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# *Acting on the Corridors: A Minilateral Coalition Design for Southeast Asia's Scam-Compound Crisis*

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## Introduction

How can a minilateral coalition of willing ASEAN members, supported by middle-power partners, dismantle Southeast Asia's scam-compound networks when state capture has compromised the very jurisdictions in which the compounds operate? The scholarship offers partial answers but no integrated one. The minilateralism literature establishes that small coalitions of willing states can move faster than consensus-bound bodies, but it has focused almost entirely on great-power competition and has not asked whether the same architecture can be applied against the criminal economies that have captured state institutions.[3] The transnational-crime governance literature, in turn, has

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[3] See Moisés Naím, "Minilateralism: The Magic Number to Get Real International Action," Foreign Policy, 21 Bhubhindar Singh and Sarah Teo, eds., Minilateralism in the Indo-Pacific: The Quadrilateral Security Dialogue, Lancang-Mekong Cooperation Mechanism, and ASEAN (London: Routledge, 2020); Kei Koga, "A New Strategic Minilateralism in the Indo-Pacific," Asia Policy 17,4; ASEAN and the Securitization of Transnational Crime in Southeast Asia," The Pacific Review 12,3 (2003): pp. 419-438; Anne-Marie Slaughter, A New World Order (Princeton: Princeton University Press, 2004); Peter Andreas and Ethan Nadelmann, Policing the Globe: Criminalization and Crime Control in International Relations (Oxford: Oxford University Press, 2008); Roderic

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documented why ASEAN's non-interference norm and consensus rules systematically block enforcement, but has not examined cases where the sub-state actors needed to bypass those rules are themselves compromised.[4] This paper bridges the two by proposing a coalition design that targets the corridors – financial chokepoints and victim flows – that run through non-captured ASEAN jurisdictions rather than waiting on action from inside the captured ones.

The need for such a design is sharpened by the limits of the great powers. Both the United States and China, for their own respective reasons, are poorly positioned to anchor a regional response. While US enforcement has intensified sharply over the past two years, any response remains extraterritorial and narrow: the current administration's "America First" orientation and its dismantling of the US Agency for International Development (USAID) have hollowed out the development, capacity-building, and victim-protection work on which any coordinated regional strategy depends. China's posture is the mirror image. Enforcement is sporadic and reactive, intensifying only when Chinese citizens are among the victims, and is further complicated by the fact that the criminal networks themselves often trace back to funding and protection from Chinese investors, raising enforcement conflicts that Beijing has shown little appetite to resolve. Yet the prevailing institutional defaults, bilateral enforcement partnerships and broad multilateral bodies, continue to assume great-power leadership that is no longer forthcoming. The result is a governance vacuum precisely where coordinated action is most urgently needed.

This paper argues that a minilateral coalition anchored in a willing sub-group of six ASEAN members (Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam) – supported by Canada and other middle-power partners – offers the most viable architecture for sustained counter-criminal governance in Southeast Asia. The coalition's value lies in its design: it targets the financial and human-flow corridors that run through non-captured jurisdictions rather than waiting for action from inside the captured ones. Canada's strengths shine here: a comparatively non-threatening regional profile, a large Chinese-Canadian diaspora, and advanced financial intelligence capacity make it uniquely suited to support this coalition. Likewise, the timing of strengthening

Broadhurst, "Transnational Organised Crime in East and South East Asia," (paper presented at the International Conference on Transnational Organized Crime, Canberra, 2012).

engagement against scam compounds is ideal: Canada is already increasing its strategic presence in the region, including specifically targeting non-traditional security threats (NTS) such as transnational crime. This paper proposes five concrete mechanisms through which this coalition can act: (1) joint investigation teams, (2) sustained support to the UNODC Emergency Response Network, (3) coordinated financial sanctions targeting political facilitators, (4) regulatory pressure on virtual asset service providers, and (5) victim-centred protection and repatriation pathways for trafficked persons.

The paper proceeds as follows. Section II reviews the relevant scholarship and situates the paper's contribution. Section III develops the conceptual case for minilateralism and sets out the coalition design under conditions of state capture. Section IV establishes the urgency, documenting the scale of the scam compound problem and the failure of great-power responses. Section V proposes the five-mechanism strategy through which the coalition can degrade compound operations, with Canada's contribution embedded across all five mechanisms. Section VI concludes.

**Literature Review**

Three bodies of scholarship are directly relevant to this paper, and engaging them honestly requires acknowledging both what they explain and where they fall short. The literature on minilateralism in the Indo-Pacific provides the institutional framework for this paper's core recommendation. Singh and Teo's foundational edited volume establishes that minilateral arrangements, smaller, more exclusive, and more functionally focused than ASEAN-led multilateralism, have become the preferred vehicle for practical security cooperation in the region since the early 2000's.[5] Naím coined the *critical mass* formulation that informs this paper's approach: the idea that effective action on complex problems requires assembling only the states most capable of making a decisive difference, rather than pursuing universal participation.[6] Koga's more recent typology distinguishes usefully between two varieties of minilateralism: arrangements that aim to shape regional order through norm-making, and those focused on military cooperation

[5]See Bhubhindar Singh and Sarah Teo, eds., Minilateralism in the Indo-Pacific: The Quadrilateral Security Dialogue, Lancang-Mekong Cooperation Mechanism, and ASEAN (London: Routledge, 2020), p. 1.
[6]Moisés Naím, "Minilateralism: The Magic Number to Get Real International Action," Foreign Policy, June 21, 2009.

to check rising powers.[7] The Quad and AUKUS are exemplars of the latter. The critical gap in this literature is that virtually all of it focuses on great-power competition and military-strategic objectives. The question of whether minilateralism is an effective vehicle for non-traditional security threats, and/or more specifically for criminal economies that have captured state institutions, has received almost no scholarly attention.

The second relevant body of scholarship concerns ASEAN's record on transnational crime governance, and it is largely a record of failure. Emmers has documented in his study of ASEAN's securitisation of transnational crime that ASEAN's non-interference norm and consensus requirements have systematically prevented the organisation from taking effective action against transnational crime, because enforcement requires pressuring member states that are often complicit.[8] Broadhurst's comparative work on organised crime in East and Southeast Asia confirms that the same structural features- weak governance, geographic remoteness, and the porousness of borders- that enable criminal networks to thrive also undermine cooperative law enforcement.[9] The theoretical framework for understanding what a successful response might look like comes from Slaughter's work on transgovernmental networks,[10] and Andreas and Nadelmann's analysis of how cross-border criminal economies have historically prompted the development of transgovernmental enforcement coalitions.[11] Their insight, that effective international policing requires networks of sub-state actors bypassing formal multilateral constraints, maps directly onto the six-state willing sub-group architecture this paper proposes. But here too a gap exists: neither Slaughter nor Andreas and Nadelmann examined cases in which state capture was so extensive that the sub-state actors themselves were compromised.

[7]Kei Koga, "A New Strategic Minilateralism in the Indo-Pacific," Asia Policy 17,4 (2022): pp. 27–34.
[8]Ralf Emmers, "ASEAN and the Securitisation of Transnational Crime in Southeast Asia," The Pacific Review 16, 3 (2003): pp. 419–438.
[9]Roderic Broadhurst, "Transnational Organised Crime in East and South East Asia," paper presented at the International Conference on Transnational Organized Crime, Canberra, 2012.
[10]Anne-Marie Slaughter, A New World Order (Princeton: Princeton University Press, 2004).
[11]Peter Andreas and Ethan Nadelmann, Policing the Globe: Criminalization and Crime Control in International Relations (Oxford: Oxford University Press, 2008).

