



## Get-rich-quick investment scams

### The Set-Up



You are offered a guaranteed system for making money.

### The Hook

It costs money to buy the secrets to the system.

### The Sting

There is no system ... and no hope of getting your money back.

## How get-rich-quick investment scams work

You are contacted by someone offering you a great opportunity to make money. It could be an investment opportunity or a sharemarket tip based on 'secret' information. It could be expert advice on how to unlock superannuation funds early. It could even be special gambling software that promises to pick winners every time.

If you accept one of these offers, you will probably lose a lot of money and end up in debt.

## Variations on get-rich-quick investment scams

### Cold calling scams

This is investment telemarketing. The investments usually guarantee high returns and are almost always based around overseas companies.

The scams sound great. Very professional, with lots of credible-sounding resources to back up their claims. The scammers may themselves claim to be stock brokers or portfolio managers. They may also claim to be approved by a trusted company.

Working from a convincing pre-prepared script, the scammer will offer you:

- shares
- mortgage 'investments'
- real estate 'investments'
- investment schemes
- option trading
- carbon-trading or
- foreign currency trading.

You will be promised high, quick returns on your investment for little or no risk.

### Share ramping and 'Hot tip' scams

You receive a message, usually by email, that stock in a certain company is set to rise dramatically. You check. Sure enough, the stock is rising, because it is being ramped up by investor response to the scammers' email. You buy. The stock price plummets because of mass selling. You lose a lot of money, but the people who sent out the message make great profits because they sell at the peak of the market.

These scams are convincing because they look like 'inside tips'. In fact, any stock can become the target of share ramping, and the scammers probably have no connection to the company whose shares are being ramped.

## Investment seminar and real estate scams

These are similar to other investment scams but rather than being based on an email or phone call, they take place in the high-pressure, act-now environment of a seminar on how to build wealth.

There are many legitimate seminars, so the key is to look at what is being offered. Don't be pressured into a decision without obtaining trusted and professional independent advice.

As well as pressuring you to put money into investments, which will never return your money, seminar scammers also make money from admission tickets and high prices for low-value reports and consultancy.

These seminars can be full of deceptive and misleading statements, in areas such as fees, commissions to the salespeople, rent guarantees and discounts for prompt purchase. Make sure you test every claim made at a seminar.

Some seminars may even fly you to the property location. While there you will be pressured to commit to the deal. Don't do so. You are not obligated to say 'yes' to them, just because they paid for your flight.

## Computer prediction software

Computerised gambling systems promise to predict results accurately, for horse races, sports events and even share markets.

While there are legitimate software packages to monitor investment variables, the scammers make exaggerated claims, by making empty guarantees that you'll be able to make money through betting.

Scammers charge a lot of money for these programmes, up to many thousands of dollars. The software will not work as promised and you will not get your money back.

## Superannuation scams

You will be offered the secret to unlocking your superannuation funds now rather than at retirement. While there are certain exceptions in cases of dire need, funds are normally legally locked until retirement age. Any attempt to evade these regulations may break the law.

What the scammers do is unlock your funds for you by fraudulent means, usually by getting you to agree to a false story of hardship. They arrange to have the funds released into their bank account ... and they either charge you huge fees to pass on the money, or they will disappear entirely with your money, leaving you without retirement assets and with all the legal consequences of having committed fraud.

## Protect yourself from get-rich-quick scams

- If you are cold-called (rung out of the blue) ask for the caller's name and who they represent. Ask about their company. If they avoid your questions, it is probably a scam.
- Just say no. Hang up the phone or delete the email.
- On the phone, do not let them wear you down. The caller may keep ringing, trying to keep you on the phone for a long time, or transfer you to a more senior person. The more of your time they waste, the more likely you are to buckle. They are happy to abuse your politeness. Simply hang up. Remember you have the power - just hang up.
- Don't rely on the advice of the person trying to sell you the investment. Always seek independent financial advice before making any investment decision.
- Don't be pressured to make a decision quickly. A reputable investment provider gives clients plenty of time to consider and investigate their proposition.
- If you have agreed to invest, but change your mind, do not be swayed by offers to swap your investment for a different one, or by assurances that your investment will soon rise in value.
- Be wary of unsolicited mass emails with share-buying tips based on 'insider' events like new drug approvals, upcoming mergers or technology breakthroughs. The email may even be addressed to someone else, so that it looks like you have received it by mistake. This is a share ramping scam.
- If you attend a free seminar, ask about any fees that may be associated with further seminars. Sometimes the seminars that follow the first one are very expensive.
- Whether an investment offer comes to you via email, letter, phone or in a seminar, always exercise your right to say 'no', until you have fully investigated the opportunity. Don't be pressured. Even if the company provides hospitality, flights and hotels on you, you are under no obligation to them. Say no. Then investigate.
- If you do accept travel and accommodation, find out before you leave if you will be liable for these expenses if you say 'no' to the offer. Decide carefully whether you are prepared to pay.
- There are no get-rich-quick schemes. The only people making money are the scammers.

## Help protect others from get-rich-quick scams

If you have been offered a get-rich-quick scam of some kind, please share your story here. We will treat your email in the strictest confidence and remove your personal details before posting your story on our site.

[Report your scam story to us.](#)