

The logo consists of two adjacent rectangular boxes. The left box is white with a blue border and contains the word "SCAM" in blue, bold, uppercase letters. The right box is solid blue with white, bold, uppercase letters containing the words "NOT ME".

**SCAM**

**NOT ME**

# Investment Scam Information Guide

## Contents

1. [Introduction](#)
2. [Common Types of Investment Scams](#)
3. [Warning Signs](#)
4. [How Scammers Operate](#)
5. [Protection Strategies](#)
6. [What to Do If You've Been Scammed](#)
7. [Resources](#)

## Introduction

Investment scams target people of all ages and backgrounds, but seniors are particularly vulnerable due to their accumulated wealth and retirement savings. Scammers use sophisticated tactics to appear legitimate while promising unrealistic returns on investments. This guide helps you identify common investment scams, recognize warning signs, and protect your financial future.

## Common Types of Investment Scams

### Ponzi and Pyramid Schemes

- **How they work:** Early investors are paid using money from new investors, creating the illusion of legitimate returns.
- **Example:** Bernie Madoff's \$65 billion scheme promised steady returns regardless of market conditions.
- **Red flags:** Guaranteed high returns with little or no risk, pressure to recruit others, returns that seem too consistent.

### Cryptocurrency Scams

- **How they work:** Scammers exploit the technical complexity and lack of regulation in cryptocurrencies.
- **Common types:**
  - Fake initial coin offerings (ICOs)
  - "Pump and dump" schemes
  - Cryptocurrency investment "advisors"
  - Fake exchanges and wallets

- **Red flags:** Promises of guaranteed returns, pressure to buy immediately, celebrity endorsements.

## "Guaranteed" Investment Returns

- **How they work:** Scammers promise unusually high or guaranteed returns with little or no risk.
- **Example:** "Risk-free" investments promising 10-20% returns monthly.
- **Red flags:** Guaranteed high returns, vague details about the investment, claims of "insider information."

## Real Estate Investment Scams

- **How they work:** False promises about property values, rental income, or development plans.
- **Types:** Non-existent properties, grossly overvalued properties, fraudulent timeshare resales.
- **Red flags:** No in-person inspection option, pressure to buy unseen property, offshore investments.

## Promissory Note Scams

- **How they work:** Fraudulent short-term debt instruments promising high returns.
- **Example:** Notes supposedly funding businesses or projects with little explanation.
- **Red flags:** Sold by insurance agents or investment advisors outside their normal business, lack of detailed information.

## Prime Bank Schemes

- **How they work:** Claims to offer access to secret "prime bank" investments normally reserved for the ultra-wealthy.
- **Red flags:** References to "high-level" or "secret" financial instruments, claims of access to "bank guarantees" or "bank notes."

## Warning Signs

### Too Good to Be True Promises

- Guaranteed high returns (significantly above market average)
- "Risk-free" investment opportunities
- "Secret" or "insider" investment opportunities
- "Once-in-a-lifetime" opportunities

### Pressure Tactics

- Limited-time offers ("Act now!")
- Claims that others are investing rapidly
- Warnings that you'll "miss out" if you don't act immediately
- Unsolicited phone calls, emails, or social media messages

## Credential and Background Warning Signs

- Unregistered or unverifiable investment professionals
- Companies with no physical address
- Companies with no online presence or a very limited/suspicious web presence
- Use of fake credentials or memberships in official-sounding organizations

## Communication Red Flags

- Reluctance to provide written information
- Complex explanations or jargon designed to confuse
- Errors in documents or correspondence
- Requests for personal financial information
- Requests to send money to personal accounts or offshore

## How Scammers Operate

### Psychological Tactics

- **Building false trust:** Using mutual connections, religious affiliations, or cultural ties
- **Exploiting fear:** Creating urgency through fear of missing opportunities or market changes
- **Exploiting greed:** Appealing to desire for easy money and exceptional returns
- **Social proof:** Claiming that friends, family, respected community members, or celebrities are investing