The third and most important gap is that the academic literature on scam compounds as a specific phenomenon is almost entirely absent. The USIP's 2024 senior study group report and the UNODC's 2024 report on casinos and underground banking are the most comprehensive treatments available, but they are policy documents, not peer-reviewed scholarship. Abuza's earlier work on militant networks and transnational crime in Southeast Asia[12] and the Global Initiative Against Transnational Organised Crime's 2021 report on illiciteconomies[13] are the closest scholarly antecedents. The compound-based, industrialised scam economy, with its specific combination of forced labour, technological sophistication, cross-border financial architecture, and deep elite capture, is a genuinely new phenomenon that has not yet attracted the systematic scholarly attention it warrants. This paper is, to the authors' knowledge, the first scholarly examination of whether minilateral coalitions, anchored in a subgroup of willing ASEAN members, can overcome the state-capture and consensus-veto problems that have defeated previous transnational crime governance efforts in the region – and how Canada is well positioned to lead that effort.

## Conceptual Framework

### *Minilateralism*

Minilateralism presents the best framework through which to address the scam-industrial complex because any response requires rapid, coordinated pressure across multiple jurisdictions against actors who can exploit any single state's blind spots. Bilateralism lacks the requisite regional coordination that the problem demands; scam compound networks are precisely designed to exploit bilateral blind spots, relocating operations whenever pressure intensifies in a single jurisdiction. Likewise, multilateralism is inadequate as it is saddled with the same consensus constraints that have hampered progress on transnational crime elsewhere: it cannot exclude or pressure states whose governments are complicit in the very networks under scrutiny, and it moves at the pace of its least-willing member. Minilateralism occupies the productive

[12]Zachary Abuza, Militant Islam in Southeast Asia: Crucible of Terror (Boulder: Lynne Rienner, 2003);. See also Zachary Abuza, "The Crime-Terror Nexus in Southeast Asia," in Arabinda Acharya and Rohan Gunaratna, eds., Terrorist Rehabilitation and Counter-Radicalisation (London: Routledge, 2011).
[13]Global Initiative Against Transnational Organised Crime, The Global Illicit Economy: Trajectories of Transnational Organised Crime (Vienna: GI-TOC, 2021).

middle ground. In contrast with larger, more formal multilateral institutions that are often constrained by consensus rules, lowest-common-denominator politics, and the participation of states with conflicting interests, minilateral groups can move quickly, with greater operational specificity, and with stronger alignment of interests and values among participants.[14] And, with growing uncertainty over both US and Chinese regional support, the appeal of minilateral "coalitions of the willing" has only grown.[15]

The strength of minilateralism lies in its less rigid and less narrow nature. Minilateralism typically refers to groupings of between three and nine countries, and is defined by their relatively exclusive nature and narrow goals.[16] They are described as following a "critical mass" approach: they comprise only the countries most relevant to, or most capable of making the greatest impact on, a given security problem.[17] This exclusivity and focus, combined with their reduced size (and bureaucracy), permits minilateral groups to be more nimble and focused on security concerns. Minilateralism is a well-known solution in the region, and since the early 2000s, minilateral platforms have emerged as a preferred vehicle for practical security cooperation.[18] For example, the Trilateral Strategic Dialogue among Australia, Japan, and the United States in 2002 and the Malacca Straits Sea Patrol involving Indonesia, Malaysia, and Singapore in 2004.[19]

Minilateralism is a strong vehicle for any response to scam compound networks. As detailed herein, a minilateral coalition draws on the reach, resourcing, and technical capability that larger partners can supply – in this case, Canada and other middle-powers can bring financial intelligence, cyber-forensic, and sanctions capacities that no single ASEAN state possesses on its own – while restricting formal participation to those states genuinely motivated to act on the problem at hand. This combination does two things that neither bilateralism nor multilateralism can do alone. First, it avoids the heckler's veto that has defined ASEAN's transnational-crime governance struggles: a state

[14] See Singh and Teo, Minilateralism in the Indo-Pacific, p. 2.
[15] Ibid., pp. 2-3.
[16] Ibid., p. 2.
[17] Ibid.
[18] Ibid., pp. 2-3.
[19] Thomas Wilkins, "Minilateral Groupings as an Alternative to Multilateralism in an Era of Strategic Competition," Issues & Insights 23, SR 3 (March 2023): p.35, https://pacforum.org/wpcontent/uploads/2023/03/Issues_and_Insights_Vol23_SR3.pdf.

captured, or at the very least influenced, by compound operations has every incentive to slow, dilute, or block collective action under a consensus rule, and ASEAN's consensus requirement hands it the means to do so. A minilateral architecture removes that veto, as states without the will to act are not given the standing to obstruct those that do. Second, it produces an institution whose scope is defined entirely by the problem it exists to solve. A body assembled specifically to counter scam-compound networks does not need to reconcile that mission against the broader, often competing mandates that constrain ASEAN-wide or great-power-led institutions, which gives it a clarity of purpose that larger bodies structurally cannot match.

## Urgency, Context, and Limits of Great Powers

### *Transnational Crime and Scam Compounds*

The Stimson Center has described the expansion and rapid success of scam compounds as a perfect storm: "technological developments, combined with rapid digitalisation, weak governance, limited law enforcement capability in the areas where scam centres are most concentrated, and lax regulation of key markets like cryptocurrency have created a perfect storm for criminal enterprises to rapidly and efficiently scale up their operations."[20] The scale is staggering. In 2024, cybercriminals earned an estimated USD 1.03 trillion from online scam operations globally.[21] Between 2020 and 2024, analysis of fraudulent cryptocurrency wallets estimated approximately USD 75 billion in revenue from "pig butchering" scams alone.[22] Estimates of the industry's total global size range from USD 70 billion to the hundreds of billions, making it comparable to the global illicit drug trade.[23] Cyber-fraud operations in Cambodia alone are estimated to exceed USD 12.5 billion, or as much as half of that country's formal GDP.[24] Estimates place the amount stolen in the Mekong region at likely over USD 43.8 billion annually.[25] That

[20]Stimson Center, Countering Digital Deception: National Responses to Online Scams.
[21]Ibid.
[22]Ibid.
[23]Tess McClure, "Scam State: The Multi-Billion Dollar Industry in South-East Asia," The Guardian, 2 December 2025, https://www.theguardian.com/technology/2025/dec/02/scam-state-multi-billion-dollar-industry-south-east-asia.
[24]USIP, Transnational Crime in Southeast Asia: A Growing Threat to Global Peace and Security,p, 9.
[25]Ibid.

amounts to over 40 percent of the formal GDP of Myanmar, Cambodia, and L aos combined.[26]

At the core of the scam compound system is a massive, organised human trafficking operation spanning dozens of countries. Inside the compounds, workers are forced to engage in scam operations under threat of punishment, including severe violence and torture, for failure to meet revenue targets. The United Nations Office of the High Commissioner for Human Rights (OHCHR) estimates that criminal gangs hold at least 300,000 people from sixty-six countries at scam centres in the region.[27] These figures are almost certainly conservative.

