

Contents

1	Introduction to Cryptocurrency and Digital Asset Fraud and Crime	1
	Introduction to Cryptocurrency and Digital Assets	1
	Introduction to Fraud	2
	Distinguishing Criminal and Civil Fraud	4
	Distinguishing Theft and Fraud	5
	Motivations for Fraud	5
	Comparing Crypto Fraud with Traditional Fraud	7
	Crypto Fraud Statistics	8
	Crypto Romance Scams	9
	Crypto Phishing Scams	12
	Giveaway/Multiplier Scams	13
	Chapter Summary	15
2	Cryptocurrency Exchange Fraud and Hacks	17
	Introduction to Cryptocurrency Exchanges	17
	Hackers and Crypto Exchange Centralization	17
	Introduction to Cryptocurrency Exchanges	18
	Case Studies in Cryptocurrency Exchange Fraud and Hacks	20
	Decentralized Exchange Hacks	23
	Ascendex	24
	MM.Finance	24
	Bitfinex	25

	Crypto.Com	28
	Cryptocurrency Exchange Hack Future Perspectives	30
	Chapter Summary	31
3	Cryptocurrency Ponzi, Pyramid, and MLM Schemes:	
	Part 1	35
	Introduction to Cryptocurrency Ponzi Schemes	35
	Introduction to Pyramid and MLM Schemes	36
	Case Studies in Cryptocurrency Ponzi and Pyramid Schemes	36
	Brazilian Cryptocurrency Scams	37
	African Crypto Scams	41
	OneCoin	45
	Chapter Summary	50
4	Cryptocurrency Ponzi, Pyramid, and MLM Schemes:	
	Part 2	55
	Cryptocurrency Ponzi Schemes and Pyramid Schemes	
	Continued	55
	Turgut V	55
	Profit Connect Wealth Services	56
	Coinbase Former Employee	59
	BitConnect	64
	Chapter Summary	67
5	Non-Fungible Token (NFT) Fraud	69
	Introduction to NFTs	69
	Common NFT Fraud Typologies	70
	Meme NFT Fraud	70
	Case Studies in Cryptocurrency Ponzi Schemes	71
	Beer with Bill Murray	71
	Frosties and Embers	72
	Baller Ape Club	74
	Vulcan Forged	75
	NFT Minting Fraud	75
	Pranksy	76
	Artist Impersonation	76
	Meebits	77
	Marble Cards	77
	OpenSea NFT Insider Trading Case	77
	Chapter Summary	79

6	Decentralized Finance (DeFi) Fraud and Hacks: Part 1	81
	Introduction to DeFi	81
	Binance Blockchain (BNB Bridge)	81
	Meerkat Finance	82
	BadgerDAO	82
	Rari Capital/Fei Protocol	83
	KuCoin	83
	EasyFi/Nexus Mutual	84
	Pickle Finance	84
	Akropolis DeFi and Origin Dollar	85
	The DAO Hack	85
	Vee Finance	86
	Value DeFi	86
	Alpha Finance	86
	PancakeBunny and PolyBunny	87
	Cashio	87
	Mirror Protocol	88
	Harvest Finance	88
	Mango Markets	89
	Boy X Highspeed (BXH) Exchange	90
	Chapter Summary	91
7	Decentralized Finance (DeFi) Fraud and Hacks: Part 2	97
	Decentralized Finance Fraud and Hacks Continued	97
	Nirvana Finance	97
	Beanstalk	98
	bZx (Fulcrum)	98
	Compound Finance	99
	Compounder Finance	99
	Alchemix	99
	Introduction to DeFi Bridge Hacks	100
	Poly Network	105
	Cream Finance	105
	Wintermute	106
	Chapter Summary	107
8	Cryptocurrency Hedge Fund Scams and Anti-money Laundering Violations	111
	Introduction to Crypto Hedge Funds	111
	Anti-money Laundering Compliance	111
	Virtual Asset Service Providers (VASPs)	112

Robinhood Crypto, LLC	113
Q3 Trading Club	114
EmpiresX	116
Virgil Sigma Fund LP/VQR	119
Background	121
Qin's Scheme to Steal Assets from Virgil Sigma	121
Qin Attempts to Steal Assets From VQR to Pay Virgil Sigma Investors	122
Chapter Summary	123
9 Initial Coin Offerings (ICOs) and Celebrity Token Promotions: Part 1	125
Introduction to Initial Coin Offerings (ICOs) and Celebrity Promotion	125
SEC November 2017 ICO Cautionary Warning	125
T.I. and Flik	127
Steven Segal and Bitcoin2Gen	128
Floyd Mayweather Jr. and DJ Khaled	132
Kim Kardashian and EthereumMax	133
Chapter Summary	134
10 Initial Coin Offerings (ICOs) and Celebrity Token Promotions: Part 2	137
Initial Coin Offerings (ICOs) and Celebrity Promotion Continued	137
The Hydrogen Technology Corporation and Hydro Sparkster	139
Chapter Summary	159
11 Additional Case Studies in Cryptocurrency Fraud	161
Introduction	161
Titanium Blockchain Infrastructure Services	161
Barksdale Siblings and Ormeus Coin	162
Mercenary Gold	166
CryptoBay VIP and Other January 2022 Frauds	167
Outverse	168
Big Daddy Ape Club	168
Blockverse	169
VirSE	169
Chapter Summary	170

12 Trends and Future Developments	173
Introduction	173
Increased Regulatory Resources to Fight Crypto Fraud	173
Increasing Focus of Hackers on Crypto Related Espionage	175
Chapter Summary	184
Index	187