LoopX pulls exit scam, walks away with $4.5m in investor cryptocurrency

The startup's last ICO was the finale of a scammer's performance.

By Charlie Osborne for Zero Day | February 13, 2018 -- 12:07 GMT (04:07 PST) | Topic: Security

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LoopX has pulled an exit scam after launching a series of Initial Coin Offerings (ICOs) which earned the startup roughly $4.5 million.

The cryptocurrency startup promised to give traders consistent, high returns for investing in a proprietary trading algorithm.

According to a cached version (http://webcache.googleusercontent.com/search? q=cache:http://loopx.io/) of the LoopX website -- which has now gone dark -- a series of five ICOs were launched which apparently sold out of the platform's LoopX Coin (LPX) coins.

In total, 276,21 Bitcoins (BTC) and 2.446,70 in Ethereum (ETH), were received from investors, and are now presumably lost to them.

The LoopX team said it was formed of "high-performance professionals" which tested their algorithm for over half a year, with "great profits continuously every month."

"We are here to help you make money in the emerging market of cryptocurrencies which is projected to grow up to 10 times the size of now until the next year," the company claimed. "The LoopX system gives you guaranteed profits every week thanks to the most advanced trading software out there to date!"

Now the final, fifth ICO is complete, the LoopX website (https://www.loopx.io/), Facebook account (https://www.facebook.com/LoopX-2021730828111348/), Telegram (https://t.me/loopx_news), and YouTube channel (https://www.youtube.com/channel/UC5HIvBftDwDyQdvRoSWQarQ) have vanished.

The LoopX Twitter account (https://twitter.com/loopxcoin?lang=en) has nothing more than a link to The Next Web's coverage of the scam, having first reported the news (https://twitter.com/loopxcoin?lang=en).

As investors rage across social media platforms including Reddit (https://www.reddit.com/r/CryptoCurrency/comments/7wwx2d/loopxio_just_exit_scammed/), in January, a

discussion had already taken place which suggested LoopX was a scam (https://www.reddit.com/r/CryptoCurrency/comments/7p5lzg/discussion_loopx_a_scam_ico/).

At the time, the user cited a number of problems with the platform which suggested that there was little beyond a fraudulent front.

A lack of transparency, no proof of code promised until after the final ICO, no concrete information relating to team members or developers of the trading system and the promise of consistent financial returns for investors were only some of the problems cited.

"They claim that the initial pre-ICO offerings were snatched up within "4 minutes" of offering... similar claims for further rounds," the user ghostwxrk added. "Despite this, their digital presence (both in terms of follower counts and just general digital matter sprinkled around the web) is very slight."

This case is simply the next in a long line of exit scams. Cryptocurrency investment is an exciting prospect, but potential traders must be careful not to fall into the trap of get-rich-quick promises.

Anyone can set up a website and promise a revolutionary cryptocurrency or blockchain system, but unless there is proof of legitimacy, investors are courting high risk by parting with their cash.

Earlier this month, investors in the Bee Token Initial Coin Offering (ICO) fell prey to a phishing scheme. One of Bee Token's third-party vendors was compromised and trader information was exposed, leading to crafted phishing emails being sent to traders.

See also: UK government websites, ICO hijacked by cryptocurrency mining malware (http://www.zdnet.com/article/uk-government-websites-ico-hijacked-by-cryptocurrency-mining-malware/)

The victims of the phishing scheme lost roughly $1 million (http://www.zdnet.com/article/bee-token-ico-participants-lose-1-million-to-phishing-scam) in cryptocurrency.

In related news, a group of investors in Coincheck have revealed their plans (https://www.reuters.com/article/uk-crypto-currencies-japan/cryptocurrency-traders-to-launch-lawsuit-against-coincheck-on-thursday-lawyer-idUSKBN1FX0AM) to issue a lawsuit against the Tokyo-based exchange.

Hackers were [able to steal $530 million](http://www.zdnet.com/article/japan-punishes-coincheck-after-530m-cryptocurrency-theft/) due to lax security.

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