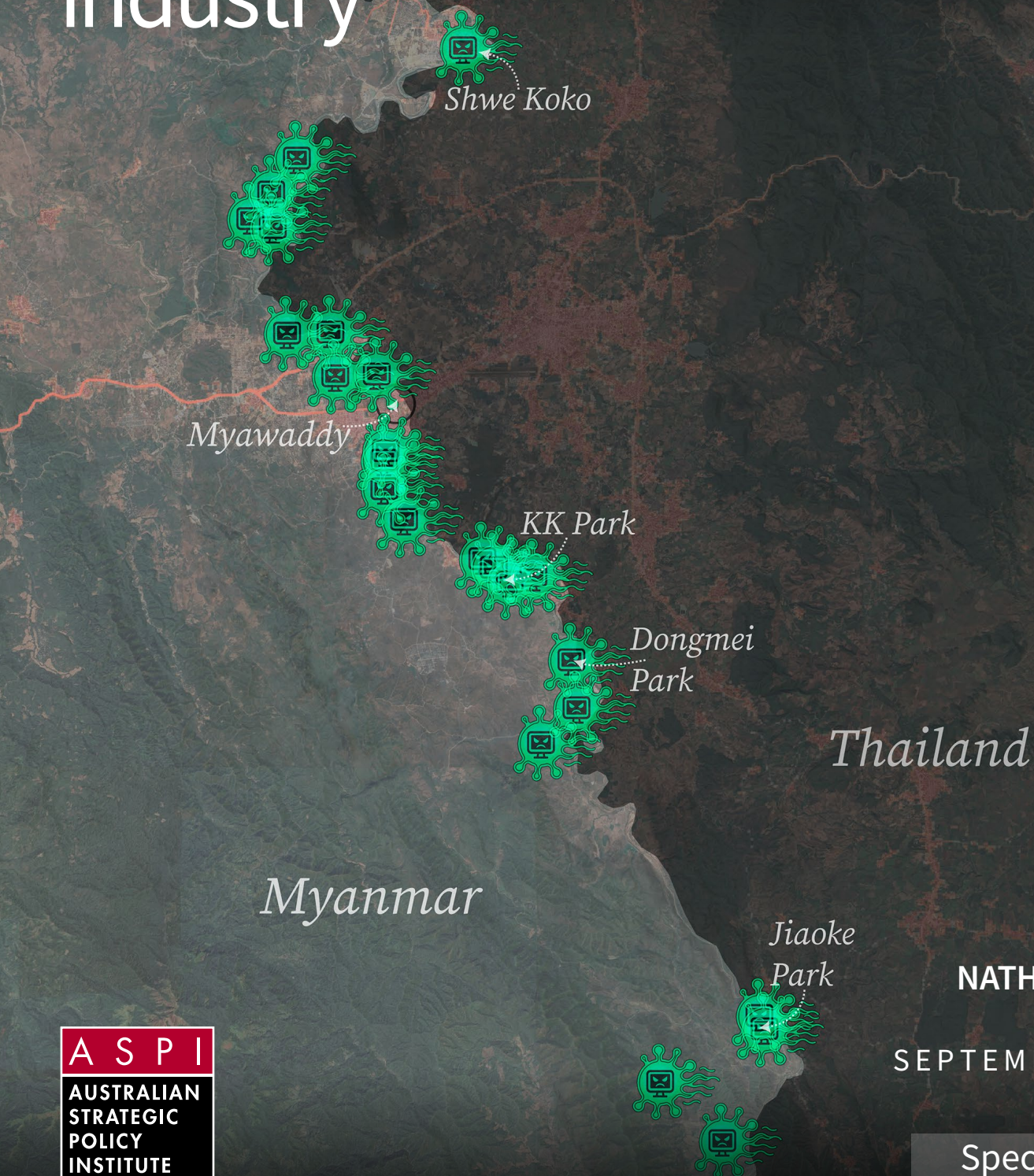


Scamland Myanmar

How conflict and crime syndicates built a global fraud industry



NATHAN RUSER

SEPTEMBER 2025

Special Report

About the author

Nathan Ruser is an open source data analyst at ASPI.

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How conflict and crime syndicates built a global fraud industry

Special Report

Myawaddy

KK Park

*Dongmei
Park*

Thailand

Myanmar

*Jiaoke
Park*

NATHAN RUSER

SEPTEMBER 2025

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Executive summary

- The scam industry is now deeply embedded in Myanmar's conflict economy, with direct consequences for online safety, human security and transnational crime across the region.
- Since the 2021 Burmese military coup, Myanmar has overtaken other Southeast Asian countries to become the most prominent hub of the region's scam industry. In that time, there's been an explosive growth of scam compounds along the Thai–Myanmar border; satellite imagery shows that those centres have been constructed at an average of 13.5 acres per month since the coup.
- The compounds are heavily securitised and fortified, with fences, watchtowers, checkpoints and heavy surveillance, along with considerable permanent border-crossing infrastructure. That infrastructure directly enables the human trafficking of victims across the Thai border.
- In Naypyidaw, this industry is an existential lifeline to secure the loyalty of junta-allied militias—primarily across the country's periphery.
- This industry is resilient and adaptive, having shifted in recent years from hotspots along the Chinese border to areas of rapid growth along the Thai border near Myawaddy. As pressure has grown on the industry along that border, it has proliferated through inner regions in Myanmar, including into areas under the direct control of the ruling Burmese junta.
- This report shows that Myanmar and its junta are central to the continued existence of this transnational criminal ecosystem, and that continued significant bilateral engagement with junta authorities is incompatible with goals to disrupt the scam industry.
- Regional governments and multilateral institutions have failed to influence the conditions that allow this industry to flourish. The key to fighting scam centres is effective engagement with opposition actors, who have proven reliable in dismantling the centres. There must also be increased law enforcement and funding to break down the criminal networks and cross-border human trafficking infrastructure, along with encouraging dialogue between pro-junta militias involved in the industry and the nationwide resistance.

The problem

Since the Covid-19 pandemic, much of the illicit economy in Southeast Asia has reorganised around an emerging, global and obscenely profitable industry: scamming and cyber fraud. Dominated by Chinese crime syndicates¹ and enabled by satellite technologies such as Starlink,² this booming Southeast Asian industry relies on human trafficking and forced labour to enable these malicious scams, which usually involve scammers using text and messaging apps to swindle unsuspecting victims out of their savings. More than 200,000 people—the majority being third-country nationals from across Southeast Asia and other parts of Asia—are estimated to be forced into labour for such transnational crime operations.³

In its post-coup conflict environment, Myanmar has become the epicentre of the cyber-scam industry. This report uses open-source research and satellite imagery to reveal the significant proliferation and expansion of the cyber-scam facilities, particularly along Myanmar's border with Thailand. ASPI's new satellite data shows the construction of dozens of new, dedicated, high-security cyber-scam compounds, as well as the development of new, unofficial, ferry and barge crossings that facilitate connections between Myanmar-based cyber-scam centres and privately owned land in Thailand.

Since the 2021 coup, the number and footprint of specifically identified and dedicated scam compounds along the Thai border have more than doubled. They now dominate much of the border around the city of Myawaddy, under joint junta and allied-militia control. The schemes have been thoroughly integrated into Myanmar's conflict economy, and the ruling Burmese junta permits and facilitates scam projects to enrich military allies.

