

Preventing IRA Investment Fraud & Scams





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All information and materials are for educational purposes only. All parties are encouraged to consult with their attorneys, accountants and financial advisors before entering into any type of investment.

Agenda

- 1 About Entrust & Self-Directed IRAs
- 2 Overview of Investment Scams and Fraud
- 3 Top Threats to Investors in 2022
- 4 How to Spot Scam Investments
- 5 Recourse for Scam Victim
- 6 Q&A Time

Meet Your Host

Mindy Gayer

Business Development Manager at The Entrust Group



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Years in retirement industry administration



Educating investors and professionals on
tax-preferred retirement accounts



B.S. in Business Management from
Southern Illinois University

About Entrust



\$4B

Assets Under
Administration



45k

Investors
Empowered



40+

Years in
Business



1

Point of
Contact

About Entrust



- Self-Directed IRA administrators
- Knowledgeable staff with CISP designations
- Nationwide offices
- In-person events and virtual webinars
- National Continuing Education program for other credentials
- Bi-annual IRA Academy

What is a Self-Directed IRA?



A retirement account in which the individual investor is in charge of making all investment decisions



Greater opportunity for asset diversification outside of traditional stocks, bonds, and mutual funds

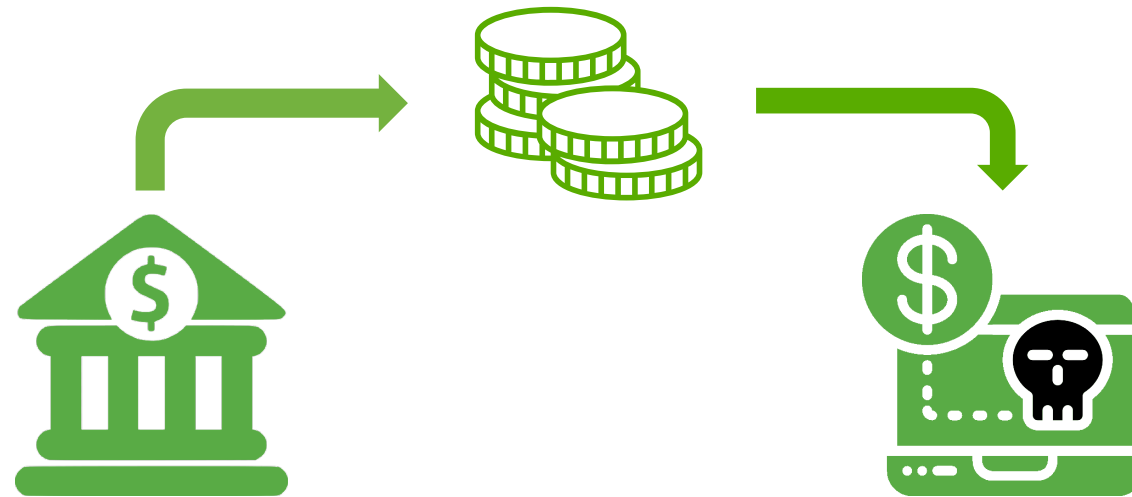


All securities and investments are held in a retirement account administered by a regulated custodian or trustee

Investment Scams: The Foundation

What Exactly is an Investment Scam?

Investment scams occurs when people try to trick you into investing money in stocks, bonds, notes, commodities, currency, or even real estate. Scammers may lie to you about a real investment or make up a fake investment opportunity.



Common Investment Scams



Affinity Fraud



Pump and Dumps



Ponzi/Pyramid Schemes



Recovery Room Schemes



Unsuitable Financial Products



High Yield Investment Programs

Scammers Are More Active Than Ever

Losses from 2021 US investment scams hit an estimated **\$1,575,605,445**

+246% increase from 2020 (\$455 million)



What's Threatening Investors in 2022?

Industries Under Attack in 2022



**Cryptocurrency
& Digital Assets**



**Self-Directed
IRAs**



**Social Media
Scams**



**Promissory
Notes**

#1: Cryptocurrency & Digital Assets



- ❖ Classic frauds like pumps & dumps and Ponzi schemes.
- ❖ Fraudsters also pose as crypto traders or create false websites claiming to sell packaged investments.

#2: Self-Directed IRAs



- ❖ For investors with locked-in accounts like pensions, scammers may advise moving savings to an SDIRA since the unlocking would be concealed from institutions.
- ❖ With less required regulation, ponzi schemes target SDIRA holders.

#3: Social Media Scams



- ❖ Since self-directed IRAs put fiduciary responsibility on the account holder, many scammers target
- ❖ Online dating apps under siege by scammers. Consumers reported losing \$547 million in 2021 alone (FTC Report).

