

MONEY MYTHS SERIES

Copy Trading and Finfluencer Stock Tips: Who Gets Paid When You Follow Them

Copy trading and finfluencer stock tips, checked against SEC and FINRA cases: who pays the influencer, what they must disclose, and what to do instead.

By Eric Ridley, attorney, Ridley Law · Updated September 2026 · Read online with live links: ridleylawoffices.com/copy-trading/

Part of our [money myths series](#), where we look at the money advice that spreads on Instagram, TikTok and YouTube and ask who gets paid when you follow it.

The pitch: "I post every trade. Copy my portfolio, or turn on auto-copy, and you'll make what I make."

The verdict: Most of the people posting picks are being paid by someone, and the best study of finfluencer advice found that 55% of them do worse than chance (Kakhbod and coauthors, 2024).

Copying a stranger's trades hands your money to a person who owes you nothing, often while they're paid per follower, per account or by selling to you.

55%

of influencers studied were "antiskilled," worse than random (2024 study)

-2.3%

average monthly abnormal return from following the antiskilled group (2024)

\$1.26 million

Kim Kardashian paid the SEC over one undisclosed \$250,000 post (2022)

\$2.75 million+

M1 Finance paid about 1,700 influencers, per funded account (FINRA, 2024)

48%

of Gen Z investors learn about investing from social media (FINRA Foundation and CFA Institute, 2023)

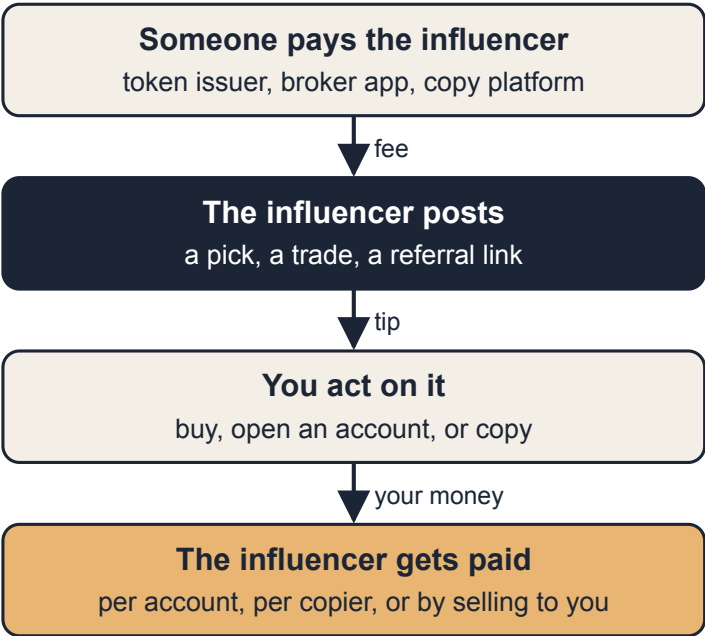
17 of 4,750

eToro Pro Investors had more than \$10 million copying them (eToro, 2025)

Who gets paid when you follow this advice

- **The company being promoted.** The SEC found Kim Kardashian was paid \$250,000 to post about EMAX tokens, Floyd Mayweather Jr. \$300,000 across three coin offerings, and DJ Khaled \$50,000.
- **The broker app.** FINRA found M1 Finance paid about 1,700 influencers more than \$2.75 million, a flat fee for each funded account, with no cap. Cobra Trading paid 17 influencers the same way.
- **The copy-trading platform.** eToro tells its investors in its 2026 annual report that it pays its "Pro Investors" more as more users copy them, up to a percentage of the assets copying them.
- **The influencer, by selling to you.** In the pending Atlas Trading case, prosecutors allege eight influencers made \$114 million by buying stocks, hyping them to followers and selling into the buying.

None of these people is your fiduciary. None owes you a duty to put your interests first.



