

# PROTECTING THE PUBLIC FROM CRYPTO INVESTMENT SCAMS

The alarming rise in fraudulent activities related to crypto investments is a major concern these days. It is crucial to be aware of the tactics used by fraudsters to safeguard your finances and stay vigilant.

## How Scammers Operate

Fraudsters utilize various tactics, exploiting social media to advertise schemes with high returns and often boasting about their claimed earnings. This creates a false sense of legitimacy and attracts new participants. Further, scammers use platforms like Whatsapp and Telegram to communicate with victims.

Scam advertisements often lead to professional-looking websites, aiming to disguise their fraudulent nature. Some scammers go a step further by conducting classes or awareness sessions on these fabricated platforms, providing misleading information on earning high returns or trading cryptocurrencies.

After an investment is made, scammers may swiftly seize funds or continue the deception to attract more victims. It is crucial to recognize that you may not realize you've fallen victim to a scam until attempting to divest from your investment.

## Protecting Yourself from Scams

Cryptocurrencies are unregulated in Sri Lanka, not considered legal tender, and lack regulatory safeguards. The Central Bank of Sri Lanka (CBSL) emphasizes through press releases the significant risks and customer protection concerns associated with cryptocurrency usage.

The public is warned about the increasing number of financial scams promising high returns based on crypto investments. Such scams bypass traditional regulatory protections, leading to individuals losing their hard-earned money.

## Identifying Warning Signs

Be careful if you receive unexpected messages, feel rushed to invest, or are promised unrealistically high returns. Always keep in mind that if an investment seems too good to be true, it's probably a scam.

## Responding to Scams

If you suspect a scam, report it to the nearest police station. If you have fallen victim, be cautious of follow-up attempts. Fraudsters may reappear with different schemes or offers to reimburse losses for a fee.

## CBSL Advisory: Protect Your Finances

CBSL strongly warns against getting involved in any cryptocurrency schemes you might come across on the internet, through various media, or from individuals. A number of press releases has been issued by the CBSL to emphasize that it hasn't granted licenses or given authorization to people or businesses for activities like cryptocurrency operations, Initial Coin Offerings (ICOs), mining, exchanges, deposit-taking or custody services, or advisory services related to cryptocurrency.

## Action Taken by CBSL

CBSL has determined several entities conduct and/or have conducted prohibited schemes in contravention of the provisions of Section 83C of the Banking Act No. 30 of 1988 and among them notably, the following entities were found promoting the involvement of cryptocurrencies:

1. Sport Chain App, Sports Chain ZS Society Sri Lanka
2. OnmaxDT
3. MTFE App, MTFE SL Group, MTFE Success Lanka (Pvt) Ltd and MTFE DSCC Group (Pvt) Ltd.

## Message from the Financial Intelligence Unit

Stay vigilant, stay informed, and protect your financial well-being. Report any suspicious activity promptly to the authorities. Your vigilance can make a difference in combating crypto investment scams.

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CENTRAL BANK OF SRI LANKA



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