



Fighting Financial Fraud

Consumer financial fraud costs Americans more than **\$50 billion a year**. Anyone can be a victim. But there are steps you can take to stop fraud criminals in their tracks. Begin by learning the **Red Flags** of financial fraud:

Phantom Riches

Dangling the prospect of wealth, enticing you with something you want but can't have.



Source Credibility

Trying to build credibility by claiming to be with a reputable firm or to have a special credential or experience.



Social Consensus

Leading you to believe it must be a good deal because many others are taking part.



Scarcity

Creating a false sense of urgency by claiming limited supply.



Reciprocity

Offering to do a small favor for you in return for a big favor.



Fraud criminals are masters of persuasion. They look for your Achilles' heel by asking seemingly benign questions—about your health, family, hobbies, or prior employers. They'll bombard you with a flurry of these influence tactics, which can leave even the savviest person in a haze.



When natural disasters strike, financial fraud is especially prevalent, making tough times even more difficult for people recovering from the trauma inflicted by disasters.

When Disaster Strikes, Protect Yourself from Financial Fraud

Be wary of any financial pitch following a disaster. Always take time to stop and think before making a decision. Here are three key strategies you can use to fend off fraudsters' persuasion tactics:

- 1 End the conversation:** Simply tell the person, "I'm not interested." Or tell anyone who pressures you, "I never make money decisions without first consulting my _____." And don't worry about missing out—real deals will still be there tomorrow.
- 2 Turn the tables and ask questions:** Before you give out information about yourself or sign on the dotted line, ask, "Are you licensed to do business in this state?" Then check out the person using the resources below.
- 3 Talk to someone first:** Even if the seller is properly licensed, it's always a good idea to discuss financial decisions with family members or a trusted financial professional.

Resources—Before committing to an important financial decision, visit:

www.FINRA.org/Investors

www.BBB.org/scamtracker/us

Report Fraud—Part of the U.S. Department of Justice, the National Center for Disaster Fraud stands ready to receive complaints related to financial fraud following U.S. disasters. Contact:

866.720.5721 • www.justice.gov/disaster-fraud

Your public library has additional information to help you manage your money and avoid financial fraud.



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