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NEWS RELEASE

FOR IMMEDIATE RELEASE

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CONSUMER ALERT
BE AWARE OF CATFISHING AND OTHER ROMANCE SCAMS

Boise, Idaho... The Idaho Department of Finance is warning consumers to be on the lookout for romance scams in light of an increased number of reported complaints to various government agencies across North America. In 2021 alone consumers reported losing a staggering \$547 million to romance scams according to 2022 data from the Federal Trade Commission. The Department recently received one such complaint from an Idaho consumer who suffered a substantial financial loss after falling prey to a catfishing scam – a form of a romance scam wherein the perpetrator creates a fictitious online profile to establish a relationship with a victim.

Perpetrators of romance scams set online traps and use technology and social media platforms to target potential victims. The online trap is often a fake user profile created by a scammer after researching their target's interests, relationships, and established contacts, to appear credible and trustworthy. Once a relationship begins, it may grow increasingly serious and even progress over a long period of time before red flags appear. Ultimately the scammer will attempt to extract money from the victim or utilize the victim to carry out further financial harm, etc.

Romance scams can overlap with or evolve into other forms of fraud. Perpetrators may ask the victim to set up a business name and bank account leading the unwitting victim to commit money laundering by facilitating an avenue for the fraudster to obtain the proceeds of their scams. *Scammers are increasingly posing as potential romantic partners to lure people into fraudulent investment schemes* often directing the victim to invest or trade in cryptocurrency, a digital form of currency that can be very difficult to trace and recover. Other forms of payment that are virtually impossible to recover may include electronic payments, wire transfers, and pre-paid gift cards.

"Perpetrators of romance scams are particularly deceitful as they seek to prey on the vulnerabilities of individuals seeking genuine companionship," said Patricia Perkins, Director of the Idaho Department of Finance. "A general awareness of the red flags associated with these scams may aid Idaho consumers in protecting themselves and their loved ones from falling victim."

How to Protect Yourself Against Romance Scams

When we're smitten with someone, we tend to lead with our hearts instead of our head. A romance scammer depends on this, encouraging you to not look too deeply into their background or the type of scheme they are promoting. Protect yourself by following these steps:

- Don't trust, verify! Do online searches to get a better idea of who the person you are dealing with is 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.

- Keep your guard up. If a new romantic interest suddenly starts asking for money or encourages you to start investing, be cautious. Do not send money to anyone you have not met in person and be cautious about sharing personal or financial information.
- Beware if the individual quickly asks you to leave a dating service or social media site to communicate directly.
- Be careful what you post and make public online. Scammers can use details shared on social media and dating sites to better understand and target you.
- Beware if the individual promises to meet in person but then always comes up with an excuse for why he or she can't. If you haven't met the person after a few months, for whatever reason, you have good reason to be suspicious.
- Research websites and apps: Scammers create a custom online platform and direct you to it in order to take your money and hide from authorities. Building a custom app or website that can accept money or crypto assets is surprisingly easy. 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 or province before investing. When dealing with registered investing platforms, do business directly with the platform, and don't allow someone to act as an intermediary.
- Look for red flags: Scammers might attempt to make the 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.
- 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. To verify the licensing status of an investment professional in Idaho, visit the Department website www.finance.idaho.gov/licensee-search/
- Do not transfer money to unknown people or intermediaries. If you need to use a third party to send money, use a licensed money transmitter. To verify the licensing status of a money transmitter, visit the Department website, www.finance.idaho.gov/licensee-search/
- Keep copies of all communications with scammers and report them to the Federal Bureau of Investigation's Internet Crime Complaint Center at <https://www.ic3.gov/Home/ComplaintChoice> and the Federal Trade Commission at <https://reportfraud.ftc.gov/>

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 financial information, making an investment, or loaning a person money.

Consumers can obtain information about financial firms, professionals or products, as well as view more Department press releases and other information on the Internet at <http://finance.idaho.gov> or by contacting the Department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.