



BEWARE OF CRYPTOCURRENCY SCAMS



Attorney General Kwame Raoul advises Illinoisans to be cautious of cryptocurrency scams. Recent high-profile scams involving cryptocurrencies highlight the need for consumers to be hyper-vigilant when dealing with anyone claiming to sell or provide information relating to the volatile world of cryptocurrencies.

What is Cryptocurrency?

- ◆ Cryptocurrency is a form of digital currency purchased and traded using computers or smart devices.
- ◆ It can be used to buy goods and services, traded on cryptocurrency exchanges, or held as investments.
- ◆ There are many different cryptocurrencies that can be purchased, sold, and traded on cryptocurrency “exchanges”.

How do People use Cryptocurrency?

- ◆ Quick payments, to avoid transaction fees that traditional banks charge, or because it offers some anonymity.
- ◆ To hold cryptocurrency as an investment, hoping the value goes up.

Risks of Cryptocurrency:

- ◆ Cryptocurrency is prone to loss or theft, and its prices are highly unpredictable.
- ◆ Unlike traditional money, assets or stocks, cryptocurrency and its exchanges lack significant government regulation, making them susceptible to fraud.
- ◆ Without oversight, it is easier for fraud to occur and more difficult to reverse fraudulent transactions.
- ◆ There is no guarantee lost or stolen cryptocurrency will be returned.

Common Scam Tactics:

- ◆ Scammers may ask for direct payments or redirect individuals to fake websites or apps.
- ◆ Scammers may create fake statements with information indicating a return on investment.
- ◆ Scammers may claim investors must pay fees, taxes, or verify accounts to receive earnings.

**DO YOUR HOMEWORK BEFORE INVESTING IN ANY CRYPTOCURRENCY
LEARN HOW TO AVOID THESE SCAMS ON THE NEXT PAGE**

TIPS TO AVOID CRYPTOCURRENCY SCAMS:

1 Understand the basics of cryptocurrency before you invest. Do not invest with anyone unable to explain the details in plain language or claiming low risk. Do not invest with anyone who claims they want to exploit a certain aspect of the cryptocurrency market, or that your investment carries little to no risk.

2 Many cryptocurrency scams are similar to scams that involve gift cards, wire fraud and other currency. Never share your bank account or credit card information with anyone you meet online, and do not send money by wire transfer, money order, gift card or cryptocurrency.

3 Watch out for cryptocurrency opportunities that encourage you to recruit other investors; they may be illegal pyramid schemes. Be cautious of requests from unknown individuals to buy or send cryptocurrency for specific purposes; familiarize yourself with common scams.

4 Avoid investments with guaranteed or suspiciously high returns. Investments, especially those seeking high returns, fluctuate over time due to ever-changing market conditions. Remember, most unsolicited messages about investment opportunities are scams.

5 Do not invest in cryptocurrency just because it was endorsed by a celebrity; do thorough research before investing. Be wary of fake exchanges or investment platforms created by scammers; they may create fake exchanges, investment platforms or cryptocurrency staking or mining services.

6 Protect your online privacy when accessing cryptocurrency. Use a secure network and avoid sharing passwords or digital wallet keys; consider using a virtual private network for added security. Be wary of anyone you do not know asking you to buy or send cryptocurrency for a specific purpose.



**For more information regarding internet privacy,
online safety, and scams, please visit:
www.IllinoisAttorneyGeneral.gov**