#4: Promissory Notes



- ❖ The promised returns are significantly higher than the market average.
- ❖ The notes are promoted as risk-free, high-interest investments.
- ❖ They are not registered with their provincial securities regulator (i.e. BCSCA)
- ❖ Start-up company with little or no business history offers its “high-quality” notes to retail investors.

How Scammers Target SDIRAs

Spotting IRA Scams: #1

'Guaranteed' returns



Spotting IRA Scams: #2

Bullying you for your phone number



Spotting IRA Scams: #3

Basic details just don't add up

$$1 + 1 = 3$$

Spotting IRA Scams: #4

Missing relevant regulations



Spotting IRA Scams: #5

Implies IRS approval or endorsement



Spotting IRA Scams: #6

Lying about being a custodian



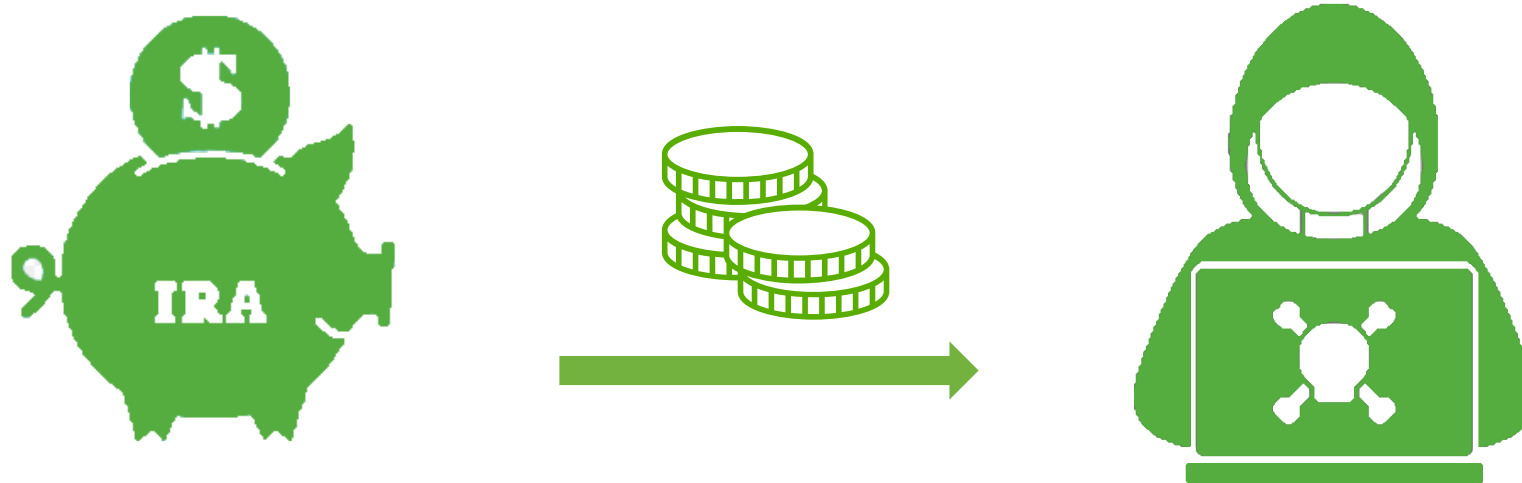
Spotting IRA Scams: #7

Unsolicited contact, especially email links.
Never click things you didn't request.



Spotting IRA Scams: #8

Requesting direct transfer to a promoter



Spotting IRA Scams: #9

Requesting to transfer all your money into
a single security or product



10 Red Flags of IRS Fraud

10 Active IRS Fraud Red Flags:1-5



They are . . .

1. Calling you first
2. Emailing you
3. Texting you
4. Leaving a prerecorded voice mail
5. Contacting you via social media

10 Active IRS Fraud Red Flags:6-10



They are . . .

6. Sending you a form not on the IRS site
7. Not aware of what an HSPD-12 card is
8. Asking for credit or debit card number via phone
9. Asking you to only pay with gift or prepaid cards
10. Saying you'll be arrested, deported or have you driver's license taken away if you don't act

Recourse Tips For Victims

Take Action Against Scammers

Reporting scams and fraud investments to regulators and law enforcement is the best chance to stop them.



Recourse Checklist for Fraud Victims



- Create an investment fraud file
- Know your rights
- Report fraud to regulators and law enforcement
- Consider your options
- Follow up

What's Next?



Upcoming Webinar - F.I.R.E. Investing: *Financial Independence Retire Early*

➡ Register today & join us July 20!



Want to learn something new?

➡ Let us know in the survey as you leave



Need more information on SDIRAs?

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Time for Questions



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An **investment in knowledge**
pays the best interest.

- *Benjamin Franklin*

