


Finance 101 : Financial Scams & How to Spot them



“It has been far safer to steal large sums with a pen than small sums with a gun” - **Warren Buffett**

Kuntal Shah

April 2021

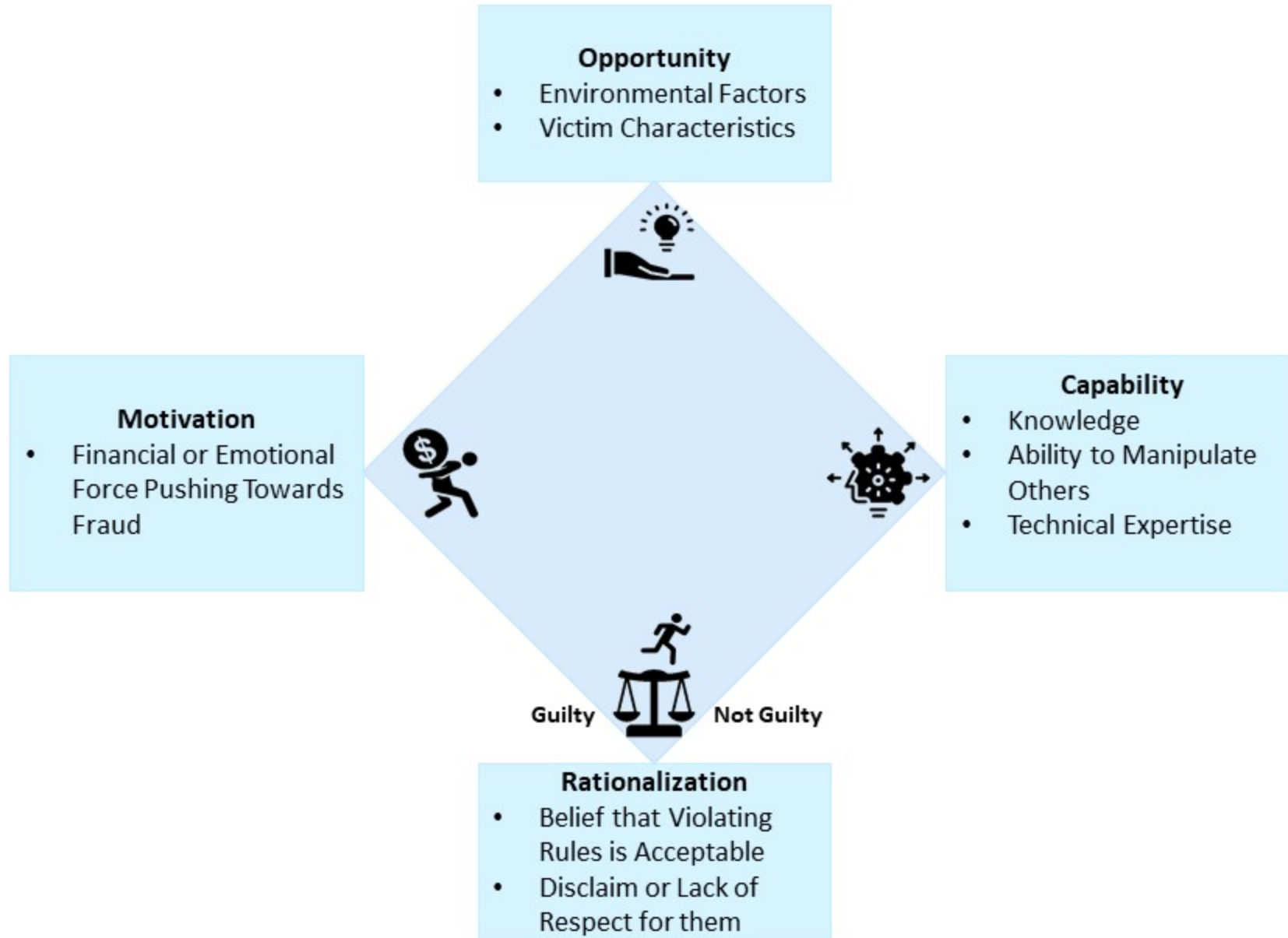
Webinar @ FLAME University

The Five Basic Elements of Fraud are Identified as :

- **F**alse representation of a **material** nature
- **R**eliance on the **false representation** to the victim
- **A**ct that was **intentional**
- **U**nscrupulous with knowledge that the representation is **false**
- **D**amages(**financial** or otherwise) are incurred

“Where you have complexity, by nature you can have fraud & mistakes”
– **Charlie Munger**

