



NEWS RELEASE | **FOR IMMEDIATE RELEASE** | March 13, 2025

ATTENTION INVESTORS: North Dakota Securities Department warns of elaborate cryptocurrency scams involving so-called “Investment Education Foundations” and AI bots

Bismarck ND – The North Dakota Securities Department is warning the public about a new investment scam involving fake “investment education foundations” that lure investors with promises of education on stocks and cryptocurrency, “risk-free” trials, and loans. The main goal of the scammers is to persuade investors to invest their own money into the platform as well as take out fake loans, paying exorbitant commissions, according to Tim Karsky, North Dakota Securities Commissioner.

“The rise of fake ‘investment education foundations’ is a concerning trend that preys on investors’ desire to reduce the risk of investing in cryptocurrency,” said Karsky. “These scams often promise guaranteed returns and sophisticated advice, but they are designed to deceive. It’s crucial for investors to remain vigilant and skeptical of unsolicited offers before handing over their money.”

The scam typically starts with social media ads leading to WhatsApp groups managed by a fake founder and bots. The founder provides investment lessons, eventually introducing a fraudulent cryptocurrency exchange. Investors are enticed to test a proprietary AI bot with “free” tokens, which generate fake profits, leading to real money investments. If funds are lacking, fake loan providers on Telegram offer loans deposited directly onto the exchange. Investors can’t withdraw profits until they repay these fake loans or commissions, with accounts frozen for fake regulatory reasons. The scam is eventually shut down and restarted under new names.

Scammers legitimize their operations using real government and professional documents, including registration with the U.S. Department of the Treasury and the U.S. Securities and Exchange Commission. They may also post articles online to appear legitimate and use old website domains to seem established.

How to Protect Yourself from Investment Fraud

The North Dakota Securities Department urges investors to exercise caution before responding to unsolicited investment offers, especially those received through social media, emails, or phone calls.

“Do not assume an education foundation is trustworthy just because it is promoted on social media,” said Karsky. “Contact the North Dakota Securities Department to check if the education foundation and cryptocurrency exchange are registered.”

If you suspect fraud or illegal activity, reach out to North Dakota Securities Department immediately. For additional tips and resources, visit www.securities.nd.gov.

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For More Information Contact:

North Dakota Securities Department
Alysia Huck, Investor Education & Outreach Communication Specialist | 701-934-8644 (c)
ahuck@nd.gov

Kelly Armstrong, Governor

Tim Karsky, North Dakota Securities Commissioner

State Capitol | 600 E. Boulevard Ave., 14th Floor | Bismarck, ND 58505
PHONE: (701) 328-2910 | E-MAIL: ndsecurities@nd.gov

www.securities.nd.gov