

Crypto Crimes of the Heart

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With Valentine’s Day approaching on Friday, many Americans may be searching for love online, as polls [show](#) that over a third of Americans have tried online dating. Most of these individuals probably don’t expect to be ensnared in a cryptocurrency scam as a result. Unfortunately, all too often, that is exactly what happens.

Americans are increasingly losing their life savings to what are called “pig butchering” or “romance baiting” scams. These scams involve online criminals [luring](#) their victims into fake romances and then stealing their money by convincing them to invest in crypto. This is sometimes called “pig butchering” because the criminals “fatten up” their victims, whom they refer to as “pigs,” before “butchering” them. Prosecutors call these scams “romance baiting” due to the sophisticated tactics and emotional manipulation that the criminals use to build trust with their victims. Regardless of the name, these [scams](#)

combine psychological manipulation with crypto investment schemes to devastate victims financially. The organized, transactional nature of these scams not only exposes millions of investors to financial loss, but also reveals a dark undercurrent involving human trafficking and forced labor.

That’s because these scams are typically part of international criminal syndicates.

In 2023 alone, these scams accounted for over [\\$4.4 billion](#) in losses. Fortunately, regulators are starting to notice. In 2024, the SEC brought [its first case](#) alleging fraud in connection with relationship investment scams involving crypto. The SEC alleged that the perpetrators contacted their victims via LinkedIn and Instagram and pursued romantic relationships over WhatsApp. The perpetrators gained their victims’ trust and then convinced them to open accounts on what appeared to be a crypto trading platform. The perpetrators then misappropriated their funds. When the victims discovered the fraud, the perpetrators allegedly tried to blackmail them using compromising romantic WhatsApp communications. The CFTC has become so concerned about these scams that it recently [launched](#) a *Dating or Defrauding?* social media campaign. The Department of Justice has also started bringing criminal cases to [crack down](#) on these crypto relationship investments scams, which have conned “[over around 40,000 victims in the United States.](#)”



The prevalence of these scams is particularly significant today. The crypto industry [spent](#) almost \$200 million during the 2024 election cycle in an attempt to get Congress to pass special interest legislation that would give it an aura of legitimacy. Now, it appears all that spending is paying off. Congress is poised to consider crypto legislation that it has explicitly [described](#) as “light-touch” regulation. But before it gives the crypto industry a lax regulatory regime, Congress should consider the consequences for everyday Americans.

Crypto still has not shown that it has [any legitimate use](#), but it has certainly shown its utility to criminals. Standing with crypto too often means [standing with fraudsters](#), and light-touch regulation has the potential to usher in a [golden age of crypto crime](#). As discussed below, “pig butchering” or “romance baiting” scams are particularly harmful, and Congress should consider these stories before caving to the crypto industry’s demands.

Dennis Jones

[Dennis Jones](#) was an 82-year-old grandfather, retiree, and divorcé. At some point, he met a woman who went by the name of “Jesse” on Facebook. The two talked online for months and built a close relationship. Then, “Jesse” convinced Dennis to invest in crypto.

Dennis had never met Jesse, but he invested nonetheless. Eventually, at Jesse’s urgings, he invested his entire life savings in crypto. One day, the money disappeared.


After Dennis discovered that he had been scammed, he messaged his scammer that his financial life was “done.” He wrote: “And the ultimate pain here is that I have betrayed family trust. This is unbearable.” In early March of 2024, Dennis committed suicide.

One of the reasons these scams are so devastating is that the use of crypto as part of the scam makes it nearly impossible for the victims to recover their money. “Once pig butchering scammers receive funds from victims, they typically leverage complex money laundering tactics—moving the digital assets through a series of wallets across multiple jurisdictions and exchanges, making them nearly impossible to [track](#).”

It’s [theft](#) at a scale so large that investigators are now calling it a mass transfer of wealth from middle-class Americans to criminal gangs. Last year, the FBI estimates, pig butchering scams stole nearly \$4 billion from tens of thousands of American victims, a 53% increase from the year before. While the crime takes place online, its real-world consequences are devastating. Law enforcement sources predict that losses will continue to grow in the next year, and as criminals remain out of reach, money and lives will continue to be lost.

Steve Belcher

[Steve Belcher](#) moved to Denver to be closer to his children. He met a woman named Shikuka Suzuki on a dating app and found that they had a lot in common. The two did not



meet in person but messaged for weeks. Suzuki told Belcher she had made a lot of money investing in crypto. She convinced him to invest on a platform she recommended.

After checking out the website and thinking that it looked legitimate, Belcher started investing small amounts in Bitcoin. Suzuki would tell him when to buy, and he would make money. Then, Belcher started transferring larger sums out of his retirement accounts. Eventually, he deposited \$1.6 million into Suzuki’s recommended platform. But when he went to withdraw the money, he couldn’t. Belcher discovered the whole thing was a sham.

Belcher had intended to use the money to pay for his children’s college tuition.

“I’m on the last half of my life. So, being able to recover from this, I don’t necessarily have enough time to fully recover,” Belcher said. “If I was going to leave anything to my children, I can forget about that.”

Jane Doe’s dad

[Jane Doe’s father](#) was 70 years old and had recently gotten divorced. He met a younger woman named Nicole on LinkedIn. Doe’s father mentioned that he wanted to travel to Scotland, and Nicole suggested investing in crypto as a way of making money.


Nicole directed Jane Doe’s father to a website that looked like a crypto trading site. He invested his retirement savings and soon took out a second mortgage on his home. The website showed that he had doubled his money and had returns over \$1 million. But he discovered the fraud when he tried to withdraw the money. That’s when he turned to his daughter, who quickly discovered that it was “pretty obvious that the money was gone.” Doe’s father had lost all the money—\$500,000—he had spent his life saving.