Fraud Diamond

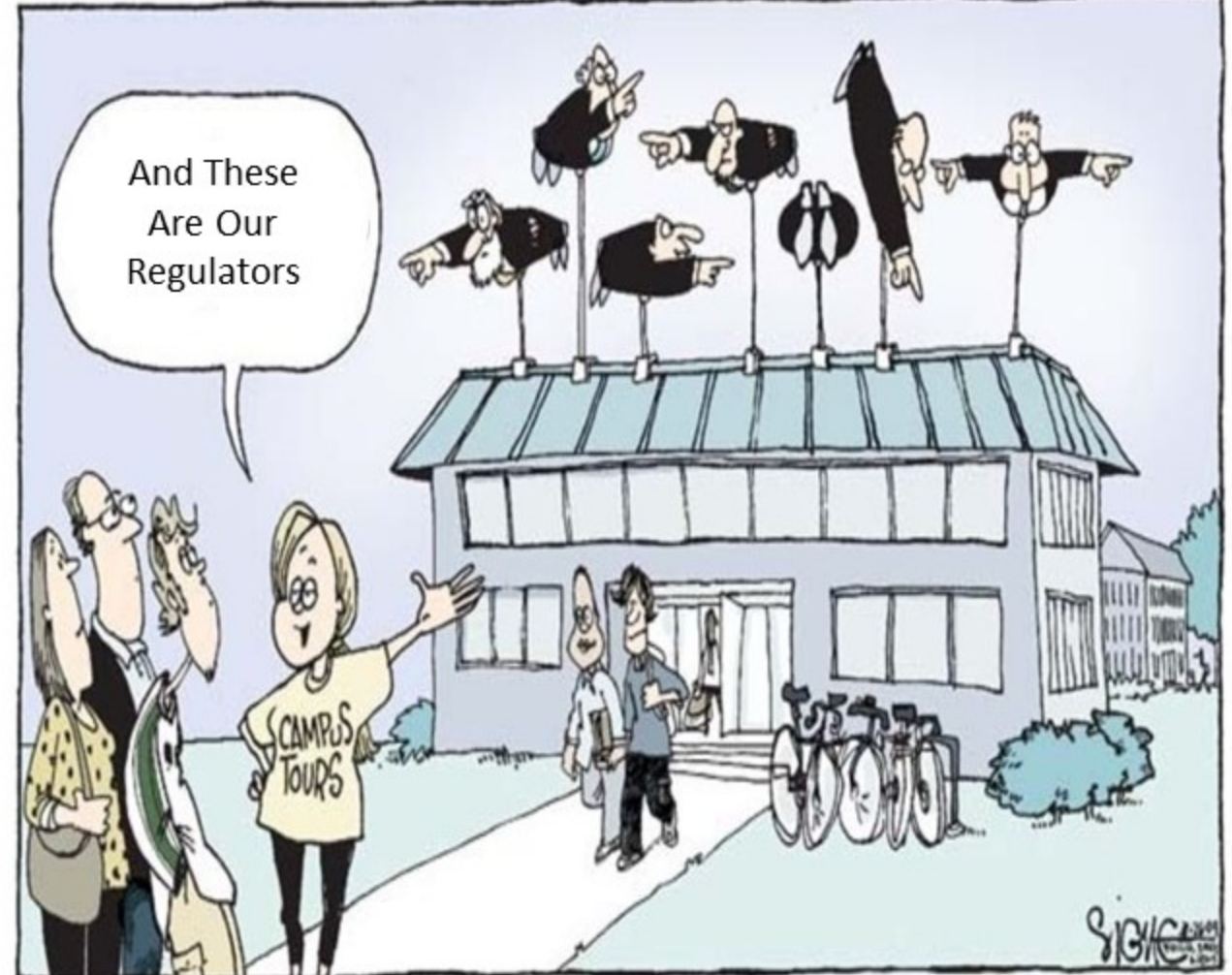


How to Spot Scams & Frauds

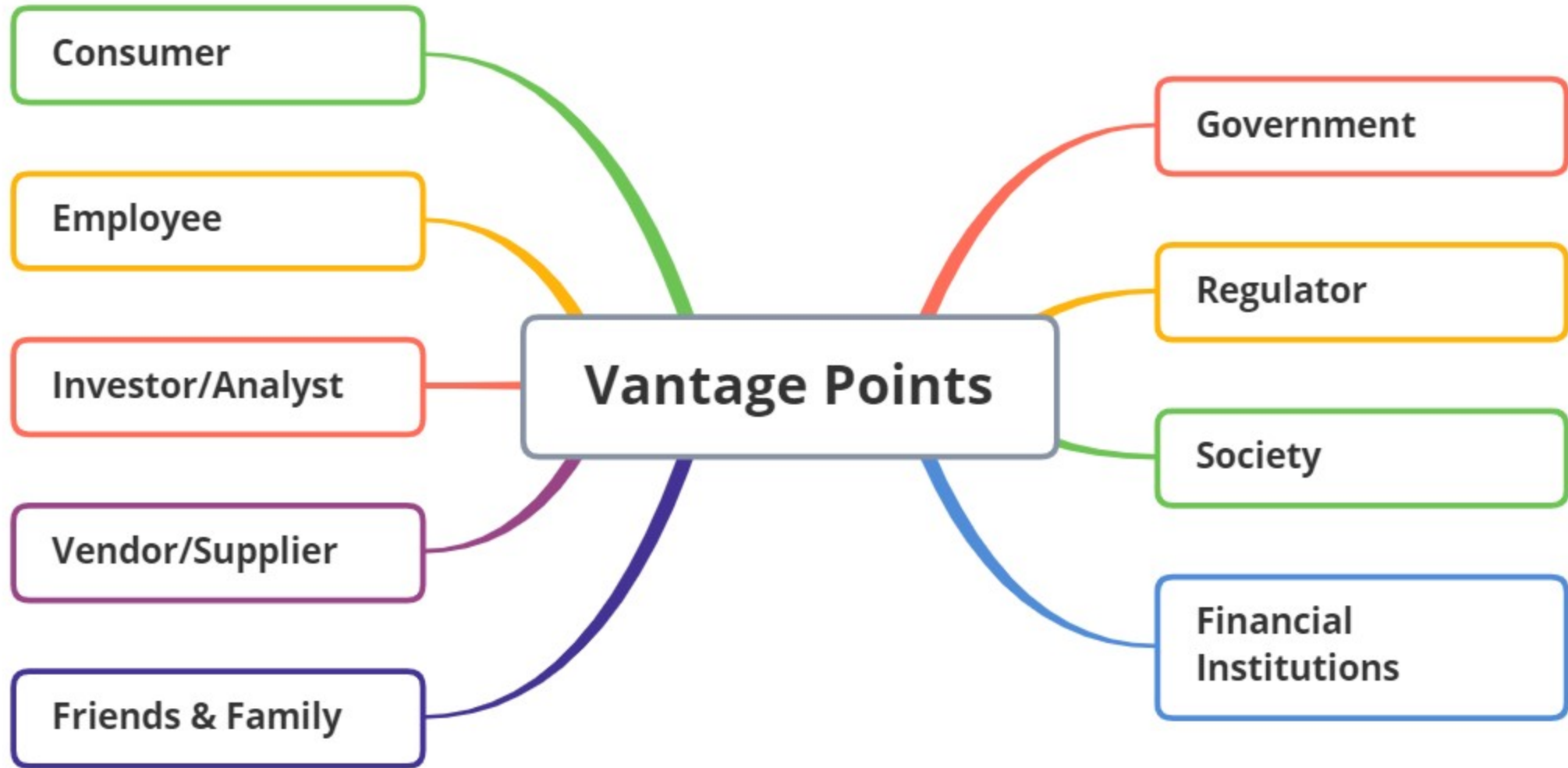


Source : WSJ

The Hardest Scam to Spot is the One You are in...



Why Does it Matter to You?



