

Investment fraud red flags

Easy · 12 min to read; 5 min to check a seller · Free

YOU'LL NEED

- ☐ The full name of the person and firm pitching you
- ☐ Five minutes on Investor.gov

WHAT TO KNOW

- 1 **Treat "high returns, little or no risk" as the biggest red flag.** Every investment involves risk; scammers dress it up with fancy websites, videos and pictures of rich lifestyles.
- 2 **Slow down when someone rushes you: a short deadline, a deal for "only a few investors," or "inside information" before others find out.** Any reputable professional will let you take your time.
- 3 **Don't take investing advice from anyone who contacted you first online, through a messaging app or by text, no matter how friendly they've become.** Relationship scams often start with a social media message or a "wrong number" text and build trust over time.
- 4 **Check how they want to be paid.** Be wary of credit cards, gift cards, overseas wires, payment apps or crypto; checks or wires to an individual; paying a different company than the one you're investing in; or a P.O. box address.
- 5 **Look the seller up, even if you know them personally.** Investor.gov's search tool shows whether a professional is currently licensed or registered, and you can check brokers' and advisers' disciplinary history free through SEC and FINRA databases.
- 6 **Make sure it's really them.** Scammers copy real advisers' names, profile photos and firm logos. Find the firm's contact information yourself through its Form CRS and reach out that way.
- 7 **Get it in writing and research it yourself.** Avoid any investment the seller won't describe in writing; sloppy documents with typos are a red flag. Look up a company's financial statements on the SEC's EDGAR system.
- 8 **Keep your info to yourself.** Don't give a stranger your bank or brokerage details, Social Security number, tax forms, ID, birthdate or even your phone number or email.

Watch out Fake reviews, paid testimonials, made-up credentials and celebrity endorsements are all common. Even a real celebrity endorsement doesn't make an investment right for you.

DAD NOTE *Anybody who's in a hurry to take your money is not in a hurry to give it back.*

Full lesson: aptkeys.com/money/investing-and-retirement/investment-fraud-red-flags/

Checked October 2, 2026. Sources: U.S. Securities and Exchange Commission; Federal Trade Commission.