The compounds present a myriad of problems. Above all, the transnational nature of these compounds frustrates enforcement efforts; the scam compound industry is designed to exploit gaps in jurisdiction among sovereign states. If and when enforcement pressure intensifies in one country, these groups simply move to another, exploiting lax regulation, corrupt officials, and geographic remoteness. Jacob Sims from Harvard's Asia Centre described this pattern as a form of criminal "Whack-a-Mole."[28] Traditional law enforcement is ill-equipped to address the transnational nature of the threat. The UNODC's 2024 report on casinos and underground banking in Southeast Asia documents how jurisdictions with weak regulatory oversight have become critical nodes in the region.[29] Illicit proceeds are laundered through underground banking systems, casino junkets, cryptocurrency exchanges, virtual asset service providers (VASPs), and shell companies spread across multiple jurisdictions.[30] Cryptocurrency plays a dual role: enabling rapid, cross-border transfers and providing a way for illicit proceeds to "wash" through multiple wallet addresses before converting into local fiat currency, making

[26]Ibid.
[27]United Nations Office of the High Commissioner for Human Rights (OHCHR), A Wicked Problem: Seeking Human Rights-Based Solutions to Trafficking into Cyber-Enabled Fraud Operations, 8 February 2026, https://www.ohchr.org/sites/default/files/documents/issues/trafficking/report-a-wicked-problem.pdf.
[28]McClure, "Scam State: The Multi-Billion Dollar Industry in South-East Asia."
[29]See United Nations Office on Drugs and Crime (UNODC), Casinos, Money Laundering, Underground Banking, and Transnational Organized Crime in East and Southeast Asia: A Hidden and Accelerating Threat, January 2024, https://www.unodc.org/roseap/uploads/documents/Publications/2024/Casino_Underground_Banking_Report_2024.pdf.
[30]Ibid., pp, 16, 29.

them nearly impossible to trace.[31] Telegram groups operated by known criminal organisations register more than 200,000 posts per week related to money laundering, with illicit funds moving throughout Southeast Asia concealed beneath e-commerce platforms, foreign currency exchanges, and legitimate business facades.[32]

Further complicating enforcement, the immense profits generated by scam compound operations have produced intense elite capture that has now risen to one of the most serious challenges to governance in the Indo-Pacific. This multi-billion-dollar scam industry has "led to the entrenchment of transnational crime (to varying degrees) among social, business, and government elites throughout the region and the erosion of governance, law enforcement, and business regulation."[33] This includes a lack of investigation and enforcement into scam compounds, law enforcement and military officials being used as guards for these compounds, and being involved in the trafficking of persons themselves.[34] Criminal networks have formed relationships with corrupt elites across the region, maintaining contacts within Chinese government structures and among economic and political elites in China, Hong Kong, and Macau.[35]

The depth of elite capture is documented at the highest levels of regional politics. In the Philippines, former mayor Alice Guo has been sentenced to life in prison on human trafficking charges for overseeing a scam compound.[36] In Thailand, the deputy finance minister resigned in October 2025 amid allegations of links to Cambodian scam operations.[37] Chen Zhi, an adviser to Cambodia's prime minister and founder of the Prince Group, was recently sanctioned by both the United States and the United Kingdom

[31]Ibid., p. 5.
[32]USIP, Transnational Crime in Southeast Asia, 2024, pp. 21-22.
[33]Ibid., p. 17.
[34]Office of the United Nations High Commissioner for Human Rights (OHCHR), Online Scam Operations and Trafficking into Forced Criminality in Southeast Asia: Recommendations for a Human Rights Response, August 2023, p. 10, https://bangkok.ohchr.org/sites/default/files/wp_files/2023/08/ONLINE-SCAM-OPERATIONS-2582023.pdf (credible reports of law enforcement officials working as guards); USIP, Transnational Crime in Southeast Asia, 2024, p. 23 (official military and paramilitary force directly involved.).
[35]USIP, Transnational Crime in Southeast Asia, 2024, p. 20.
[36]Reuters, "Ex-Philippine Mayor Alice Guo Given Life Sentence for Human Trafficking," 20 November 2025, https://www.reuters.com/world/asia-pacific/ex-philippine-mayor-alice-guo-given-life-sentence-human-trafficking-2025-11-20/.
[37]Reuters, "Thai Deputy Finance Minister Resigns amid Scam Allegations," 22 October 2025, https://www.reuters.com/world/asia-pacific/thai-deputy-finance-minister-resigns-amid-scam-allegations-2025-10-22/.

for allegedly turning one of Cambodia's largest conglomerates into a front for transnational crimes.[38] In the most extreme cases, states' capacities are so degraded relative to these transnational crime organisations that armed police operations cannot gain access to criminal enclaves. In Myanmar, official military and paramilitary forces are directly involved in hosting and protecting criminal compounds throughout the country's eastern and northern borderlands.[39] In both Cambodia and Myanmar, criminal interests have, in the assessment of the USIP, "almost completely captured the state apparatus"[40] and "Criminals have with impunity openly murdered trafficked victims who attempted to escape."[41]

Another factor in the growth and impact of these scam compounds is their adoption of new and sophisticated technology. Criminals use social media, artificial intelligence, and cryptocurrency to recruit victims, perpetuate scams, and launder proceeds.[42] The use of cryptocurrency and the blockchain to move illicit funds is particularly problematic as the final wallets are deliberately incorporated in jurisdictions outside the reach of major enforcement agencies.[43] The use of deepfake technology dramatically increased across the Asia-Pacific region, rising 1,530 percent between 2022 and 2023 alone.[44] AI applications such as FaceSwap enable criminal networks to steal identities and circumvent Know Your Customer (KYC) protocols at cryptocurrency exchanges. There are even AI tools such as FraudGPT that enable individuals with only

[38]United States Department of Justice, "Chairman of Prince Group Indicted for Operating Cambodian Forced Labour Scam Compounds," press release, https://www.justice.gov/opa/pr/chairman-prince-group-indicted-operating-cambodian-forced-labor-scam-compounds-engaged.

[39]USIP, Transnational Crime in Southeast Asia, 2024, p. 23.

[40]Ibid., p. 20.

[41]Ibid., p. 24.

[42]United Nations Office of the High Commissioner for Human Rights (OHCHR), A Wicked Problem: Seeking Human Rights-Based Solutions to Trafficking into Cyber-Enabled Fraud Operations, February 2026, p. 16, https://www.ohchr.org/sites/default/files/documents/issues/trafficking/report-a-wicked-problem.pdf.

[43]USIP, Transnational Crime in Southeast Asia, 2024, pp. 21-22.

[44]Gregory B. Poling and Harrison Prétat, "Cyber Scamming Goes Global: Unveiling Southeast Asia's High-Tech Fraud Factories," Center for Strategic and International Studies (CSIS), 13 June 2024, https://www.csis.org/analysis/cyber-scamming-goes-global-unveiling-southeast-asias-high-tech-fraud-factories.

rudimentary technical knowledge to conduct sophisticated operations at scale, dramatically lowering barriers to entry for criminal participation.[45]

***Limits of Great Power Response***

Despite the global and devastating impact of these scam compounds, the engagement of the United States and China has been uneven, unilateral, and disconnected from on-the-ground enforcement in the jurisdictions where compounds operate. The United States has the greatest potential leverage through its alliance networks, financial intelligence capabilities, and law enforcement partnerships. China has direct political and economic relationships with the governments of Cambodia, Laos, and Myanmar, and domestic connections to criminal networks that are overwhelmingly organised around Chinese-speaking syndicates.[46] Yet neither country has demonstrated sustained commitment to dismantling these networks at scale.

American engagement has intensified sharply over the past two years. In December 2023, the United States, along with Canada and the United Kingdom, issued coordinated sanctions specifically targeting individuals and entities operating scam compounds.[47] In October 2025, there was a coordinated US–UK action sanctioning 146 persons tied to the Prince Group, indicting Prince Group chairman Chen Zhi on wire fraud and money laundering charges, and seizing approximately USD 15 billion in bitcoin.[48] Likewise, in October 2025, the US Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) used a powerful regulatory tool to block US banks from correspondent banking with Cambodia-based Huione Group, severing the group from the US financial system.[49] However, such engagement remains distant and

[45]Poling and Prétat, "Cyber Scamming Goes Global."

[46]USIP, Transnational Crime in Southeast Asia, 2024.

[47] United Kingdom Foreign, Commonwealth & Development Office, "UK and Allies Sanction Human Rights Abusers," press release, 8 December 2023, https://www.gov.uk/government/news/uk-and-allies-sanction-human-rights-abusers.

[48] US Department of the Treasury, "U.S. and U.K. Take Largest Action Ever Targeting Cybercriminal works in Southeast Asia," press release, 14 October 2025, https://home.treasury.gov/news/press-releases/sb0278.