**Life is not what
happens, It is
how you take &
make it...choices
matter !!!**



Frauds & Scams are Predictable Like Sequels to Popular Web Series



Leader



Partnerships



Source : Web series 'Sherlock Holmes IV', Amazon



Joint Venture
Partner



Catch Me If You Can



Pseudo Expert



Investor/ Director



Competition



Equipment



Intellectual
Property



Capital at
Stake



Research & Development

Comparison of Major Categories of Scams

Attributes	Consumer	Online	Investment
Ticket Size	Small - Medium	Small - Big	Big
Distribution	Physical & Online	Online	Physical & Online
Target Audience	Consumers	Consumers & Corporates	Investors of All Shape & Size
Sophistication	Relatively Less Sophisticated	Mediumly Sophisticated	Highly Sophisticated & Complex
Grievance Redressal	Consumer Court	Consumer Court & Cyber Crime Division	Regulators & Enforcement Bodies

Consumer Products & Services Scam

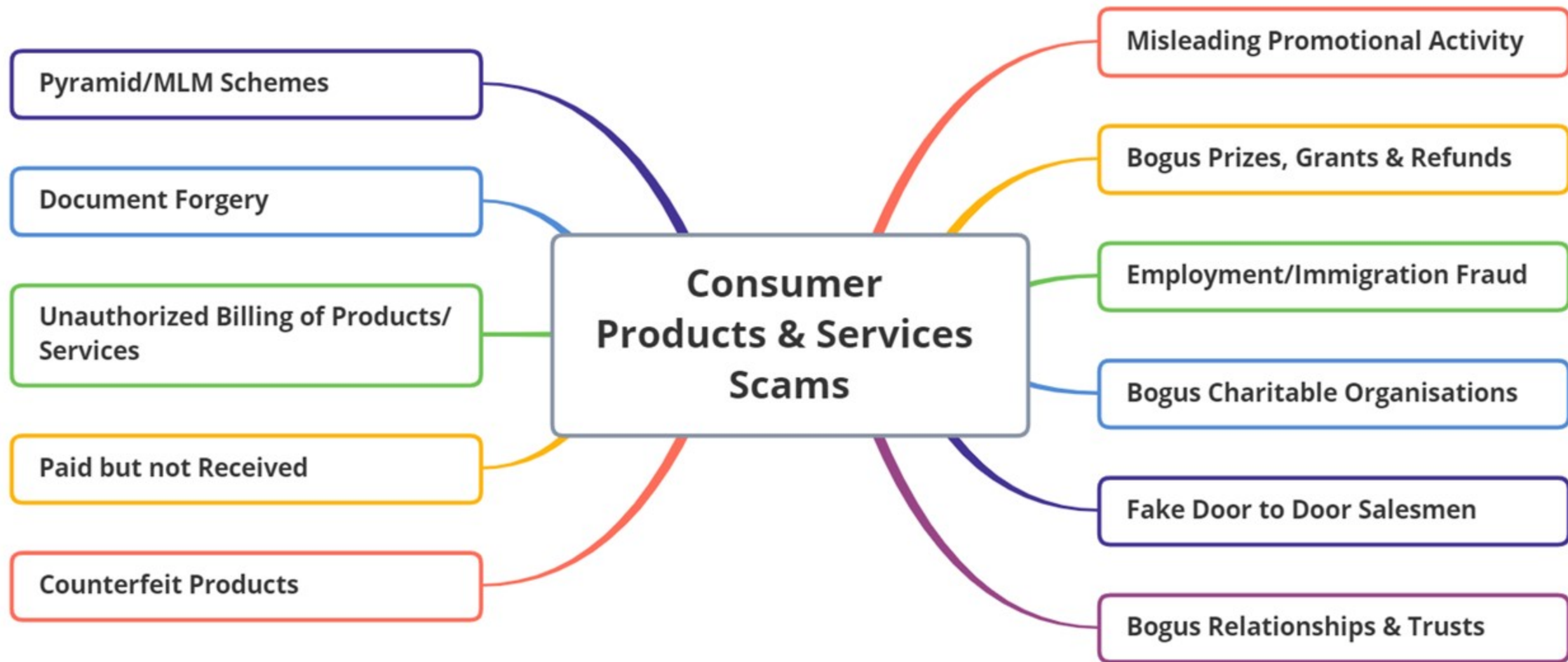


“Fraud & deceit have been practiced since the beginning of history...”
- John Andreas Widtsoe



“Now that we know what the consumers want,
it’s our job to make them think we have it.”

“Honesty is a very expensive gift, don’t expect it from cheap people” - **Warren Buffet**



