

# Protecting Your Finances

## Phony Investment "Opportunities" Can Cost You Big, Say U.S. Postal Inspectors

(NAPS)—Huge returns and little to no risk? Who wouldn't want an investment opportunity like that? If you receive a pitch by phone, mail or email that makes such incredible financial promises as high returns with a low risk, you might ask yourself, "How is this possible?" Generally, it's not.

### The Problem

Postal Inspectors say investment opportunities or "get rich quick" schemes are a favorite of fraudsters. Whether they sell bogus securities or commodities, oil wells, rare coins, or cybercurrency, these fraudulent promoters try to get you to invest your money—and lots of it. Some swindlers even surround themselves with the trappings of legitimacy—rented office space, a receptionist, investment counselors, and professionally designed color brochures describing the investment.

### Who Gets Hurt

Older Americans are prime targets because they possess most of the nation's individual wealth. People who live on fixed incomes from Social Security and small pensions are especially vulnerable, as they frequently need supplemental sources of income to make ends meet, or are motivated to help younger family members seek out extra funds.

They may be manipulated into believing phony investment offers at a rate disproportionate to the rest of the population. Scammers know some older adults can be more easily disarmed by their convincing messages. These Americans may have difficulty discerning a fraudulent promotion from a legitimate one. It might be alarming to discover how vulnerable an older friend or loved one can be. It's important for family members and friends to understand why older adults are at risk and what steps can be taken to minimize the chance they'll be taken advantage of by fraudsters.

### Some Scams

Every year, thousands lose between a few dollars and their entire life savings to fraudsters. Even the most experienced investors can be caught up in



**Scammers are out there looking to separate you from your money. Fortunately, Postal Inspectors are on the job to protect you.**

an investment scam. A perfect example of this is the number of professional money managers who placed their clients' money with Bernie Madoff. And that's just one example.

In a case investigated by Postal Inspectors, a con artist acting as the CEO of an investment firm defrauded investors out of more than \$4 million through a purported financial services firm he controlled. He lied to investors about how much money had been raised, who had invested, how close the firm was to an IPO (initial public offering), and how he would use investors' money. The scammer appropriated most of the money for his own use or to pay off investors in a Ponzi-like fashion. He was sentenced to prison for his crimes.

Another man was sentenced to four years in prison for his role in two high-yield investment fraud schemes. Postal Inspectors said he and his co-conspirators defrauded vulnerable victims out of millions of dollars. The scammers have been handed down sentences ranging up to 12 years in prison.

In another Postal Inspection Ser-

vice investigation, a real estate investment scammer defrauded numerous investors who invested in more than a thousand real estate investment properties. The real estate scammer convinced investors by misrepresenting returns, promoting fraudulent information and over-inflating appraisals. He was convicted and sentenced to 10 years in prison and ordered to pay \$17 million in restitution.

### Some Solutions

So, what do you do to protect yourself from these scammers who try to separate you from your hard-earned money?

Education and information are your best defenses against investment fraud. Postal Inspectors urge potential investors to independently research registration of investment firms and be extremely cautious about unsolicited offers to invest through social media or the internet. Think about these things before jumping into an investment:

- Anyone can be anyone on the internet. Scammers spoof websites and use fake social media accounts to obscure their identities. You can identify phony accounts by looking closely at content. Pay careful attention to domain names.
- Take your time in deciding to invest—don't rush into accepting these "high-profit, low-risk" offers.
- Get all information in writing before you consider investing.
- Beware of unsolicited offers and fake client reviews. Scammers often reference or publish positive, yet bogus testimonials purportedly drafted by satisfied customers.
- If it sounds too good to be true, it probably is. Be careful of claims that an investment will make "incredible gains," is a "breakout stock pick," or has "huge upside and almost no risk!" "Guaranteed returns" aren't. All investments carry some degree of risk, and the potential profits are typically correlated with the degree of risk.

### Learn More

For more info on avoiding scams, visit the Postal Inspection Service website at [USPIS.gov](http://USPIS.gov).