As suggested, Doe reported the scam to IC3.gov. But she said she isn’t confident in getting the money back. “Like, that’s it,” she said. “This person, like, isn’t trackable. She’s not going to be extraditable. Like, that money is gone.” More so, though, she said her father is embarrassed by how it all happened. It’s a big reason why she would only do an anonymous interview. “Human nature, like, we all want that connection,” she said. “He got to experience like something that I think we should all get to experience. And then it was like, fake, it was a lie. And I think that’s really, really hard.”

Jane Doe set up a GoFundME to help her dad as he comes out of retirement at 70.

A Santa Monica software developer

[A Santa Monica software developer](#) with a well-known tech company had recently divorced from his wife. He met “Jenny” on a dating app in February 2023. She was beautiful, energetic, and eager to show off her successful lifestyle. He and Jenny shared a lot in



common, including a desire to retire early. Over the course of four months, their conversations became a daily routine. To him, it felt too good to be true.

“It’s like they put you under a spell or something,” the software developer said later. “I was very vulnerable and I think they really took advantage of that, I really do.”

Two months into their relationship, Jenny showed the developer a screenshot of her checking account with \$2 million, which she explained was a result of her uncle developing a strategy to time the crypto markets to guarantee a profit of at least 40% with minimal risk. The following week, Jenny persuaded him to sign up for a fake crypto exchange. The developer was initially only willing to risk \$1,000, but he made \$400 off that first trade. After that trade, the amounts Jenny told the developer he needed to invest to take advantage of the strategy kept growing, and when he didn’t have the money Jenny would lend it to him.

Jenny and the developer kept growing closer, with Jenny declaring her love for him. She imagined caring for his children as her own. They talked about getting married.

Jenny said the last trade promised a 100% return. She told the developer that it would make him a millionaire and then they could buy whatever they wanted. The developer put the last of his \$740,000 into the fake crypto account, hoping for a massive payout.

“It’s all my money,” he wrote to her. “I couldn’t look my kids in the eyes if I lost it.”

The developer’s account after the trade showed he had a balance of over \$2 million, but the scam unraveled when he tried to withdraw the money. He filed a complaint with the FBI and Santa Monica Police Department, but could not recover the funds, which had already moved through dozens of accounts and shifted between different cryptocurrencies.


In the end, the developer had liquidated stocks, emptied his savings, and drained his retirement, all while thinking he was investing the money in real, profitable crypto trades. But, in reality, “he had already lost every cent.”

Barry May

[Barry May](#) was a divorced and retired insurance adjuster living in Mississippi. A woman named Anna reached out to him on Facebook, and they started chatting. May was smitten.

Eventually, Anna convinced May to invest in crypto. She promised huge returns, which would allow them to be together. May sold his property and liquidated his 401(k), ultimately investing his life savings of \$500,000. A website purported to show his holdings. May was about to take out a loan to invest even more when the FBI intervened.

Fortunately for Barry May, the FBI phone call stopped him from going deeper into debt. “I was about to get a loan from my credit union, where I had good



standing. And they said, ‘Do not do that.’” But agents told him most of his money is gone for good. “I got about \$10,000 left to my name, and that’s it,” May said. “My quality of life, you know, the things I wanted to do, it’s shot.”

May now struggles to afford medicine for his disabled daughter, who lives with him.

Conclusion

There are undoubtedly many more stories like these. Only [15%](#) of victims report these scams due to feelings of shame and embarrassment. So the financial impact in 2023 was probably far greater than the \$4 billion in losses the FBI attributed to these scams.

Indeed, one recent study estimated that pig butchering scammers have likely stolen more than [\\$75 billion](#) from victims around the world. John Griffin, a finance professor at the University of Texas at Austin, and graduate student Kevin Mei used crypto addresses from more than 4,00 victims to track the flow of funds from victims to scammers. According to Griffin and Mei, between January 2020 and February 2024, the organized criminal networks behind these scams have moved more than \$75 billion to crypto exchanges.

“In the old days, it would be extremely difficult to move that much cash through the financial system,” Griffin said. “You’d have to go through banks and follow ‘know-your-customer’ procedures. Or you’d have to put cash in bags.”

Crypto facilitates these scams by allowing the scammers to convert funds to crypto. Griffin found scammers most often converted funds into stablecoins, a crypto asset. “Our paper shows they’re the currency of choice for criminal networks,” Griffin [said](#).

The \$75 billion estimate may be high. But there is no question these scams cause [massive financial loss](#). Regardless, what should really worry Congress is the emotional [devastation](#).

Erin West, a deputy district attorney from Santa Clara County and a member of California’s cybercrime task force, REACT, told Congress during a hearing in September that pig butchering scams take a heavy toll. “An adult daughter in Michigan confided that her father had killed himself. She had no idea why until she started to look through his digital life and found that, immersed in a pig butchering scam, he lost the family fortune. He saw no alternative,” West said. “I talked to an adult daughter in California whose father had killed himself. She didn’t know why until she discovered that he was the victim of a \$3 million loss in a pig butchering scam. These reports continue to come in at uncomfortably regular intervals, not remotely slowing down,” she testified.

Congress should consider these stories as it considers crypto legislation. Americans are already losing their life savings in scams that rely on crypto to be successful. What will happen if Congress gives crypto an aura of legitimacy by passing laws that make Americans think it is regulated but that in reality prevents crypto from being policed?



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