[49] US Department of the Treasury, Financial Crimes Enforcement Network, "Imposition of Special Measure Regarding Huione Group, as a Foreign Financial Institution of Primary Money Laundering Concern," Federal Register 90, no. 199 (16 October 2025): 48295–48312, https://www.federalregister.gov/documents/2025/10/16/2025-19571/imposition-of-special-measure-regarding-huione-group-as-a-foreign-financial-institution-of-primary.

limited, especially with the current US administration's explicit desire to avoid any development, capacity-building, and victim-protection work on which any effective regional strategy would depend.

For its part, China has conducted crackdowns on specific compounds when Chinese citizens were the primary victims. In January 2025, China conducted a high-profile enforcement surge in the region following domestic outcry after Chinese national and actor Wang Xing was trafficked into a scam compound.[50] And in January 2026, following sustained multilateral pressure, Cambodian authorities arrested Chen Zhi and extradited him to China.[51] However, these efforts have been selective, triggered chiefly by harm to Chinese nationals and reactive to pressure rather than sustained enforcement efforts. Causing problems, transnational crime organisations have sought to associate their activity with China's Belt and Road Initiative (BRI), creating "a convenient umbrella under which to legitimize their criminal activity."[52]

As such, great powers' engagement has been limited: American action has been extraterritorial and enforcement-focused, disrupting illicit finance from outside the region while offering inconsistent on-the-ground enforcement, victim protection and repatriation pathways, or sustained institutional capacity-building with regional partners. Chinese action has been reactive rather than coordinated with the region and conditioned on harms to Chinese nationals. What both approaches leave unfilled is the regional architecture needed to dismantle compounds, rather than merely displace them.

Six willing states have not built this coalition on their own because each fears absorbing the first mover's costs alone. Bangkok depends on several billion US dollars in

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[50] Helen Regan and Chermaine Lee, "A Chinese Actor Was Abducted from Thailand. His Swift Return Has Sparked Hopes—and Fears—Back Home," CNN, 15 January 2025, https://www.cnn.com/2025/01/14/china/china-actor-thailand-scam-myanmar-intl-hnk; UNODC, Inflection Point: Global Implications of Scam Centres, Underground Banking and Illicit Online Marketplaces in Southeast Asia, p. 65, citing Royal Thai Police, "Stakeholder Roundtable Closed-Door Meeting," Bangkok, Thailand, February 2024. https://www.unodc.org/roseap/uploads/documents/Publications/2025/Inflection_Point_2025.pdf.

[51] Helen Regan, "Alleged Cybercrime Kingpin Arrested and Extradited from Cambodia to China," CNN, 9 January 2026, https://www.cnn.com/2026/01/07/asia/chen-zhi-arrest-extradition-cambodia-china-intl-hnk.

[52] USIP, Transnational Crime in Southeast Asia, p. 49.

annual border trade with Myanmar,[53] Manila weighs enforcement choices against Chinese reactions, and Singapore protects its standing as a neutral financial centre, leaving whichever state designates a neighbouring elite first to face retaliation its partners escape. ASEAN's non-interference norm raises those costs further by letting captured governments cast any unilateral enforcement act as a breach of regional order, a charge no anchor state wants to answer without company.[54]

In February 2025, the same episode pushed Bangkok into cutting electricity, internet, and fuel to five Myanmar border zones within weeks, which shows anchor states will act unilaterally when domestic pressure spikes.[55] Pressure of that kind subsides faster than compounds relocate, so each unilateral surge has pushed operations into Cambodia and deeper into Myanmar without any durable loss of capacity.[56] An external convener changes this calculus by absorbing convening costs, funding the secretariat functions no anchor state wants to pay for first, and spreading the diplomatic exposure of the earliest designations across a wider group. Canada fits that gap, having no land border with the captured states, no trade dependence on them, and no history that lets Phnom Penh or Naypyidaw cast its involvement as regional bullying.

## Canada's Role and the Five-Mechanism Coalition Strategy

### *Canada and the Indo-Pacific*

Canada is a Pacific nation with deep interests in the Indo-Pacific – a region encompassing forty economies,[57] more than four billion people, and USD 47.19 trillion in

[53] *The Nation* (Thailand), "Thailand's Border and Cross-Border Trade in 2024 Reaches Record High," 2 February 2025.
[54] Treaty of Amity and Cooperation in Southeast Asia, art. 2, 24 February 1976 (the non-interference principle)
[55] Panarat Thepgumpanat and Shoon Naing, "Thailand Cuts Power, Fuel and Internet Supply to Parts of Myanmar," Reuters, 5 February 2025.
[56] UNODC, *Inflection Point: Global Implications of Scam Centres, Underground Banking and Illicit Online Marketplaces in Southeast Asia* (Bangkok: UNODC, 2025).
[57] Australia, Bangladesh, Bhutan, Brunei, Cambodia, Democratic People's Republic of Korea (DPRK), India, Indonesia, Japan, Laos, Malaysia, Maldives, Mongolia, Myanmar, Nepal, New Zealand, the Pacific Island Countries (14), Pakistan, People's Republic of China (PRC), the Philippines, Republic of Korea (ROK), Singapore, Sri Lanka, Taiwan, Thailand, Timor-Leste, and Vietnam.

economic activity.[58] Acknowledging these interests, Canada launched its Indo-Pacific Strategy in 2022, committing across five objectives, including security, trade, people-to-people ties, sustainability, and regional engagement.[59] These interests are lo-running, as Canada first became an ASEAN Dialogue Partner in 1977 and is one of only eleven countries with this designation. In 2023, Canada upgraded this relationship to a Strategic Partnership covering, among other areas, transnational crime, cybersecurity, and counter-terrorism.[60] Canada has continued to formalise relations in the region, including increasing bilateral security ties with both thePhilippines[61] and the Republic of Korea.[62] Canada has pledged $50M in future security assistance across the Indo-Pacific over five years, including specifically against transnational organised crime.[63] An important area of focus in Canadian engagement in the region is combating non-traditional security threats that directly affect both people in the region and Canadians.

Scam compounds concentrated in Cambodia, Laos, and Myanmar, along with linked operations across Southeast Asia, the Middle East, Africa, and Latin America, have become one of the most urgent NTS in the Indo-Pacific.[64] These hubs fuse human trafficking, cyber fraud, forced labour, and money laundering into integrated criminal economies that recruit victims across the globe and channel illicit proceeds through global financial systems. The consequences are corrosive: governance is undermined, financial integrity is strained, and local communities face systematic violence and coercion.

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[58]Government of Canada, Canada's Indo-Pacific Strategy (Ottawa: Global Affairs Canada, 2022). Full text available at https://www.international.gc.ca/transparency-transparence/indo-pacific-indo-pacifique/index.aspx?lang=eng.
[59]Ibid.
[60]ASEAN–Canada, "Joint Statement on ASEAN–Canada Strategic Partnership," 5 September 2023, https://asean.org/wp-content/uploads/2023/09/2-Joint-Statement-on-ASEAN-Canada-Strategic-Partnership-05092023-Final-add-header.pdf.
[61]Government of Canada, "Canada and the Philippines Sign a Status of Visiting Forces Agreement," Department of National Defence, November 2025, https://www.canada.ca/en/department-national-defence/news/2025/11/canada-and-the-philippines-sign-a-status-of-visiting-forces-agreement.html.
[62]Government of Canada, "Joint Statement: Canada–Republic of Korea Foreign and Defence 2+2 Ministerial Meeting," Global Affairs Canada, February 2026.
[63]Government of Canada, Canada's Indo-Pacific Strategy.
[64]United States Institute of Peace, Transnational Crime in Southeast Asia: A Growing Threat to Global Peace and Security, Special Report (Washington, DC: USIP, May 2024),p. 27, https://www.usip.org/sites/default/files/2024-05/ssg_transnational-crime-southeast-asia.pdf.