The footprint of the scam compounds has increased by an average of 13.5 acres per month in the post-coup era (for details, see page 10).

This industry has now become a mega enterprise, posing a serious and growing threat to cybersecurity and human security in the Indo-Pacific region and the global community more broadly. Recent estimates of the direct costs of the scams in 2023 were roughly \$64 billion globally,⁴ and other data shows that the schemes are rapidly growing.⁵ The UN estimated nearly \$40 billion in losses in East and Southeast Asia alone.⁶ Law-enforcement authorities across Western countries have recently rung alarm bells as well, citing the devastating impact these scams have on their victims.⁷

The scam industry has a significant footprint in many Southeast Asian countries, stemming from the Covid-19 era transformation of luxury casino complexes that lost most of their income during the pandemic and sought other revenue opportunities, such as the use of cyber scams. However, it's Myanmar that's witnessed the greatest growth in cyber-scam centres, and the post-coup conflict environment has presented several unique opportunities for the crime syndicates running the schemes.

A permissive environment from junta forces and their allies, for example, has enabled an unprecedented growth and spread of these highly securitised scam facilities across the country's porous border regions, but they're increasingly spreading throughout the country. Other opportunities include Myanmar's proximity to target countries and global travel hubs (for their trafficked workforce), the country's strategic location bridging East, Southeast and South Asia, and the ease with which infrastructure development has been possible in trans-border areas.

The growth of Myanmar's scam industry has attracted greater public attention since 2024, as high-profile human trafficking incidents have been reported, including in Chinese media,⁸ resulting in Thailand losing revenue from fewer tourists⁹—especially from East Asia—who are forgoing the nation over fears of trafficking.

International crackdowns have created geographical pressure, including by restricting cross-border infrastructure. Still, governments in the region and relevant multilateral institutions have failed to meaningfully affect the political ecosystem that enables the industry to thrive. A non-state-centric approach is required to reverse that trend, degrade the sector and limit its detrimental effects in the broader region.

Recent opposition gains and international pressure have shuttered some scam compounds operating out of Myanmar and created a far more unpredictable climate for those that remain. However, they haven't had a significant impact. Instead, the centres are adapting, becoming more diffuse, and shifting their footprint from clustered pockets along the border to a much wider network of locations across territory remaining under the control of the Burmese military and its armed affiliates.

Crucially, the complex conflict ecology in Myanmar makes the existence of this industry an existential necessity for the embattled Burmese military. It can't take meaningful measures against the scam centres without endangering precarious relations with crucial armed militias across the country.

The loyalty of those militias is critical to the junta's continued existence in many of those areas and has traditionally been secured through lucrative economic concessions and resource extraction. However, with the military's control in most of the country not extending beyond key urban areas and transport nodes, that model has collapsed and, in many cases, been replaced by an obscenely profitable industry with a far smaller footprint: the scam industry.

As with the Captagon (fenethylline) drug industry in Assad-era Syria, bilateral engagement with state authorities or their affiliated militias will never meaningfully address the problem. These industries reach beyond the economic dimension of those conflicts and have become a strategic necessity for the continued existence of those regimes.

Indeed, across the first half of 2025, the industry's footprint has expanded from areas almost exclusively under the control of junta-aligned militias to become widespread in territory under direct junta military control.

Policy recommendations

This report makes key recommendations for Myanmar's partners—governments, ASEAN and multilateral institutions.

First, instead of pursuing bilateral interaction with officials in Naypyidaw, foreign countries, including China, should promote productive engagement with opposition actors, such as the National Unity Government and the Karen National Union (KNU), to solidify their rejection of this industry. Both China and India—countries whose citizens have been significantly affected by the industry—continue to materially and diplomatically support the junta. Any efforts to rein in the industry will be ineffective while that support continues. Beijing and New Delhi should recognise that the goal of defeating the scam centres is incompatible with their continued support of coup authorities in Naypyidaw. Furthermore, third-party actors should facilitate discussions between junta-aligned militias and opposition actors to foster a productive and sustainable economic vision for areas under militia control—one that rejects both an armed junta presence and the continued operation of the scam centres.

The scam industry is directly enabled by systematic involvement from actors in Thai territory. However, Thailand's response to the crisis hasn't been primarily from a law-enforcement perspective; instead, it has sought to limit services and supplies to the centres. That's had only a temporary effect, and the centres have shifted their material supply from Mae Sot to Hpa-An, a city under Burmese junta control. Thailand should seek law-enforcement action on the business networks, privately held property and even permanent infrastructure along the border that directly support and enable the centres to traffic individuals.

Additionally, multilateral coordination between intergovernmental organisations (such as the UN or ASEAN), development partners and member states should increase funding and support for work aimed at dismantling those networks and preventing cross-border human trafficking.

Efforts to directly combat the existing hotbeds of Myanmar's scam industry are, on their own, folly. While the existing centres tout significant security infrastructure, dedicated compounds and massive physical development, at its core, all that's truly needed to sustain the scam industry and its impacts on the regions are some computers and an empty office building.

Ultimately, as long as the junta's Special Administrative Council perceives itself in an existential fight, it will be unwilling and unable to take decisive action to dismantle the extensive network of scam centres in areas under the control of affiliated militias. The region can't afford to wait until the fight for control over Myanmar is over. The specific dynamics and conditions that enable the scam industry in Myanmar need to be challenged from multiple angles.

Introduction

While it's commonly understood that conflict-affected landscapes can often act as safe havens for transnational organised crime, little attention is paid to the central role that state actors play. In those areas, criminal networks can operate with impunity, frequently feeding into the conflict and subsistence economy. Those groups exploit law-enforcement gaps and complex territorial control patterns to capitalise on the prevailing disorder. However, in some cases, they find ways to integrate into the wartime economy through close collaboration with state authorities. A recent example of this is the late Assad regime's dependence on the illegal drug trade, specifically the large-scale production and export of Captagon.

In the Indo-Pacific, Myanmar is emerging as a haven for transnational organised crime outfits. This industry has now grown to such a scale that it poses a significant international threat to countries well beyond the footprint of other elements of the Burmese crisis. Transnational organised crime syndicates now operate and construct large and complex scam centres (*Kyar Phyant*) and are actively involved in fraud-based scamming, money laundering and human trafficking. Those activities result in substantial costs, not only for the individuals trafficked and those scammed, but also for the social and economic development of the region.

Since 2020, this industry has evolved at a faster pace than ever, outpacing the more traditional scams, such as 'tech support' and 'refund' scams, which many people have become accustomed to. Scammers are now employing increasingly complex methods to target individuals worldwide.¹⁰ That growth has been driven by the rising prominence of digital business following the Covid-19 pandemic, as well as the 'empty' casino complexes and real estate that were developed before the pandemic. Additionally, it's been influenced by the increasingly permissive landscape in Burma after the 2021 coup.

The schemes have been thoroughly integrated into Myanmar's conflict economy, and the ruling Burmese junta permits and facilitates scam projects to enrich military allies. Thus, instead of just one actor orchestrating those scams, a multitude of actors are involved, particularly non-state groups allied with the Burmese junta, along with the mainly Chinese criminal syndicates that directly run the facilities.

