

Reddit Crypto scam causes huge loss for Consumers, TDA Says Warning Signs Could Have Prevented Losses

A crypto scam on Reddit's WallStreetBets forum made consumers lose millions. Trader Defense Advisory points out numerous red flags

SCHAUMBURG, ILLINOIS, UNITED STATES, May 7, 2021 /EINPresswire.com/ -- A [crypto scam](#) on Reddit's WallStreetBets forum robbed traders of \$2 million. [Trader Defense Advisory](#) points out numerous red flags that could have prevented these losses. The scam artists fooled consumers by offering an opportunity to purchase a new kind of digital coin that turned out to be fake. When they promised to deliver the coins an hour after purchase, consumers never received the coins that were promised.

Trader Defense Advisory experts consult regularly with clients who have lost money to crypto scams, works with authorities to track down scams of all kinds, and assists in fund recovery and providing consumer information. They demonstrate how the case of Crypto Pumps is a cautionary tale illustrating the nature of crypto scams.

How Crypto Pumps Duped Consumers

An account called [WallStreetBets-Crypto Pumps](#) on Reddit used the Telegram messaging service to inform consumers of a hot new opportunity to grab a token called WSB Finance before it appeared on exchanges.

The appetite for new cryptocurrencies is huge. Some new coins can fluctuate in value as much as 1000% in one day and traders decide to take a risk. However, many traders experience significant losses. This is common when there are real digital coins, but as it turned out WSB Finance was entirely fake.

Consumers were told to send Binance coins to its Crypto Pump's token bot and individuals were given messages that they would receive WSB Finance coins within an hour. However, the coins did not arrive. Then WallStreetBets-Crypto Pumps sent another message that because of an error, the coins could not be delivered right away. Instead, they needed to resend their Binance coins in equal amounts to the first transfer or they would lose their funds entirely.

In the message, Crypto Pump insisted they were "a serious company" with "only positive

feedback” and that consumers only had ten minutes to make the duplicate transaction and lose everything. The person behind this crypto scam’s final message at the end of the ten minutes was “buying lambo now” which may be a clue where the money went.

The victims of the scam put 3,451 Binance coins in Crypto Pumps wallet, and each coin was worth \$625 for a total of \$2.1 million. They are now on a desperate search to locate the identities of the people behind Crypto Pumps.

There Were Telltale Signs According to Trader Defense Advisory

TDA representatives note that there were a number of signs that may have protected these consumers from the Crypto Pump scam. Analyzing this specific scam can help consumers locate other fraudulent offers in the future.

The Name Was Suspicious

It is odd that a service offering investment and trading opportunities would call itself “pump” which to traders connotes “Pump and Dump” practices that are unscrupulous and illegal. This may seem like a minute point, but a forum called TheWallStreeBets should have members who would stay away from an account called “Crypto Pump.”

It Was Offering a Coin No One Had Heard Of on a Reddit Forum

People often recommend investment in a coin no one has heard of. This is called an ICO or an Initial Coin Offering. However, according to Investopedia, 80% of ICOs are fake, especially those offered on social media. Legitimate ICOs are on special platforms designed for ICOs.

It Asked for an Additional Payment Without Offering a Product

The notion of asking someone to pay again or lose all of their initial payment is not logical or professional. Also, the hastiness and pressure of the message seem coercive and show signs of a scam.

Wording of Messages

Crypto Pump wrote things like, “We are a serious company and there is only positive feedback about us.” No serious company would have to tell people they were a serious company. Also, even serious companies do not have only positive feedback.

The Bottom Line: Stay Alert to Avoid Crypto Scams

TDA understands consumers want to get in on the cryptocurrency trend, but it is important to stay safe and avoid scams. Working with only licensed companies and brokers and avoiding ad hoc schemes on social media will keep you and your money safe.

About Trader Defense Advisory

Trader Defense Advisory offers all clients a free consultation to assess their cases and design a

roadmap for pursuing their claims. The TDA team works tirelessly to advocate for clients and will fight back against Crypto and broker scams.

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