



# ONLINE INVESTMENT SCAM



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## ➔ Executive Summary



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This advisory investigates a recent surge in online investment scams, which have become increasingly sophisticated and widespread due to the growing popularity of digital finance platforms and cryptocurrency. These scams typically lure victims through social media, fraudulent websites, and unsolicited messages, promising high returns with little to no risk.

Scammers pose as financial advisors or create fake investment platforms to gain trust, tricking victims into increasing investments before vanishing. Initial returns are often faked to build credibility. Losses range from thousands to millions, while cross-border operations and crypto make tracking difficult. Raising awareness, updating policies, and stronger enforcement are critical to tackling this growing threat.

## → Introduction



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### The Dark Side of Digital Wealth

The rise of digital finance and the promise of quick wealth have fueled a surge in online investment scams. Fraudsters pose as legitimate advisors or platforms, using social media, messaging apps, and fake websites to lure victims with high-return, low-risk .

### From Fake Gains to Real Losses

Once trust is built, victims are lured into investing through fake but professional-looking platforms. Initial fake returns boost confidence, prompting more investment. When victims try to withdraw, scammers disappear or demand bogus fees, blocking access to funds.



## → How The Scam Works

- **Scammer Contacts Victim**

Poses as a successful investor via social media or messages.

- **Fake Investment Offer**

Promises huge returns in crypto, forex, AI trading, etc.

- **Fake Profits Shown**

Victim sees small gains, allowed withdrawals to trust.

- **Push for Bigger Deposits**

Scammer urges larger investments for VIP access or higher returns.



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### Red Flags

- Guaranteed returns
- Urgent limited-time offers
- Unregulated apps or websites
- Requests for payments in crypto



### Protect Yourself

- Verify platforms with official regulators (SEBI, SEC, FCA)
- Never invest based on social media advice
- Use strong security on financial accounts

## → Real-World Examples

01

### Crypto Investment Scam

Victim joins a fake crypto group, sees bots flaunting profits, invests more, then loses everything.

02

### Pig Butchering Scam

Scammer builds a fake relationship, tricks victim into investing, then vanishes with their money.

03

### Fake Stock Trading App

Fake trading app lures users with reviews and ads, shows bogus profits, demands fees, then vanishes with their money.



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# → Preventive Measures

## → FOR INDIVIDUALS

**Verify Legitimacy:** Ensure the platform is registered with financial authorities.

**Research Reviews:** Check independent sources, not just glowing testimonials.

**Avoid Hype:** Be wary of guaranteed returns or urgency to invest.

**Protect Data:** Never share personal or financial info with unknown sources.

**Use Secure Platforms:** Stick to reputable sites with encryption and two-factor authentication.

## → FOR SOCIETY & INSTITUTIONS

**Public Awareness:** Educate people on scam detection and reporting.

**Stronger Regulations:** Tighten rules on online investment ads and influencers.

**Collaboration:** Governments, banks, and tech firms must block scam networks.

## → FOR PLATFORMS (SOCIAL MEDIA, MESSAGING APPS)

**AI Monitoring:** Detect and remove scam ads/groups.

**Quick Reporting:** Easy tools for flagging suspicious accounts.

**Permanent Bans:** Block repeat scammers' accounts and IPs.



# ➔ Impact and Consequences

01



## Impacts on Individuals

- **Financial Loss** – Victims lose large sums, sometimes life savings.
- **Emotional Trauma** – Guilt, shame, anxiety, and depression follow.
- **Relationship Strain** – Trust erodes among family and friends.
- **Identity Theft** – Scammers steal personal and financial data.

## Impacts on Society

- **Trust Erosion** – Scams breed distrust in real investments.
- **Law Enforcement Burden** – Cross-border probes drain resources.
- **Platform Damage** – Social media faces blame for enabling scams.
- **Financial Impact** – Savings vanish, hitting vulnerable groups hardest.

02



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## Consequences for Victim

- **Financial Loss** – Recovery is impossible due to crypto and fake platforms.
- **Emotional Toll** – Victims struggle with guilt, anxiety, and isolation.
- **Trust Damage** – Relationships strain, future investments feel risky.

## Consequences for Society

- **Trust Decline** – Confidence in digital investments erodes.
- **Law Enforcement Struggles** – Cross-border scams evade prosecution.
- **Platform Criticism** – Social media faces backlash over scams.



## → Recent Incidents

### A 78-YEAR-OLD IN NAGPUR LOST ₹2.75 CRORE TO A WHATSAPP TRADING SCAM VIA A FAKE APP, CHC-SES

Cyber police froze accounts, recovering ₹1.07 crore. Four suspects from UP and Delhi were arrested.

### A 41-YEAR-OLD NAGPUR WOMAN LOST ₹9.85 LAKH IN A WHATSAPP TRADING SCAM

Cyber police traced ₹96.56 crore in a linked Delhi account, froze it, and recovered ₹8.22 lakh for the victim.

### A BHIWANDI TRAVEL AGENCY LOST ₹90 LAKH IN A "WHALE PHISHING" SCAM AS FRAUDSTERS POSED AS THE OWNER.

Maharashtra Cyber Police froze the funds before they could be withdrawn.

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