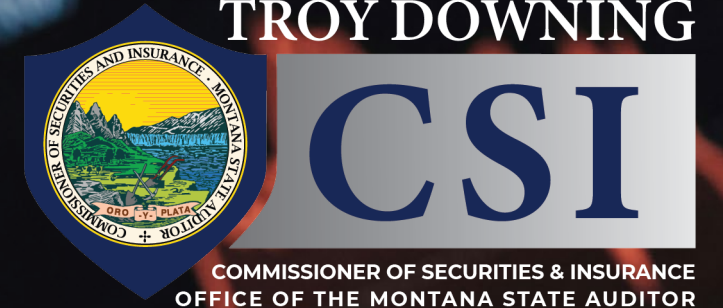


Fraud & Cryptocurrency Scams



CHRIS MCCONNELL
CSI LEGAL COUNSEL



JENNIFER ADKINS
CSI SECURITIES INVESTIGATOR

THE ROLE OF THE CSI

Commissioner of Securities and Insurance

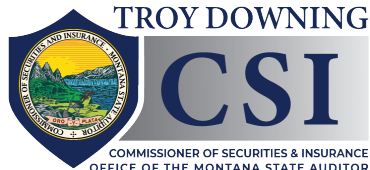
We are entrusted with *protecting all Montanans from bad actors* by regulating two of the state's largest industries—securities and insurance.

Our **MISSION** includes

- **Informing consumers** and industry through education and outreach
- Providing responsive and **meaningful customer service**
- **Investigating** complaints and **prosecuting** fraud



TROY DOWNING
Commissioner of Securities and Insurance
Montana State Auditor



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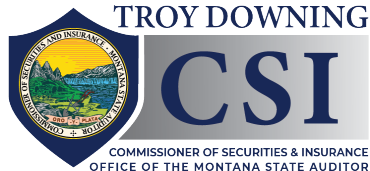
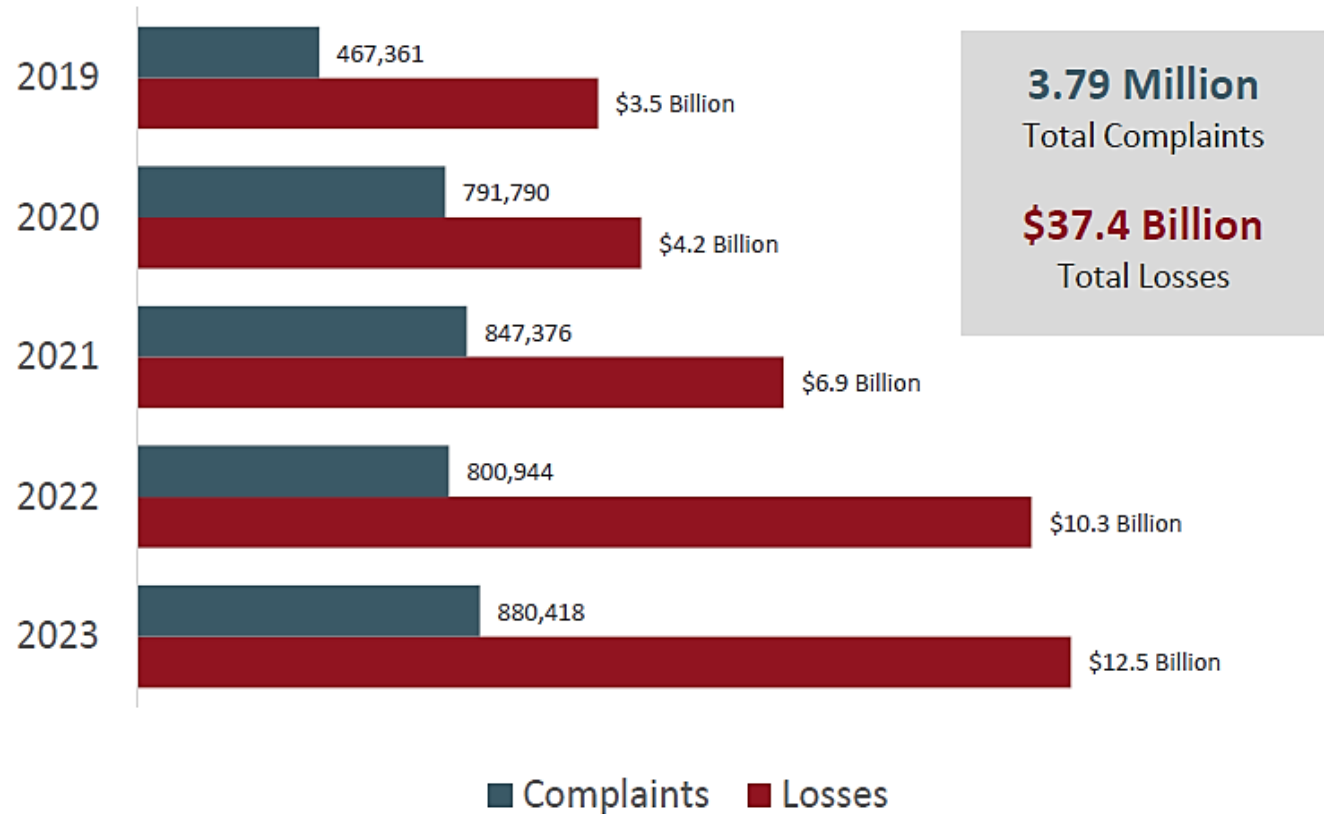
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FRAUD ON THE RISE