Who pays the influencer	How the pay is figured	Example from the record
Token issuer	Flat fee per post	Kardashian, \$250,000 for one Instagram post (SEC, 2022)
Broker app	Flat fee per funded account	M1 Finance paid about 1,700 influencers more than \$2.75 million (FINRA, 2024)
Copy-trading platform	Grows with the number of copiers or copied assets	eToro Pro Investor program (eToro Form 20-F, 2026)
Nobody: the influencer sells	Profit from selling into followers' buying	Alleged \$114 million in the Atlas Trading case (indictment, pending)

Who gets paid when you copy a finfluencer's trades?

Usually the influencer, and often the platform or the company being touted, before you've made a dollar.

The simplest pay is a flat fee to post. The SEC's 2022 order against Kim Kardashian says she was paid \$250,000 to promote a crypto token on Instagram. The 2018 orders against Floyd Mayweather Jr. and DJ Khaled say Mayweather took \$100,000 from Centra Tech and \$200,000 to promote two other coin offerings, and Khaled took \$50,000. In its press release the SEC put it plainly: social media influencers are often paid promoters, not investment professionals.

The second shape is a bounty per account. FINRA's 2024 settlement with M1 Finance found the broker paid influencers a flat fee for every new account funded through their links, with no cap, bringing in more than 39,400 accounts through about 1,700 influencers. The settlement quotes one influencer telling followers that anyone who starts a Roth IRA in their 20s will become a millionaire by 60. FINRA found that kind of post unbalanced and fined M1 \$850,000. A few weeks later FINRA censured Cobra Trading and fined it \$200,000. Cobra had paid 17 influencers per funded account, and one of them claimed to have turned \$30,000 into \$133,000 in under 30 days. Most of the Cobra posts didn't say they were ads.

The third shape is built into copy trading. eToro's annual report filed with the SEC in March 2026 says its Pro Investors are compensated as more users copy them, from fixed amounts at lower tiers to a percentage of the copied assets at higher tiers. The incentive rewards gathering copiers, and copiers are gathered by marketing. The same report says that of more than 4,750 Pro Investors at the end of 2025, only 17 had more than \$10 million copying them.

The fourth shape needs no sponsor at all. If I own a small stock and a hundred thousand people buy it because I posted about it, I can sell at the higher price. That's the classic pump and dump, and it's the core allegation in the biggest finfluencer criminal case so far.

What does the law require a paid promoter to disclose?

Federal law requires anyone paid to promote a stock or other security to disclose that they were paid and how much, under Securities Act section 17(b), 15 U.S.C. § 77q(b).

The statute makes it unlawful to publish or circulate anything that describes a security for pay received from the issuer, an underwriter or a dealer "without fully disclosing the receipt" of the pay "and the amount thereof." CNBC reported that Kardashian's post carried "#ad," and the SEC charged her anyway, because the post didn't say she was paid \$250,000. She paid \$1.26 million to settle, including a \$1 million penalty, and agreed not to promote crypto asset securities for three years. She settled without admitting or denying the SEC's findings.

The FTC's Endorsement Guides, revised in June 2023, require anyone endorsing a product to disclose a material connection, such as payment or free product, clearly and conspicuously (16 C.F.R. § 255.5). The FTC's 2024 rule on fake reviews and testimonials (16 C.F.R. Part 465) reaches false celebrity testimonials and carries civil penalties.

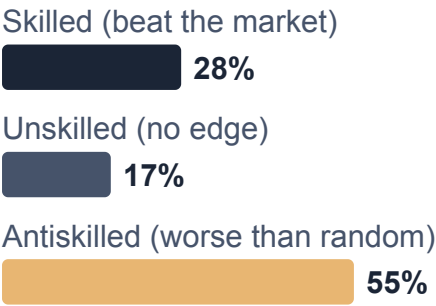
Registered investment advisers can pay promoters only with written disclosures of the pay and the conflict (SEC Marketing Rule, 17 C.F.R. § 275.206(4)-1). Brokerage firms' public communications must be fair and balanced and can't promise or project performance (FINRA Rule 2210), and FINRA treats a firm that shares or links third-party content as having adopted it (Regulatory Notice 17-18).

These rules bind issuers, brokers and advisers well, and an unregistered influencer with an anonymous account much less well. NASAA, the association of state securities regulators, warns that you may have little direct recourse against a finfluencer.

Are finfluencers' stock picks any good?

