

Investor Advisory: Romance Scams

Dating apps and social media platforms have become popular ways to meet new people, but be cautious if someone turns an online romance into an opportunity to solicit an investment or asks to borrow money. Scammers are increasingly posing as potential romantic partners to lure people into fraudulent investment schemes. This advisory discusses common tactics used in **investment-related romance scams** and what you can do to protect yourself.

Romance Scams on the Rise

State and federal government agencies are seeing an increase in investment-focused romance scams. In March 2023, the Federal Bureau of Investigation (FBI) released a report that its Internet Crime Complaint Center (IC3) identified more than 19,000 victims of confidence or romance scams resulting in losses greater \$735 million. In a similar report, the Federal Trade Commission (FTC) showed that romance scammers cost nearly 70,000 consumers \$1.3 billion in 2022. Investments in cryptocurrencies and digital assets may also be tied to romance scams.

Know the Warning Signs

Romance scammers set online traps and use technology and social media platforms to identify targets. They also spend time getting to know their potential target before asking for money or introducing an investment opportunity. Look out for these warning signs:

- **Reluctance to meet in-person or by video:** Most scammers avoid meeting face-to-face because they usually aren't who they say they are, and instead pretend to be anyone they think you would be attracted to. They will make excuses not to meet, like being too busy with work, or not being able to get away from family or community obligations. They may also refuse to video chat, or may use video filters or artificial intelligence (AI) technology to disguise their identities, sometimes referred to as "deep fakes."
- **Wanting a long-distance relationship:** Once you enter into a "relationship" with an online romance scammer, they might tell you that they live far away, travel a lot for work, or have a job outside the country or area you live. They won't offer to visit you and may

discourage you from trying to visit them.

- **Discussing wealth or business success:** In order to interest you in investing, romance scammers may brag about how successful they are. They may flaunt their supposed wealth, using photos of luxury items, real estate, expensive cars, etc. They may offer to help you make money or become wealthy, often offering access to inside information or trading secrets for trendy or complex investments, like cryptocurrencies or non-fungible tokens (NFTs).
- **Pressuring you to give them money:** At some point, the romance scammer will ask you to provide them with a sum of money. If they have convinced you to let them help you invest, they will likely show you fake records indicating your investment has grown quickly and substantially, and will then try to hook you into giving larger and larger amounts. If you show reluctance, they may put pressure on you by saying manipulative things like they are considering breaking off the relationship or they are offended that you can't trust them.
- **Introducing an app or website:** When you show a willingness to invest, a romance scammer may refer you to an investing app they say they are using or a website that offers investments. The website or app may be controlled by the scammer or a criminal organization they are associated with. The scammer may also offer to teach you how to invest or trade, and then ask for remote access to your computer or request your online banking information.

How to Protect Yourself

A romance scammer depends on a person's tendency to lead with their heart instead of their head at the beginning of a romantic relationship. They may encourage you not to look too deeply into their background or the type of investment they are promoting. Protect yourself by following these steps:

- Keep your guard up. If a new romantic interest suddenly starts asking for money or encourages you to start investing, be cautious. A potential partner should be focused on your developing relationship, **not your money or investing interests**.
- Do your research. Online searches may provide a better idea about the person you are dealing with and what they do. Most people have an online presence these days, which includes personal and professional information. Fake online profiles tend to lack information about an individual, and the images used in an activity feed **may feel**

impersonal or staged. Scammers often use stolen images from real people or stock images, so it's good to do online image searches to check the origin and use of the image.

- Check registration. Firms that provide investment advisory services in the U.S. are typically registered with the U.S. Securities and Exchange Commission (SEC) or one or more state securities regulators. Check the SEC's [Investment Adviser Public Disclosure](#) database or [FINRA's BrokerCheck](#) to **verify registered individuals or firms.**
- Suggest meeting in-person. To determine if a person is who they say they are, you can try and meet in-person in a **safe, busy public place.** Bring a friend or family member. This person doesn't need to stick around if things go well, but it will give you a witness and an easy excuse to leave if you feel uncomfortable.
- Research websites and apps: Building a custom app or website that can accept money or crypto assets is surprisingly easy. Scammers can create a custom online platform and direct you to it in order to take your money and hide from authorities. If a person encourages you to invest and recommends an investing website or app, **make sure it is registered to do business in your state before investing.** When dealing with registered investing platforms, do business directly with the platform, and don't allow someone to act as an intermediary or access your computer.
- Scammers might attempt to make an investment look safe by convincing you that they are investing and taking risks too. Alternatively, they may say the investment is low risk or no risk, while offering guarantees that your money will be safe. **This is a red flag of investment fraud.**

The Bottom Line

Be careful when you meet new people online, especially when you are looking for romance. Seeking a romantic partner is a complex and emotional experience at the best of times – so it's a good idea not to mix business with romance. Don't get swept away – make sure you are in a relationship with a real person who cares about you before even considering sharing any financial information. Also, contact the North Dakota Securities Department before making any investment to verify that the appropriate registrations are in place, or if you ever suspect fraud may be involved.