That greatly complicates the threat landscape and leads to a scenario in which conventional bilateral negotiations between states fall short in addressing the schemes. Instead, an effective strategy must increase the operational costs of the scam centres for all parties involved and reduce the advantages they gain.

This report provides basic details on the who, what, where, when and why of the scam centres along the Burmese borders and beyond. It will enable more nuanced policy discussions about options that could be used to combat the scam operations.

Actions taken by Thai authorities in early 2025 highlight the challenges that an incomplete understanding of the political-economic dynamics surrounding the centres presents. Initial repatriations were done on the basis of bilateral engagement with the Democratic Karen Benevolent Army (DKBA), which is a nominally junta-aligned non-state armed group that runs a handful of scam centres south of Myawaddy.¹¹ However, people who had been trafficked by other armed groups—primarily the junta-linked Border Guard Force (BGF)—were ignored for months.¹² That created a situation in which thousands of individuals were left stranded at the border, and militias overseeing the scam centres delayed any further repatriation efforts.

Thailand has few options to combat the continued movement of the scam compounds further into Myanmar and out of the reach of Thai authorities—a shift that we've seen accelerate in recent months.

The scam industry remains one that the ruling military junta is still able to facilitate and enable across the country, serving as a conduit for it to develop effective patronage networks among its allied militias.

Ultimately, for Naypyidaw, there's a strategic logic to the scam centres. The junta views the loyalty of aligned militias as an existential necessity. As the junta suffers sustained military defeats on the ground, its ability to provide patronage through natural-resource extraction and the traditional strategy of 'ceasefire capitalism' has also faltered.

A key feature of the pro-government militia system in Burma is that, while the militias receive supplies and support from the Burmese Army, they also finance themselves. Since the 1960s, the military has encouraged the loyalty of the affiliated militias not through direct funding, but by overlooking their involvement in illicit activities.

As long as the Burmese junta is in an existential fight, it will be unwilling and unable to take decisive action to dismantle the extensive network of scam centres in areas under its effective control.

By contrast, armed groups associated with the national resistance have successfully removed scam centres from areas they have captured, especially along the border with China. Since then, those operations have mostly moved to regions under the junta's influence across the rest of Myanmar.¹³

Efforts to remove the scam centres could ultimately result in an endless game of cat and mouse across the country, from one area of sanctuary to another. Vigilant enforcement along Myanmar's foreign borders may be able to prevent the proliferation of dedicated facilities similar to those that currently exist along the Thai border. However, in essence, scam centres require only a small footprint: a rented hotel, computers, electricity, an internet connection and permissive local law enforcement. That makes it almost impossible to stamp out comprehensively across the region.

The only reliable and sustainable mechanism for controlling and reducing those smaller-footprint facilities is to remove the final requirement: permissive law enforcement—in this case, the permissive environment created by the Burmese junta.

The scam industry along the border

Across much of Southeast Asia's borderlands, the scamming industry has industrialised, constructing large, dedicated compounds where complex and costly scams are run. In Myanmar, those compounds have become so ubiquitous in several areas that the language has developed a specific moniker, *Kyar Phyant* (ကျပ်ဖျိတ်), borrowed from the Chinese word for 'scam' (Figure 1).

Figure 1: Annotated satellite imagery of Dongmei Park scam compound



Source: Airbus 2024-12-17 via Google Earth.

The facilities are involved in a complex web of criminal activities centred around online scams, forced labour, unregulated gambling, money laundering and associated illicit enterprises.

In 2023, the Office of the UN High Commissioner for Human Rights estimated that there were at least 120,000 people, mostly individuals trafficked into forced criminality, working in scam compounds throughout Myanmar.¹⁴

Many of the workers in the facilities are lured through advertised, fake but purportedly highly lucrative job opportunities in Thailand or other neighbouring countries before they're smuggled across the border into Myanmar and a regime of forced labour and criminality.¹⁵ They're subject to violence and threats of violence to ensure compliance and are often bound in manufactured debts to prevent their escape, unless ransoms are paid by their families.

The recent industrialisation of the scam industry along the Thai border has seen the significant construction of dozens of dedicated, high-security scam compounds that act as hubs for the illicit activity. This is a dramatic escalation from the previous practice of renting hotels and repurposing them as scam offices.

Analysis of recent satellite imagery reveals that most dedicated compounds feature security measures, including complete perimeter fencing, watchtowers and often fortified military checkpoints at their entrances. The workers are subject to heavy surveillance by CCTV and armed guards.

Figure 2: Four unofficial ferry and barge crossings near Dongmei Park (top), KK Park (2nd), Freedom Water Park (3rd) and Shwe Koko (bottom)



Note: In each of these images, Myanmar is on the left and Thailand is on the right, separated by the Moei River.

Source: Airbus 2024-12-17 via Google Earth.

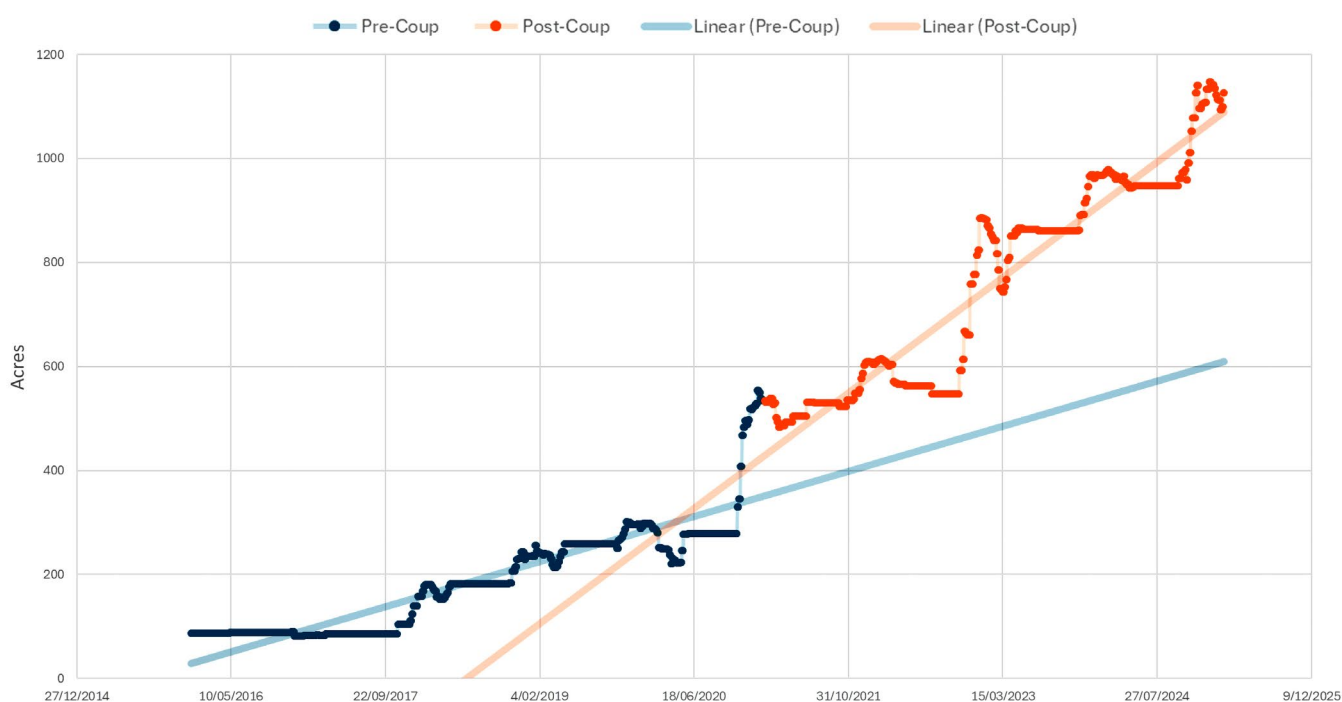
Some of the largest facilities, such as Shwe Koko and KK Park, have dedicated ferry and barge transport across the Moei River from Thailand, circumventing any official border crossings (Figure 2). Operators have reportedly gained access to land on the Thai side of the unofficial border crossings with private security, crossing infrastructure and supply warehouses.