Trust, but Verify



Consumer Products & Services Scams & Frauds

Charles Ponzi



One Coin Cryptocurrency Scam



Fyre Festival



\$1mn fake handbag scam



Hair Regrowth Products



Fairness Products



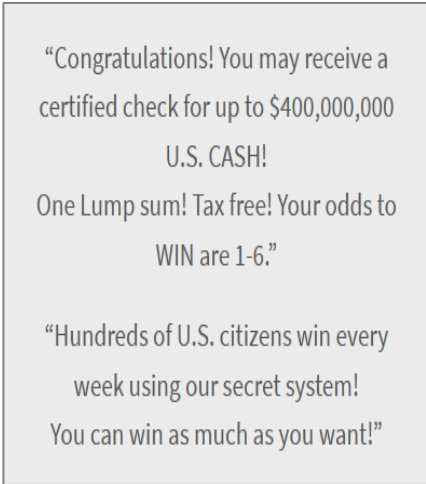
Fake products on e-commerce websites



Fake medical products



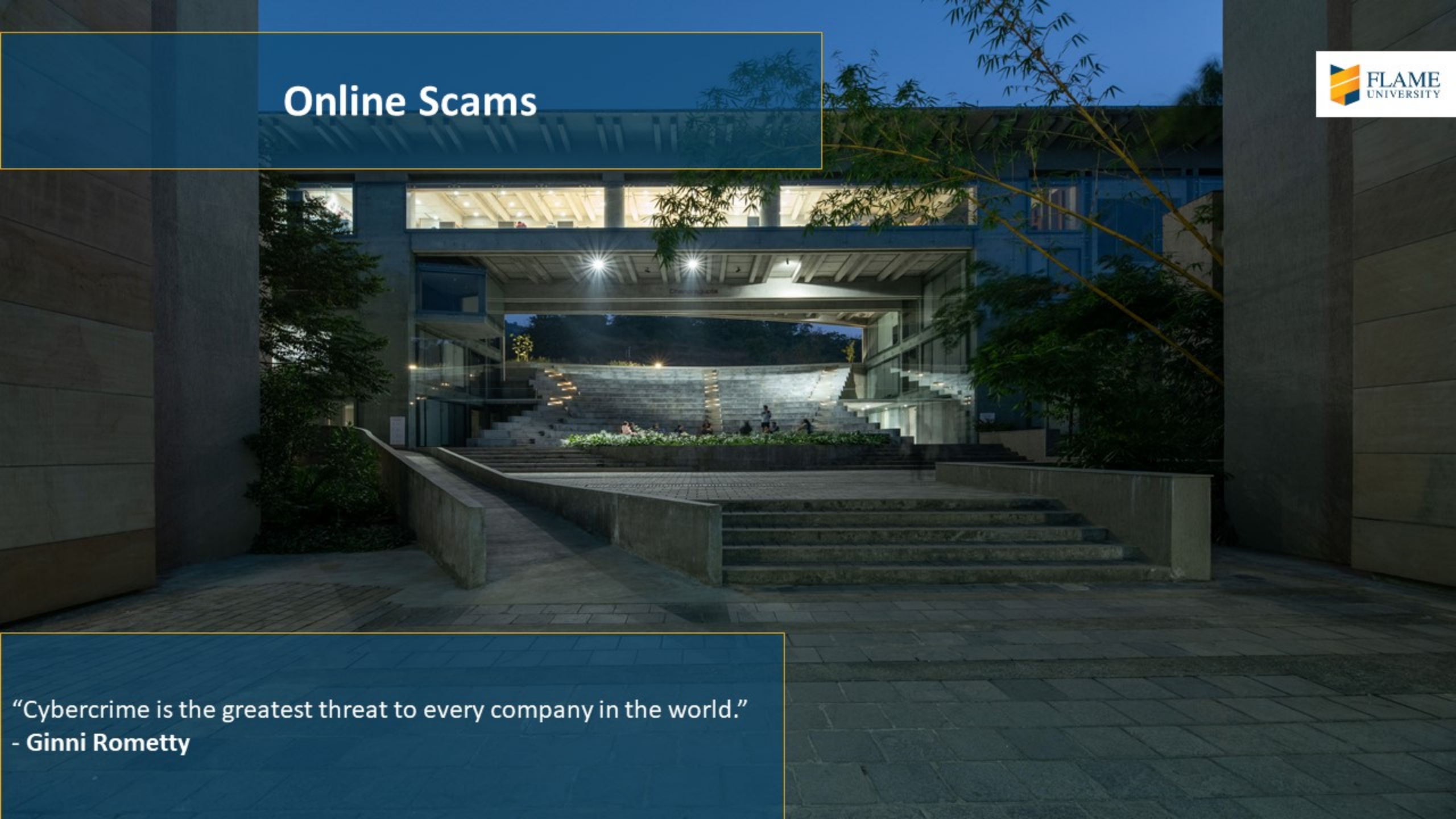
Fake Lottery Scams



Weight loss products



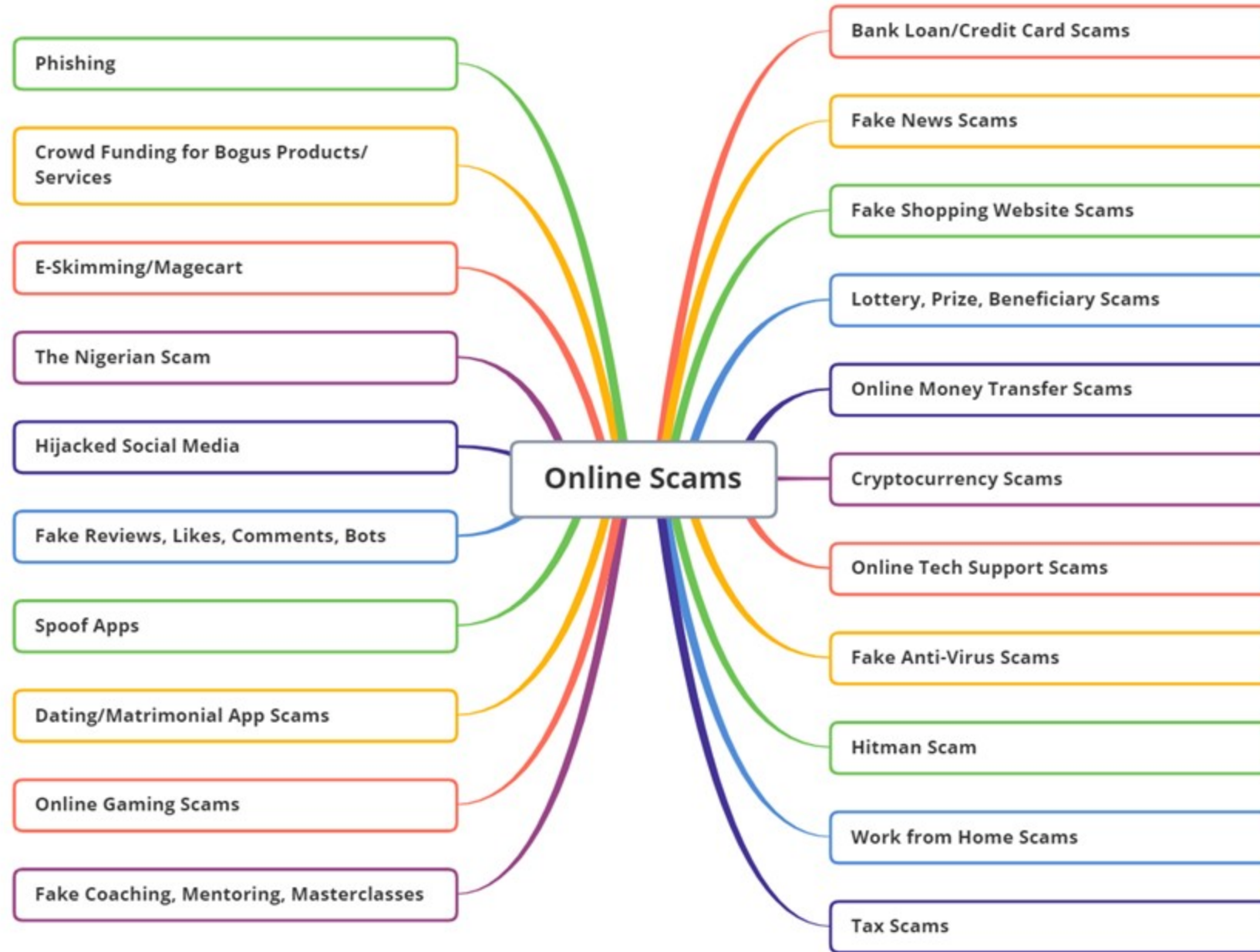
Online Scams



“Cybercrime is the greatest threat to every company in the world.”
- Ginni Rometty