Complaints and Losses over the Last Five Years



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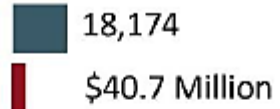
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FRAUD VICTIMS BY AGE (2023)



Under 20



■ Complaints ■ Losses



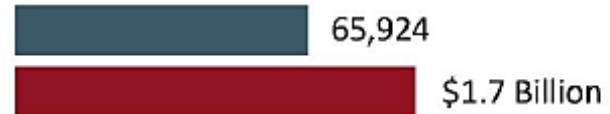
40 - 49



20 - 29



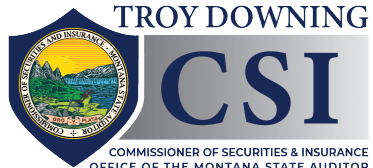
50 - 59



30 - 39



60+



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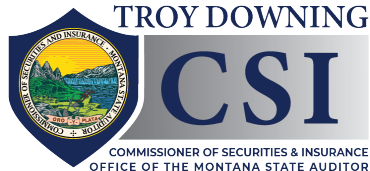
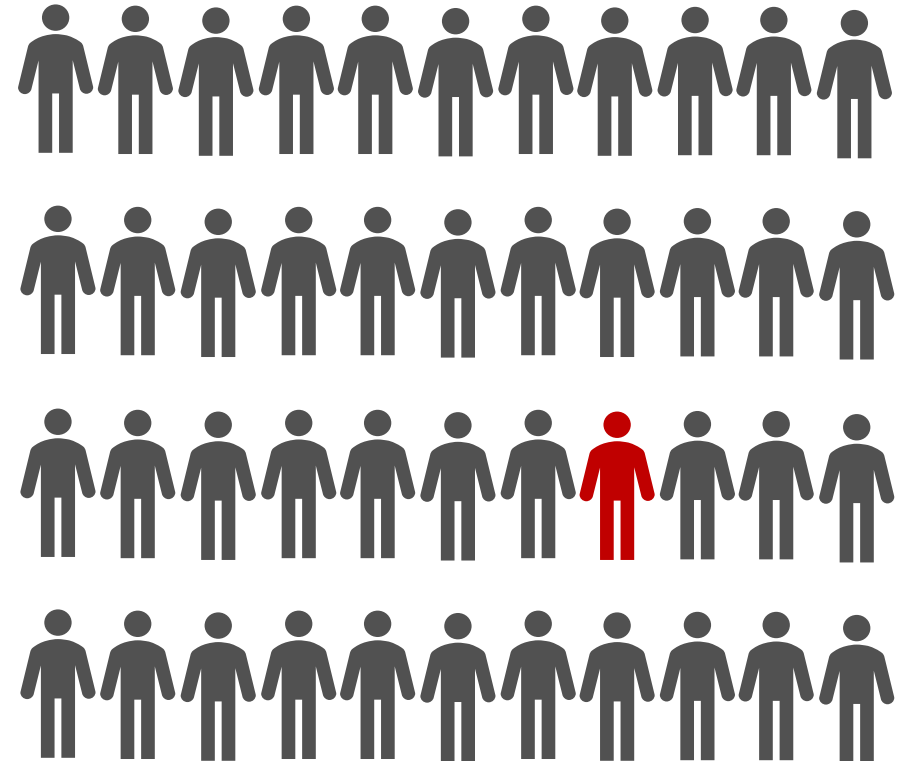
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SENIOR EXPLOITATION

