

FRAUD WATCH

Fraud Alerts Identified From Our In-House Researchers

Topics Covered:

- Hijack of Verified Twitter Accounts
- CFTC Advisory on Pump and Dumps
- BitFunder's Alleged Fraud
- Overview of Cryptocurrency Scams

Scammers Hijacking Third-Party Verified Twitter Account

Bottom Line Upfront: Scammers are now posing as influencers on Twitter by hijacking third-party verified accounts (with a blue check mark) and soliciting donations and quick profit schemes. Once the account is hijacked, scammers will change the Twitter handle and profile picture to mimic influencer profile.

Source: CCN.com, Cryptocurrency Scammer Hijack Verified Twitter Accounts to Trick Users, 25 February 2018.

Link: <https://www.ccn.com/cryptocurrency-scammers-hijack-verified-twitter-accounts-trick-users/> (accessed 25 February 2018)

Blow the Whistle on Pump and Dump Schemers

Bottom Line Upfront: U.S. Commodities Futures Trading Commission advises against purchasing cryptocurrencies based social media tips or sudden prices in spike. Advises thorough research in buying decision to separate hype from the facts. Schemes involving cryptocurrencies can be reported through the website whistleblower.gov. The mission of the Commodity Futures Trading Commission is to foster open, transparent, competitive, and financially sound markets.

Source: CFTC.gov, Customer Advisory: Beware Virtual Currency Pump-and-Dup Schemes, 15 February 2018.

Link: http://www.cftc.gov/idc/groups/public/@customerprotection/documents/file/customeradvisory_pumpdump0218.pdf (accessed 25 February 2018)

Co-Founder of BitFunder Arrested by U.S. Federal Authorities

Bottom Line Upfront: SEC alleges Co-Founder committed perjury and obstruction of justice for misleading SEC investigators. SEC alleges Montrell defrauded users by "misusing their bitcoins" and "not disclosing a cyberattack resulting in the theft of 6,000 bitcoins." The SEC also charges that BitFunder operated as an unregistered securities exchange.

Source: TheHill.com, Fed Charge Former Bitcoin Exchange Fraud, 21 February 2018.

Link: <http://thehill.com/policy/technology/374932-doj-sec-charge-alleged-bitcoin-scam-with-lying-fraud?platform=hootsuite> (accessed 25 February 2018)

Cryptocurrency Scams

Bottom Line Upfront: Article identifies five common types of cryptocurrency scams that are very prevalent in the cryptocurrency market (types include shady exchanges, pyramid and ponzi schemes, pump and dumps, ICO (overvaluation), and Coin doesn't exist (referring to imposter or impersonator scams).

Source: Makeuseof.com, 5 Common Cryptocurrency Scams and How to Avoid Them, 11 October 2017

Link: <https://www.makeuseof.com/tag/common-cryptocurrency-scams/>, (Accessed 24 February 2018)

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