

## Investor Advisory: Mobile App Scams

With the proliferation of mobile device use and access to apps, more investors have 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 personal or financial information.

### How mobile app scams work

Mobile apps are a convenient, and often free, way for users to consume information. Investors are increasingly looking to mobile apps for investment advice and opportunities. 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, advice, or misinformation, and they may not fully understand the risks involved.

Apps that provide investment services must be registered with federal 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 complete scams, specifically 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 absconded 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.

## Red flags of a mobile app scam

Watch out for investing apps that:

- “guarantee” high percentage returns on investments.
- have no ratings/reviews, or have negative ratings/reviews.
- advertise investment opportunities as risk-free, low risk, or guaranteed.
- promote themselves as an opportunity to earn passive income or offer referral bonuses to get others involved.
- Are the subject of online discussion about the apps causing investor losses or being an investment scam.

## 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 completely safe. It is still important to contact your state securities regulator to check if it is registered.

## The bottom line

Scammers might catch investors' attention by advertising their app as “convenient” and “safe.” But there is nothing convenient or safe about getting your money stolen. Anyone can easily create a platform that promotes unregistered securities and promote it as a safe, legitimate opportunity, so use these tips to protect yourself and your investments.

## Contact the North Dakota Securities Department

**Phone:** 701-328-2910

**Email:** [ndsecurities@nd.gov](mailto:ndsecurities@nd.gov)

**Website:** [www.securities.nd.gov](http://www.securities.nd.gov)