1 in 44 cases
of elder exploitation get
reported. This is largely due
to **embarrassment** and **fear**.



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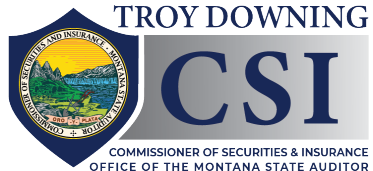
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CSI
FEAST
FINANCIAL ABUSE SPECIALIST TEAM
COMMISSIONER OF SECURITIES & INSURANCE
OFFICE OF THE MONTANA STATE AUDITOR



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FAST FLOW CHART



RECEIVE CALL OR EMAIL



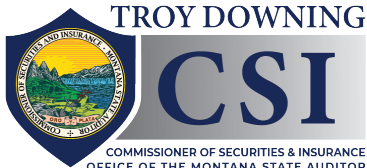
TEAM MEETING



INVESTIGATE



COORDINATE



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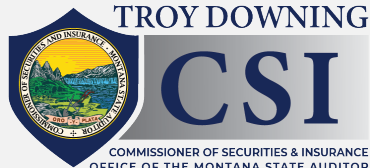
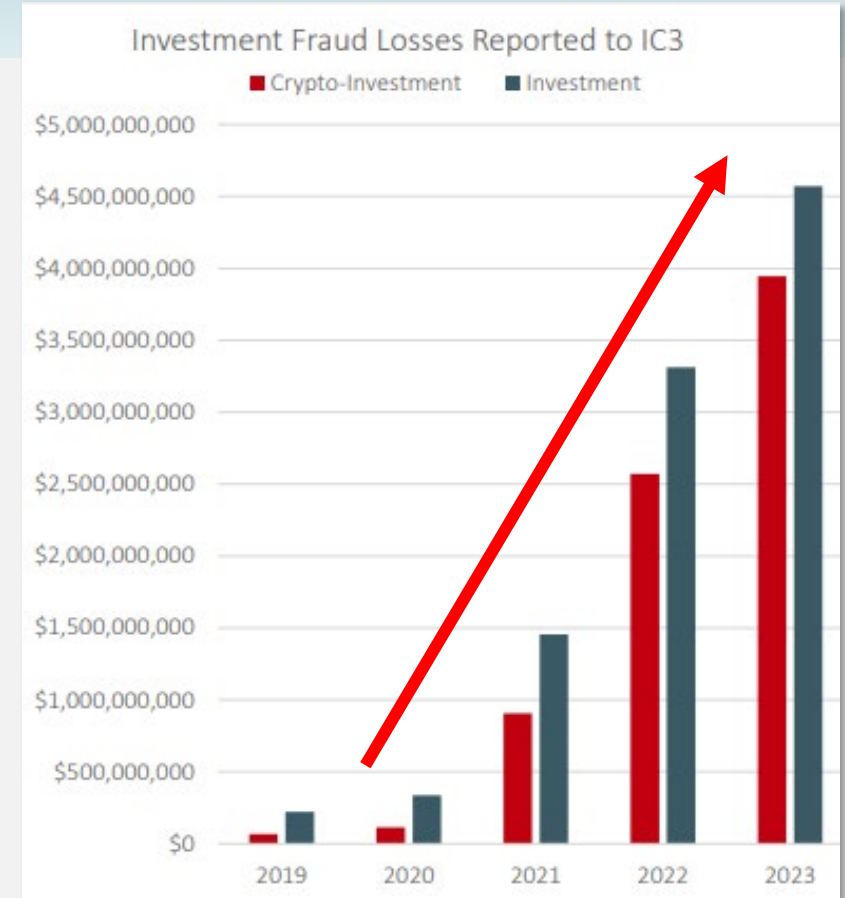
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CRYPTO SCAMS ON THE RISE NATIONWIDE

