

# Investors urged to exercise caution when encountering unsolicited cryptocurrency offers

JOHANNESBURG, GAUTENG, SOUTH AFRICA, September 28, 2023 /EINPresswire.com/ -- Amid the 2021 crypto boom, prominent figures such as Kim Kardashian, Floyd Mayweather, and NBA hall-of-famer Paul Pierce enthusiastically endorsed a cryptocurrency known as EthereumMax to their vast following. The result? A frenzy of investors flocking to buy the coin, only to witness its value plummet dramatically, causing substantial financial losses. In a recent development, U.S. District Judge Michael Fitzgerald of Los Angeles has refused to dismiss a class action lawsuit against these celebrities, alleging their deceptive promotion and profiting from false claims about the coin's worth.

This case, beyond marking the end of such schemes, serves as a stark indicator of the alarming surge in celebrity-backed online crypto and non-fungible token (NFT) scams. In response to this growing concern, [CMTrading](#), an online trading company, is issuing a heartfelt warning to all potential investors, urging them to exercise utmost caution when encountering unsolicited cryptocurrency offers, regardless of the celebrity association.

## Numerous Cautionary Tales

Consider the tale of Kim Kardashian, who initially touted EthereumMax on her Instagram platform, propelling the coin's market cap to nearly US\$250 million (R4.68 billion). Yet, by late 2022, its value had dwindled to near worthlessness, leaving investors with negligible returns. Larry David is facing legal repercussions for his involvement in a Super Bowl ad promoting a now-bankrupt crypto exchange called FTX. Matt Damon's commercial for Crypto.com lured in an influx of investors, only to see them lose approximately 60% of their investments. Similarly, other celebrities who ventured into the NFT market and hyped it as the next big investment



Fred Razak, Chief Trading Strategist  
CMTrading

opportunity found themselves in financial distress. YouTuber Logan Paul openly admitted to losing nearly all of his \$623,000 (R11.67 million) investment in an NFT, which had dwindled to a mere \$10 (R187) in value a year later. Justin Bieber also suffered a substantial setback, losing \$1.24 million (R23.23 million) on a "Bored Ape" NFT purchase. Their experiences sparked a chain reaction, inspiring others to follow suit, often resulting in substantial financial losses.

## An Unregulated Frontier

[Fred Razak](#), Chief Trading Strategist at CMTrading, has consistently emphasised the risks of cryptocurrency's unregulated nature for those seeking quick profits. "The vast disparity in coin values, ranging from mere cents to \$60,000, can be unsettling for traders. It lacks the stability of clean money and feels more like hype," he cautioned back in 2022. Subsequently, his warnings have been repeatedly validated, as celebrity-driven hype continues to send new cryptocurrencies soaring in value, only to crash in a classic pump-and-dump pattern due to the absence of intrinsic value to sustain prices.

## Celebrity Involvement Raises Red Flags

The involvement of celebrities in promoting cryptocurrencies inherently raises suspicion. According to CMTrading, legitimate cryptocurrency creators typically pursue a conventional path: advertising, building a dedicated community, and demonstrating tangible progress toward real-world applications. However, celebrity endorsements suggest backers are primarily interested in artificially inflating short-term value.

## The Rise of Fake Celebrities

The situation has taken a disconcerting turn, with cryptocurrency creators no longer relying on actual celebrities for endorsements. Why pay a star when you can replicate their likeness, create countless online advertisements, and promote the coin that way? Some individuals might even receive unsolicited online messages from impostors claiming to be celebrities, offering a chance to invest in their cryptocurrency by downloading an app or making a simple online payment.

## Protect Yourself

Many celebrities excel in fields far removed from crypto and financial investments. Their knowledge in these areas should not be considered gospel, and their involvement in commercials is often driven by ignorance rather than expertise. CMTrading urges investors to diligently research any investment opportunity before committing their funds, irrespective of the celebrity endorsement. Any unsolicited investment offer should be met with scepticism, and individuals uncertain about its legitimacy should seek advice from a financial advisor.

In a landscape teeming with secure, reliable, and intelligent investment opportunities like the CMTrading online platform, wise investors should exercise prudence, even when celebrities are

involved.

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Kerry Oliver

The Lime Envelope

+27 82 927 9470

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