

Robert Appleton Publishes Article in NYLJ on Cryptocurrency Fraud: Trends, Challenges and Recovery

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New York Law Journal (subscription required) published an article on its front page today authored by Olshan white collar litigation partner Robert Appleton entitled "Cryptocurrency Fraud: Trends, Challenges and Recovery." In the article, Bob warns against what he describes as an "epidemic" of cryptocurrency fraud affecting both novices and more knowledgeable cryptocurrency traders resulting in \$20 billion in losses in 2022 alone. Some of the more common schemes include scams by "bad actors" making requests via social media, dating apps and messaging platforms where they invite the victim to invest in a can't-lose cryptocurrency platform. The fraudsters then walk the unwitting victim through the process of setting up a phony digital cryptocurrency account and then transferring real money to the platform. However, the scammer transfers the crypto to a third wallet and keeps the assets. "The bad actors responsible for the fraudulent scheme are commonly actively being human trafficked, often in Southeast Asia, and are forced to engage in crypto fraud schemes under the threat of physical violence, torture or economic ruin," Bob explains. "In the last six months, over 100 victims have contacted me, most of whom have invested their life savings and more." He explains that recovering funds from a cryptocurrency scam can be difficult, however significant advancements are being made. He maintains that the best chance to take action is when these cryptocurrency coins are turned back into real money, at which point—with the help of an attorney—the account can be frozen and seized via civil and/or criminal proceedings. He concludes that, "While steep challenges remain for victims to recover their stolen assets, some promising developments remain. The US needs to follow the EU's lead and act to protect consumers in an environment that is here to stay and needs regulation."

PROFESSIONALS

Robert M. Appleton

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