- **\$3.96 billion** lost to crypto investment scams in 2023
 - ▶ **60%** increase since 2022



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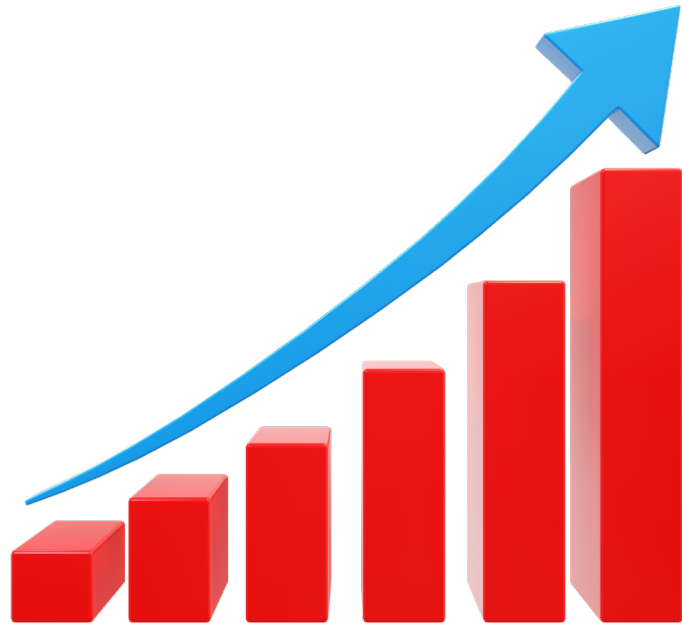
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CSI CRYPTO FRAUD TRACKING (2023)



- 17 crypto fraud cases
- \$2,364,910 total losses
 - ▶ \$139,112 average loss

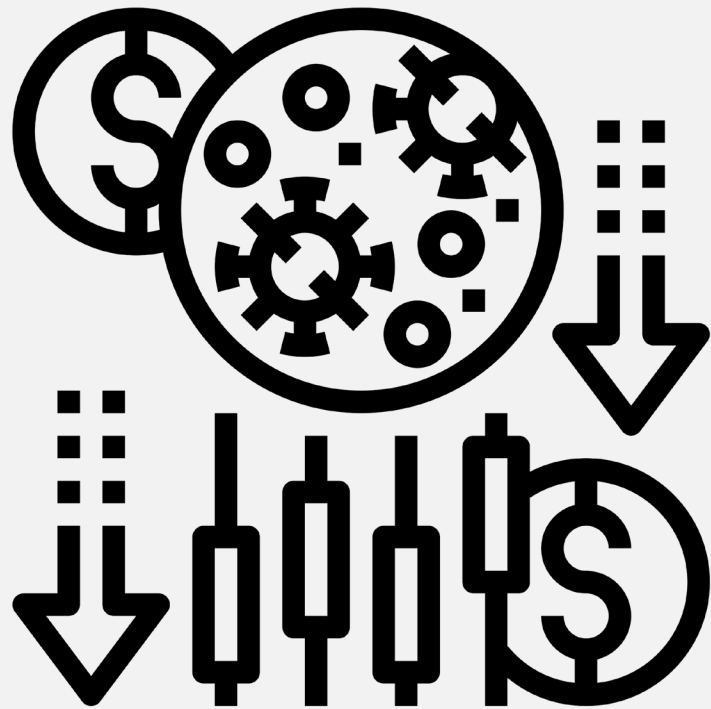
WHAT IS CRYPTO?

