

**For Immediate Release
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Friend, Lover or Fraudster? Canadian Securities Administrators warns of online relationships turning into investment scams

Montreal – This Valentine’s Day, the Canadian Securities Administrators’ (CSA) is warning the public about fraudsters using social media, messaging apps and online dating sites to lure Canadians into relationships that lead to investment scams.

According to data from the Canadian Anti-Fraud Centre (CAFC), investment scams and romance scams were the top two reported scams in 2021, respectively. The number of reported romance scams increased 24% year over year (1,546 in 2020 vs. 1,928 in 2021) and the dollar loss for romance scams was over \$64 million in 2021 compared to over \$27 million in 2020.

“Fraudsters are becoming more sophisticated in targeting Canadians, particularly as we spend more time online. They are increasingly using social media and dating sites to manipulate people into establishing virtual friendships or romantic relationships and then requesting money for investment scams after building trust,” says Louis Morisset, Chair of the CSA and President and CEO of the Autorité des marchés financiers. “Fraudsters are targeting people of all ages and demographics – it can happen to anyone. It is extremely important to recognize the signs of investment scams and always do your own research before you hand your money over to invest.”

Fraudsters are adapting their techniques to the latest trends and technologies using a variety of tactics to defraud Canadians:

- People are approached via dating apps, messaging apps or other social media sites. After developing an online relationship, the fraudster brings up an “investment opportunity” and convinces the person to make an initial payment. The fraudster is often able to convince victims to continue investing, which can lead to substantial losses.
- The fraudsters identify a person’s friend, and then take control of the friend’s social media accounts. The suspect, posing as the friend, easily convinces the person to take advantage of the supposed investment opportunity. According to the CSA 2020 Investor Index, 25% of Canadians stated that they can usually trust someone who is promoting an investment if they have a friend who has already invested with them.
- Fraudsters research their potential victims online, including reviewing their social media posts, in order to come up with a tailored strategy for each victim to maximize their chances of success.
- The fraudster, while calling with a pitch for an investment, convinces a person to provide remote access to his or her computer. The suspect shows the person a fraudulent investing website that

promises substantial returns. In many cases, people will continue investing until it becomes clear that their funds cannot be withdrawn.

- Fraudsters may claim that they will use a person's money to buy investments, such as crypto assets, and cut off all communication once receiving the funds.

The Canadian Securities Administrators encourages investors to:

1. Be wary of unsolicited investment offers from new acquaintances or love interests. Check the Canadian Securities Administrators' [National Registration Search](#) to see if the investment entity or individual that is offering the investment opportunity is registered with securities regulators. By law, individuals and firms must be registered in the province or territory you reside in to offer you investments.
2. Never send money or invest solely on the advice of someone you meet through social media or a dating site. Do your homework and research each investment opportunity before buying.
3. Avoid "guarantees" of high returns with little or no risk. There is no such thing; all investments involves some level of risk, and the higher the potential returns, the higher the risk.
4. Resist the pressure to invest immediately and ignore the fear of missing out. Scam artists use this tactic to make you focus on the reward aspect of their investment offer, and create a sense of urgency that prevents you from researching its legitimacy. It's OK to say no and take the time you need to research any investment opportunity and get independent third-party advice.
5. Ask questions. Fraudsters work hard to override your instincts with complex documents and the use of overcomplicated, inconsistent, jargon-filled explanations. If you can't understand it nor get satisfactory answers to your questions, walk away.

Canadians who believe they have been approached with or are a victim of this type of scam should [contact their local securities regulator](#).

The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

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