Canadian citizens are among those victimised by increasing scams such as the infamous *pig butchering* scam and other investment fraud and romance scams. An estimated $227 million USD ($310 million CAD) was reported lost to investment fraud in 2024, nearly half of the 473 million USD ($644 million CAD) total reported losses from cyber-enabled fraud.[65] More than 80 percent of Canadians report being the target of an online or phone scam since 2024; for 30 percent of the population, these attempts were successful.[66] Yet, any Canadian response to these threats is frustrated by jurisdictional and enforcement challenges, as the scams mostly originate from compounds located throughout Southeast Asia.[67] As a result, the majority of funds lost to crypto scams go unrecovered, as funds are routed through unscrupulous or foreign exchanges or converted back into traditional currency.[68]

The transnational nature of this NTS requires multilateral cooperation. Southeast Asia is the global hub for what has been called the *scam-industrial complex*, and global problems require multilateral solutions. Further, this problem is frustrated by the lack of commitment from the *great powers* in the United States and China, whose responses are increasingly fragmented, episodic, and shaped by geopolitical rivalry. Neither ASEAN nor Canada can rely on their assistance. Regional actors must take the initiative, and Canada can play a crucial role.

Canada can make concrete contributions to this coalition. Canada is a Five Eyes and NATO member that has recently deepened bilateral defence ties with the Philippines and the Republic of Korea. And relative to the United States, the United Kingdom, and Australia, Canada is consistently perceived in the region as less threatening and more credible as a convener. Unlike the United Kingdom, Canada carries no colonial footprint in Southeast Asia, which meaningfully reduces the *foreign interference* optics that can complicate Western security partnerships in the region. While Canada's low historical profile in the region could be read as limited leverage, evidence from existing ASEAN

[65] Stimson Center, Countering Digital Deception: National Responses to Online Scams (Washington, DC: Stimson Center, 2025), https://www.stimson.org/2025/countering-digital-deception-national-responses-to-online-scams/.
[66] CTV News, "4 in 5 Canadians Targeted by Scams as Fraud Losses Top $638M: Report," *CTV News*, 2025, https://www.ctvnews.ca/calgary/article/4-in-5-canadians-targeted-by-scams-as-fraud-losses-top-638m-report/.
[67] Stimson Center, Countering Digital Deception.
[68] Ibid.

partnerships suggests Canada is more likely perceived as non-threatening than as marginal, a distinction that matters when building coalitions among states wary of great-power patronage. Canada also brings a large and engaged Chinese-Canadian diaspora community – one of the largest per capita in the Western world[69] – which provides cultural and linguistic depth, established community organisations capable of supporting victim outreach in partnership with law enforcement, and credibility when engaging Chinese-speaking populations who are disproportionately targeted by scam compound operations. Diaspora engagement of this kind is sensitive and must be pursued through transparent, community-led partnerships rather than as an intelligence-collection exercise; recent Canadian debates over foreign interference make that boundary essential. On the financial intelligence side, Canada's FINTRAC regime is among the more developed in the G7 for cross-border virtual asset tracking, having moved earlier than most partners to impose registration and reporting obligations on cryptocurrency exchanges. Canada's ability to dedicate these assets towards these scam compounds is significant.

Canada is not strictly necessary to this architecture. The five mechanisms need an external convener, which a capable state can fill in. Japan already funds UNODC programming against organized online fraud in Southeast Asia;[70] South Korea and Singapore hold comparable financial intelligence and cyber-forensic capacity, and Australia runs longstanding police cooperation programmes across the region.[71] Each capability Canada brings- the forensic specialists embedded in the joint investigation teams, the funding behind the Emergency Response Network, the designations available under Magnitsky legislation- has at least one substitute among these four states, so the case for Canada turns on which partner will actually take the role.

Since 2023, Japan, South Korea, Singapore, and Australia have held every capability this coalition requires without any of them moving to convene it. Washington

[69] Statistics Canada, Immigration and Ethnocultural Diversity: Key Results from the 2021 Census (Ottawa: Statistics Canada, 2022). Persons of Chinese origin represent approximately 4.7 percent of Canada's total population, a higher share than in most comparable Western countries.
[70] Ministry of Foreign Affairs of Japan, "UNODC Projects Funded by Japan under Implementation in 2024," fact sheet, https://www.mofa.go.jp/files/100693970.pdf.
[71] Jakarta Centre for Law Enforcement Cooperation, "About JCLEC," accessed August 2026, https://www.jclec.org

has limited the development and victim-protection programming any coalition needs; Tokyo prefers funding through multilateral channels over convening, while Canberra carries a security profile that several ASEAN capitals arguably read as an extension of American strategy.[72] Because Canada combines FINTRAC's virtual asset tracking, Magnitsky designations under the 2017 Justice for Victims of Corrupt Foreign Officials Act, and a regional reputation no anchor state reads as threatening, it can convene while Seoul, Singapore, and Tokyo contribute capabilities in parallel. In the three years since ASEAN leaders named the crisis in their May 2023 declaration,[73] only Canada has paired a convener's attributes with an active search for a deeper Indo-Pacific role.

And the time is now for stronger commitment to combating this threat. Canada is concurrently seeking deeper strategic involvement in the region – as demonstrated by its Indo-Pacific Strategy, ASEAN Strategic Partnership, and recent defence agreements with the Philippines and the Republic of Korea. Canada's Indo-Pacific Strategy is already committed to building regional capacity in anti-money laundering, counter-terrorism financing, and cybercrime, and the scam compound crisis deserves prioritised attention within that existing commitment.

*A Five-Mechanism Coalition Strategy*

Compound operations are sustained by transit and laundering corridors that run through their non-captured neighbours: victims are recruited from and through Thailand, the Philippines, Indonesia, Malaysia, and Vietnam; proceeds move through Singaporean and regional financial centres; and the human, financial, and informational chokepoints that compounds depend on lie largely outside captured jurisdictions. A coalition built around willing ASEAN members can therefore degrade compound operations by attacking the corridors rather than the enclaves. In response, this paper proposes five mechanisms through which this coalition can act: (1) joint investigation teams, (2) sustained support to the UNODC Emergency Response Network, (3) coordinated financial sanctions targeting political facilitators, (4) regulatory pressure on

[72] ISEAS-Yusof Ishak Institute, *The State of Southeast Asia 2026 Survey Report* (Singapore: ISEAS, 2026).
[73] ASEAN, *Leaders' Declaration on Combating Trafficking in Persons Caused by the Abuse of Technology*, 42nd ASEAN Summit, Labuan Bajo, Indonesia, 10 May, 2023.

virtual asset service providers, and (5) a victim-centred protection and repatriation pathways for trafficked persons.

Two design principles run through the mechanisms set out below. The first is the corridor logic introduced earlier: every mechanism operates primarily in jurisdictions outside Cambodia, Laos, and Myanmar, on the recognition that compound operations depend on transit, financial, and informational chokepoints that lie largely beyond captured borders. The second is the principle of regional ownership. The coalition's effectiveness depends on the political legitimacy that only ASEAN members can confer. External partners contribute capabilities, not direction. Canada's role, in particular, is set out within each mechanism rather than treated as a separate pillar, because the coalition's value as an architecture lies in what its regional anchors can do with the technical, financial, and protective resources that partners like Canada bring to the table.

### *Joint Investigation Teams Targeting Cross-Border Compound Logistics*

The first mechanism is a joint investigation team (JIT) that combines investigators from coalition member states with embedded forensic, financial, and analytical specialists from external partners. Unlike ad hoc arrangements, JITs operate under a shared mandate, share evidence in near-real time, and pursue a single case file across jurisdictions. They are governed by formal cooperation agreements that specify evidence-sharing standards, prosecutorial responsibilities, and the rights of suspects and witnesses across the member states involved. Their value against compound networks – especially considering the jurisdictional dilemma they pose – is self-evident.