This is in contrast to the operating environment of scam syndicates throughout the rest of Southeast Asia. A recent Amnesty International report on the scam industry in Cambodia determined that over 80% of the victims whom the researchers interviewed had been illicitly smuggled across the Cambodian border, often through night-time crossings involving jungle tracks and river crossings. One Thai woman interviewed told Amnesty researchers that she was instructed to ford a river demarking the border: ‘I was scared. It’s like a canal, but because I couldn’t swim, they put this ... plastic container ... They told me to get into it and then there will be people on the other side who drag me over to the other side.’

The comparison between this and the dedicated trafficking infrastructure from private Thai property owned by the syndicates and directly into Burmese scam compounds highlights the highly permissive environment that these facilities operate in, with permission from junta-affiliated armed Burmese militias.

Additionally, longstanding relationships with utility companies on both sides of the border have enabled robust utility provision to the compounds, including electricity, fuel for generators, high-speed internet connectivity such as Starlink technology, and telecommunications towers built on both sides of the border (Figure 3).¹⁶

Figure 3: The growth of developed and built-up areas within scam compounds along the Thai border



Note: The rapid annual jumps are largely a result of new cloudless imagery following the monsoon season, and probably show cumulative construction over the cloudy monsoon season. Source: ASPI

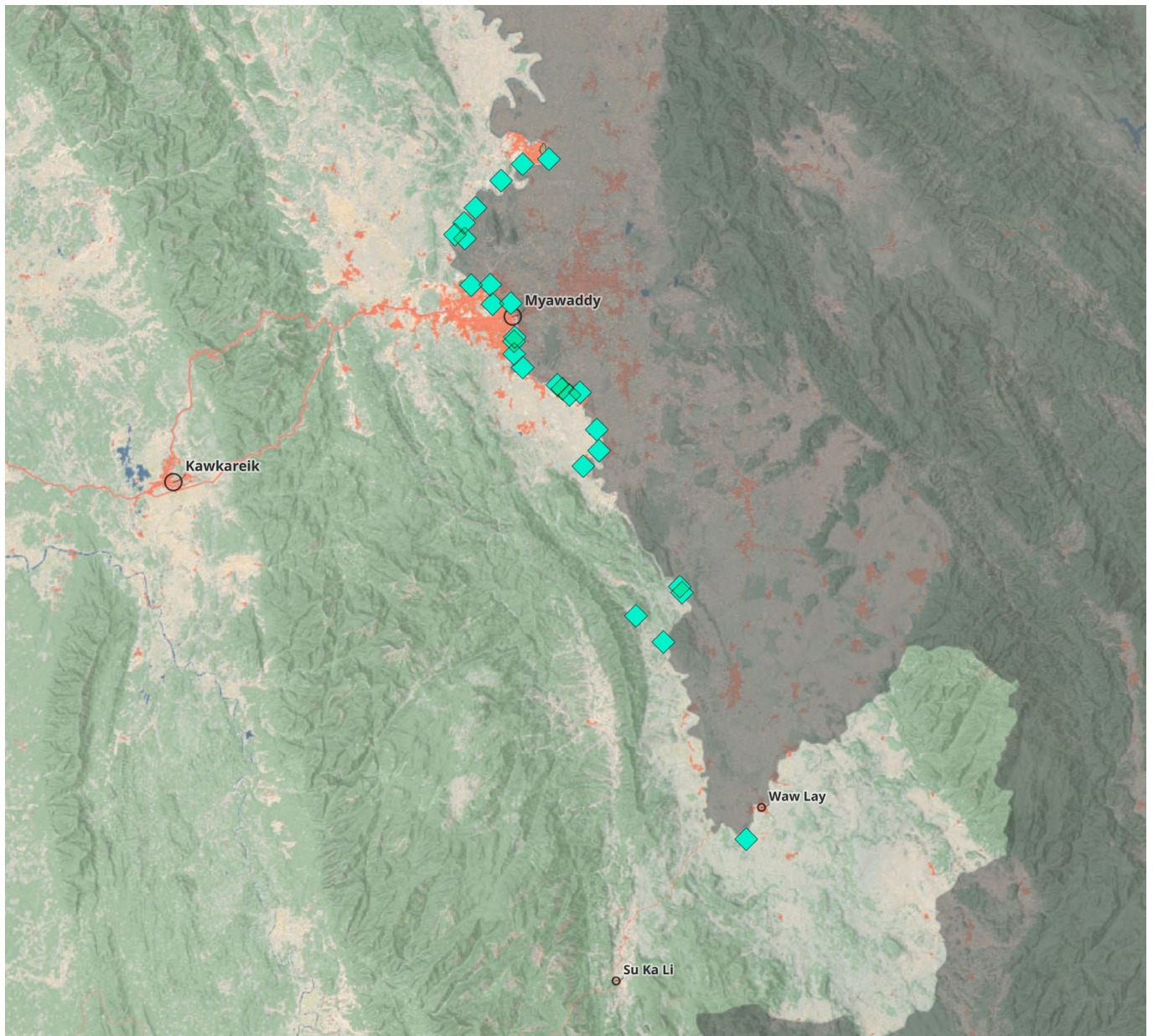
The logic fuelling this industry in wartime Myanmar

While profits are a key driver, the root causes of this criminal industry lie in the continued survival of Myanmar's military regime. Fundamental economic incentives for foreign criminal operators and militia facilitators directly drive the compounds. But to fully explain the proliferation of those facilities, especially along the Thai border, it's essential to consider the complex military dynamics in Myanmar and the longstanding history of Burmese military strategy and economic patronage. The 'why' for this crisis has complex roots in Burmese military power and coups going back nearly 40 years.

Following the 1988 State Law and Order Restoration Council (SLORC) coup, the Burmese military deployed an extreme 'carrot-and-stick' approach to the myriad armed insurgent groups across the country.

The 'stick' centred on the 'four-cuts' military doctrine, in which an emboldened Burmese military (the Tatmadaw) used violent and indiscriminate collective punishment to 'cut off' insurgent base areas from supplies, funds, intelligence and civilian popular support.¹⁷ The doctrine was devastatingly effective at denying supply and support to many of the disparate insurgent groups across the country.

Figure 4: The specific location of 27 identified scam compounds in Myawaddy township along the Thai border



Source: ASPI

The ‘carrot’ was the development of extensive economic patronage networks across the country under a strategy termed ‘ceasefire capitalism’. This allowed armed groups that submitted to ceasefires under the Burmese military’s terms access to and often exclusive rights to extensive natural-resource extraction in areas formerly under their control. The Tatmadaw’s extensive military–commercial complex would facilitate those networks.

