

Staying Safe Online

Montpelier Senior Center



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Anti-Fraud (2)

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<https://tinyurl.com/3b6p3h8s>

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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-butcherling 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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