Most aren't: a study of more than 29,000 finfluencers found 28% skilled, 17% with no skill, and 55% "antiskilled," meaning their picks did worse than random.

The study, "Finfluencers" by Ali Kakhbod, Seyed Mohammad Kazempour, Dmitry Livdan and Norman Schuerhoff (December 2024 version, presented at the American Economic Association's 2025 meeting), looked at 72 million posts on StockTwits and controlled for 36 million news stories. Following the antiskilled group produced average abnormal returns of negative 2.3% a month. The authors also found that skilled finfluencers have fewer followers than the unskilled and antiskilled ones. The people with the biggest audiences are, on average, the ones you'd do best to ignore.



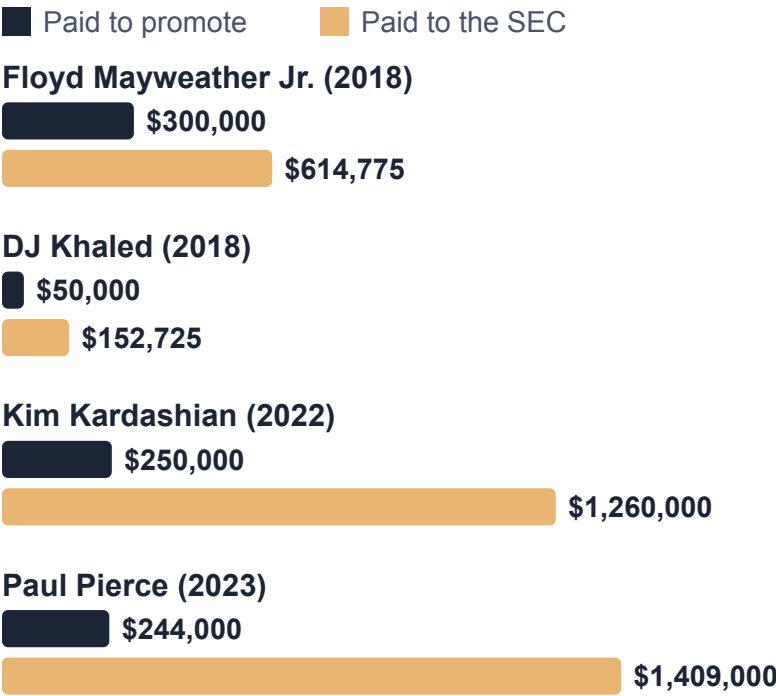
Source: Kakhbod, Kazempour, Livdan and Schuerhoff, "Finfluencers," December 2024 version, 72 million StockTwits posts.

Group	Share of finfluencers	Average monthly abnormal return of their advice
Skilled	28%	Positive (up to about 2.6%)
Unskilled	17%	About zero
Antiskilled	55%	-2.3%

The audience is young. The FINRA Investor Education Foundation and CFA Institute's 2023 study of Gen Z found 48% of Gen Z investors learn about investing from social media, and YouTube is their top online source.

What happened to celebrities who touted without disclosing?

The ones the SEC charged mostly settled, and in every case below the settlement cost far more than the promotion paid.



Sources: SEC press releases 2018-268, 2022-183 and 2023-34. Settlements were without admitting or denying the SEC's findings. Pierce's promotion pay was in EMAX tokens.

Promoter	Paid to promote	Paid to settle with the SEC
Floyd Mayweather Jr. (2018)	\$300,000	\$614,775
DJ Khaled (2018)	\$50,000	\$152,725
Kim Kardashian (2022)	\$250,000	\$1,260,000
Paul Pierce (2023)	more than \$244,000	\$1,409,000

Paul Pierce paid \$1.409 million in 2023, including a \$1,115,000 penalty, over EMAX promotions he was paid more than \$244,000 in tokens to make. The SEC also found he tweeted a screenshot of an account that showed far larger holdings than he had. In March 2023 the SEC charged eight celebrities, including Lindsay Lohan, Jake Paul, Soulja Boy, Akon, Ne-Yo and Lil Yachty, with touting Justin Sun's crypto tokens without disclosing their pay. Six settled for more than \$400,000 combined.

