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Crypt-Oh No! How Scammers Turn Your Digital Dreams into Nightmares

"Guaranteed 0.5% profit every day — start earning passive income through our blockchain mining program."

(Marketing slogan used in the A&A Blockchain Ponzi scheme, 2021–2022)

Overview

Cryptocurrency, or crypto, related investment scams have surged in recent years, both in frequency and scale. According to the Singapore Police Force ("**SPF**"), in 2024 alone Singaporeans lost over S$1.1 billion to such scams – a 70% jump from the previous year. Nearly 25% of these losses came from crypto-related scams. While licensed crypto firms operate within the regulatory framework set by the Monetary Authority of Singapore ("**MAS**"), a growing number of unlicensed schemes promise high returns for little to no risk, and exploit investor trust, causing significant losses to the induced investor-victims.

In an August 2025 media release, MAS and the Commercial Affairs Department announced an investigation into Tokenize Xchange, operated by AmazingTech Pte Ltd. The investigation concerned alleged fraudulent trading, failure to segregate customer assets, and potential asset shortfalls. This conduct, if proven, would reflect common features of unlicensed and opaque crypto operations.

These fraudulent schemes often present professional-looking contracts or mobile apps to build credibility, but ultimately these merely serve to mislead investors. This article outlines the differences between legitimate and fraudulent crypto investments, discusses how contractual terms affect investor protection, and offers guidance on what to do when a scheme begins to show signs of failure.

Understanding the nature of crypto investments in Singapore

More credible crypto investment platforms offer:	**Fraudulent crypto investment platforms often:**
MAS registration or licensing, under the Payment Services Act 2019	Operate without MAS approval
Clear and detailed risk disclosures	Promise unrealistic or *"guaranteed"* returns
Clear guidelines and contracts with defined withdrawal processes	Vague regarding withdrawal processes and offer contracts with limited enforceability
Transparent information about asset custody and management	Opaque about asset custody and management

Can a contract protect you?

Fraudulent schemes often provide investors with basic investment contracts to appear credible. However, these contracts tend to contain broad *"no liability"* clauses or lack clear governing law or dispute resolution terms. They also often fail to explain what happens if the investment fails.

This often results in investors entering into contracts that offer little to no protection to their investments. Despite this, entering into such disadvantageous contracts is not a bar to the investors being able to seek remedies. For example, under Singapore law the investor-victims may consider the following:

1) contracts induced by fraud or misrepresentation are voidable;
2) exclusion clauses that attempt to remove liability for deceit are unenforceable;
3) the Unfair Contract Terms Act 1977 may invalidate unfair or unreasonable terms; and

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4) Investor-victims may still sue in tort, even if the contract appears to waive liability.

Other remedies for investor-victims

Furthermore, offenders running crypto-related schemes similar to Ponzi schemes may be charged with the Penal Code offence of cheating, which occurs when an offender fraudulently or dishonestly deceives the victim to deliver property or money to the offender, despite knowing that they are unable to make good on their promised returns. The penalty for cheating, is a fine and/or imprisonment for up to 3 years.

Investors-victims may also be able to seek damages under the tort of negligent or fraudulent misrepresentation. In *Lin Lee Chin v Xu Aifeng* [2025] SGDC 96, the plaintiff invested nearly $70,000 in a cryptocurrency scheme known as *"Utoken"*, which encouraged referrals by offering rewards convertible to cash. The plaintiff was introduced to the scheme by the defendant—an existing investor—who claimed, among other things, that *"Utoken"* was a stable digital currency backed by gold reserves.

When the scheme eventually collapsed and the plaintiff lost her entire investment, she sued the defendant for fraudulent misrepresentation. The Court outlined five elements the plaintiff was required to establish:

1) a representation of fact made by words or conduct;
2) the representation was made with the intention that it should be acted upon by the plaintiff, or a class of persons which includes the plaintiff;
3) the plaintiff acted upon the false statement;
4) the plaintiff suffered damage by acting upon the false statement; and
5) the false representation must be made with knowledge that it is false; it must be willfully false or at least made in the absence of any genuine belief that it is true.

Applying these principles to the facts, the defendant's statements about *"Utoken"* being backed by gold were found to be false and knowingly made to induce the plaintiff to invest. As all five elements were satisfied, the Court held the defendant liable and awarded damages to the plaintiff for the full amount of her lost investment.

What potential investors should look out for to avoid falling prey to such scam schemes

It is critical that potential investors conduct their proper due diligence before transferring money into any investment opportunity. In particular, investors should note the following when assessing the legitimacy of a potential investment scheme:

1) whether the investment opportunity promises high returns with little to no risk;
2) whether the investment opportunity is vague or secretive about its investment strategy;
3) if the scheme is advertised on social media or messaging platforms, which is not typical of legitimate trustworthy investment schemes;
4) if the scheme offers referral commissions or *"limited time"* offers; and/or
5) If the scheme states that the investor will be offered incentives for referrals to said scheme.

Investors can also check whether a firm is authorised to offer financial investment services by referring to the Financial Institutions Directory maintained by the MAS. In addition, MAS also maintains an Investor Alert List—a non-exhaustive list of unregulated investment entities—which investors can use to cross-reference, for added caution.

How to respond if the investment scheme is failing

If investors suspect that a scheme is going awry, they should:

1. Cease all further payments. Do not fall for *"release fee*" requests.

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2. Document everything — contracts, bank transfers, wallet addresses, chats, screenshots, transaction hashes.
3. Report the matter to:
    - The Singapore Police Force (Commercial Affairs Department),
    - MAS (for unlicensed entities),
    - ScamAlert.sg or SingCERT (for phishing or malicious websites).
4. Seek legal assistance. Victims may pursue civil claims for fraud, unjust enrichment, or breach of contract, and the Courts in Singapore may grant injunctions to freeze crypto assets even against anonymous wallet holders (see *CLM v CLN* [2022] SGHC 46).

It should however be noted that there is no guarantee that investors will get any money back, as any recovery is dependent *inter alia* on whether the scammer can be found and whether they have any money left to repay damages. This again underscores how important it is for investors to always perform the necessary due diligence first, before undertaking into any such investment opportunities.

Conclusion

A contract does not automatically mean a crypto scheme is legitimate. Fraudsters in Singapore increasingly rely on convincing documentation and app interfaces to mislead investors. By recognising the relevant red flags, verifying MAS licensing, and understanding your legal rights, you can better protect yourself from becoming their next victim.

If you suspect a scheme that you have entered into is illegitimate or would like help reviewing a contract or transaction for red flags, we encourage you to take precautions early. These include reaching out to:

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Should you have any queries as to how this update may affect you or your organisation or require further information, please do not hesitate to email us.

This article is intended to highlight key legal and practical considerations relating to cryptocurrency investment scams in Singapore, and it is not intended to be comprehensive, nor should it be construed as legal advice. This article is updated as of 13 August 2025.

The authors would like to express their appreciation and thanks to Mr. Noel Lim, trainee at Gateway Law, and to Mr. Whye Li Ong and Mr. Bharath Rai, interns at Gateway Law, for their kind assistance and contribution to this article.

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