Software is Taking Over the World & Frauds are Embedded in Softwares & Online Access





Online Scams & Frauds

130 Accounts, \$180k in Amount



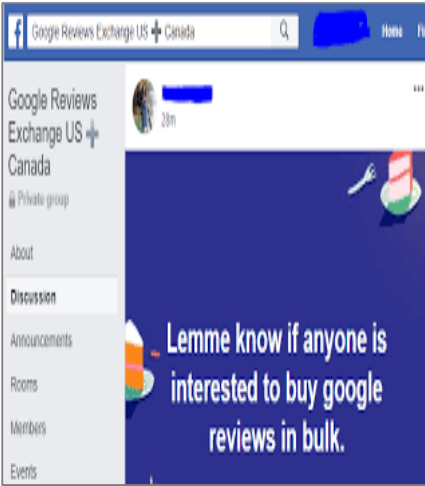
Nigerian Scams



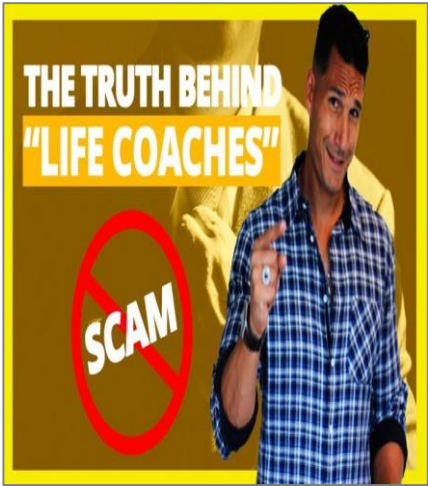
Fake Apps



Fake Reviews, Likes, Followers Scam



Fake Coaching Classes



Russia's Cyber attack on U.S. Govt Employees



Online Dating Scam



Fake Antivirus Scam




Online Money Transfer Scams



Online Gaming Scam



Investment Scams

A wide-angle photograph of a paved walkway in a university campus. The path is made of light-colored rectangular stones and is flanked by low concrete walls. On either side of the walls are lush green trees and bushes. In the background, a modern university building with large windows is visible under a blue sky with scattered clouds. The scene is brightly lit, suggesting a sunny day.

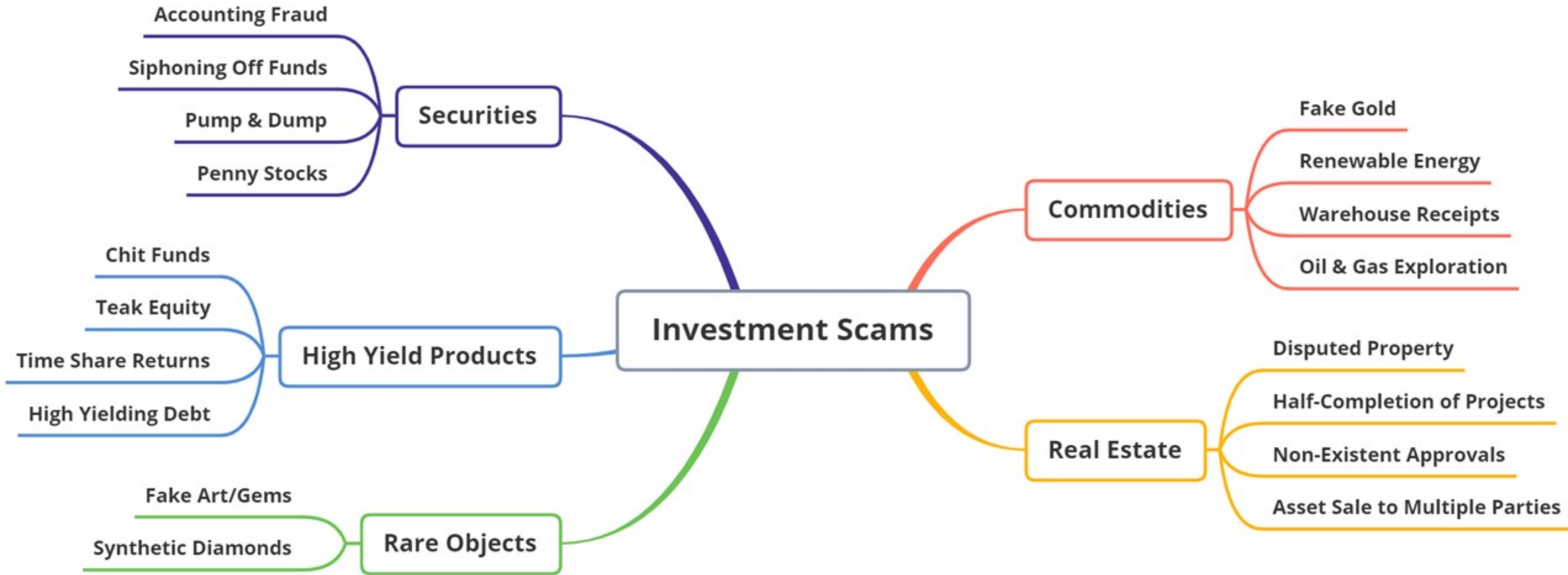
"If it is too good to be true...it is probably a fraud."
- Ron Weber



"I find that if I'm the first one in and the first one out, Ponzi schemes can be very lucrative."



"I think I can explain what happened to your investment, with the use of this simple chart."



"A fool & his money are soon parted." - **Thomas Tusser**



"Facts are threatening to those invested in fraud" - DaShanne

Welcome to the hardest game in the world.

Unfortunately, you're playing with some of the sharpest, fastest, most intelligent, well informed, stubbornly irrational & in many cases, unethical minds in the world.

You're up against the computer that can react faster than you. The trader who has more experience than you.

The fund that has more money than you.

The insider that has more information than you.

The others that will misinform you.

The inner voice that MI do it's best to undo you.

So, leave all your dreams of making quick & easy money, behind.

The first aim is survival.

Your absolute first goal is to learn how to stay in the game.

You can only do this by mapping the territory.

By understanding how the enemy thinks & acts.

By having a solid game plan.

And by picking your battles very, very carefully.

Ready to play?



