Cryptocurrency Scams - On the Rise for Older Adults

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What is Cryptocurrency ("Crypto")?
- Digital/virtual currency protected by cryptography
  - Cryptography is a way to secure online data that makes it almost impossible to hack or counterfeit. Virtually impossible to counterfeit or double-spend
- Examples of cryptocurrency:
  - Bitcoin, Dogecoin
- Not regulated by any central monetary authority or government
  - This means that value is incredibly volatile, determined by investor behavior
    - If a lot of people are "mining" for a specific type of cryptocurrency, it can increase in value
    - If use falls out of favor, the value can drop significantly

Payment Apps vs. Cryptocurrency
- Payment apps (PayPal, Venmo, Zelle, Cash App) use standard currency that you already have access to (cash in bank accounts, credit lines on credit cards, balance stored in payment app accounts) to make transfers or internet purchases with an additional layer of security

Thanks to the Erie County Department of Social Services, the Center for Elder Law & Justice is leading a COVID-19 Scams Taskforce to serve as a hub for information and resources related to fraudulent activities surrounding the health pandemic. Please contact us at (716) 853-3087 x267 for more information, to report a scam, or to schedule a presentation. For more tips on avoiding scams visit us online at: https://elderjusticeny.org/covid-19-scams-taskforce/
Payment Apps vs. Cryptocurrency (cont.)
- These balances and transactions are in USD or other local currency, not other internet currency
  - This means the value and use are regulated by government monetary authorities
- You can use payment apps to purchase crypto, but you would be purchasing that crypto using government backed currency

How is Crypto Obtained?
- Historically created through “mining”
  - Individuals could earn Bitcoin by allowing their computers to be used to solve complex math problems
  - Solving the math problems is called “mining”
  - When a single computer, or multiple computers working together, solves one of these math problems, cryptocurrency is rewarded.
  - Similar to grid computing, SETI at Home
- Can also be bought with USD or other government-backed currency (“fiat money”) through online exchanges and traditional brokerage houses
- Stored in digital wallets offered by various crypto platforms
- Cryptography makes these (almost) un-hackable

Some Cryptocurrency is Legitimate
- Several established online platforms and dealers
  - SoFi, RobinHood, IRA-holding companies
- Legitimate but still volatile
  - Lack of regulation, dependence on investor behavior for value can make certain cryptocurrencies susceptible to rapid inflation
  - Some cryptocurrencies do not limit the amount of currency that can be earned through mining, so the value can change instantly and significantly

Cryptocurrency and Scams
- Crypto is gaining popularity among scammers
  - From 2020 to 2021, cryptocurrency scams moved from the 7th to 2nd riskiest scams according to Better Business Bureau (based on prevalence and amount of money lost)

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Cryptocurrency and Scams (cont.)
- Crypto has unique opportunities for scammers
  - General lack of understanding of what crypto is
  - Increased popularity in general
  - Increased legitimacy due to trusted businesses accepting crypto as payment

Cryptocurrency Payment Scams
- Cryptocurrency being used in connection with any other type of scam to send payment to scammers
  - Romance scammers frequently ask for payment in crypto
  - Ransomware payments demanded in crypto
- These transactions are impossible to reverse!
- Legitimate businesses will never require crypto; even if it is an accepted method of payment, they will always offer other payment options

Cryptocurrency Investment Scams
- Opportunity to buy “new” form of cryptocurrency, that is projected to increase rapidly in value
  - “Too good to be true”
  - Emphasis on urgency and secrecy
    - This is done to prevent you from verifying if the investment is legitimate
- Scammers will hack social media profiles and send “investment opportunities” to contacts, pretending to be the hacked person
  - Builds trust and lowers inhibitions
- Scammers may claim to be financial brokers
  - All brokers are required to be registered in the United States
  - FINRA has a “broker check” tool to determine registration status
    - Visit https://brokercheck.finra.org/

What Happens if I send Money to a Scammer?
- The method you used to transfer money to the scammer can determine the likelihood that you’ll get your money back, but it’s usually very difficult once the money is gone
  - Gift cards
    - Like sending cash – nearly impossible to trace
    - Contact the gift card company and tell them it was used in a scam as soon as possible

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What Happens if I send Money to a Scammer (cont.)?

