

# Watch Out for Investment Scams

When you invest, you'll find that knowledge is power. The more you know about your investment choices, and who is offering them, the better prepared you'll be to make good decisions. And this diligence can also help protect you against investment scams.

How widespread is this activity? Consider this: Investment fraud losses totaled more than \$4.5 billion in 2023, according to the FBI's *Internet Crime Report*.

Here are some common types of scams:

- **Cryptocurrency** – Not all cryptocurrency offers are scams, but many are. The scammers will contact you via social media, claiming they've made a lot of money in crypto and are willing to help you do the same. They may direct you to a website or app to invest, but the "company" taking your money may not even exist, and, after taking your money, may disappear.

- **Investment programs** – These programs claim to have "proven" strategies that can enable you to get rich by investing in financial products. But these strategies are dubious at best and can cost you thousands of dollars that could otherwise go into an investment plan based on your goals, risk tolerance and time horizon.

- **Real estate** – Typically, a real estate scam tries to get you to invest in a "world-class" or "luxury" property development, but these properties may take years to build, if they're built at all. Also, various real estate "seminars" claim they can teach you how to get wealthy by buying and selling real estate, but these programs are expensive and usually worthless.

- **Gold and other precious metals** – Scammers who call themselves "rare coins" merchants may try to sell you gold coins, bullion or other types of precious metals, claiming that these assets will always go up in value (which isn't true) and that "now is the best time to act." You can find legitimate ways to invest in precious

metals, possibly through mutual funds, but you'll need to determine whether these assets can be an appropriate part of your investment portfolio.

So, how can you avoid these scams? Here are some suggestions from the Federal Trade Commission:

- *Don't be pushed into snap decisions.* Scammers will pressure you to act quickly because "space is limited" in an investment offering or a "special deal" won't last long. If someone won't give you time to consider an offer, it's not worth considering.

- *Be suspicious of "risk-free" claims.* All investments carry risk, and no variable investments can claim to provide "guaranteed returns." If an individual or organization downplays the risk of an investment and doesn't want to provide risk disclosures, just walk away.

- *Ask about licensing or registration.* Legitimate investment professionals must be registered with the Financial Industry Regulatory Authority (FINRA) and be licensed by your state's securities regulator before they can sell you any investment product. You can check the status of an individual or firm by using FINRA's BrokerCheck tool at [brokercheck.fina.org](https://brokercheck.fina.org).

- *Do some research.* You can search online for the name of the company or individual offering you an investment opportunity. By entering terms such as "review," "scam," "fraud" or "complaint," you may well find that other people have experienced problems or been victimized.

To achieve your financial goals, you'll likely need to invest for decades — so, be wary of scammers who claim to offer a shortcut to success.

*This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.*

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