The two strategies combined so that, in the late 1980s and early 1990s, 17 of the 21 significant Ethnic Armed Organisations across the country signed ceasefire agreements with the SLORC military government. Paradoxically, those agreements deeply linked the economic fortunes of ethnic elites, which had developed influence over decades of successful insurgency, with the expansive Burmese military state through resource-extraction and joint development ventures.

Crucially, both the strategies are still employed today. The Burmese junta actively sends columns of troops on murderous rampages through rural areas that are out of its control, expressly to further the four-cuts doctrine against the nationwide resistance that’s captured much of the country since the 2021 coup. Meanwhile, the junta has become even more dependent on the support and loyalty of affiliated pro-junta militias.

In February 2024, Myawaddy—Burma’s sixth-largest city and the largest hub for the scam centres—was briefly captured by the Karen National Liberation Army (KNLA) and associated armed resistance groups before it was recaptured by the junta-affiliated Karen BGF. Similarly, in parts of northern Sagaing and Kachin, the junta relies on the Shanni Nationalities Army to maintain its control.

In 2025, the most successful junta counteroffensives against resistance gains around the towns of Nawngkhio and Moe Bye have relied heavily on the combat support and loyalty of the Pa’O National Army, which is an insurgent group that signed a ceasefire agreement with the Tatmadaw in 1991 and has subsequently joined forces with it.

On the other hand, the defection of the formerly affiliated Karenni National People’s Liberation Front (KNPLF) in mid-2023 to the resistance movement was instrumental in the junta’s loss of control across most of Karenni State.

The Tatmadaw is aware of the cost of the deterioration of those economic relationships. Between 1994 and 2011, a major insurgent group, the Kachin Independence Army, had a ceasefire agreement with the Tatmadaw. That ceasefire collapsed, in part, because the state took a more significant role in the timber and gemstone-extraction industries.

The Border Guard Force scheme

In 2009, the Burmese military initiated a scheme to formally integrate militias with longstanding ceasefire agreements into the chain of command of the Tatmadaw. That agreement would see the militias split into battalion-sized units of around 300 militia members, each of which would come under the command of Tatmadaw officers. In turn, the militias would receive salaries and supplies from the Tatmadaw—with their soldiers receiving similar benefits to Tatmadaw troops. This was also presented as a necessary precondition for further political dialogue between ethnic armed groups and the Burmese state.

Even among ceasefire groups, that ultimatum was largely seen as an unacceptable loss of political and military autonomy. However, a number of militias saw it as an opportunity to expand their economic links and integration with the military state, largely centred on the established networks for natural-resource extraction.

As a result, 23 BGF battalions were raised, spread across four border provinces in Myanmar, and those units came to control much of the licit and illicit cross-border trade.

One key feature of the pro-government militia system in Burma is that, while the militias receive supplies and support from the Burmese Army, they finance themselves. As early as the 1960s, the military induced the loyalties of the affiliated militias not by funding, but by turning a blind eye to illicit activities undertaken by them.

Although Burma banned the cultivation and sale of opium in 1962, pro-government defence militias were engaged, with clear state acquiescence, in trafficking opium over the border and returning with other contraband to sell on the Burmese black market. A 1971 report by the US Central Intelligence Agency's Directorate of National Intelligence states that the militias 'allied themselves with the Burma Government . . . in return, the government did not interfere with their opium-trafficking activities.'¹⁸ One detailed and charismatic example of the dynamics of drug trafficking in the region is described in the Olive Yang biography, *The Opium Queen*. Olive was a Kokang warlord who was involved in the drug caravans.¹⁹

The Burmese military remains reliant on allied militias, while both requiring and enabling them to be financially self-sufficient.

The Kokang militia, which Olive Yang smuggled opium with in the 1960s, evolved into the BGF, which operated industrial scam centres—with the Burmese Army's acquiescence—for years in the border city of Laukkai.

As the junta has become increasingly dependent on affiliated ethnic armed groups, its state capacity has drastically shrunk. The junta has essentially lost control of Burma's rural heartlands and is now restricted across much of the country to major urban areas, military garrisons and key transport and logistics routes.

Its ability to maintain the patronage networks in areas now under resistance control has greatly diminished.

The Kokang BGF and New Democratic Army – Kachin (NDA-K), along with numerous other smaller pro-junta militias, have been entirely captured and disintegrated by the Burmese resistance, along with their expansive natural-resource extraction activities (the NDA-K previously controlled vast stretches of rare-earth mines across the Burma–China border).

Since the coup, those two trends have accelerated, and the junta has turned to other methods of economic patronage that don't rely so heavily on physical territorial control. This is where the growth of the scam industry fits into the contemporary military–economic dynamics across the country. As previously described, scam compounds have a relatively small footprint and can be used without an expansive and robust network of rural territorial control. All they require are office buildings and utility provisions.

For as long as the Burmese junta sees itself in an existential battle against the nationwide resistance—a struggle the junta is losing—there'll be no political will from junta authorities to crack down on the scam compounds. In many ways, the junta is reliant on them, even if it doesn't directly manage the facilities.

That dependence is highlighted in a recent interview by *SHANNews* about the enduring scam compounds in the Chinese border town of Muse and the junta's willingness to facilitate the industry. In the interview, a village administrator stated that superficial enforcement actions against the scam compounds, undertaken under Chinese pressure, aren't a genuine attempt to rein in the scams:

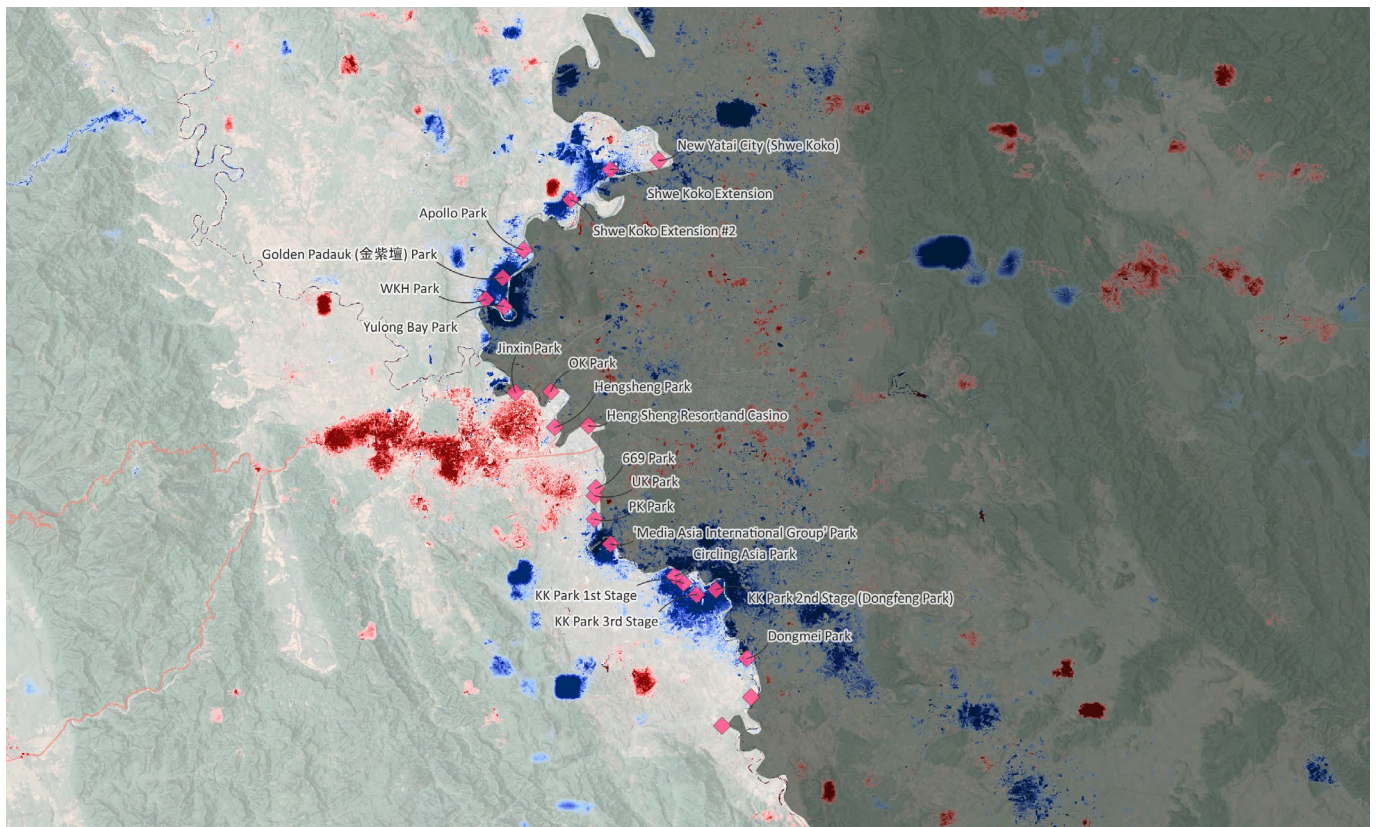
It appears they are merely pretending to apprehend those involved in the Kyar Phyant [scam compounds] gang and then handing them over to Chinese authorities. The Kyar Phyant gang could be eliminated if there were true intent, but currently, these businesses are also connected to militias. They don't arrest those truly involved in the business; instead, they make a show of arresting small-time persons and then hand them over to Chinese authorities. They are protecting big-time figures.²⁰

How the industry has evolved in recent years

The big-time figures are predominantly Chinese criminal syndicates, and they directly run the vast majority of the facilities. The syndicates have had longstanding relationships with armed actors along the Burmese border, previously running expansive luxury resorts and casino complexes in 'special economic zones' along the border. Those complexes were mutually beneficial to all actors (excluding the residents). Chinese citizens could gamble without restrictions imposed by the Chinese authorities, and enjoy all the vices that are prohibited on the Chinese mainland. Crime syndicates reaped lucrative profits from unregulated casinos, which carried a minimal tax burden. The local militias were also able to generate revenue by charging handsomely for the use of land under their control by the Chinese.

This equation was transformed by the Covid-19 pandemic. International travel was banned, and expensive investments in the casino cities was lying dormant. Across Southeast Asia, the syndicates transitioned to online fraud operations and developed a robust infrastructure that enabled the scams. Myanmar was just one of the countries in that network; expansive scam compounds popped up in Laos, Cambodia and the Philippines. Practically the entire Chinese foreign casino industry pivoted to cyber fraud.

Figure 5: The change in nighttime illumination around Myawaddy between 2021 and 2024, with specific scam centre locations annotated. Navy blue shows an increase in nighttime illumination, and red shows a decrease.



Source: ASPI

However, following the 2021 Burmese coup, the scam industry in Myanmar offered some unique opportunities. In other countries, the casino developments existed under the noses of state authorities, not always strictly permitted, but often overlooked, while the casinos were mutually beneficial for all (elite) parties. Those authorities were often less permissive of industrialised scam compounds. The complexes in foreign countries rely on a delicate balance between bought-off local authorities and national and transnational pressure to crack down on the exploitative industry. By comparison, in Myanmar, those industries exist under multilevel state protection and have even grown to be seen as an invaluable strategic asset for the Burmese junta.

Another barrier to industrialising the scam compounds has been a lack of willing workers. The casino complexes had always relied on the exploitation of local employees. However, the scale of exploitation in the fraud industry, the human labour required to effectively run complex scams and the uniformly poor conditions among the workers made it much more difficult to attract or coerce local employees. Instead, the scam industry has relied on widespread human trafficking and deception to lure workers into conditions amounting to forced labour. Those illegal methods are much more reliant on either the involvement of state authorities or the lack of state capacity in those regions. Myanmar has both.

Following the coup, the scam compounds were much more widely distributed across Myanmar's borders. There was significant industry in the Kokang and Wa regions along the Chinese border and growing facilities along the Thai border, especially around Myawaddy. However, a backlash in China against the industry brought considerable pressure from Chinese provincial and national authorities.

The Crouching Tiger Massacre and Operation 1027

Tensions came to a head in late 2023. In October, a syndicate running casinos and scam compounds centred on the Crouching Tiger Villa in the Chinese border city of Laukkai was reportedly transferring trafficked workers between compounds in the city when a group of Chinese citizens saw it as their chance to escape. In response, the junta-affiliated Kokang BGF opened fire on the group, killing upwards of 60 Chinese citizens; several undercover Chinese police were also rumoured to have been killed.²¹

The massacre and the Chinese pressure surrounding it finally prompted the Burmese junta forces in the city to take some action against the syndicates. The leaders of the syndicate—and even leaders of the Kokang BGF—were arrested and transferred to China.

The following week, a coalition of insurgent groups with close historical ties to China launched a major offensive on the region. Named Operation 1027 after the date it was launched, the offensive was exceptionally successful. Within months, it captured around 30 towns and cities and 20 military bases from the junta, including the city of Laukkai itself. The coalition rapidly moved to dismantle the scam industry in the city, repatriate workers and extradite leaders to China. The leader of the syndicate reportedly killed himself during an arrest attempt in the Crouching Tiger Villa.

Within a few weeks of the city being captured by opposition forces, more than 40,000 Chinese citizens had been repatriated from the area, including nearly 3,000 suspects wanted by Chinese police.²²

Also, in January 2024, Burmese military forces handed over (via a charter flight to Kunming) the leaders of the pro-military BGF militia who had fled the city before its capture.

The circumstances in the city of Laukkai effectively capture the junta's mentality towards the scam industry. Despite consistent pressure from Beijing to rein in the industry, the military protected it as a form of economic patronage to affiliated militias until the situation escalated out of control.

Similarly, Beijing's pressure on its closest ally in Myanmar, the United Wa State Army (UWSA), led to the group cracking down on the scam industry in the vast swathe of territory it controls in Burma's Shan State. The group even purged senior members involved in the industry.²³

The crackdowns dismantled large portions of the scam industry along the Chinese border; the remnants fled to other areas of Myanmar (primarily near Myawaddy, fewer to the city of Muse) and other countries in Southeast Asia.