- Keep the card and the receipt
- Wire transfers
  - Financial Fraud Kill Chain – partnership between the FBI, FinCEN, and law enforcement
    - Process to recover international transfers; can only be used for transactions of $50,000 or more that occurred in the last 72 hours originating from U.S. bank accounts
- Payment app transactions
  - Payments are instant and usually cannot be canceled
  - Report the scam to customer service as soon as possible
- Loans/lines of credit
  - Contact your bank as soon as possible to find out your options
- Deeds to real property
  - Contact an attorney as soon as possible

I've Been Scammed - Now What?

- It’s not your fault!
- If you suspect a scam, you should cease communication with the individual
- Put together a list of any financial information they might have about you, including any funds that you have already transferred to them
  - Bank account information
  - Credit Card information
  - Applications for loans/lines of credit
- Report the scam to the NYS Attorney General and the FTC
  - CELJ has a scam portal to assist with reporting to the FTC
  - AG and FTC keep track of scam patterns, and reports aid in investigations of larger scam networks
- File a police report
  - Police reports are necessary to pursue victim compensation funds
  - If the scammer is local or known to you, could result in arrest or restitution
- Ask for help!
  - CELJ has resources that can assist you
    - Assistance may be available with running credit reports, implementing credit freezes, reporting scams to government authorities, and education regarding additional steps to take to prevent further financial damage
- Ask a trusted family member or friend for help with financial management
  - A fresh set of eyes can often identify a scam before you’re victimized

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Prevent Future Scams

- Scammers buy and sell lists of scam victims, so people who have been victimized once are very likely to be targeted again
- Be on the lookout for all types of scams, not just cryptocurrency
- Take time and familiarize yourself with any potential investment before sending any money
- Google the name of the investment and the word “scam”

UPCOMING EVENTS:

Network in Aging - Senior Health and Resource Fair - May 12, 10:00am - 2:00pm
The BFLO Event Center, 4475 Transit Road, Williamsville, NY 14221 (in Eastern Hills Mall)
Come visit CELJ at this free resource fair for older adults and caregivers; over 40 expert vendors will be on hand to answer your questions and provide information on home care, senior living, assisted living, estate planning, senior real estate, social day centers, downsizing specialists, Medicare, memory care/Alzheimer’s, geriatric care, and much more!

Educational Mental Health Fair- May 12, 1:00 - 5:00pm
Buffalo and Erie Public Library, 1 Lafayette Square, Buffalo, NY 14203
The Mental Health Awareness Flash Mob will be returning to downtown Buffalo’s Central Library on May 12th. This year, in the aftermath of the pandemic, we’ll be focusing on youthful alternatives for wellness. Come and meet local community organizations and services! CELJ staff will be available to hand out informational materials and answer questions about our services.

Joint Senior Center Health and Fitness Resource Fair - May 25, 10:00am - 12:00pm
Clarence Town Park Clubhouse, 10405 Main Street, Clarence, NY 14031
Our goals for this resource fair are to increase knowledge of health/wellness choices and important resources available to seniors in our community in order to foster personal health awareness; provide a variety of educational materials; and to motivate participants to make positive health and fitness behavior changes. CELJ staff will be on-site to hand out informational materials and answer questions about our services!

Mobile Legal Unit - West Side Community Services - May 27, 10:00am - 2:00pm
West Side Community Services, 161 Vermont Street, Buffalo, NY 14213
Join CELJ for a Mobile Legal Unit event and meet with an attorney for a free one-on-one legal consultation. We can assist seniors with most legal matters and offer free legal & financial health check-ups. Representatives from Senator Sean Ryans’ office & Assemblymember Jon Rivera’s office will be available for questions.

RECEIVE FUTURE SCAM ALERTS: https://lp.constantcontactpages.com/su/NSApOFL/CovidTaskForce