In March 2026 the SEC voluntarily dismissed its claims against Soulja Boy (DeAndre Cortez Way). The final judgment in the Sun case, entered March 9, 2026, had Sun's company Rainberry pay a \$10 million penalty on a fraud-based claim, and the SEC's claims against Sun personally and his two foundations were dismissed with prejudice. And a private class action that EthereumMax investors brought against Kardashian, Mayweather and

others was dismissed, with leave to amend, in December 2022, CNBC reported. The judge wrote that the law expects investors to act reasonably before betting on "the zeitgeist of the moment." If you buy because a celebrity posted, a court may say that's on you.

What is a social media pump and dump?

It's when promoters buy a stock, hype it to followers, and sell into the buying they created; the SEC alleged a \$100 million version run on Twitter and Discord in 2022.

In December 2022 the SEC sued eight influencers who promoted themselves as successful traders on Twitter and in the Atlas Trading Discord server (SEC v. Constantin, S.D. Tex.). Federal prosecutors indicted the same group, alleging \$114 million in profits from buying stocks, telling followers to buy, and secretly selling. These are allegations. Here's where the case stands as of October 2026:

- One defendant, Daniel Knight, pleaded guilty.
- In March 2024 the district court dismissed the indictment against the rest, reasoning that the followers were deprived only of accurate information, not of property. The judge added that dismissal didn't condone the alleged conduct.
- On October 2, 2025, the Fifth Circuit reversed and sent the case back for trial (United States v. Constantinescu, No. 24-20143), holding the indictment adequately alleged a scheme to defraud.
- Seven defendants remain. A July 2026 government filing lists trial for May 3, 2027. The SEC's civil case has been on hold since January 2023 while the criminal case runs.

Nobody but Knight has been convicted. When a person with a big following posts a buy, you can't see whether they're quietly selling.

The SEC's own investor alerts describe the same pattern. Its December 2025 alert on group chats warns that pump and dumps are run through chat groups and that investors should never rely solely on group chats in making investment decisions. Its February 2026 bulletin on social media stock scams explains "scalping," recommending a stock you plan to sell, and "touting," promoting a stock you were paid to promote.

Is copy trading legal in the United States?

It's offered here only in a limited way: eToro told investors in March 2026 that its U.S. CopyTrader is available "on a limited basis" while FINRA reviews its application.

That same filing says the regulatory treatment of copy trading is inconsistent from country to country, and lists among its risks that users may lose money using copy features. eToro's own product page says copy trading isn't investment advice. Its risk disclosure for its non-U.S. businesses says about half of retail accounts trading contracts

for difference lose money with eToro. In September 2024 eToro's U.S. arm paid \$1.5 million to settle SEC charges that it operated as an unregistered broker and clearing agency for crypto, and agreed to limit U.S. customers to bitcoin, bitcoin cash and ether.

eToro says it doesn't charge extra to copy. You still pay in another way. The person you copy isn't screened for your goals, tax situation or age. They can change strategy, borrow to trade or quit, and their pay rises with the number of copiers, whether or not you profit.

Can a trustee or someone with power of attorney follow a finfluencer's picks?

Not safely: California requires a trustee to invest as a prudent investor, judging each investment as part of the whole portfolio, and to diversify (Prob. Code, §§ 16047, 16048).

Section 16047 requires a trustee to invest "as a prudent investor would" and to make "a reasonable effort to ascertain facts relevant to" each investment. Section 16048 requires diversification unless it's prudent not to diversify. Copying a stranger's concentrated, high-turnover trades in a trust account is hard to square with either rule, and a beneficiary who loses money can sue for breach of fiduciary duty. If you're serving as a successor trustee, use a written investment plan and a registered adviser, and keep your own speculation in your own account.

When is following someone online legitimately fine?

When you're learning, not buying on command, and the source discloses who pays them.

Paid promotion isn't illegal. It's legal when the pay and its amount are disclosed. Commentary from a bona fide publisher, general and impersonal and not tailored to you, is excluded from the definition of investment adviser (15 U.S.C. § 80b-2(a)(11)). Plenty of good educators explain index funds, taxes and budgeting and sell nothing more than ad space. And the 28% of finfluencers the study found skilled are real. The trouble is that you can't tell in advance which group the person on your screen belongs to, and the study suggests the loudest ones are the worst.

