



Money Matters & Scams

warning signs

- Source Credibility (unregistered)
- Phantom Riches (guaranteed results)
- Social Consensus (“everyone is doing it”/ bandwagon)
- Scarcity (high-pressure sales tactics)
- Reciprocity (“free” things)

common investment scams

- **Affinity Fraud** - Fraudsters target members of identifiable groups;
- **Ponzi and Pyramid Schemes** - pay longer standing members with money from new members; not profits from investing or selling a product;
- **Internet-based** such as “**Pump & Dump,**” **bogus newsletters;** (for more information go to [investor.gov](https://www.investor.gov) and search social media investing).





ANNUITIES

- Considered long-term investment;
- Sales person must determine suitability first and may get a high commission from sale; and
- You have a ten-day free-look period

EQUITY CROWDFUNDING

- JOBS (Jumpstart Our Business Startups) Act now permits private companies to sell equity online through funding portals.
- [Review LARA's Crowdfunding Investing FAQ](http://www.michigan.gov/lara/0,4601,7-154-61343_32915-289603--,00.html)
(http://www.michigan.gov/lara/0,4601,7-154-61343_32915-289603--,00.html)
- [Review Securities & Exchange Commission \(SEC\) Investor Bulletin: Crowdfunding for Investors](https://www.sec.gov/oiea/investor-alerts-bulletins/ib_crowdfunding-.html)
(https://www.sec.gov/oiea/investor-alerts-bulletins/ib_crowdfunding-.html)

FREE LUNCH SEMINARS

Remember, just because someone buys you a meal doesn't mean you have to buy what they're saying - or selling. According to FINRA, three times as many investment fraud victims attend a free lunch seminar as the general population. saveandinvest.org



CRYPTOCURRENCY

- There are more than 1,600 digital currencies.
- Cryptocurrency investment is violative and speculative — more opportunities for fraud.
- [United States Securities and Exchange Commission Investor Alert Bitcoin and Other Virtual Currency-Related Investments](https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-alert-bitcoin-other-virtual-currency-related-investments)
(<https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-alert-bitcoin-other-virtual-currency>)
- [Financial Industry Regulatory Authority's Investor Alert, Bitcoin: More than a Bit Risky](http://www.finra.org/investors/alerts/bitcoin-more-bit-risky)
(<http://www.finra.org/investors/alerts/bitcoin-more-bit-risky>)

CASH NOW

REVERSE MORTGAGES

- Loan which must be repaid;
- Conditions must be met (paying taxes, insurance, remaining in home);
- Consult advisor before entering into agreement;
- Understand fees and conditions;
- Consider other options; and
- Consult with housing counselor.

[U.S. Department of Housing and Urban Development Counseling](http://www.hud.gov) (<http://www.hud.gov>)

PENSION ADVANCES

[Potentially risky and expensive for both borrower and investor](http://www.michigan.gov/ag/0,4534,7-164-17337_20942-340186--,00.html)

(http://www.michigan.gov/ag/0,4534,7-164-17337_20942-340186--,00.html)

STRUCTURED SETTLEMENT BUYOUT

[Financial Industry regulatory Authority's Investor Alert: Pension or Settlement Income Streams—What You Need to Know Before Buying or Selling Them](https://www.finra.org/investors/alerts/pension-or-settlement-income-streams-what-you-need-know-buying-or-selling-them) (<https://www.finra.org/investors/alerts/pension-or-settlement-income-streams-what-you-need-know-buying-or-selling-them>)

CHARITABLE DONATIONS

- Confirm your contribution is tax deductible
- Make sure you know the *exact* name of the charity
- Know what percent of your donation goes to charitable purposes
- Donate directly to the organization



RESEARCH CHARITIES



Michigan Attorney General
Charitable Trust Section
mi.gov/agcharities
517-335-7571
[Email](mailto:ct_email@mi.gov) (ct_email@mi.gov)



CHARITY NAVIGATOR

Charity Navigator
(charitynavigator.org)



GUIDESTAR®

Guidestar
(guidestar.org)



ACCREDITED
BUSINESS

Better Business Bureau
(bbb.org)

STRATEGIES

- 1) Don't be afraid to say "NO!"
- 2) Ask for time to think about it; don't make on-the-spot financial decisions.
- 3) Ask questions.
- 4) Talk it over with someone you trust.
- 5) Have a long-term financial plan.
- 6) Consider working with a financial planner.
- 7) Remove yourself from solicitation lists.



REDUCE SOLICITATIONS

1. Be cautious about signing up for anything (contests, newsletters, etc.).
2. Consider having two email addresses.

MANAGE MAIL & EMAIL SOLICITATIONS

- dmachoice.org

ELIMINATE PRE-APPROVED OFFERS

- optoutprescreen.com
- 888-567-8688

DO NOT CALL REGISTRY

- donotcall.gov

RESOURCES FOR CHECKING PROFESSIONALS AND INVESTMENT PRODUCTS

FOR A GUIDE TO SEVERAL FEDERAL SOURCES:

Investor.gov Ask and Check

STATE SOURCES:

- [Check on an adviser with Department of Licensing and Regulatory Affairs \(LARA\)](http://Check on an adviser with Department of Licensing and Regulatory Affairs (LARA))
517-335-9700
- Check out insurance agents with the Department of Insurance and Financial Services
877-999-6442

WHERE TO FILE CLAIMS

- [Securities and Exchange Commission Complaint Form](#)
800-732-0330
- [Financial Industry Regulatory Authority \(FINRA\) Complaint Form](#)
800-289-9999
- [Consumer Financial Protection Bureau \(CFPB\) Complaint Form](#)
855-411-2372
- [Michigan Department of Insurance and Financial Services \(DIFS\) Complaint Form](#)
- [Filing a Complaint with Corporations, Securities, and Commercial Licensing at the Michigan Department of Licensing and Regulatory Affairs](#)

HELPFUL WEBSITES

- [Securities and Exchange Commission Investor.gov](#)
- [Department of Housing & Urban Development \(HUD\) Reverse Mortgages FAQ](#)
- [Investor Bulletin: Top Tips for Selecting a Financial Professional](#)



DIFS provides free educational workshops on financial and insurance matters. Workshop subjects and additional information are available on [DIFS's website](#).

An [electronic copy of this handout](#) is available on our website (mi.gov/ce). While you're there, [schedule a presentation](#) (mi.gov/ce) for one of our other seminars.

For questions, [contact the Attorney General's Consumer Programs team](#) at 877-765-8388 or agcp@mi.gov.

- ♦ ok2say.com
- ♦ mi.gov/elderabuse
- ♦ mi.gov/payrollfraud