Cryptocurrency is a digital currency in a decentralized network

- ▶ No bank or credit union involved
- ▶ No government interference



WHY DO PEOPLE USE CYRPTO?



There are two uses for cryptocurrency:

- 1 Use it as a **payment**
- 2 Hold it as an **investment**



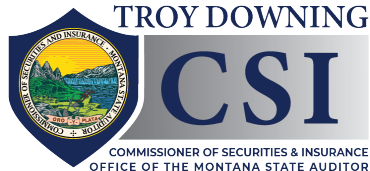
SPOT THE SCAM

1. **Pretend** to be someone you trust
2. **Problem** to be solved or a **prize** to be gained
3. **Pressure** you to act immediately
4. **Pay** in an unusual way



COMMON SECURITIES SCAMS IN MONTANA

- Pig Butchering Schemes
- Romance Scams



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PIG BUTCHERING SCHEMES



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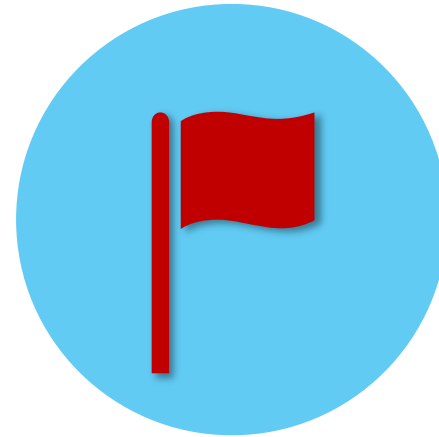
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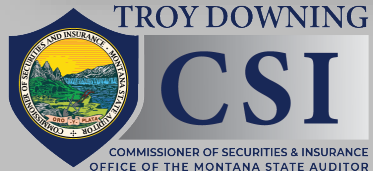
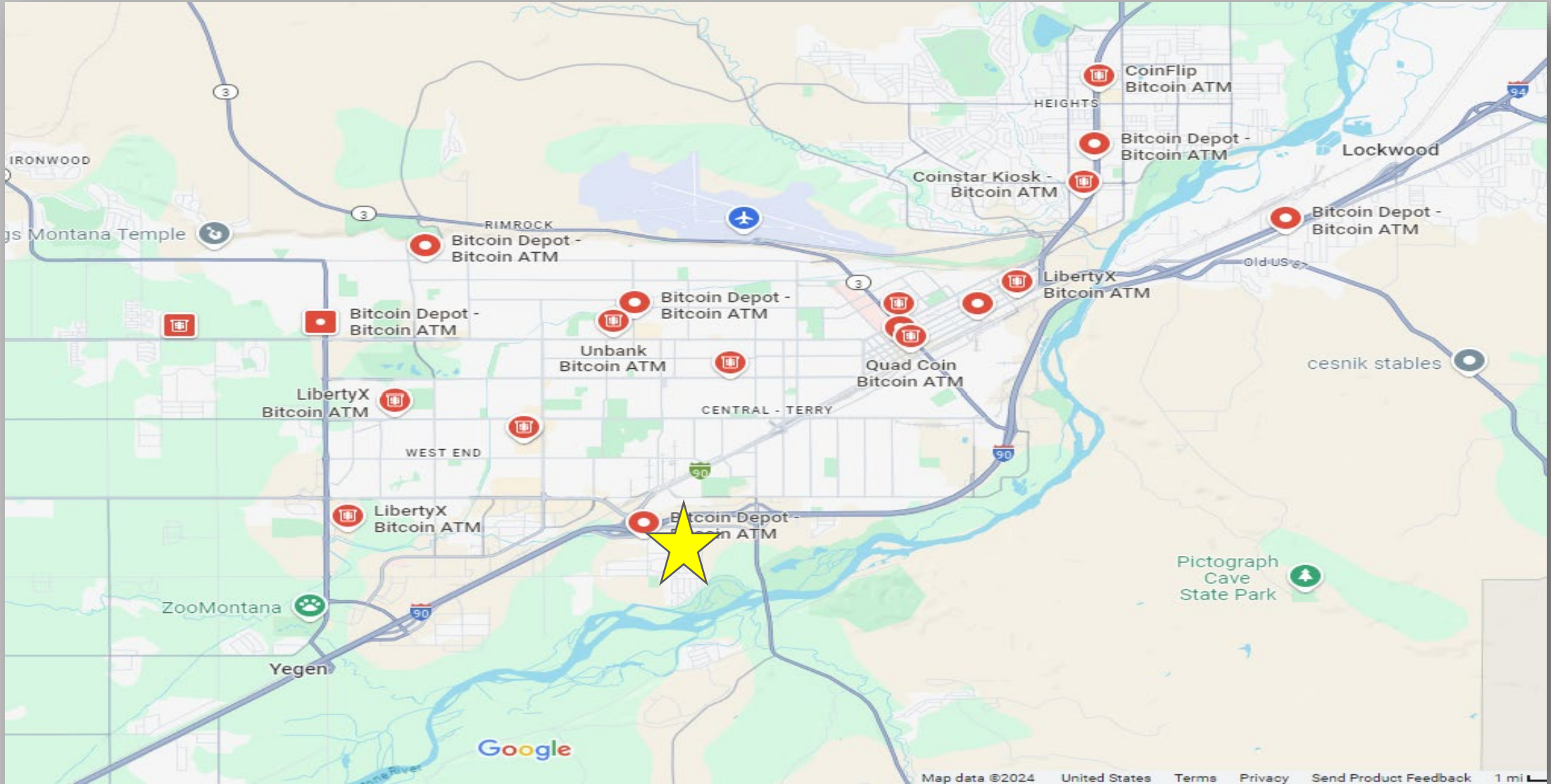
FAST CASE – itterroot Valley



-  **Montana resident**
-  **Messed on an online forum**
-  **Met a person who recommended a fake crypto website**
-  **Convinced to buy cryptocurrency**
