


**Staying Safe Online**  
*Montpelier Senior Center*

**Week #2 – Mon 12 Jan 2026**  
**Anti-Fraud (2)**

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**Topics**

- Chain letters
- Ponzi schemes
- Pyramid schemes
- Get-rich-quick frauds
- Online romance
- Identity theft

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## Chain Letters



- Before the Internet
  - ❑ “Chain letters” were physical messages
  - ❑ Sent by other victims
  - ❑ Urging new candidates to forward fake message
  - ❑ Asked to send to all known addresses
- Today, usually electronic
  - ❑ Email
  - ❑ Social media
- Types
  - ❑ “Raise awareness”
  - ❑ “Repost/send for good luck”
  - ❑ “Copy/paste to prove you read my message”
  - ❑ Fake giveaways (“Free XXXX”
  - ❑ Investment/cryptocurrency scams
  - ❑ “Lose free access unless you forward this”

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## Ponzi Schemes



- Charles Ponzi (1882-1949) – scheme in 1920
  - ❑ Claimed to be selling discounted postal coupons for profit
  - ❑ Promised 50% profit in 45 days or 100% profit in 90 days
  - ❑ Paid earlier investors with money from later investors
  - ❑ Lasted 1 year before collapse
  - ❑ Stole 20million = \$324million today
- DO NOT RESPOND TO RIDICULOUSLY PROFITABLE “OFFERS”

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## Pyramid Schemes



- Similar to Ponzi Schemes
- Ridiculously profitable fake investments
- May offer real or imaginary products
- “Membership fee” to join
- Victims *must recruit new members*
- Returns based on recruitment
- **NEVER AGREE TO JOIN SCHEME REQUIRING RECRUITMENT FOR PROFIT**

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## Get-rich-quick Frauds



- FTX – Sam Bankman-Fried crypto exchange
  - ❑ Fake money
  - ❑ Based on mathematical formulas
  - ❑ “bitcoins”
  - ❑ Promised enormous profits
  - ❑ Stole \$Billions
  - ❑ Jailed 2023
- Celsius Network – high-yield “investments”
  - ❑ Promised 17%/year profit or more
  - ❑ Stole \$\$, filed for bankruptcy, charged in 2023
- Anchor Protocol
  - ❑ “Risk-free” 20% yield on a “stablecoin”
  - ❑ Victims lost \$40B – founder charged 2023

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## Online Romance (1)



- Offers of romantic relationships via email or social media
- Some perverts pretend to be falling in love with victims simply for sadistic fun
- Some criminals use relationship grooming to trick victims into fake investments
  - ❑ "Pig-butcher" scams
  - ❑ Try to build trust
  - ❑ Offer fake "opportunities" for "investment"
  - ❑ Increase demands with every successful theft
- AI methods increasingly sophisticated
  - ❑ Attractive "robots" automatically swindle victims

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## Online Romance (2)



- Dating sites may focus on extortion
- Provide platform for developing relationships
- Often claim to be for "singles"
  - ❑ But no verification involved
  - ❑ Criminals can easily sign up
- Usually block all access for independent communications
  - ❑ Wipe any addresses from all communications
    - ✓ No email, phone or physical addresses permitted
  - ❑ Charge \$\$ for access to "real" contact info
    - ✓ E.g., \$2,000 from each person

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## Identity Theft (1)



- **Criminals find personal identification information (PII) illegally**
  - ❑ **Data breaches**
    - ✓ **Criminals break into databases**
  - ❑ **Dark-Web marketplaces**
    - ✓ **Dark Web is not findable using normal search functions (e.g., Google)**
- **Use PII to attack real accounts**
  - ❑ **Use leaked passwords or common errors such as using birthdays as passwords**
  - ❑ **Lock out the legitimate users**
  - ❑ **Steal money or charge expenses**

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## Identity Theft (2)



- **Phishing**
  - ❑ **Links to fake login pages**
  - ❑ **Steal the user-IDs and passwords**
- **Smishing**
  - ❑ **From “SMS” + “phishing”**
  - ❑ **Victims receive “urgent” messages from real services**
  - ❑ **Demanding login information or one-time codes**
  - ❑ **NEVER GIVE ANYONE A LOGIN CODE OVER THE PHONE!**
  - ❑ **SMS login codes are ONLY for your OWN logons!**

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## Identity Theft (3)



- Impersonation frauds – messages claiming to be from services the victim uses
  - ❑ Banks
  - ❑ Insurance
  - ❑ Employer “personnel” departments
  - ❑ Utilities
- Ask to “verify” PII
  - ❑ Account numbers
  - ❑ Social-insurance numbers
  - ❑ Even photos!
- NEVER RESPOND TO EMAIL, PHONE OR MAIL YOU RECEIVE WITH SUCH DEMANDS:  
*Contact your provider/agency using real info you have found yourself!*

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## Identity-Theft in USA



- Case reports to FTC & FBI:
  - ❑ 2020 – 1.4M reports
  - ❑ 2021 – 1.4M reports
  - ❑ 2022 – 1.1M reports
  - ❑ 2023 – 1.0M reports
  - ❑ 2024 – 1.1M reports
- Losses difficult to calculate – estimates:
  - ❑ 2020 – \$56B stolen
  - ❑ 2022 – \$43B stolen
  - ❑ Other year losses are unclear so far
- Consequences are not only monetary
  - ❑ Worry, wasted time, feelings of guilt

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# OK, STAY SAFE!



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