Sanjay Bakshi ✓

@Sanjay__Bakshi

Dear investor: You are surrounded by liars. Rating companies, Auditors, Corporate managers (through their PR machines), Regulators (when they enable loose accounting), and Government (certainly in context of debt numbers, and maybe elsewhere too). You are on your own. Beware.

12:58 AM · 15/06/19 · [Twitter for iPhone](#)

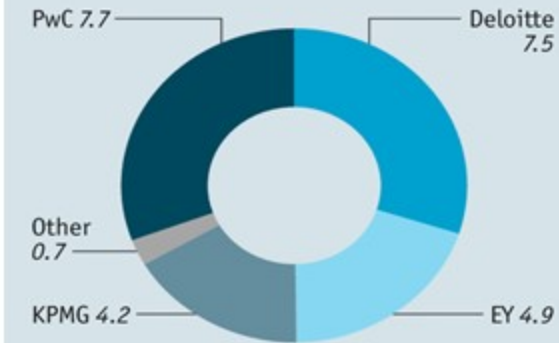
Don't Outsource Due Diligence, Trust but Verify

Every Fraudulent Company had Audited Statements & most were Rated & Regulated

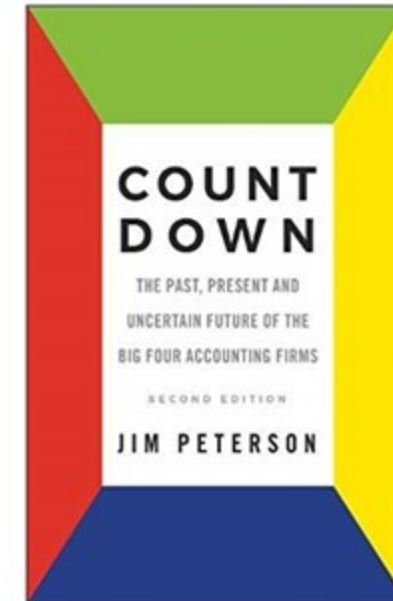
AUDITOR	SCAM	YEAR
ARTHUR ANDERSON	WASTE MANAGEMENT	1999
	ENRON	2001
	WORLD.COM	2002
DELOITTE	UNIFY CORPORATION	2000
	MERRILL LYNCH	2002
	RELIANT ENERGY	2002
EY	CENDANT	1998
	AOL	2002
	LEHMAN BROTHERS	2008
KPMG	COMPUTER ASSOCIATES	2000
	XEROX	2000
	IMCLONE SYSTEMS	2002
PWC	FREDDIE MAC	2002
	AIG	2004
	SATYAM	2009

The power of four

Market capitalisation of US-listed companies audited by each accounting firm, 2014, \$trn



Source: Audit Analytics





"We used to cook the books, but now we deep-fry them. Everything's better when it's deep-fried."