A coalition JIT model would build on regional law enforcement training already underway in the six anchor states and adapt it for compound-specific cyber-forensics work.[74] The model would prioritise three case types: (1) large recruitment networks operating across multiple anchor jurisdictions, where coordinated arrests across borders prevent traffickers from relocating ahead of enforcement; (2) cross-border financial movement of proceeds, where bank, exchange, and VASP records in different countries must be assembled into a single evidentiary record before they can support a prosecution;

[74] United States Institute of Peace, Transnational Crime in Southeast Asia: A Growing Threat to Global Peace and Security, Special Report (Washington, DC: USIP, May 2024), p. 56, https://www.usip.org/sites/default/files/2024-05/ssg_transnational-crime-southeast-asia.pdf.

and (3) platform-level cases targeting the digital infrastructure (payment processors, communications platforms, hosting providers) on which multiple compounds depend, where action by one country alone simply pushes the infrastructure to a less-regulated neighbour.

Canada's contribution to this mechanism is twofold. First, the Royal Canadian Mounted Police and the Canadian Centre for Cyber Security can deploy specialists, including cyber-forensic specialists, to the coalition JIT, extending capabilities that are unevenly distributed across the six anchor states. Cyber-forensic capacity, particularly the ability to recover, authenticate, and present digital evidence to a standard that survives prosecutorial scrutiny in multiple jurisdictions, is one of the principal capability gaps reported by regional law enforcement. Second, FINTRAC's anti-money laundering and counter-terrorist financing analysts can be paired with these teams to ensure that financial intelligence flows are integrated into investigations from the outset rather than appended to them at the prosecution stage.[75] The objective is not to substitute for regional capacity but to fill specific technical gaps within investigations led by coalition partners.[76] The coalition would also benefit from formal arrangements for evidence admissibility across jurisdictions, modelled on the European Union's joint investigation team framework, which establishes standardised protocols for evidence transfer, prosecutorial coordination, and witness protection. Adapting that model to ASEAN's legal traditions and political constraints is itself a coalition deliverable in the early phase of operation.

***The UNODC Emergency Response Network as Coalition Infrastructure***

The second mechanism builds around the currently existing UNODC Emergency Response Network (ERN). Launched in May 2024, the ERN connects specially nominated law enforcement agents and INTERPOL National Central Bureau officials from Cambodia, Indonesia, Laos, Malaysia, the Philippines, Thailand, and Vietnam, enabling

[75] Financial Transactions and Reports Analysis Centre of Canada, FINTRAC Annual Report 2024–25: Safeguarding Canadians and the Integrity of Canada's Financial System, 20 June 2025, https://fintrac-canafe.canada.ca/publications/ar/2025/1-eng.

[76] United Nations Office of the High Commissioner for Human Rights, A Wicked Problem: Seeking Human Rights-Based Solutions to Trafficking into Cyber-Enabled Fraud Operations, February 2026, p. 28, https://www.ohchr.org/sites/default/files/documents/issues/trafficking/report-a-wicked-problem.pdf.

direct police-to-police communication and real-time intelligence exchange.[77] Five of the seven ERN states are anchors of this proposed coalition, and the network's existing protocols solve a problem the coalition would otherwise have to solve from scratch: the establishment of trusted, standing channels for cross-border police communication.

But there remains work to be done for the coalition, including supporting sustained funding and technical development. While the ERN serves an important role supporting intelligence and enforcement efforts in the region, its funding appears to be project-based and reliant on the underfunded UNODC and, primarily, Japan.[78] [79] Specifically, Canada can provide financial and technical support to the ERN, including drawing on its already existing CAD 50 million Indo-Pacific security assistance commitment.[80] Doing so guarantees the ERN as the operational backbone of the coalition's enforcement work while keeping regional actors in the lead.

***Targeted Financial Disruption of Facilitators and Beneficial Owners***

The third mechanism attacks the financial architecture sustaining compound operations. Without disrupting the flow of illicit proceeds, enforcement actions against individual compounds will displace rather than dismantle the networks. Any enforcement efforts must be comprehensive, coordinated, and, critically, target political facilitators alongside syndicate principals.[81] This financial corridor is especially difficult considering capacity, enforcement, and technical challenges already present in the region. Existing sanctions have focused disproportionately on visible compound operators while the underlying financial architecture sustaining them, the corporate

[77] "Regional Emergency Response Network Strengthens Cooperation to Address Transnational Organized Crime and Cyber-Enabled Fraud," United Nations Office on Drugs and Crime, 21 May 2024, https://www.unodc.org/roseap/en/2024/05/emergency-response-network/story.html.
[78] UNODC, "Scams and Trafficking for Forced Criminality: UNODC Establishes Emergency Response Network to Combat Human Trafficking in Southeast Asia," 15 May 2024, https://www.unodc.org/roseap/en/2024/05/emergency-response-network/story.html (noting Government of Japan funding at launch).
[79] Ministry of Foreign Affairs of Japan, "UNODC Projects Funded by Japan under Implementation in 2024," fact sheet, https://www.mofa.go.jp/files/100693970.pdf (listing projects, including "Advancing the Capabilities of Southeast Asian States to Counter New Forms of Organized Online Fraud and Cybercrime.").
[80] Government of Canada, Canada's Indo-Pacific Strategy (Ottawa: Global Affairs Canada, 2022), https://www.international.gc.ca/transparency-transparence/indo-pacific-indo-pacifique/index.aspx?lang=eng.
[81] USIP, Transnational Crime in Southeast Asia, p. 55.

vehicles, payment processors, real-estate holdings, and beneficial-ownership structures, remains largely uncatalogued. Coalition members, drawing on their respective enforcement units, would build a shared database of facilitators that updates as new actors enter the network and old ones reorganise. Canada's capacity for cross-border virtual asset tracking with agencies such as FINTRAC, Singapore's central role in regional finance, and the analytical capabilities of partners like the UK's Office of Financial Sanctions Implementation synergize well here to specifically attack this *Whack-A-Mole* problem. The shared knowledge permits coordinated designations and enforcement, further addressing the displacement problem that has reduced the impact of existing sanctions. When the United States designates an actor and the United Kingdom follows suit weeks or months later, the actor has time to move assets and reorganise corporate structures before the second designation lands. Coalition coordination, executed through pre-arranged designation calendars and shared evidentiary packages, would compress that window to days.

Finally, and critically, for the sanctions programme to disrupt elite capture, it must explicitly target political figures, not just syndicate bosses. The cases of Cambodia, Thailand, and the Philippines illustrate that the most consequential facilitators are often individuals with formal state roles who provide the political cover, land access, and law enforcement immunity that allow compounds to operate openly. Here too, Canada can act. Canada's Justice for Victims of Corrupt Foreign Officials Act permits the designation of actors responsible for gross violations of internationally recognised human rights and ordering, controlling, or otherwise directing acts of significant corruption, to "Magnitsky-style" sanctions.[82] Canada is therefore positioned to coordinate Magnitsky-style designations with US, UK, and EU counterparts and to press willing ASEAN coalition members to adopt or expand comparable instruments.

***Regulatory Pressure on Virtual Asset Service Providers and Underground Banking***

The fourth mechanism addresses the regulatory environment that allows compound proceeds to be laundered through cryptocurrency exchanges, virtual asset service providers (VASPs), casino-junket operators, and underground banking systems.

[82] Justice for Victims of Corrupt Foreign Officials Act (Sergei Magnitsky Law), Statutes of Canada 2017, chap. 21, https://laws-lois.justice.gc.ca/eng/acts/J-2.3/page-1.html.