-  **Cryptocurrency sent to Scammer's wallet**
-  **Fake website showed investment gains**



- Crypto payments are **FINAL**
 - ▶ Be wary of people who ask you to send them Bitcoin and other cryptocurrency



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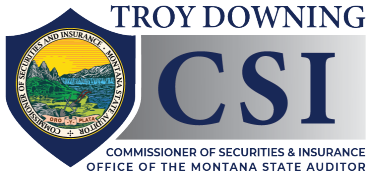
FAST CASE – ozeman



-  **73 years old**
-  **Contacted late at night**
-  **Threatened by scammer**
-  **Withdrew cash from bank**
-  **Stayed on the phone with scammer**
-  **Deposited cash into crypto ATMs**



ROMANCE SCAMS



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RED FLAGS OF ROMANCE SCAMS



Hi Una! I am not feeling well. Can we change our meeting time tomorrow to 3 PM?

I am not Una, but sorry to hear that.

I am sorry, wrong number. I hope I didn't disturb you.

Not a problem!

Hope you feel better.



Thank you! I am feeling better now. You are so kind. What is your name?

It's Roger. What's yours?



Hi Roger, my name is Anna, I am from Taiwan, I live in Manhattan, nice to meet you.




Nice to meet you. What do you do for work? I'm in real estate.