© Original Artist
Reproduction rights obtainable from
www.CartoonStock.com



Investment Scams & Frauds

Enron - \$74bn



WorldCom - \$175bn



Wirecard - \$3.7bn



Tyco - \$170bn



New York Gallery - \$80mn



Theranos - \$9bn



Bernie Madoff - \$65bn



Jonathan Belford - \$200mn



\$65mn Morocco Property Scandal



George Parker – Sold Brooklyn Bridge & the Statue of Liberty several times



Multimedia Resources

<https://www.libraryofmistakes.com/>

Consumer Products & Services Scams & Frauds

Advance Fee Scam



Bogus Charity Scams



Immigration scams



Counterfeit Products



Juicero



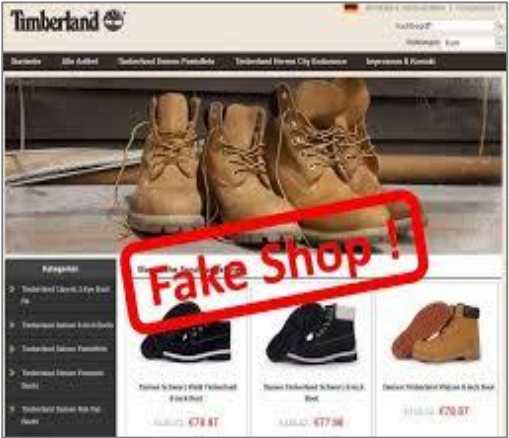
Employment Scams



Elio Motors - \$17mn
Crowdfunding Scam



Fake Shopping Website



Tax Scams



Besa Mafia – Hitman Scam



Fake News Scam



E-Skimming



Investment Scams & Frauds

ZZZZ - \$200mn



BRE-X - \$4.4bn



Qwest - \$100bn



Endpoint petroleum Oil & Gas scam



Allen Stanford - \$7bn

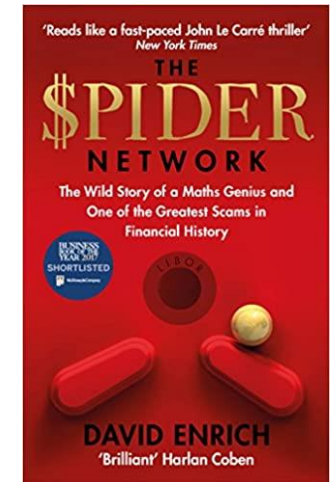
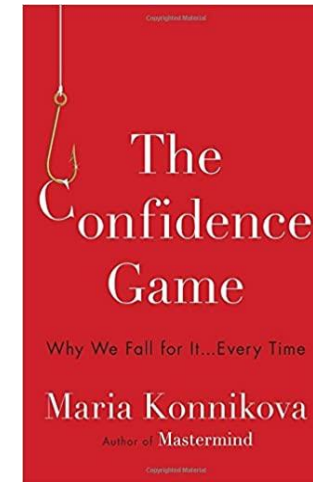
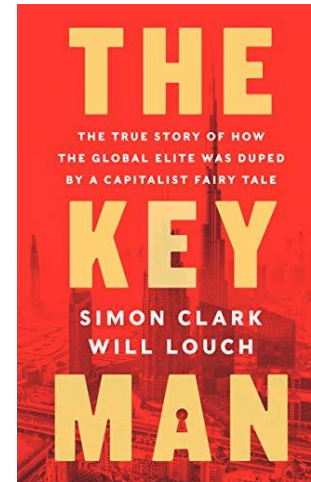
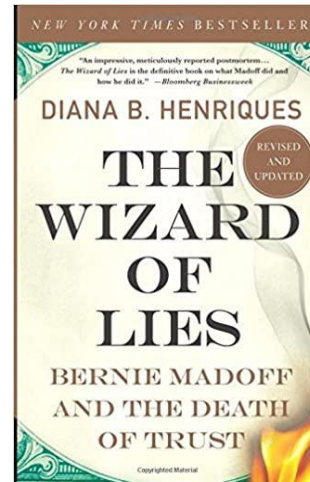
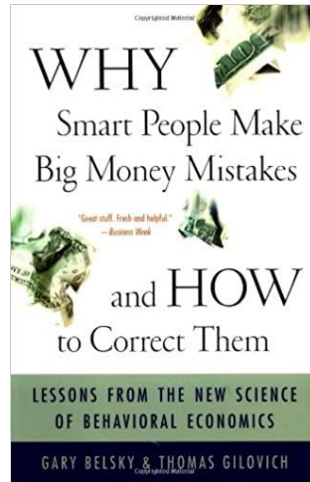
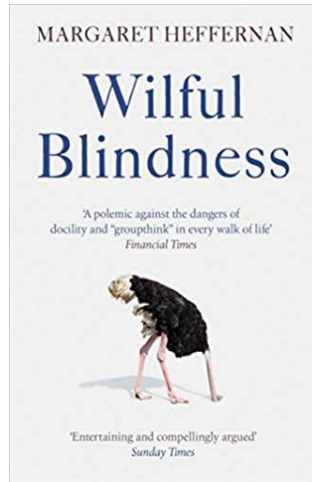
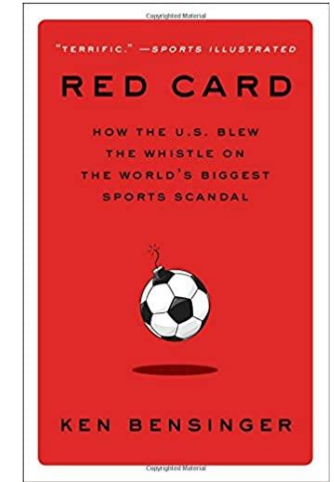
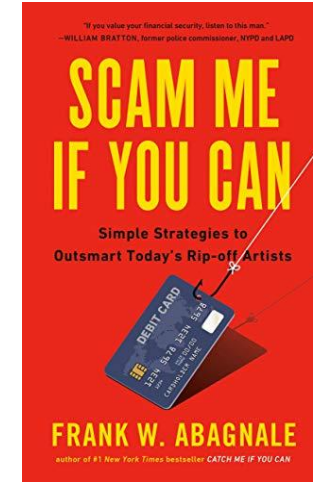
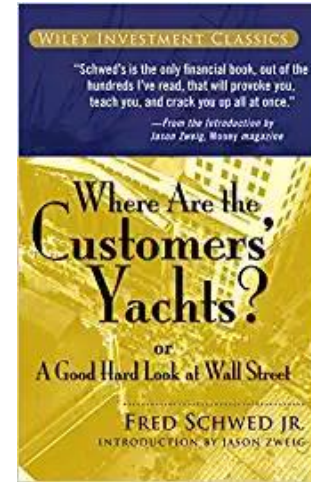
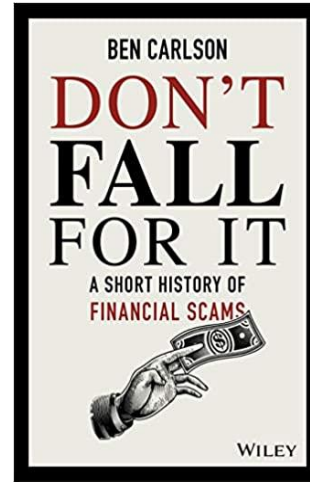
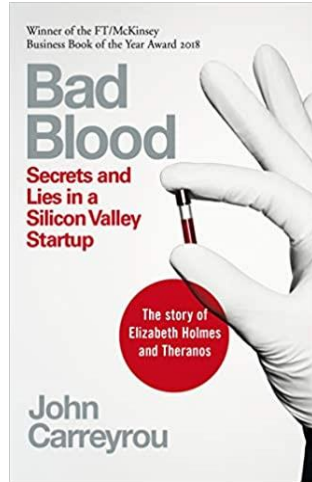


