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Beware of Pig Butchering Scams

The Kansas Insurance Department (KID) recently issued a warning against one of the fastest growing investment frauds in the US – pig butchering scams. While these types of scams have nothing to do with pork, the name derives from the practice of fattening a hog before the slaughter. Scammers slowly build trust with their targets before “butchering” them with a final fraud and walking away with the victim’s money.

The Kansas Insurance Department says that these scams typically unfold in stages. First, victims are contacted unexpectedly through texts or messaging apps, often with an unusual explanation for contacting them. The scammer will engage victims in conversation to build trust over time and gather information. Once they establish a relationship, the scammer will shift the conversation to investment topics and convince their victims to let them invest their money in seemingly legitimate ventures. The scammers start with a small amount of money but will continue to pressure for large investments after faking initial investment gains. Once the large deposit has been made, the fraud is complete and the scammer disappears with the money.

The Kansas Insurance Department gives the following tips on how to spot a pig butchering scam:

- 1) **Unexpected contact from an unknown individual** – Ignore unsolicited contact from anyone you do not know. Investment opportunities should be vetted by research and consultation with trust individuals such as your investment advisor.
- 2) **Requests for personal financial information** – You should never give out personal or sensitive financial information via text or any other messaging app, especially if you have never met them.
- 3) **Claims of guarantee or high returns** – A promise of a high return on an investment should be met with skepticism. No investment is without risk, and anyone contacting you claiming the opposite is a likely scammer.

The number one rule with all scams is this – if it seems too good to be true, it probably is. If you are a victim of fraud, contact the Office of the Kansas Securities Commission at 785-296-3071 or file a complaint online.

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