

## Investor Advisory: Pig Butchering

### What is a Pig Butchering Scam?

Pig Butchering is a term and metaphor used to describe a scam perpetrated over a long period of time to steal a victim's money repeatedly via online apps. This scam was developed by Asian organized crime groups/gangs and initially targeted individuals in China before moving to the United States. Scammers are often victims of human trafficking who are forced by their traffickers to perpetrate the fraud. It is one of the leading scams reported to the FBI and is still underreported.

The following information illustrates how a pig butchering scam is executed:

### The Flow Start to Finish

- The scammer and victim ("pig" in the metaphor) usually meet online.
- The scammer works at gaining the trust ("fattening up") of the victim.
- They direct the victim to go to a private messaging service/app.
- The scammer convinces the victim to invest, what to do and where to deposit the money.
- The victim loses the investment. The money is gone as well as the "trusted friend" (the "slaughter").

### The Introduction

- The scammer may start off with a "wrong number" text, email, social media message, or dating app message.
- They take their time to set the "hook" or build the connection, often faking common interests with the victim.

### The Relationship

- After long-term communicating online, the relationship grows, possibly becoming romantic.
- The scammer begins getting to know victim's financial wants and fears, and introduces them to online investments. They will often bring up cryptocurrency and the possibility of making lots of money over time with these supposed investment opportunities.

## Other Types of Scams Wrapped Into Pig Butchering

- **Romance Scam** – developing a romantic relationship with the intention of gaining the victim’s trust before asking them for money.
- **Affinity Fraud** – building a relationship through trusted community leaders, such as within a church, charity, professional organization, or cultural group, in order to perpetuate an investment fraud.

## Red Flags of Pig Butchering

- Receiving out of the blue text message from wrong number
  - Scammer may say “sorry about that! How are you doing?”
- Maintaining contact and building a relationship over time
- Being encouraged to start investing in cryptocurrency
- Being told to quickly switch from one online platform to another to avoid detection


## Tips to spot fake websites

- The domain of the website is similar to a legitimate company or contains proprietary information, a “lookalike” or copy website.
- Company claims there is no investment risk, or makes any other extreme claim about profits and guaranteed returns.
- If you search a section of text from the website using a search engine, you will find multiple other websites with identical language.

## Pig Butchering Scam – List of Common Terms

**Cryptocurrency** – a digital currency in which transactions are verified and records maintained by a decentralized system using cryptography, rather than by a centralized authority.

**Dating Apps** – an application that enables people to meet for a date and possible lasting relationship (i.e., Tinder, Bumble, eHarmony).

**Encrypted Messaging Apps** – provide end-to-end encryption for user-to-user  messaging. Encrypted messaging prevents anyone from monitoring your text conversations. (i.e. WhatsApp, Telegram)

**Fake Profiles** – someone online is pretending to be something or someone that doesn’t exist.

**Fake Trading Platform** – scammers can create websites made to look like real trading websites, often including fake testimonials and misleading advertisements to seem more legitimate. The sites may appear to have trading functionality, and may even show financial gains from these “trades,” but no actual trading is taking place.

**Investing Scam** – happens when scammers try to trick you into investing money in a fake investment scheme or by giving you fake information about a real investment.

**Love Bombing** – the action or practice of lavishing someone with attention or affection, especially in order to influence or manipulate them.

## Contact the North Dakota Securities Department

**Phone:** 701-328-2910

**Email:** [ndsecurities@nd.gov](mailto:ndsecurities@nd.gov)

**Website:** [www.securities.nd.gov](http://www.securities.nd.gov)