That dismantling has been so complete that official Chinese media has now declared—somewhat prematurely (more on that below)—that the fraud and scam industry has been 'completely annihilated' along the Myanmar–China border.²⁴

Throughout many other countries in Southeast Asia, as Covid-19 wound down and international travel resumed, the transition back to the casino industry took place in many areas. However, in Myanmar, the multilevel state protection afforded to those outfits permitted the scam centres to continue and reap increased profits. Therefore, much of the industry moved to other permissive environments in the country, such as the Karen BGF-controlled territory and, potentially, even to some areas under direct junta control, such as the town of Tangyan, where a power-sharing agreement with the UWSA has allowed junta authorities to embed within the town. Recent satellite imagery shows suspicious construction on the outskirts.

Since Burmese resistance forces have captured many of the militia strongholds along the Chinese border since the 2023 offensive, those industries have shifted further south, particularly along the Thai border.

Since the 2021 Burmese coup, the built-up area footprint within scam compounds has increased by an average of 13.5 acres per month. That also underestimates the floor area, as scams mostly occur in multistorey buildings.

That growth has been spearheaded by the Karen BGF—a pro-junta militia that the US recently sanctioned for its involvement in the scam industry.²⁵

In its announcement of the sanctions, the US Treasury Department succinctly states that:

The KNA [an alternative name for the Karen BGF] has leveraged its former role . . . with Burma's military to facilitate a transborder criminal empire; the majority of cyber scam syndicates in Karen State operate in the KNA-controlled border region.

However, as is often the case in Myanmar, the conflict ecology in this area is considerably more complex.

Mosaics of control

In 2012, the leading active Karen armed resistance group, the KNU, signed a bilateral ceasefire with the Burmese military, and, for the nine years between the ceasefire and the Burmese coup, multiple Karen armed groups co-existed in many of the areas along the Thai border where scam centres have emerged, including some factions of the KNU.

This took the form of significant political presence, formalised liaison offices and joint development ventures. Old enemies were now joint investors.

This is clear in the case of the KK Park scam centre. In an investigative report by the Burmese news outlet *The Irrawaddy*, the writers list the various armed groups that remain enmeshed in the area, even three years after the coup. The KNLA, the Karen BGF, the DKBA, the KNU/KNLA – Peace Council, junta troops and units of the People's Defence Force resistance army are all active around the gates of KK Park.²⁶

The park was constructed by Chinese syndicates with links to similar facilities in Cambodia and built on land leased by entities with close and direct links to figures who were then central leaders of the KNU. However, security for the site is run by members of the Karen BGF, and sanctions have identified the BGF leadership's involvement with running the facility.²⁷ The KNU officials responsible for that collaboration have been removed from power, and dozens of others have been suspended and are under investigation. Since then, the KNU has taken a much more hardline view opposing the operation of the scam facilities.

Five minutes down the road from KK Park, there's another scam compound secured by the DKBA.

Fierce clashes have taken place on a hill overlooking the site, and Lay Kay Kaw, which is a planned town constructed from Japanese development aid, only 3 kilometres from the compound, has been bombarded by junta airstrikes since 2021. However, the scam compounds seem almost immune to the war around them. A source quoted by *The Irrawaddy* told the paper that 'It is a town impervious to bullets and bombs. No matter how fierce the fighting gets near the town, not a single bullet lands here.' In this part of Karen, the political economy and the conflict ecology are separated by pragmatism and the pure profits available through the scamming industry.

The DKBA split from the KNU in 1994, induced by the Burmese Army's offer of patronage and support. The DKBA joining sides with the military directly resulted in the armed takeover of the KNLA headquarters in 1994; in the words of a civil-society organisation report from the time, 'the DKB[A] made the [military] unstoppable.'²⁸

In 2010, most of the DKBA was folded into the BGF scheme, but the group's 5th Brigade refused the order and split off, before launching an attack on the military in Myawaddy on election day, and also clashing with the BGF units in Myawaddy.

Now all these groups maintain an armed presence within a 15-minute drive of the KK Park scam centre.

What's next?

Looking forward, any sustained gains in the fight against Myanmar's scam industry will rely on moving beyond temporary disruption and towards more comprehensive and sustained strategies that specifically address the actors who sustain and enable the sector. There's been significant diffusion of the centres across broad reaches of Myanmar since 2024, and that diffusion underscores that piecemeal efforts are ineffective in combating the issue; instead, the criminal networks simply adapt and diffuse across a broadly permissive environment.

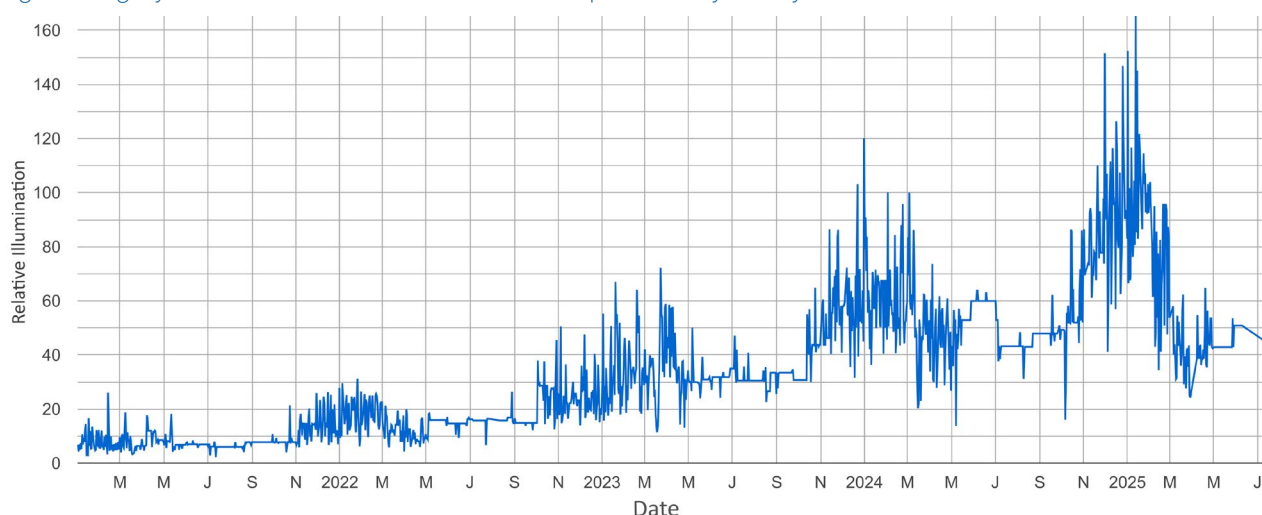
In early 2025, Thai authorities along the border began to limit infrastructure provisions—specifically power and fuel—to scam enclaves in Myanmar. That had a meaningful impact on continued operations in those areas: night-time light satellite imagery showed significant declines across the Myawaddy and Tachileik regions in the months following the implementation of that policy.

However, the impact appears to have been temporary, showing the need for renewed, substantive and ongoing diplomatic, civil-society and law-enforcement efforts.

As recently as May, official reports from Thailand were stating that scam centres along the border had nearly reached pre-crackdown levels, and that generators had been able to cover the impact of power cuts from the Thai side. Meanwhile, communications devices, including Starlink terminals, now number in the thousands in those areas, providing the centres with sufficient connectivity to continue in their operations.

Thai authorities must, therefore, adopt a more comprehensive policy towards cracking down on the centres if they hope to achieve lasting gains. For trafficking victims to reach the scam centres, every one of them is transported through Thai territory, often using permanent infrastructure. The scale of construction that's occurred since 2021 is evident in Mae Sot and other border areas. A much more comprehensive strategy is necessary; one that includes significant law-enforcement involvement to prevent the ways that the scam centres are enabled from Thai territory.

