

Get Rich Slowly, Not Poor Quickly!



Five signs that point to scams – avoid these at all costs

Scammers often take advantage of tough economic times by tricking people into investing in 'get-rich-quick' schemes that promise easy money. When the cost-of-living rises, and we are struggling to keep up, these schemes can seem tempting, but they are often fraudulent and can cause significant financial loss.

True wealth is built over time and by means of a considered investment strategy. Think of your investments the way you would think when you buy a house: you know it's a valuable asset, and that its value will most likely increase over time, but you don't expect it to happen for quite a few years.

Any proposal offering instant returns with zero risk should be approached in the same way as a fad weight-loss or muscle-building pill or diet: with extreme scepticism.

Here are five signs of such a scam:

- **Over-promising:** *They guarantee high returns in a short period of time with no risk. In reality, high-return investments usually involve higher risk, and wealth generation takes time.*
- **Constant recruitment:** *The schemes often need to recruit new members continually, as they use their investment to pay off earlier members. If new member recruitment slows, the scheme can collapse.*
- **Urgency and vagueness:** *The schemes often pressure you to join quickly and provide little clear information about how things work.*
- **Lack of regulation:** *They aren't registered with or monitored by any financial regulatory authority. Legitimate investments are always regulated to protect investors.*
- **Using testimonials:** *They often use stories from previous members who made money to entice new members. These early pay-outs are usually unsustainable and are a trick to make the scheme seem legitimate.*

So, always remember: if it sounds too good to be true, it probably is. Do your own research before investing, and report any scams to the appropriate authorities.

You can find more information on the various types of scams through the South African Banking Risk Information Centre's website:

www.sabric.co.za

Report any scams you become aware of to the South African Fraud Prevention Service:

www.safps.org.za