

Investor Alert: Watch Out for Fraudulent Digital Asset and “Crypto” Trading Websites

April 24, 2019

The SEC’s Office of Investor Education and Advocacy (OIEA) and the Commodity Futures Trading Commission’s Office of Customer Education and Outreach (CFTC) warn investors to scrutinize investment opportunities through websites purporting to operate advisory and trading businesses related to digital assets. These websites often contain “red flags” of fraud including claims of high guaranteed returns and promises that the investments carry little or even no risk.

SEC and CFTC staff have recently observed investment scams where fraudsters tout digital asset or “cryptocurrency” advisory and trading businesses. In some cases, the fraudsters claim to invest customers’ funds in proprietary crypto trading systems or in “mining” farms. The fraudsters promise high guaranteed returns (for example, 20-50%) with little or no risk.

After the investors make an investment, typically using a digital asset such as Bitcoin, the fraudsters in some cases stop communicating with the investors altogether. These fraudsters can quickly send your money overseas, with little chance of you being able to get it back. Sometimes the fraudsters direct investors to pay additional costs (such as purported taxes) to withdraw fake “profits” earned from the investment. This is an example of an **advance fee fraud scam**, where investors are asked to pay a bogus fee in advance of receiving proceeds, money, stock, or warrants.

On April 24, 2019, the United States Attorney’s Office for the District of Oregon announced an indictment against two Nigerian citizens, Onwuemerie Ogor Gift (aka Onwuemerie Ogor) and Kelvin Usifoh, on one count of conspiracy to commit wire fraud, eleven counts of wire fraud, and one count of conspiracy to commit money laundering. The indictment alleges that the defendants engaged in a scheme to defraud whereby they solicited investments of bitcoin through certain websites that promised investors a 20-50 percent return on investments, “zero risk” and instant withdrawals. The indictment further alleges that, despite the claims on the websites, the defendants told victims to deposit more bitcoins in order to receive the proceeds of their investments and never returned any funds to the victims. The indictment specifically alleges that the defendants are affiliated with three websites: <http://wealthcurrency.com>, <http://boomcurrency.com>, and <http://merrycurrency.com>.

We urge investors to be on the lookout for any of these warning signs of investment fraud:

- “Guaranteed” high investment returns. All investments have risk, and investors should question any so-called “guaranteed” return. Be wary of anyone who promises that you will receive a high rate of return on your investment, especially with little or no risk. Claims such as “risk-free”, “zero risk”, “absolutely safe”, and “guaranteed profit” are hallmarks of a fraud.
- Complicated jargon and language that is difficult to understand. Fraudsters often use complex new technologies to perpetrate investment schemes. They can claim their technology is highly secret. Investors should always be suspicious of hard to understand pitches that accompany promises of

outsized returns. Sometimes the language includes spelling, grammar, and typographical errors that can make the description confusing – another red flag the “investment” could be a scam.

- **Unlicensed sellers.** Many investment frauds involve unlicensed individuals or unregistered firms. Check license and registration status on [Investor.gov](https://www.investor.gov).
- **Sounds too good to be true.** If the investment sounds too good to be true, it probably is. Remember that investments providing higher returns typically involve more risk.
- **Unsolicited offers.** An unsolicited sales pitch may be part of a fraudulent investment scheme. Exercise extreme caution if you receive an unsolicited communication—meaning you didn’t ask for it and don’t know the sender—about an investment opportunity. Fraudsters may use fake names and misleading photos, and also provide U.S. phone numbers even though they may be operating abroad.
- **Pressure to buy RIGHT NOW.** Fraudsters may try to create a false sense of urgency to get in on the investment. Take your time researching an investment opportunity before handing over your money.

Before making any investment, carefully read any materials you are given and verify the truth of every statement you are told about the investment. For more information about how to research an investment, read OIEA’s publication [Ask Questions](#). Investigate the individuals and firms offering the investment, and check out their backgrounds on [Investor.gov](https://www.investor.gov) and by contacting your [state securities regulator](#). Also, check online for [disciplinary history](#) with the CFTC and visit the [RED List](#), which features entities that have been identified as acting in a capacity that appears to require registration, but they are not appropriately registered with the CFTC. Investors can also use [SALI](#) to find information about certain people who have had judgments or orders issued against them in SEC court actions or administrative proceedings.

If you have already invested in an offering you think may be fraudulent or you have been asked to pay additional money to get back money from an investment, [report](#) it to the SEC or [CFTC](#).

Additional Resources

[Spotlight on Initial Coin Offerings and Digital Assets](#)

[ICO - Howeycoins](#)

SEC Enforcement Actions:

- [SEC Stops Fraudulent ICO That Falsely Claimed SEC Approval](#)
- [SEC Obtains Emergency Order Halting Fraudulent Coin Offering Scheme](#)
- [SEC Halts Fraudulent Scheme Involving Unregistered ICO](#)
- [SEC Halts Alleged Initial Coin Offering Scam](#)
- [SEC Emergency Action Halts ICO Scam](#)

Call OIEA at 1-800-732-0330, ask a question [using this online form](#), or email us at Help@SEC.gov.

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Visit [CFTC.gov/bitcoin](https://www.cftc.gov/bitcoin), the CFTC's dedicated website for Bitcoin and Virtual Currency educational resources, which includes podcasts, brochures and the below customer advisories:

- [Understand the Risks of Virtual Currency Trading](#)
- [Use Caution When Buying Digital Coins or Tokens](#)
- [Beware Virtual Currency Pump-and-Dump Schemes](#)
- [Beware of "IRS Approved" Virtual Currency IRAs](#)

Visit the [RED List](#), a resource that helps traders identify foreign entities that are not registered with the CFTC, but appear to be operating in a capacity that requires registration.

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