### Technology and Methods

- **Social media:** Creating fake investment groups or profiles
- **Fake websites:** Developing professional-looking but fraudulent investment platforms
- **Impersonation:** Posing as legitimate financial institutions or advisors
- **Phishing:** Sending emails that appear to be from legitimate companies
- **Cold calling:** Making unsolicited calls to potential victims

### Steps in a Typical Investment Scam

1. Initial contact through cold call, email, social media, or referral
2. Building trust through small, legitimate returns or extensive communication
3. Encouraging larger investments
4. Delaying withdrawals with excuses
5. Eventually disappearing completely

## Protection Strategies

### Before Investing

- **Verify credentials:** Check if investment professionals are registered with appropriate regulatory bodies
- **Research thoroughly:** Investigate the company, investment opportunity, and people involved

- **Get a second opinion:** Consult with a trusted financial advisor not connected to the investment
- **Ask questions:** Request clear, written explanations of how the investment works
- **Check registration:** Verify that investments are registered with securities regulators

## Due Diligence Checklist

- Is the investment registered with securities regulators?
- Is the person selling the investment licensed in your state?
- Have you received and reviewed written documentation?
- Do you fully understand how the investment works?
- Have you researched the company and its principals online?
- Have you compared the promised returns with similar investments?
- Have you consulted an independent financial advisor?

## Digital Protection

- Be suspicious of investment opportunities that arrive via social media or email
- Don't click on links in unsolicited emails about investments
- Verify website authenticity before entering any personal information
- Use secure, unique passwords for financial accounts
- Enable two-factor authentication whenever possible

## What to Do If You've Been Scammed

### Immediate Actions

1. **Stop communication** with the scammer immediately
2. **Document everything:** Save all emails, texts, letters, and records of phone calls
3. **Contact financial institutions:** Alert your bank or credit card company to stop or reverse payments
4. **Change passwords** on all your financial accounts
5. **Report the scam** to authorities (see resources section)

### Financial Recovery Steps

- **Monitor credit reports** for suspicious activity
- **Consider a credit freeze** to prevent new accounts being opened in your name
- **Consult with a financial advisor** about next steps for retirement planning
- **Check if losses are tax-deductible** as theft losses (consult with a tax professional)

### Emotional Recovery

- Recognize that many intelligent, savvy people fall victim to investment scams
- Consider joining a support group for fraud victims
- Seek counseling if experiencing significant distress, shame, or depression

# Resources

## Where to Report Investment Scams

- **Securities and Exchange Commission (SEC):** [www.sec.gov/tcr](http://www.sec.gov/tcr)
- **Federal Trade Commission (FTC):** [ReportFraud.ftc.gov](http://ReportFraud.ftc.gov)
- **Financial Industry Regulatory Authority (FINRA):**  
[www.finra.org/investors/have-problem/file-complaint](http://www.finra.org/investors/have-problem/file-complaint)
- **FBI Internet Crime Complaint Center (IC3):** [www.ic3.gov](http://www.ic3.gov)
- **Your state's securities regulator:** [www.nasaa.org/contact-your-regulator/](http://www.nasaa.org/contact-your-regulator/)

## Verification Tools

- **BrokerCheck by FINRA:** [brokercheck.finra.org](http://brokercheck.finra.org) - Verify the credentials of investment professionals
- **SEC EDGAR Database:** [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml) - Research registered securities
- **Better Business Bureau:** [www.bbb.org](http://www.bbb.org) - Check business reputations

## Educational Resources

- **Investor.gov:** [www.investor.gov](http://www.investor.gov) - SEC's resource for investor education
- **AARP Fraud Resource Center:** [www.aarp.org/money/scams-fraud/](http://www.aarp.org/money/scams-fraud/)
- **FINRA Investor Education Foundation:** [www.finrafoundation.org](http://www.finrafoundation.org)

---

Remember: If an investment opportunity sounds too good to be true, it probably is. Always take your time, do your research, and consult with independent professionals before investing your hard-earned money.

