

CRYPTOCURRENCY FRAUD: DON'T BE TAKEN IN!

In spite of prior warnings by the FSMA, cryptocurrency fraud continues to trap ever more victims in Belgium. Therefore the FSMA is publishing a new warning today against these forms of fraud. It has also updated the [list of cryptocurrency trading platforms](#) for which it has detected indications of fraud, adding 21 new suspect sites. This list now comprises a total of 99 websites.

- How do these types of fraud get started?

Swindlers may reach you in a number of different ways.

- You may be approached after having expressed interest in an advertisement published on social media or other websites that sings the praises of cryptocurrencies. If you click on such an advertisement, you will be asked to fill in a contact form with your email address and phone number. In the next few days, you will first receive a phone call from a telephone salesperson, who will offer you some explanations of cryptocurrencies and direct you to his or her "company's" website.
 - These types of swindlers are also very active on social media such as Facebook, which they use to promote their "investments". So be careful about "liking" a page!
 - Lastly, you may also be contacted by phone without having taken any prior initiative yourself. This technique, known as "cold calling", is widely used in the commission of investment fraud.
- What do the fraudsters offer you?

Once the fraudsters have your contact details, they offer you an investment they claim is secure, easy and very lucrative. They try to inspire confidence by assuring you that you don't need to be an expert in cryptocurrencies in order to invest in them. They claim to have specialists who will manage your investments for you.

The formulas vary: purchase of cryptocurrencies, savings accounts based on cryptocurrencies, management agreements, ICOs, etc.

Whatever the formula, the (false) promises are often the same:

- a very high rate of return, often around 8% per month (sometimes even more!);



- the possibility of withdrawing your money very easily and at any time (“in a few clicks”);
- the funds deposited are guaranteed (often at 100%!), which means that even if the market collapses, you will recover at least your initial investment, which makes this a very safe type of investment.

All these promises are worthless, however: if an offer is fraudulent, the promises that accompany it are equally so.

- When and how to determine that an offer is a fraud?

Generally speaking, it is hard to tell that one has been the victim of investment fraud. Often for several months, the swindlers manage to maintain the illusion that this is an entirely legitimate and highly profitable investment, thereby encouraging their victims to invest even more.

They do not hesitate to employ various particularly effective techniques to this end. Their websites look very professional: they provide you with a personal space where you can track changes in the value of your investment via well designed tables and graphs.

At the beginning of their relationship with their “clients”, the fraudsters will typically make one or more payouts to you. They try in this way to show that they are trustworthy, sending you “earnings” either upon your request or automatically. But don't fall for their ruse: their aim is solely to persuade you to invest even larger amounts. When you try later to recover your money, suddenly there is no one at the other end of the line.

In some cases, the swindlers ask you to pay capital gains tax or exit fees before you can receive your earnings. But these are simply pretexts to get you to make one last payment: as soon as these “fees” are paid, the fraudsters disappear with your money and cut off all contact.

- How can you protect yourself from these types of fraud?

In order to avoid such swindles, the FSMA invites you to exercise utmost prudence and advises you to remain alert to any indication of investment fraud. It therefore offers a few recommendations:

- always verify the identity of the company (company name, home country, etc.). If a company cannot be clearly identified, it should not be trusted.

Be wary as well of companies that claim to hold authorizations from supervisory authorities and refer you to such authorizations. This is a very frequently used technique. However, these are often cases of identity theft. Feel free to ask the FSMA to confirm the information you have received.



The FSMA wishes to reiterate that there is no current supervision of online platforms active in the cryptocurrency sector, and refers in this regard to its warnings published on [14 January 2014](#) and [16 April 2015](#).

Also be wary if the company or its website is fairly new; this is often the case with fraudulent cryptocurrency trading platforms.

- always ask your interlocutor for clear and comprehensible information, and take a critical attitude to the information they provide.

Many cryptocurrency trading platforms promise guaranteed returns or protection of your entire capital. In the cryptocurrency sector, such promises are illusory! Moreover, if an offer is fraudulent, the guarantee given is equally so.

- be wary as well of (promises of) completely disproportionate returns. Where a return seems too good to be true, it usually is.

The FSMA also suggests you consult the [list of cryptocurrency trading platforms](#) for which it has detected indications of fraud. Please note, however: this list is based solely on observations made by the FSMA on the basis of reports received from consumers. It therefore does not include all players that may be unlawfully active in this sector.

In case of any doubt, feel free to contact the FSMA directly via the [consumer contact form](#) on its website.

- Have you been victim of this type of fraud, or do you think you might have been?

If you are the victim of this type of fraud or think you might have been, file a complaint with the local police or the competent judicial authorities. The FSMA stresses the importance of filing a complaint quickly and with ample documentation (the company in question, bank accounts to which you transferred money, etc.).

For any questions you may have, feel free to contact the FSMA's services using the [consumer contact form](#). The FSMA also invites you to send it any useful information that can help it fulfil its mandate to protect the financial consumer.



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For more information on this type of fraud, the FSMA invites you to consult its [warning](#) of 22 February 2018 as well, which includes a particularly evocative and [detailed testimony](#) by a victim of such a platform.

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