

Recognizing Relationship Investment Scams

In a relationship investment scam, a fraudster uses false pretenses to establish a personal connection with you, earning your trust before eventually encouraging you to invest in their “opportunity.” If you do, they’ll likely keep asking for more money, attempting to drain as much of your assets as possible.

These scams occur across various platforms and can be devastating for investors. Here’s how to recognize the signs that your new friend isn’t who they claim to be.

LIFE CYCLE OF A RELATIONSHIP INVESTMENT SCAM

Intro	Friendship	The Pitch	“Profits”	Crash	Closing
A stranger contacts you via text message, social media or a messaging app with a seemingly innocent message. If you engage, they’ll keep up contact.	Over weeks or months, they build rapport and establish a relationship, sharing what they claim are details from their personal life and encouraging you to do the same.	Eventually, they’ll steer the conversation to an investment opportunity. They might tout access to a connection with lucrative advice or offer to teach you how to trade crypto assets using a specific platform.	You might see apparent early gains from a manipulated security or (phony) account statements and might even be able to make an initial withdrawal. The scammer will encourage you to invest more.	Inevitably, your investment will crash or your assets will be frozen, preventing you from withdrawing funds. You might be told you need to add more money before you can make any withdrawals.	Your “friend” will either disappear or offer another investment to help recoup your losses. You might hear from someone else offering to help you recover your money—for a fee.

RECOGNIZE THE RED FLAGS

Relationship investment scams play on our emotions and vulnerabilities and exploit our desire for social connection. Look and listen for these red flags:

- **Unexpected Contact:** Unsolicited messages from unknown contacts are always suspect, even about seemingly harmless topics. Delete, block and report messages from unknown senders.

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- ▶ **Financial Discussions:** Be suspicious if a new online friend or romantic connection starts talking about money or offering unsolicited investment advice. Don't share any personal financial information with individuals you've never met in person, and consider how any potential investment would fit with your financial goals and risk tolerance.
- ▶ **Difficult to Vet Opportunities:** Research is critical before any investment. Along with a basic search about the product and company, try adding words like "scam" or "fraud" to searches to surface any negative information that might be available. Consider running recommendations by a third party who has no stake in the investment. Use [FINRA BrokerCheck](#) to see if the promoter is a registered investment professional.
- ▶ **Unfamiliar Trading Platforms:** If the opportunity involves a trading platform that's new to you, do additional research. Who controls the platform? What security measures are in place? How can you withdraw funds? What recourse do you have if something goes wrong? If you can't answer those questions, don't put your assets there.
- ▶ **Requests for Secrecy:** If your new friend urges you not to tell anyone else about your relationship or the investment, do the opposite. One of your best defenses against scams is talking to someone else.
- ▶ **Exaggerated Claims and Elevated Emotions:** Be skeptical of any investment that offers much higher than average returns or is touted as "guaranteed." Fraudsters design and adjust their pitches to appeal to our emotions—inciting fear, excitement or both. Slowing down can be the best way to keep from making emotionally charged decisions.
- ▶ **Sense of Urgency:** Fraudsters often make you feel you need to "act now" and might claim that a major announcement or price increase is imminent. Even if it's not a scam, remember that insider trading is illegal, and you should never trade based on material, nonpublic information.

DO YOU SUSPECT YOU'RE BEING TARGETED?

If you think you're being targeted in an investment scam, take these immediate steps:

- ▶ **Cease Contact:** Stop communicating with the suspected scammer. Refuse any requests for more money.
- ▶ **Secure Your Accounts:** Change all of your passwords. Notify your financial institutions to be on alert. Save as much documentation as you can.
- ▶ **Report:** Submit a regulatory tip to [FINRA](#) or the [SEC](#), and report it to the FBI's [Internet Crime Complaint Center \(IC3.gov\)](#).
- ▶ **Ask for Help:** Scams can have both a financial and an emotional impact. Tell a trusted friend, family member or professional. You don't have to go it alone.

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