Copying a finfluencer vs. a boring plan

	Copying a finfluencer or copy-trade account	Low-cost diversified plan
Who's paid	The influencer (per post, account or copier), the platform, the touted company	A fund company, through a disclosed expense ratio
Duty to you	None	A registered investment adviser you hire is a fiduciary under federal law (SEC, 2019)
Evidence of skill	55% of finfluencers did worse than random in one large study	Market return minus a small fee

	Copying a finfluencer or copy-trade account	Low-cost diversified plan
Disclosure of conflicts	Often missing, as in the SEC and FINRA cases above	Required in writing
Recourse if it goes wrong	Limited, per NASAA	Regulated firms with SEC and FINRA oversight
Fit for a trust account	Hard to defend under Prob. Code, §§ 16047 and 16048	Fits the prudent investor rule

What should you do instead?

- 1 Ask who's paying**

Look for the disclosure of payment and the amount. "#ad" alone didn't satisfy the SEC in the Kardashian case. The SEC's 2022 investor alert warns that fraudsters pay influencers and celebrities to tout investments, so a missing disclosure tells you nothing.
- 2 Check registration**

Search the person and the firm on Investor.gov before you act on anything. The SEC's February 2026 bulletin says to do exactly this.
- 3 Never buy on a group-chat signal**

If a stock is "about to run" and the tip came from a chat, a Discord server or a stranger's video, you're probably the exit liquidity.
- 4 Keep speculation small and separate**

If you want to play, cap it at money you can lose, in your own name, and never in a trust, a custodial account for a child, or an account you manage under a power of attorney.
- 5 Put the core of your money in a plan**

Diversified, low-cost funds, the right beneficiary designations, and a trust that names who manages the money if you can't. Our [beneficiary designation audit](#) is a good place to start.

Frequently asked questions

Is copy trading a scam?

Copy trading itself is a real product offered by regulated firms, but it pays the people you copy for attracting copiers, and their past results don't predict yours. In the U.S. it's available only on a limited basis at eToro while FINRA reviews eToro's application.

Do finfluencers have to disclose they're paid?

Yes. For securities, Securities Act section 17(b) requires disclosure of the payment and the amount. For any product, the FTC's Endorsement Guides require clear disclosure of a material connection.

What did Kim Kardashian get fined for?

For promoting EMAX tokens on Instagram without disclosing she was paid \$250,000. She paid \$1.26 million to settle with the SEC in October 2022, without admitting or denying the findings.

Can I sue an influencer whose stock tip lost me money?

It's hard. NASAA warns recourse against finfluencers is limited, and a federal judge dismissed an investor class action against EthereumMax's celebrity promoters in 2022 with leave to amend. Losses from an actual fraud, like a pump and dump, are a different matter; report them to the SEC and FINRA.

Are paid stock promotions illegal?

No. They're legal when the payment and its amount are disclosed. Hiding the payment, or buying a stock to sell into your followers' buying, is what gets people charged.

What's the difference between a finfluencer and an investment adviser?

An investment adviser is paid to give you personal securities advice, is registered with the SEC or the state, and owes you a fiduciary duty. A finfluencer usually gives general content and owes you nothing. Under the Advisers Act, someone paid to advise others about securities generally fits the legal definition of an investment adviser (15 U.S.C. § 80b-2(a)(11)).

Should I copy trades in my IRA or trust?

Not in a trust, where California's prudent investor rule applies. In your own IRA it's legal, but that account is often the money your family inherits, so keep speculation to a small slice.

This page is general information about the law and published regulatory actions. It isn't legal, tax or investment advice for your situation. Allegations in pending cases are allegations, not findings.

More in the [money myths](#) series: trading signal groups and options courses at [trading signals](#), and crypto yield pitches at [crypto yield scams](#). For planning: [IRAs, 401\(k\)s and beneficiary assets](#) and [guides for trustees and beneficiaries](#).

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Questions about your own plan?

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