Even where individual designations succeed in restricting specific actors, the broader laundering infrastructure persists because regulatory standards across the region are inconsistent, under-enforced, or absent.[83] A coalition response would press for the expansion of know-your-customer requirements, transaction monitoring mandates, and cross-border information-sharing obligations for VASPs operating in coalition jurisdictions, with Singapore as a natural lead given the maturity of its Monetary Authority's existing framework. The mechanism also extends to the casino sector, particularly the junket operators that the UNODC has identified as critical nodes in the regional money-laundering ecosystem, and to the underground banking networks that move funds between formal and informal financial systems.[84] Coalition members would commit to harmonised supervisory standards, joint examinations of cross-border VASPs, and shared sanctions for operators who fail to comply.

Canada's contribution here is via regulatory diplomacy rather than direct enforcement. FINTRAC can offer technical assistance and template frameworks to coalition members updating their VASP regimes, drawing on Canada's experience as one of the earlier G7 jurisdictions to bring cryptocurrency exchanges within an anti-money laundering framework. Canadian regulators can advocate for parallel standards through the Financial Action Task Force and the Asia/Pacific Group on Money Laundering, both of which already conduct mutual evaluations of regional jurisdictions and whose recommendations carry weight in domestic regulatory politics. The aim is to shrink the jurisdictions in which compound proceeds can move freely, raising the operational cost of laundering and creating chokepoints that JITs and sanctions designations can exploit. As regulatory perimeters in the six anchor states tighten, captured jurisdictions face a choice: align their own VASP and casino-junket regulation with coalition standards, or

[83] United Nations Office on Drugs and Crime, Casinos, Money Laundering, Underground Banking, and Transnational Organized Crime in East and Southeast Asia: A Hidden and Accelerating Threat, January 2024, p. 5, https://www.unodc.org/roseap/uploads/documents/Publications/2024/Casino_Underground_Banking_Report_2024.pdf.

[84] See United Nations Office on Drugs and Crime, Inflection Point: Global Implications of Scam Centres, Underground Banking and Illicit Online Marketplaces in Southeast Asia, Technical Policy Brief (Bangkok: UNODC, April 2025), https://www.unodc.org/roseap/uploads/documents/Publications/2025/Inflection_Point_2025.pdf.

watch financial flows shift to the increasingly small number of permissive markets, where they become more visible and easier to target.

### *A Regional Non-Prosecution and Safe Repatriation Framework for Trafficked Persons*

The fifth mechanism is focused on victim-centred protection and repatriation pathways for trafficked persons. Ensuring adequate protection, repatriation, and rehabilitation for victims is necessary both to help those impacted and to increase enforcement capabilities.[85] Currently, victims report being subjected to arrest and immigration detention "for periods ranging from days to many months."[86] They report receiving immigration penalties including "overstay fines, re-entry bans, and being blacklisted from entering the country to which they had been trafficked."[87] Victims who fear prosecution or face barriers to safe return are less likely to cooperate with law enforcement, depriving investigators of critical intelligence.[88] Successful prosecution of compound operators and effective enforcement actions depend on victim testimony; every immigration penalty imposed on a victim is an enforcement asset destroyed.

This mechanism comprises a coalition-wide non-prosecution and non-detention framework for trafficked persons, modelled on the principle that victims should not be prosecuted, detained, or punished for the irregularity of their entry or residence or for activities they were compelled to undertake as a direct consequence of trafficking.[89] The framework would be paired with safe repatriation pathways that prevent escape victims from being deported into re-trafficking risk in their home countries, screening protocols that distinguish trafficked persons from voluntary participants in compound operations, and access to legal representation, medical care, and psychosocial support during the period between rescue and resettlement.

Canada's contribution draws on its established traditions of victim-centred justice, refugee protection, and development assistance. It can support coalition members in

[85]See OHCHR, A Wicked Problem, p. 27.
[86]Ibid., pp. 12-14.
[87]Ibid.
[88]Office of the United Nations High Commissioner for Human Rights, Online Scam Operations and Trafficking into Forced Criminality in Southeast Asia: Recommendations for a Human Rights Response (Bangkok: OHCHR Regional Office for South-East Asia, 2023), pp. 19-20.
[89]OHCHR, A Wicked Problem, p. 27.

drafting and implementing the framework, fund safe-house and rehabilitation infrastructure in anchor states, and offer resettlement places for victims for whom return is not safe, particularly those whose home countries lack the institutional capacity to protect them from re-trafficking. Canadian non-governmental organisations with experience in human-trafficking response, such as the Canadian Centre to End Human Trafficking, can provide expertise to coalition partners building out their victim-services architectures. Without such protection, victims who escape compounds face deportation, prosecution, or re-trafficking, outcomes that simultaneously harm individuals and deprive investigators of the testimony on which enforcement depends. The protective mechanism, far from being separate from enforcement, is what makes the other four mechanisms work.

***Why These Five Mechanisms Form a System***

These five mechanisms form a system – each addresses a category of compound activity, coming together to holistically address the compound networks. Joint investigation teams without an intelligence backbone cannot keep pace with compound mobility; the ERN without JITs is a communications channel without effective enforcement. Sanctions without VASP regulation simply push laundering one jurisdiction further out; VASP regulation without sanctions leaves the political facilitators untouched. And all four enforcement-side mechanisms generate intelligence only if victims are willing to testify, which depends on the protective framework of mechanism five.

The architecture also addresses the corridors that feed the compounds themselves. Every mechanism operates primarily through corridors that run through non-captured jurisdictions: the ERN's seven states, the financial centres of Singapore and the regional VASP markets, the recruitment pipelines that feed compounds, and the repatriation pathways that lead away from them. None of the mechanisms requires Cambodia, Laos, or Myanmar to act. Where pressure on captured states is needed, it comes through the sanctions and financial-disruption mechanisms applied from outside, not through cooperation expected from within. This is what allows the coalition to begin work immediately, rather than waiting on the political conditions in captured states that have not arrived in two decades and show no sign of arriving in the next.

*Challenges Ahead*

The proposed five mechanisms face a problem: the *perfect storm* conditions that made scam compounds so rapidly effective are the very same conditions the coalition must now fight against. Compounds thrive on speed, jurisdictional mobility, and the exploitation of new technology to move money and evade detection faster than enforcement can adapt. Each of these advantages cuts against the coalition as much as it cut against the fragmented enforcement efforts that preceded it.

There are six challenges. First is the effectiveness of any new enforcement architecture. Forty years of regional police cooperation counsel show caution on the impact of these enforcement operations. Since 1981, ASEANAPOL has convened police chiefs annually without fielding a single joint operational unit because its mandate stops at information exchange and its secretariat runs no cases.[90] In 2004, the ten ASEAN members signed a mutual legal assistance treaty that routes every evidentiary request through central authorities, a channel that in practice consumes months while servers are wiped and suspects cross borders.[91] Launched the same year among six Mekong states, the Coordinated Mekong Ministerial Initiative against Trafficking has produced regular declarations and modest victim referrals while the trafficking economy it targets grew into the compound system this paper describes.[92]

Second, coordinated sanctions presuppose legal instruments that most anchor states do not possess. Canada, the United States, and the United Kingdom can designate under Magnitsky-style statutes,[93] whereas Indonesia, Malaysia, the Philippines, Thailand, and Vietnam have no autonomous targeted-sanctions law of their own. In March 2022, Singapore proved it could impose unilateral measures by sanctioning Russian banks, although it has never designated a figure from a fellow ASEAN state and

[90] ASEANAPOL, "History and Background," accessed August 2026, https://www.aseanapol.org.
[91] Treaty on Mutual Legal Assistance in Criminal Matters, Kuala Lumpur, 29 November 2004.
[92] Memorandum of Understanding on Cooperation against Trafficking in Persons in the Greater Mekong Sub-Region (COMMIT), Yangon, October 29, 2004.
[93] Global Magnitsky Human Rights Accountability Act, Pub. L. No. pp. 114-328 (2016); Global Human Rights Sanctions Regulations 2020, S.I. 2020/680 (UK); Justice for Victims of Corrupt Foreign Officials Act, S.C. 2017, c. 21.

guards the neutrality that underpins its financial centre.[94] While anchor states legislate, the mechanism's designations will rest on two or three external legal systems, which concentrates diplomatic exposure on exactly the partners the design casts as supporters.

