

# Recognizing & Avoiding Top Financial Scams

Kentucky Department of Financial Institutions

# 2022 Kentucky Statistics<sup>3</sup>



**#26** Kentucky ranked 26 out of 57 US states and territories, with **937 fraud victims over age 60**.

**#31** Kentucky ranked 31 out of 57 US states and territories, with **\$22,494,352 in losses for fraud victims over age 60**.

# Top 3 Scams in KY by Victim Loss Are...<sup>4</sup>



**#1 Investment Scams**

**#2 Confidence/Romance Scams**

**#3 Tech Support Scams**

# Investment Scams

- Deceptive practice that influences investors to make purchases based on false information. Often **characterized as low-risk** with guaranteed returns.<sup>3</sup>
- Advance fee fraud, Ponzi schemes, pyramid schemes, real estate investing, etc.<sup>3</sup>
- The **largest losses** among victims over 60 are cryptocurrency-related Investment scams.<sup>3</sup>



**\$12,533,270 (2022)<sup>4</sup> compared to \$1,339,100 (2021)<sup>6</sup>**

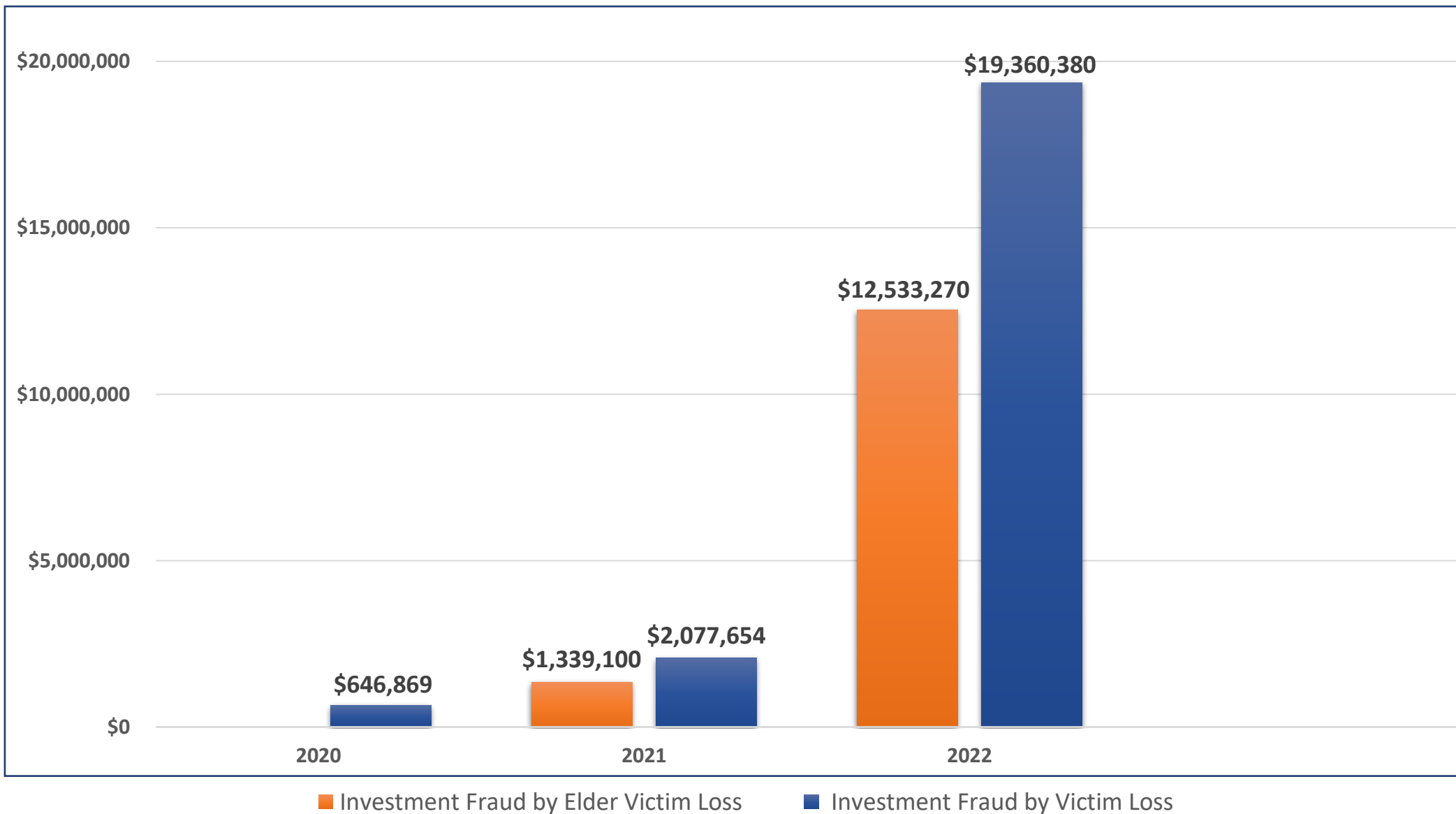


Chart created from data in references 2, 4, 5, 6, 7

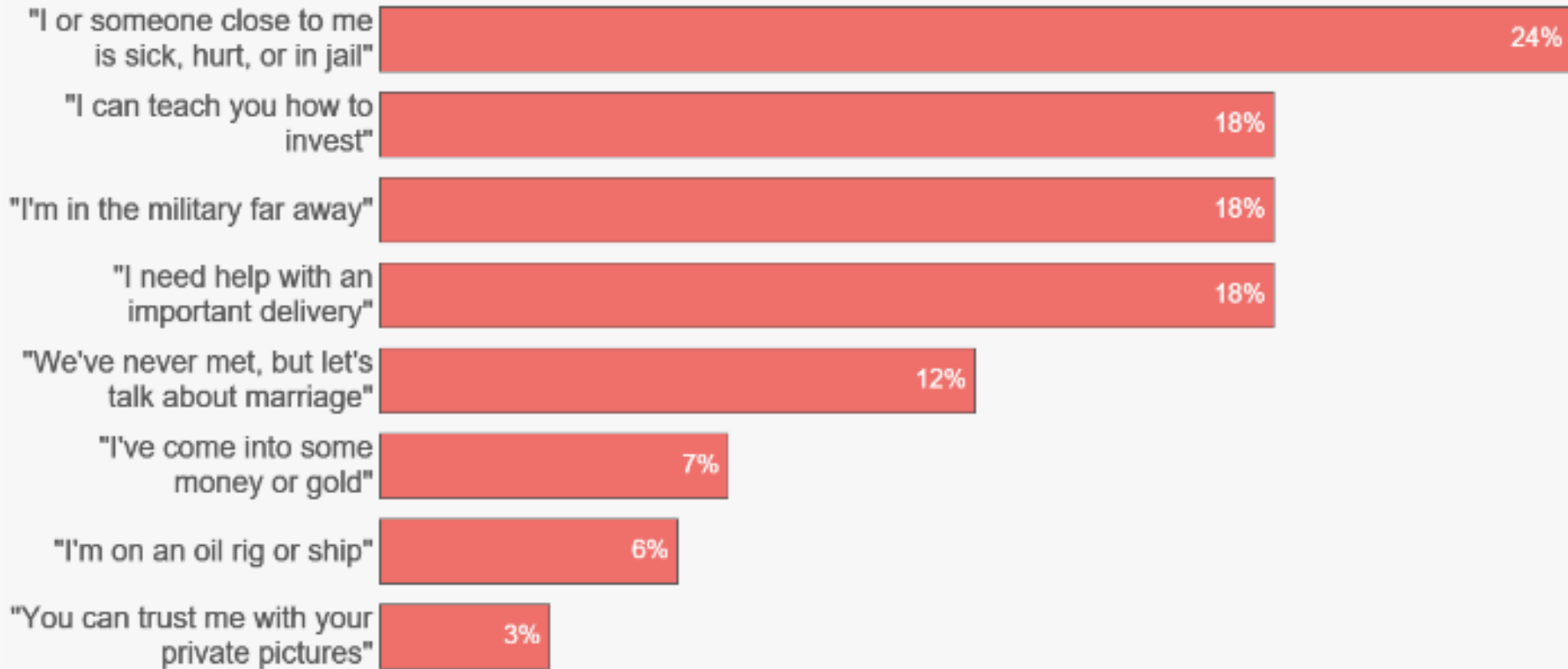
# Confidence/Romance Scams

- The victim believes they are in a relationship (family, friendly, or romantic) and are **tricked into sending money**, personal and financial information, or items of value to the scammer.<sup>3</sup>
- Designed to pull on a victim's "**heartstrings.**"<sup>3</sup>



**\$3,191,690 (2022)<sup>4</sup> compared to \$5,344,336 (2021)<sup>6</sup>**

## Romance Scammers: Their Favorite Lies by the Numbers



Figures are based on 8,070 2022 romance scam reports that indicated a dollar loss and included a narrative of at least 2,000 characters in length. Lies were identified using keyword analysis of the narratives.

