



## CRYPTOCURRENCY SCAMS AND WHAT TO DO NEXT

Recently, we have received a number of enquiries related to cryptocurrency scams.

Although scammers' tactics can vary, it seems common that they take a "phased" approach designed to first obtain your funds/crypto and then keep you locked into the scam. For example:

1. The scammer will ask you to acquire crypto (e.g., Bitcoin) and transfer it to them or they may request you to transfer money to a designated bank account, for 'investment' into other coins.
2. In order to obtain any dividend/profits or even return of capital, you'll be asked to pay further amounts to the scammers in order for only a small part of the funds to be released.
3. To create some urgency, the scammer might advise you to transfer more crypto/funds because, for example, there is a loan repayment due (on a loan you may not have even entered!) or there is a "margin-call" when your portfolio value drops.
4. Once you stop making payments, conveniently you'll be contacted by an overseas "law firm" looking to mount a class action against the scammers, to help you recover your funds. They will claim that they can help you, but on the condition that you transfer them more funds/crypto up front. Seem a bit odd? The 'overseas law firm' could be the same scammers.

One of the main characteristics of cryptocurrency is anonymity and the difficulty in tracing funds.

That, coupled with the hype surrounding crypto, and the general lack of understanding about what it is, makes crypto an ideal stomping ground for scammers.

**This is why it is important that you exercise EXTREME CAUTION when you are engaging in crypto related activities.**

**If you have already gotten into a crypto investment scheme and have doubts about its legitimacy:**

1. **Get advice immediately as to whether your investment (or proposed investment) is legitimate or a scam;**

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2. **If it is a scam, do not provide any more funds to the scammers and take steps to protect your information / funds as best you can.; and**
3. **Determine whether you are able to recover any funds already transferred.**

Currently, the cryptocurrency space is widely unregulated, albeit globally many governments are now taking active steps to regulate digital assets and protect consumers.

Andrew Bragg, an Australian Senator, recently proposed the Digital Services Act at a blockchain conference in Australia, where he noted that his expectations were for the Act to "protect crypto consumers against malicious operators".

We are keen to see just how effective this will be.

While we wait for regulatory clarity it is important that you arm yourself with methods to identify bad actors, including:

- Remember, **"If it's too good to be true, it probably is"**.
- Recognize that **just because it is advertised, doesn't mean it is legitimate**. Don't associate legitimacy with the website the advertisement pops up on; scammers know where to look for you and are targeting victims by advertising on well-known social media and news websites/apps.

For further information or assistance contact Murfett Legal on [+61 8 9388 3100](tel:+61893883100).

Note: The above is a summary for general information purposes only. It is not intended to be comprehensive or constitute legal advice. You should seek formal legal or other professional advice in relation to your particular circumstances before relying on the content of this article.

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