Waste Management - \$6bn

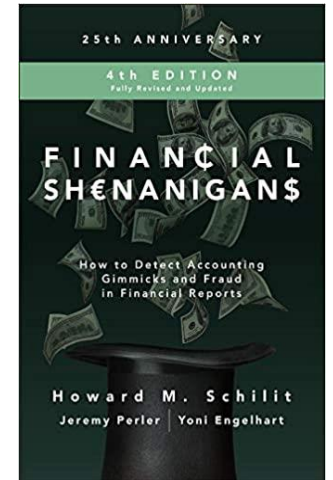
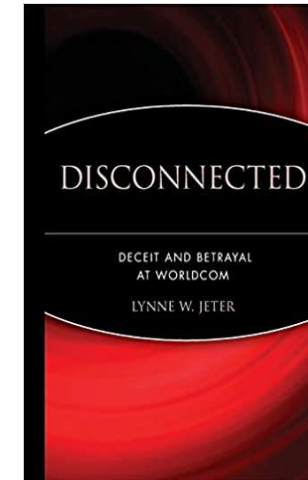
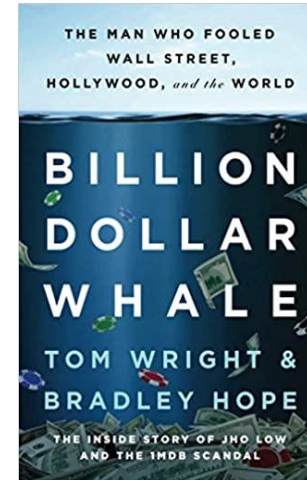
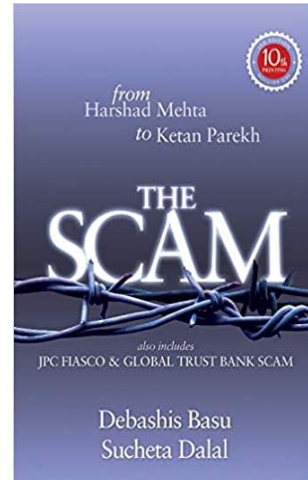
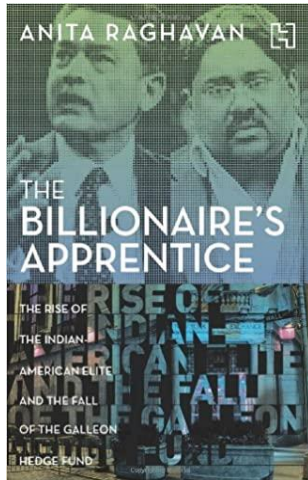
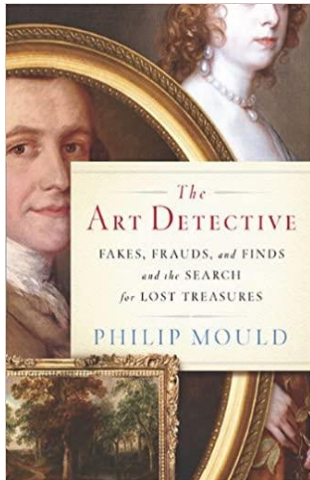
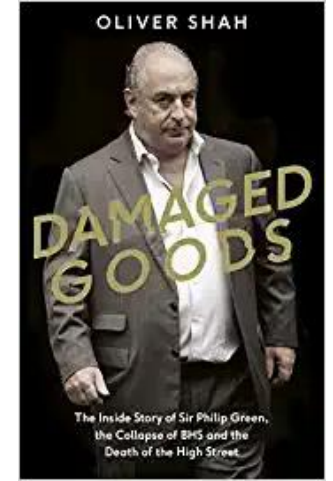
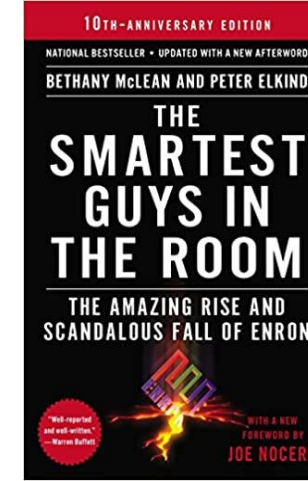
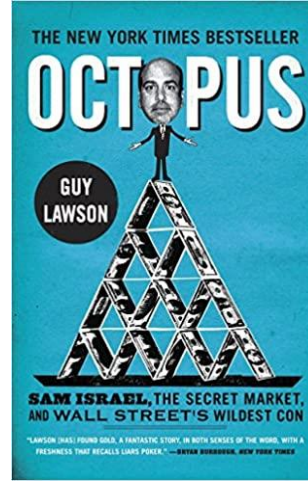
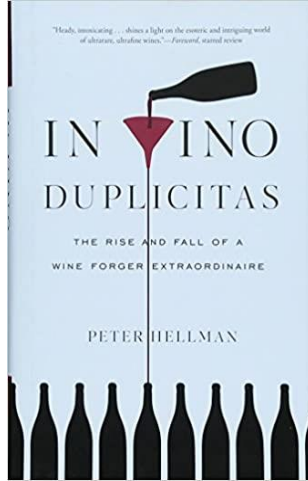
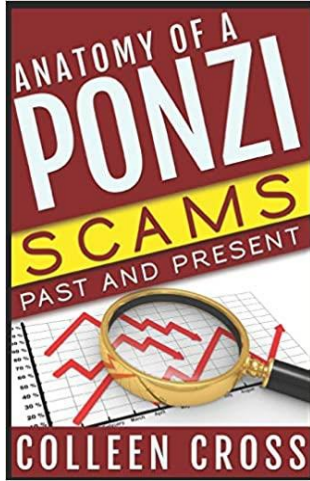








“There is no better teacher than history in determining the future ...There are answers worth billions of dollars in a \$30 history book” – **Charlie Munger**



Talks



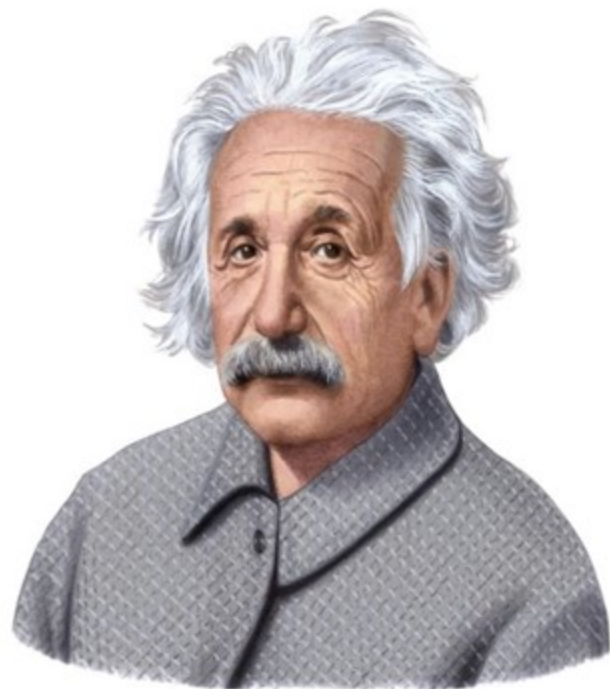
Podcasts



Web resources

- [Check if your email address is in a data breach](#)
- [Ponzi Scheme Tracker](#)
- [Pyramid Scheme Alert](#)
- [Scam Alerts](#)
- [Cybercrime Reporting](#)
- [Report or Find Reported Scams](#)
- [Report Phishing](#)
- [File Complaint for Product & Services](#)
- [Fraud Prevention & Reporting](#)
- [Guide to Financial Crime & Fraud](#)
- [Fraud & Scam](#)
- [Common Scams & Frauds](#)
- [Common Frauds \(India\)](#)
- [The Game of Fraud](#)
- [Consumer Frauds](#)
- [Online Bank Frauds](#)
- [Broker Fraud](#)
- [Safety tips for Cybercrime](#)
- [Forensic Accounting](#)
- [Fraud Definitions](#)
- [Blog- All things fraud](#)
- [Blog- Scam](#)
- [Blog- Fraud](#)

“Everyday we're probably learning new things that people are doing on the internet to scam people.” - **Tom Pappas**



“If I had an hour to solve a problem & my life depended on the solution, I would spend the first 55 minutes determining the proper question to ask. For once I know the proper question, I could solve the problem in less than 5 minutes.”

- Albert Einstein

Thank You



Twitter @Kuntalhshah



Clubhouse- @Kuntalshah



LinkedIn- Kuntal Shah