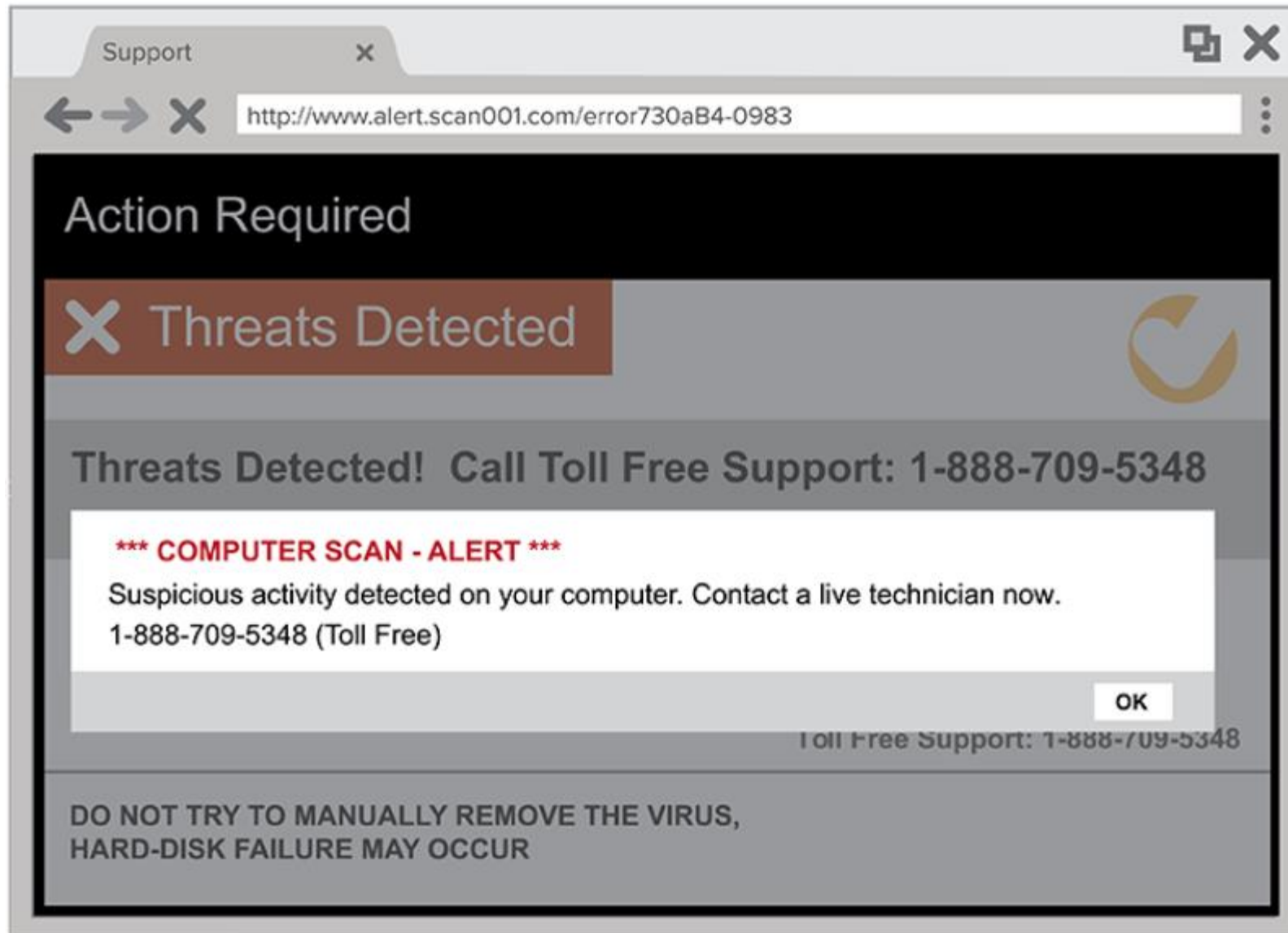
# Tech Support Scams

- Scammer poses as technical or customer support/service provider<sup>3</sup> and wants you to believe there is a serious problem with your computer.<sup>8</sup>
- Scammers may ask for remote access to your computer, and they will try to persuade you to pay for tech support services/software you don't need.<sup>8</sup>

**\$2,174,894 (2022)<sup>4</sup> compared to \$1,363,738 (2021)<sup>6</sup>**



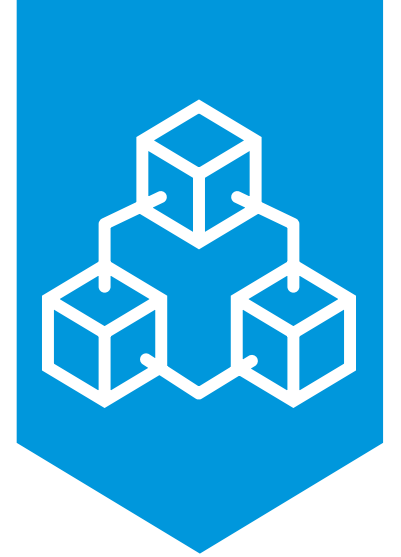




# Other KY Scams/Fraud

(Crime type by Victim Loss)