Third, virtual asset regulation faces the same problem. After the US Treasury moved against Huione Group in 2025, the group's marketplace activity migrated within months to successor platforms incorporated beyond the regulated zone, which suggests the coalition's perimeter must widen faster than laundering infrastructure reincorporates.[95] The victim protection framework carries the heaviest legislative lift because non-prosecution statutes must clear six separate parliaments whose calendars move in years while compounds relocate in weeks.

Fourth, intelligence sharing among government units multiplies exposure to leakage because several anchor-state services are penetrated by the networks under investigation. Drawing on Royal Thai Police briefings, UNODC reporting has documented officers on compound payrolls,[96] while Philippine investigations into the offshore gaming sector uncovered similar connections inside domestic enforcement bodies.[97] Each case file distributed across six services reaches whichever compromised desk sits along the chain, a risk the US Drug Enforcement Administration answered in Latin America by building small vetted units screened through polygraphs and financial disclosure. Vetted units work, although they take years to establish, cost far more per officer than ordinary policing, and imply publicly that the wider services cannot be trusted, an implication with its own diplomatic price.[98]

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[94] Ministry of Foreign Affairs, Singapore, "Sanctions and Restrictions against Russia in Response to Its Invasion of Ukraine," press statement, 5 March 2022.

[95] Elliptic, "Huione Guarantee Merchants Migrate to Tudou Guarantee Following Telegram Takedown," June 2025, https://www.elliptic.co; US Department of the Treasury, Financial Crimes Enforcement Network, "Imposition of Special Measure Regarding Huione Group, as a Foreign Financial Institution of Primary Money Laundering Concern," Federal Register 90, 199 (16 October 2025): pp. 48295-48312.

[96] UNODC, Inflection Point, 65, citing Royal Thai Police, "Stakeholder Roundtable Closed-Door Meeting."

[97] Rappler, "Draft Senate Panel Report Seeks Criminal Cases vs 26 'Pastillas' Scam Masterminds," January 26, 2022; *Philippine Star*, "86 BI Personnel Charged over 'Pastillas' Scam," 6 November 2020.

[98] US Department of Justice, Office of the Inspector General, *Audit of the DEA's Headquarters-Based Oversight of its Supported Foreign Law Enforcement Units*, Audit Report pp. 21-114, August 2021; ProPublica, "Justice Department Inspector General to Investigate DEA Program Linked to Massacres in Mexico," May 2018.

Fifth, joint investigation teams will hit legal obstacles well before they hit capability limits. The European model behind most JIT proposals rests on the 2000 EU Convention on Mutual Assistance and on Eurojust, founded in 2002, which together give teams a shared legal basis for admissible evidence, live data exchange, and joint charging decisions.[99] Because ASEAN's anchor states have no equivalent instrument, a Thai wiretap may be inadmissible before a Philippine court, Vietnamese procedure can bar foreign officers from suspect interviews, and Singaporean banking secrecy limits what investigators there may share. Before the first team deploys, the coalition therefore needs a framework agreement covering evidence standards, data protection, and officer authorities, a negotiation that occupied Europe for the better part of a decade.

And finally, Interpol's operations against the compounds show the same ceiling on what episodic cooperation achieves. In October 2023, Operation Storm Makers II mobilized police in more than twenty countries, produced several hundred arrests, and rescued roughly 140 victims from an industry the UNODC values at as much as USD 43.8 billion a year.[100] Sweeps of this kind raid premises without touching the political protection, laundering rails, or recruitment pipelines that let operators rebuild within weeks, which is why two decades of such operations displaced compounds without dismantling them. The five mechanisms could answer this record directly since standing joint investigation teams, a permanent intelligence backbone, and recurring sanctions rounds replace the raid-and-communiqué cycle with continuous pressure on the networks' fixed dependencies.

Despite these challenges, the coalition design and five mechanisms could still be effective in responding to this operating environment. The coalition’s design does not ask the six anchor states to solve these constraints unassisted. Canada and other outside-the-region partners supply the exact things needed for a regional response: dedicated financial-intelligence infrastructure, cyber-forensic capability, and legal instruments such

[99] Convention on Mutual Assistance in Criminal Matters between the Member States of the European Union,29 May 2000, O.J. (C 197) p. 1; Council Decision 2002/187/JHA of 28 February 2002 Setting Up Eurojust, O.J. (L 63) p. 1.

[100] Interpol, "Operation Storm Makers II Reveals Globalization of Cyber Scam Centres," press release, 8 December 2023; USIP, *Transnational Crime in Southeast Asia: A Growing Threat to Global Peace and Security*, p. 9.

as Magnitsky-style designations. These are tools that most regional states lack in their domestic toolkit.

**Conclusion**

The growth of scam compounds in the Indo-Pacific presents a global challenge. Their drivers- immense profits, elite capture, technological disruption, and the mobility of transnational crime- continue to complicate any response. These compounds thrive under inadequate governance, fragmented enforcement, and great-power disengagement.

The great-power limits documented in this paper are unlikely to ease. While US enforcement against compound networks has intensified sharply through sanctions, indictments, and asset seizures, it remains extraterritorial and narrow, and the dismantling of USAID has hollowed out the development, capacity-building, and victim-protection work on which any coordinated regional strategy depends. China's posture is the mirror image: enforcement is sporadic and reactive, intensifying only when Chinese citizens are among the victims, and is further complicated by the fact that the criminal networks themselves often trace back to funding and protection from Chinese investors. Neither Washington nor Beijing is positioned to anchor a regional response, and the prevailing institutional defaults of bilateral enforcement partnerships and broad multilateral bodies continue to assume a great-power leadership that is no longer forthcoming. The result is a governance vacuum precisely where coordinated action is most urgently needed.

This paper has argued that middle-power-led minilateral coalition-building, anchored in a willing sub-group of six ASEAN members and supported by like-minded external partners, is the most viable path forward. Both bilateralism and multilateralism have failed to meet the moment, and the scam compound crisis is uniquely situated in these frameworks' respective weaknesses. Bilateral groupings are inadequate in scope and strength to impact transnational regional actors. Larger multilateral groupings have failed as they are too burdensome and hampered by consensus requirements. Minilateralism, with its coalition-of-the-willing structure and relatively smaller size, permits effective action against these criminal networks. The architecture proposed here translates that institutional form into substantive content through five concrete

mechanisms: standing joint investigation teams that pursue compound networks across borders; sustained support to the UNODC Emergency Response Network as the coalition's operational backbone; coordinated financial sanctions targeting facilitators, beneficial owners, and political enablers; harmonised regulatory pressure on virtual asset service providers and the casino-junket sector; and a regional non-prosecution and safe-repatriation framework for trafficked persons. Together, these mechanisms operate on the corridors that run through non-captured jurisdictions, allowing the coalition to degrade compound operations without waiting on cooperation from inside the captured states.

Canada is the external partner currently positioned to supply this convening function at acceptable political cost. Its contribution is not a separate pillar but a set of capabilities embedded across all five mechanisms: cyber-forensic and FINTRAC analytical capacity for the joint investigation teams, multi-year support to the Emergency Response Network, Magnitsky-style designations and financial mapping for the sanctions programme, regulatory diplomacy and technical assistance for VASPs, and victim-centred legal frameworks and resettlement places for the protection mechanism. These capabilities draw on Canada's strengths, including a comparatively non-threatening regional profile, Chinese-Canadian diaspora networks, and advanced financial intelligence capabilities, applied where great-power engagement has been most absent and where ASEAN consensus requirements have most consistently failed. Doing so directly supports Canada's Indo-Pacific Strategy, builds on its existing engagement in the region, and addresses one of the most challenging non-traditional security threats facing the Indo-Pacific today.

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