

# Alibaba says China police arrest 36 in fraud probe

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Alibaba.com advertising, pictured in Hong Kong, in 2007. Police have arrested 36 people in southeast China following an investigation into fraud on e-commerce site Alibaba.com and other websites that duped buyers out of more than \$6 million.

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Alizila.com, Alibaba's corporate news website, reported earlier this week the suspects were detained in Fujian province's Putian city in April. John Spelich, the firm's spokesman, confirmed the report to AFP on Saturday.

The people arrested allegedly operated a criminal gang that used fake IDs to open more than 100 "Gold Supplier" accounts on Alibaba.com.

This designation is given to those certified as highly trusted suppliers by the firm.

This allowed the suspects to pose as legitimate companies selling to overseas businesses that source goods through Alibaba.com. Police said the alleged [scammers](#) also used other international trading websites.

Alibaba.com, based in the eastern city of Hangzhou, has grown into one of China's largest Internet companies by matching mainland manufacturers and wholesalers with buyers around the world.

But its reputation took a hit in February when the firm announced the resignation of chief executive David Wei and head of operations Elvis Lee after fraud was uncovered on the site.

Wei and Lee were not involved in the scams but resigned because they took responsibility for "systemic breakdowns" that allowed the fraud to happen, Alibaba said at the time.

But according to the Alizila report, the fraud was "sometimes abetted by Alibaba.com employees." But Spelich said Saturday none of the 36 arrested worked at the company.

He added the number of [fraud](#) complaints received by the website in June was down 70 percent from February after Alibaba toughened procedures and other security measures.

The report said [Alibaba](#) had refunded \$1.9 million to those who lost their money to the alleged scammers.

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