Figure 6: Nightly illumination across six different scam compounds in Myawaddy between 2021 and 2025.



Source: ASPI

The dynamics of the Myanmar civil war are also a significant factor in the next phase of both the adaptability of the scam centres and the effectiveness of attempts to limit their proliferation. Recent resistance activity in the areas surrounding the scam compounds along the Thai–Burma border seems likely to change the strategic balance in that stretch of territory over the coming months. Although fighting hasn’t reached any of the scam compounds, as the resident quoted told *The Irrawaddy*, the compounds are ‘impervious to bullets and bombs’. KNU forces have systematically assaulted and captured the remaining Burmese army outposts surrounding this area. That has eroded the junta’s influence across the border region, but has also left the scam industry broadly untouched, and the junta allies that administer those centres are being treated as a secondary issue. This is where engagement with opposition actors, coupled with meaningful support and the facilitation of discussions between the KNU and the pro-junta Karen militias in the area, could encourage a new policy that prioritises the dismantling of the centres.

As the security situation along parts of the border has become more challenging, scam centre operations are also likely to spread substantially across other parts of Myanmar.

A civil-society organiser in Shan State recently told *The Irrawaddy* that ‘the crackdown created pressure, but it wasn’t surgical. It simply displaced operations from border zones to deeper areas [in Myanmar].’²⁹

This means that, to affect scam operations significantly, efforts can’t just displace the centres to other areas but must also disincentivise them from re-establishing elsewhere. This disrupt-and-displace, rather than disrupt-and-terminate, approach is already being seen. Over the past six months, substantial scam infrastructure has developed in other areas under junta and junta-allied control; confirmed scam centres have been established in at least three townships in Shan State, and there are local reports of their operations in at least 17 townships.³⁰

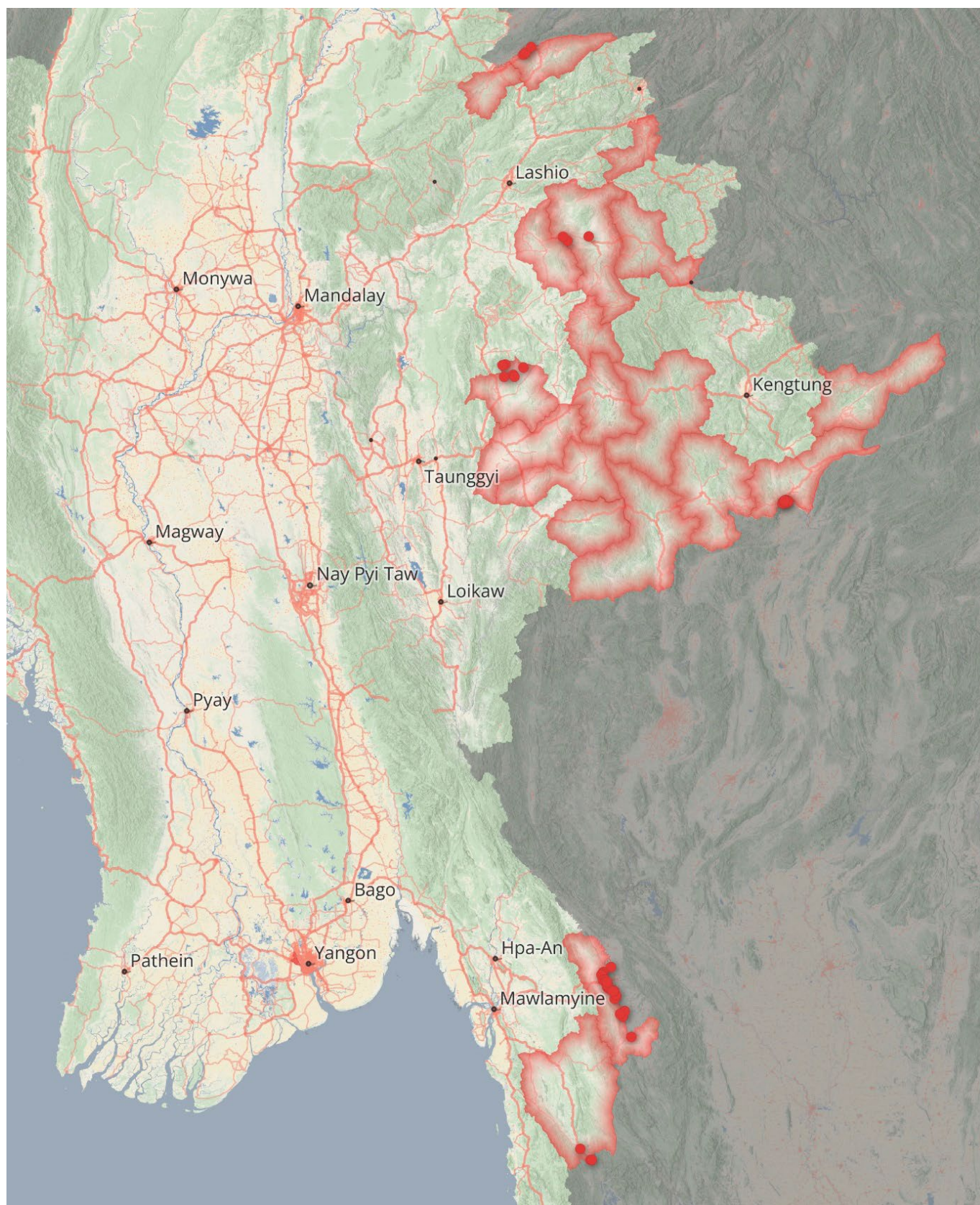
Unlike in the past, these facilities have recently begun to appear in areas under junta territorial control, rather than merely in territory under the control of allied militias, and there have been numerous reports of scam centres being established in abandoned office buildings in Yangon and Mandalay.³¹

While the security situation has shifted in the past two years, the strategic logic that allowed the scam centres to thrive has only become more severe. The centres have shifted along with this changing conflict geography, and now appear to be spread much more diffusely across Myanmar.

Across the complex conflict geography of Myanmar, the only reliable partners in meaningfully dismantling the scam centres have been resistance-aligned groups. Those groups have demonstrated, across many hotspots of scam activity, a commitment to countering the scam industry, and one that’s only grown in recent years. The KNU, which is the key resistance actor that controls much of the Thai–Burma border, has shifted from complicity in the industry to staunch opposition against it.

Therefore, for real, enduring success in countering the industry, engagement with those groups remains critical. On the other hand, continued engagement with the Burmese junta only further enables scamming while the sector is considered an existential necessity by the junta leaders in Naypyidaw.

Figure 7: Townships where scam facilities have been recently identified, following the diffusion of the industry throughout Myanmar. Specific identified facilities are shown by red circles.



Source: ASPI

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Acronyms and abbreviations

ASEAN	Association of Southeast Asian Nations
BGF	Border Guard Force
DKBA	Democratic Karen Benevolent Army
KNLA	Karen National Liberation Army
KNPLF	Karenni National People's Liberation Front
KNU	Karen National Union
NDA-K	New Democratic Army – Kachin
SLORC	State Law and Order Restoration Council
UN	United Nations
UWSA	United Wa State Army