I work as a fashion consultant and in my spare time learn about cryptocurrencies.

FAST CASE – Southwest M♥ntana



-  60+ years old
-  Met on a dating website
-  Developed an online relationship
-  Never met in person, always over phone
-  Millions of dollars sent to his “girlfriend”
-  Depleted all his retirement funds

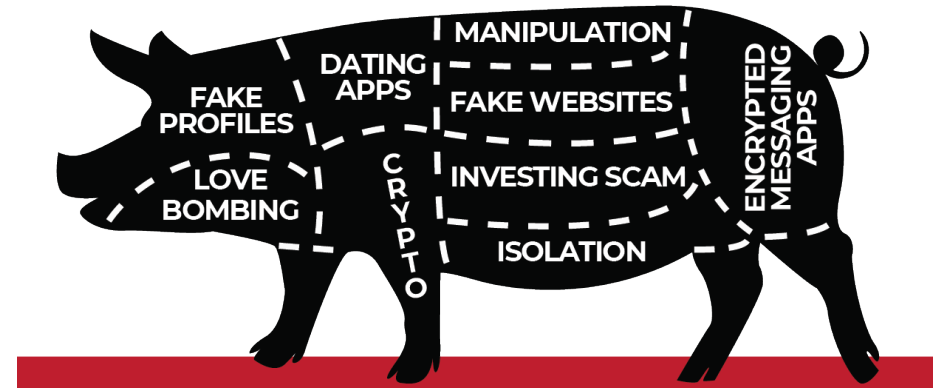
HOW TO PROTECT YOURSELF

? **Be skeptical** of who you meet online

🕒 **Never rush** into an investment or into buying cryptocurrency

👤 **Research ANYONE** who offers to sell you an investment or asks you to send them cryptocurrency

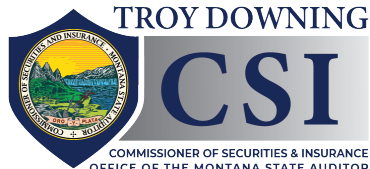
☎️ **Report** a scam to FBI, local police, or the CSI



DO YOUR HOMEWORK



BrokerCheck[®]
by FINRA



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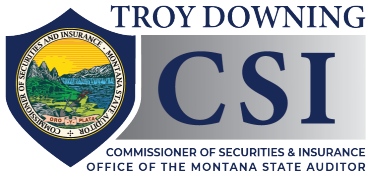
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HOW TO BEEF UP YOUR DEFENSE TO FRAUD

Have a **Trusted Contact Person (TCP)** on file with your banks and financial advisors



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TRUSTED CONTACT PERSON (TCP)



Get notified if a temporary hold is placed on your account



Can help confirm important details about you



DO NOT have access to your account



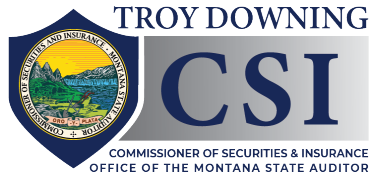
DO NOT have a permanent role as your TCP

▶ A TCP can be removed at any time



HOW CAN THE CSI HELP?

Lynne Egan Memorial Securities Restitution Assistance Fund



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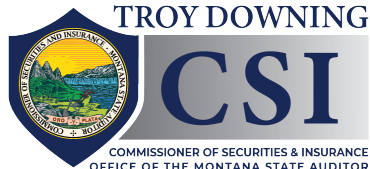
RESTITUTION IN 2023

\$501,577

**Securities restitution
ordered last year**



**Susan Bivins—Deer Lodge, Montana
received \$50,000 in restitution from the CSI**



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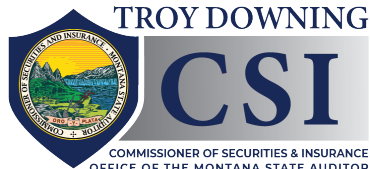
QUESTIONS OR CONCERNS?



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