

FRAUD IN THREE ACTS

1. Relationship Cons
2. Fraud-Recovery Scams
3. Money Laundering



Act 1: Relationship Tragedy

You may respond to a random text message or a stranger on social media who wants to start a relationship. Soon you're texting every day, exchanging pictures, and you learn the person makes money by trading crypto assets or foreign currencies. Eventually, the "friend" offers to teach you how. You're introduced to a trading website. You're shown your successful trades and your account balance grows rapidly. You're pressured to invest more by the "friend" who may even convince you to invest all the money from your retirement accounts or to mortgage your home.

At first, you might be able to withdraw a small amount of money, but try to take out large sums, or close the account, and suddenly there are problems. At the end of the fraud, you are left bankrupt and broken hearted. You may even owe a large tax bill to the IRS for prematurely removing funds from retirement accounts.

This type of fraud has many names, including crypto confidence investment fraud, financial grooming fraud, relationship confidence fraud, and the term the operators use, pig butchering fraud. To learn more, visit cftc.gov/LearnAndProtect/romancefrauds

Act 2: A Comeback Story?

Recovering money lost to fraud is rare and more difficult if dollars are first converted to bitcoin (BTC), Tether (USDT), or other crypto assets. The criminals know this, so they may call you claiming they can get your lost money back.

Fraud-recovery scams are a form of advance-fee fraud—when you are asked to pay upfront for a bigger payoff later. In this case, you're told your stolen money has been recovered, or it can be found, if you first pay a tax, fee, or retainer. Many times, the same gang or a different one pulls off both the original and recovery scams. To learn more, visit cftc.gov/LearnAndProtect/AdvisoriesAndArticles/RecoveryFrauds.html

Act 3: Breaking Bad

A possible third act is the promise of easy part-time work. The "job" offer is for you to open bank accounts or digital asset wallets to accept money or convert crypto to dollars, and then forward the money somewhere else. For payment, you keep some of the money. But the money was stolen from other fraud victims and this financial shell game is a form of money laundering that could land you in jail. The people who perform this fraud are called "money mules." For more information, visit cftc.gov/LearnAndProtect/AdvisoriesAndArticles/MoneyMules.html

- ✓ Never mix money with long-distance relationships.
- ✓ Reverse image search any new internet "friends" and try to contact them through other means to verify their identities.
- ✓ Never send crypto assets or give sensitive information to anyone you've only known online.
- ✓ Be cautious of calls, letters, or emails from people or companies you've never contacted.
- ✓ Before trading crypto, check to see if the trading platform is registered with the Financial Crimes Enforcement Network (FinCEN) or your state as a money service business. Learn more at cftc.gov/check.
- ✓ Make sure any trading platform or financial firm has a headquarters in the U.S. See if it looks like a legitimate business by doing a street-view map search of the address.
- ✓ Don't trade in markets or products you don't fully understand.
- ✓ Beware of government imposters. Contact the agency directly to verify calls, email, or messages you received.

