



Digital Real Estate: Scam has gone Meta

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Meta



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Did you receive advice from a financial counsellor for digital property investment? Do not worry! Your turn will come soon. The *virtual* real estate market is booming, and it is a matter of time until private individuals will be offered to invest in such ventures. But is the Metaverse becoming a scammers' playground?

With nostalgia, we all remember Second Life, the online platform from the late 2000s, allows people to create an avatar for themselves and have a second life in an online virtual world. It was the first version of what we call today the Metaverse. The term became known to the large public when Facebook decided to change its name to Meta. Still, in reality, the leading companies in this area include Sandbox, Decentraland, Mirandus or Axie Infinity.

Such platforms build the metaverse by creating an interactive digital world where users can play games, explore landscapes, and do business. The price of real estate on such platforms is currently booming. Last week, New York-based company Republic Realm announced it had spent a record-breaking USD 4.3 million on digital land through The Sandbox. While the rationale behind such hyper-inflated prices in a virtual space (where the estate is practically infinite) is counterintuitive, investors will have the thrill of a new asset class.

Timeshares, mini-bonds, rental loans, real estate crowdfunding... The love story between private individuals and real estate investment is complex and has, in many instances, unhappy endings. Scammers, boiling rooms, and unregulated investment advisers have used property-backed instruments as narratives to defraud people over the past four decades.

A new beginning...

Digital real estate will take such scams to an entirely different level. There will be a metaverse investment frenzy, similar to what happened in the world of crypto-currencies. Rogue investment brokers will profit from such bubbles and spray the public with fantasmagorical business proposals. Investing in digital real estate is the perfect pitfall for individuals looking for rapid enrichment. Virtual land, digital studios and avatar-driven commercial spaces are only a few examples of “assets” that could be sold to investors.

The classic real estate investment scams are not an easy task for prosecutors. In most cases, the property exists, but the investments themselves have no chance to materialise in a profit. Unfortunately, virtual real estate scams will make prosecutors' life even more difficult. This is because the asset does not exist in reality and is just a digital creation on a platform that we all know from past experiences has an ephemeral existence.

Moreover, such investments will be purchased with cryptocurrencies or swapped against NFTs, thereby making them almost untraceable. The Metaverse opens new avenues for innovative businesses. Still, it shows many loopholes where criminals can deploy deceitful strategies for defrauding uninformed citizens, mesmerised by the mirage of a whole new world.

“The metaverse is not just a ‘new Americas’ in that it’s more real estate. It’s a new canvas for individuals. It’s more like discovering the solar system, the galaxy.”

Matthew Ball, Venture Capitalist


Focus: Tecnoglass

Despite being praised by inventors, SPACs mean trouble. A negative [report](#) issued by the reputed shorter Hindenburg Research smashed Tecnoglass’s price on NASDAQ. Shares of Colombia-based glassmaker plummeted by over 35% after accusations of

Another opaque SPAC

hidden ties with the Cali drug cartel. Tecnoglass was listed back in 2013 through a SPAC merger with Andina Acquisition Corporation, a firm headquartered in New York. The report unveils that back in the 1990s, US criminal prosecutors were actively investigating the activities of the Daes brothers, who serve currently as executives in Tecnoglass. Investigators suspected the Daes of fronting the Cali cartel's illicit activities in the US. They were allegedly playing a crucial part in laundering the illegal proceeds stemming from the sale of smuggled cocaine from Colombia in North America. Moreover, Jose Daes, Tecnoglass CEO, was imprisoned in Colombia following corruption and binary charges brought by domestic prosecutors. This case underlines, once again, SPAC's lack of transparency.

Word on the street: Beny Steinmetz arrested



Master of bribery

Beny Steinmetz's name may not be known to the large public, but he is a well-known figure in the global mining arena. The French-Israeli billionaire made his fortune with his holding firm Beny Steinmetz Group Resources (BSGR), which controls oil and gas drills, metals and diamonds mining operations, as well as real estate.

On the 24th of November, Steinmetz was detained on an international arrest warrant at Athens airport. His arrest resulted from two convictions in Switzerland and Romania related to two separate bribery cases. Steinmetz also controlled a Canadian-based gold mining company, Gabriel Resources, that tried without success to revive a gold mine in Transylvania. This venture marked the beginning of his involvement in a massive corruption trial, whereas Steinmetz tried to bribe government officials in an unlawful inheritance matter.

Guinea is one of Africa's richest nations in diamonds, and Steinmetz aimed to get mining rights by employing deceitful methods. Instead, he bribed Guinean officials, which led to his indictment by a Swiss court.

Steinmetz was released by the Greek police 24 hours after his initial arrest. Still, the two prison convictions are chasing the flamboyant Israeli oligarch, and seemingly, the story is far from reaching an end.

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