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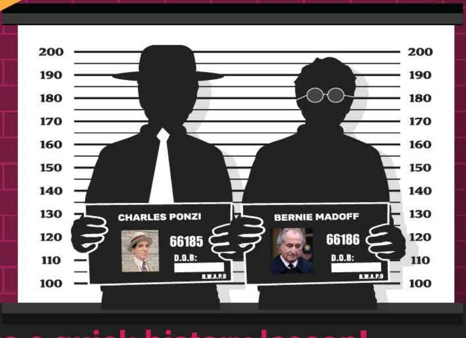
Risky Business

What we need to know about investment scams.

What exactly is an investment scam and how do we differentiate it from all the other investment options out there?

Let's join Paolo and Mia in dissecting the fraudulent world of investment schemes.

Ever heard of **Charles Ponzi**? What about **Bernie Madoff?** Their names may ring bells as the biggest swindlers in history.


200
190
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CHARLES PONZI
66185
D.O.B:
BERNIE MADOFF
66186
D.O.B:

Let's take a quick history lesson!

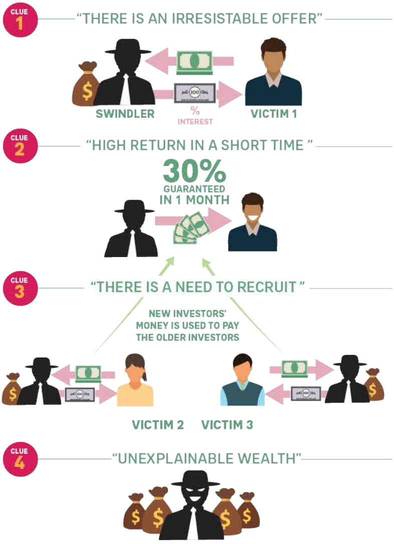
PONZI SCHEME
(HOW IT WORKS AND CLUES)

source: flicker.com

Charles Ponzi- was an Italian swindler who came to fame in the early 1920's for promising people 50% profit within 45 days or 100% profit from their investment within 90 days.

Ponzi led people to believe that they were buying international reply coupons (a type of voucher used to exchange postage stamps). He was really just using the money of new investors to pay off older investors.

Ponzi was arrested on August 12, 1920 and charged with 86 counts of mail fraud. Owing an estimated $7 million and subsequently spent 14 years in prison.


CLUE 1
SWINDLER
% INTEREST
VICTIM 1
CLUE 2
CLUE 3
VICTIM 2
VICTIM 3
CLUE 4

"THERE IS AN IRRESISTABLE OFFER"

"HIGH RETURN IN A SHORT TIME "

30%
GUARANTEED
IN 1 MONTH

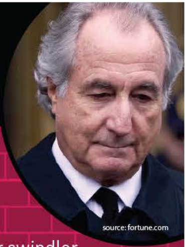
"THERE IS A NEED TO RECRUIT "

NEW INVESTORS' MONEY IS USED TO PAY THE OLDER INVESTORS

"UNEXPLAINABLE WEALTH"

BIGGEST PONZI SCHEME

THE MADOFF SCANDAL


source: fortune.com

The more recent and probably grander swindler was **Bernard "Bernie" Madoff.** Madoff's scheme was more elaborate than Ponzi's. His investment firm offered reliable returns, and his client list included celebrities like Steven Spielberg.

His brokerage firm was one of the top market maker businesses on Wall Street. Madoff pleaded guilty to 11 felony counts and was sentenced to 150 years in prison. Prosecutors estimated the fraud to be worth $64.8 billion.

SCAMS
E MADOFF
D.O.B:
200
190
180
170
160
150
140
130
120
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100

These men both offered great money making deals but ultimately affected the lives of thousands of people that put their trust in them. Unfortunately, there are still devious organizations that operate today.

But how do you spot the new Ponzi's and Madoff's today?

SPOT IT BEFORE IT HAPPENS TO YOU.
DON'T GET SCAMMED

SEC CERTIFIED

1

Request for a license to offer and/or sell securities from the Securities Exchange Commission

It is not enough that a company is registered in the SEC. Take note that not all corporations are licensed to take money from the public as investments. This is probably the main defense against investing scams.

2

Take caution if the company is a non-stock company

These are usually associations or institutions organized for charitable, religious, educational, professional, cultural, fraternal, literary, scientific, social, civic service, or other similar purposes.

3

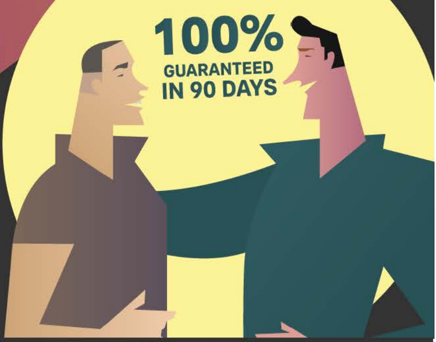
There is no such thing as a "Guaranteed Return"

Investing in the highest performing and most established stock in the market always comes with risk. If you are offered with incredible returns in a short period of time, think again.

4 There is a need to recruit

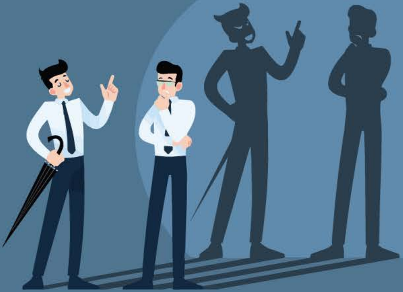
Business cannot earn from recruitment alone. They usually capitalize on the sale of products/services.

You may be led to believe the company is legitimate because of the person inviting you to invest. Keep in mind that they may not know any better than what they were told. Make sure you have all your questions answered by someone who can answer them.


100%
GUARANTEED
IN 90 DAYS

These criminals may sometimes be the most intelligent and charming person you know.

But bear in mind that both Ponzi and Madoff were respected individuals. Madoff was even chairman of NASDAQ for three terms! Always take heed of these personalities.

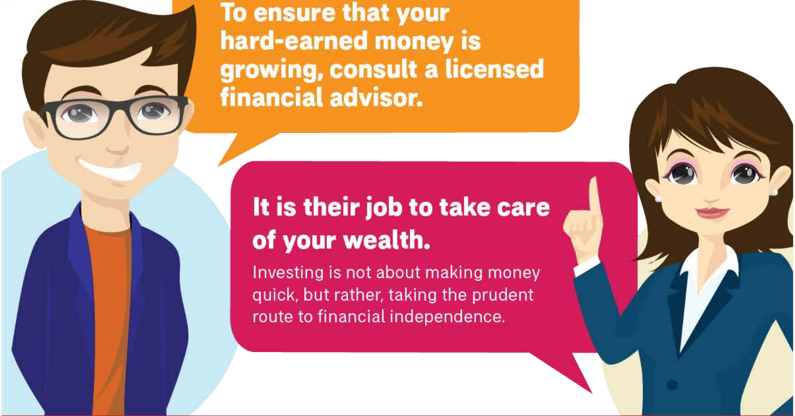


You may think

"I still need to make money fast".

Consider the repercussions of your investment to the other investors whose money you will be receiving.

Karma is also a currency!


To ensure that your hard-earned money is growing, consult a licensed financial advisor.
It is their job to take care of your wealth.
Investing is not about making money quick, but rather, taking the prudent route to financial independence.

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