

Securities Commission

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Nova Scotia Securities Commission warns Nova Scotians to protect themselves from crypto-related scams

Halifax - The Nova Scotia Securities Commission has an **urgent warning about a widespread type of scam** that is victimizing numerous Nova Scotians, other Canadians and U.S. residents and causing substantial losses, including individual losses of hundreds of thousands of dollars.

The scam is often cruelly referred to as a **“pig butchering” scheme** and typically proceeds as follows:

1. The scam starts with the victim receiving **an unsolicited message** via text, email, or social media, or **clicking on an ad** for crypto trading on social media sites.
2. Once the victim responds, they will often be directed to use a different messaging platform, such as WhatsApp, Telegram or SMS text, through which the scammer attempts to **develop a personal relationship** with the victim. These platforms make tracing the scammer difficult, if not impossible.
3. The scammer then persuades the victim to open a crypto trading account and **deposit a small initial amount of money** into it by describing great profits that can be made by “investing” in crypto. Shortly after the initial deposit, the scammer shows the victim **“account statements” showing large gains** and persuading the victim to invest more, which is called ‘fattening up the pig.’ These are fake documents as the scammer has not actually used the money to purchase crypto.
4. When the victim attempts to withdraw money from their account, the scammer tells them that they must **pay fictional taxes or fees to access their funds**. This is just another way to get more money from the victim. If the victim insists on withdrawing funds, whether or not they have paid the additional amounts, the scammer continues to delay or simply vanishes.
5. In addition, upon opening the crypto account, the scammers not only gain access to the victim’s deposited funds but **instruct the victim to download trading apps or file-sharing software** that gives the scammer access to the victim’s mobile device or computer to obtain personal and financial

information they can use to steal more money. The scammer will also sell this information to other scammers, who will try to further exploit the victim.

6. The final element of the scam is that, after losing their money through the scam, the victim is often contacted again by the scammer posing as someone else who says **they can get the lost money back for a fee**. This is known as a recovery scam and revictimizes the original victim.

If you are victimized, it is unlikely you will recover your money. Resist responding to unsolicited requests or ads asking for more money to recover your losses as these are more scams. The technologies used by scammers mean they seldom leave a trail and even if they can be identified, they are usually located outside of Canada and the U.S., so they are beyond of the reach of Canadian and U.S. securities regulators. While the Commission is interested in receiving reports of losses by crypto investors from these scams, from experience there typically is little that can be done to recover these funds. **Recognizing and avoiding the scam is the only real protection investors have against such losses.**

“While there are always fraudsters inventing new schemes, these so-called ‘pig butchering’ **scams involving crypto assets have become very prevalent and are claiming many victims, many with very large losses,**” says Paul Radford, Chair of the Nova Scotia Securities Commission. “Everyone should be very wary for themselves and their friends and family members of unsolicited messages or advertisements recommending investment in crypto assets. Regulators in North America believe **more than \$1 billion has been lost to crypto scammers since 2021** and that amount only continues to increase. Canadians who wish to trade crypto assets should do so only with Canadian-registered crypto trading platforms or dealers.”

If you are considering trading in crypto assets, remember the following to best protect you and your money:

1. **Crypto asset trading is highly risky**, especially from scams, but also from volatility, hacking and other risks including technology failures.
2. If you are trading in crypto assets, **only use crypto asset trading platforms or dealers registered in Canada**. A [list of registered platforms](#) is on the NSSC website.
3. Giving out any personal or financial information, or downloading trading apps or file-sharing software, **opens you to financial and identity theft**.
4. **Never use credit cards or lines of credit** to invest.
5. Losses from crypto assets scams are often **significant and unrecoverable**.

Media Contact: David Harrison
Nova Scotia Securities Commission
902-222-5896
Email: David.Harrison@novascotia.ca