- **Credit Card & Check Fraud** - \$1,008,728 (2022) compared to \$419,800 (2021)
- **Phishing** - \$805,245 (2022) compared to \$13,185 (2021)
- **Business Email Compromise** - \$680,416 (2022) compared to \$496,105 (2021)
- **Personal Data Breach** - \$569,819 (2022) compared to \$314,356 (2021)
- **Advanced Fee** - \$533,666 (2022) compared to \$51,952 (2021)

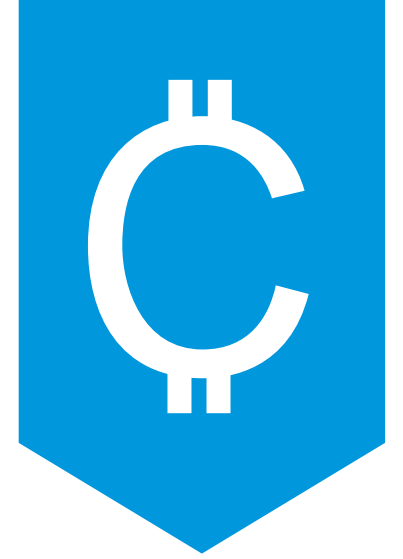


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# Tools for Scammers

- 2022 - **Cryptocurrency** (\$8,033,666) and **Cryptocurrency Wallet** (\$5,597,764) were the most common tools used to facilitate these crimes.<sup>4</sup>
- 2021 - **Social media** (\$18,978) and **virtual currency** (\$1,033,725).<sup>6</sup>
- Recent trends suggest scammers are utilizing **custodial accounts** at financial institutions for cryptocurrency exchanges, or having victims send funds directly to cryptocurrency platforms where funds are quickly dispersed.<sup>1</sup>



# Warning Signs of a Scam<sup>3</sup>

- Pressured to make **quick decisions**.
- **Unsolicited contact** (electronic, mail, or in-person).
- Unrecognized number, or unable to call number back. Beware of number spoofing.
- Investment is “**low-risk**” with unusually high-yield.

**If it sounds too good to be true, it usually is!**



# Protection Against Scams<sup>3</sup>

- Recognize scam attempts and **end all communication** with the scammer.
- Search online for the contact information and the proposed offer. Others have likely posted information about scams.
- **Resist the pressure to act quickly.**
- Be cautious of unsolicited calls, mailings, etc.
- Never give unknown, unverified people remote access to devices or accounts.



# Protection Against Scams<sup>3</sup>

- Never give or send personally identifiable information, money, jewelry, gift cards, etc., to unverified people.
- Government or law enforcement **officials will not demand payment** by cryptocurrency, prepaid cards, wire transfers, or overnight mailed cash, nor contact you by phone to notify you that you're under investigation.
- **Be careful what you post** and make public online. Scammers can use details on social media and dating sites to understand and target you.



# References

- **IC3 2022 Internet Crime Report<sup>1</sup>**  
[https://www.ic3.gov/Media/PDF/AnnualReport/2022\\_IC3Report.pdf](https://www.ic3.gov/Media/PDF/AnnualReport/2022_IC3Report.pdf)
- **IC3 2022 Kentucky Fraud Report<sup>2</sup>**  
<https://www.ic3.gov/Media/PDF/AnnualReport/2022State/StateReport.aspx>
- **IC3 2022 Elder Fraud Report<sup>3</sup>**  
[https://www.ic3.gov/Media/PDF/AnnualReport/2022\\_IC3ElderFraudReport.pdf](https://www.ic3.gov/Media/PDF/AnnualReport/2022_IC3ElderFraudReport.pdf)
- **IC3 2022 Kentucky Elder Fraud Report<sup>4</sup>**  
<https://www.ic3.gov/Media/PDF/AnnualReport/2022EFState/StateReport.aspx#?s=20>
- **IC3 2021 Kentucky Fraud Report<sup>5</sup>**  
<https://www.ic3.gov/Media/PDF/AnnualReport/2021State/StateReport.aspx#?s=20>
- **IC3 2021 Kentucky Elder Fraud Report<sup>6</sup>**  
<https://www.ic3.gov/Media/PDF/AnnualReport/2021EFState/StateReport.aspx>
- **IC3 2020 Kentucky Fraud Report<sup>7</sup>**  
<https://www.ic3.gov/Media/PDF/AnnualReport/2020State/StateReport.aspx#?s=20>
- **Federal Trade Commission How to Spot, Avoid, and Report Tech Support Scams<sup>8</sup>**  
<https://consumer.ftc.gov/articles/how-spot-avoid-and-report-tech-support-scams>
- **Federal Trade Commission Romance Scammers' Favorite Lies Exposed<sup>9</sup>**  
<https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2023/02/romance-scammers-favorite-lies-exposed>



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