 689 Thai, Chinese, and Myanmar arrested in Tachileik, almost 500 Chinese nationals have been transferred to Chinese authorities. Additionally, hundreds of online business workers were arrested in Tachileik after surprise raids. But in this region, where multiple armed groups, including the MAF, have been involved in the business, those arrested are low-level workers rather than big fishes.

In late 2023, a delegation led by Lt. Gen. Jakkapong Janpengpen, Thailand's Armed Forces' Director of Joint Operations, visited Naypyitaw to eliminate *Kyar Phyant* operations situated along the Myanmar-Thailand border, as well as in Shwe Kokko. SAC Chairman Snr. Gen. Min Aung Hlaing also discussed the matter online with the Royal Thai Chief of Defence Forces, Gen. Songwit Noonpackdee. The Myanmar-Thailand discussion has raised suspicions and tensions between the SAC and the Karen Border Guard Force (BGF), led by Col. Saw Chit Thu. Amidst multiple conflict fronts, the SAC appears to be avoiding a confrontation with Col. Saw Chit Thu, the leader of Myanmar's most potent border

■ Scam Syndicates in Myanmar and Their Labor Entry Routes

Individuals from at least 25 countries have entered Myanmar to work in online scamming businesses or *Kyar Phyant* operations. They enter Myanmar directly or via transit points in Thailand, Malaysia, Laos, or the UAE. Along the China-Myanmar border, there are at least 35 *Kyar Phyant* businesses operating in seven towns: Muse, Lashio, Laukkai, Pangsang, Mong Pauk, Mongla, and Keng Tung. Before the Operation 1027, at least 15 *Kyar Phyant* businesses in the city of Laukkai alone. Similarly, nearly 50 *Kyar Phyant* businesses are situated along the Thailand-Myanmar border, including Tachileik, Shwe Kokko, Myawaddy, Hpa Lu, Kyauk Khat, Sone See Myaing, Waw Lay Myaing, Hpayarthonesu, Htee Khee, and Kawthoung. Tachileik and Myawaddy are particularly concentrated, with 15 and 25 businesses respectively.



▶ guard force, at least for the time being. Instead of targeting the BGF directly, SAC Chairman Min Aung Hlaing opted to accuse the Karen National Union (KNU) of involvement in online scams and human trafficking. He also issued warnings of potential action against the KNU with the collaboration of neighboring countries.

Next in line is the case of Kyaw Lwin, a prominent business figure in Kawthoung, Tanintharyi, who was issued an arrest warrant by Thailand and the SAC on February 7, 2024, for his alleged involvement in online gambling, tax evasion, and money laundering. Htay Win, aka Naung Paing, younger brother of Kyaw Lwin, died at the interrogation center of the SAC after being captured. Currently, Thai police arrested Kyaw Lwin's wife and his close staff member, and Kyaw Lwin is still in hiding. Kyaw Lwin, the owner of a five-star hotel on Thahtay Kyun Island (adjacent to Ranong of Thailand), had integrated legal gambling operations within the premises. However, following a raid by a Thai special investigation team on February 1, 2024, the hotel, which employed over 1,500 individuals, has been shut down. According to reports from SAC newspapers, following the launch of Operation 1027 in northern Shan State, a total of 52,820 foreign nationals from China, Vietnam, Thailand, India, and Indonesia were evacuated or otherwise transferred across Myanmar's borders, with 50,772 of them being Chinese nationals. According to the UNODC report, some victims are coerced into participating in these activities against their will,

highlighting the importance of supporting those who are victimized by such crimes in line with human rights principles.

Distinguishing between criminals and victims is a challenge in such situations.

Despite the ongoing efforts to arrest *Kyar Phyant* operations throughout Myanmar, there remains uncertainty regarding the methods and procedures involved in the arrest and prosecution of Chinese nationals who are leaders of *Kyar Phyant* gangs. The case of Mr. She Zhijiang, formerly a Chinese citizen, highlights the apparent reluctance or delay on the part of the Chinese government to intervene or provide clarification despite his arrest by Thai authorities more than a year ago. Born in Yunnan Province, She Zhijiang has been involved in the gambling industry across various Southeast Asian countries, including Cambodia, the Philippines, and Myanmar, and involved in the BRI investments. If other *Kyar Phyant* gang leaders like She remain at large without facing arrest, or if their trials proceed without significant consequences, then the eradication of *Kyar Phyant* will remain far from complete. Based on the experiences of the Philippines and Indonesia, if *Kyar Phyant* operations are suppressed in one location, they relocate to another area and continue their illicit activities. Myanmar, Laos, and Cambodia have not reached a conclusive fight against *Kyar Phyant* operations. Subsequently, it is imperative to closely monitor the emergence of new bases in border regions and areas lacking a stable rule of law. ■