

RED FLAGS

- ▶ An app guarantees high percentage returns on investments.
- ▶ An investing app has no ratings/reviews, or it has negative ratings/reviews.
- ▶ An app advertises investment opportunities as risk-free, low risk, or guaranteed.
- ▶ An investing app promotes itself as an opportunity to earn passive income or offers referral bonuses to get others involved.
- ▶ There is online discussion about the app causing investor losses or being an investment scam.



BOTTOM LINE

Scammers might catch investors' attention by advertising their app as "convenient" and "safe." But, in reality, there is nothing convenient or safe about getting your money stolen. Anyone can easily create a platform that promotes unregistered securities and advertise it as a safe, legitimate opportunity.

To protect yourself from investment scams, always do your research on the investment and the entity offering it.

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DEPARTMENT OF FINANCIAL
PROTECTION & INNOVATION

ARE YOU AN INFORMED INVESTOR?
**MOBILE APP
SCAMS**

Safeguard Your Investments





With the proliferation of mobile device use and access to apps, more investors become vulnerable to scammers who have infiltrated the mobile app marketplace.



MOBILE APPS ARE EVERYWHERE

With millions to explore, browsing can be overwhelming for consumers looking for apps to provide entertainment, business services, self-improvement, and more. App stores may not have the resources or expertise to verify that every single app uploaded to their store is safe for consumers to use. This includes apps that provide investing services, so investors should be cautious when providing money or personal information.

It is no surprise that the vast majority of North Americans own a cellphone or mobile device of some kind. With the proliferation of mobile device use and access to apps, more investors become vulnerable to scammers who have infiltrated the mobile app marketplace.



HOW THE SCAM WORKS

In this digital era, mobile apps are a convenient—and often free—way for users to consume information. One incentive for using mobile apps is that they provide an inexpensive alternative to consulting with an investment professional. However, relying on a mobile app puts investors at risk of receiving unsuitable services or misinformation. Investors are not always resistant to this temptation nor do they always fully understand the risks involved. In fact, investors are increasingly seeking mobile apps for investment advice and opportunities.

In general, apps that provide investment services must be registered with federal, provincial and/or state securities regulators and investors are encouraged to check the registration status of the app's underlying entity. An entity may claim to be fully regulated when it is not, giving investors a misleading sense of its legitimacy. Some apps are completely illegitimate, unregistered, and designed to steal money by falsely advertising investment opportunities that promise extraordinary returns. By the time securities regulators can take action, it is likely the scammers have already run off with investors' money which is usually unrecoverable. This illustrates the danger of using unregistered investment apps and the importance of checking the registration status of any person or investment offering.

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HOW TO PROTECT YOURSELF

- ✓ **Check before you invest.** Research the product and the person offering it to ensure they are both registered. Do not be fooled by a promoter who says they are registered; anyone can claim to be registered without actually possessing the credentials.
- ✓ **Do not assume an app is trustworthy** just because it exists on a mainstream app store or is promoted on social media.
- ✓ **Consider consulting with a registered investment professional.** Relying solely on apps for investment advice can be very risky.
- ✓ **Do your own research** before committing money to any investment opportunity.
- ✓ **Ask the right questions.** Just because an app is highly rated doesn't mean it is safe. It is still important to contact your state or provincial securities regulator to check if it is registered.

