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Fraud Advisory: Foreign Currency (Forex) Fraud

The forex market is volatile and carries substantial risks. It is **not** the place to put any money that you cannot afford to lose, such as retirement funds, as you can lose most or all it very quickly. The CFTC has witnessed a sharp rise in forex trading scams in recent years and wants to advise you on how to identify potential fraud.

RELATED LINKS
Warning Signs
Before You Trade

Signs of a Possible Fraudulent Sales Pitch

- Lead you to believe you can profit from current news already known to the public.
- Made through word of mouth referrals or emails from friends and relatives, members of community organizations, churches, or social groups.
- Contacts you asking for personal information such as your name, phone number, and email and home addresses.
- Promising that with forex there is no “down-turning market”.

Possible Persuasion Tactics You May Experience

- Dangling the prospect of wealth and enticing you with something you want, but can't have.
"This Euro/dollar deal is guaranteed to rise double what your current investments are doing."
- Trying to build credibility by claiming to be with a reputable firm or to have a special credential or experience.
"Believe me, as a 10-year senior vice president at this firm, I would never sell something that doesn't produce."
- Leading you to believe that other savvy people have already invested.
"This is how Bob down the street from you got his start. I know it's a lot of money, but I'm in—and so is half our club. It's worth every dime."
- Offering to do a small favor for you in return for a big favor.
"I'll give you a break on my normal forex commission if you buy now—half off."
- Creating a false sense of urgency by claiming limited supply.
"There are only two units left and the Asian market is about to open, so I'd sign up today."

Watch for These Red Flags to Help Identify Foreign Currency Trading Scams

- Promises that with forex, there is no “bear” market
- Firms that claim you can or should trade in the interbank market
- Requests to send or transfer cash quickly via the Internet, by mail, or otherwise
- Difficulty getting background information about the person and/or company

Before Participating in Forex Trading, Ask, Ask, and Ask Some More!!

- Contact the CFTC to check the company's registration status, business background, and disciplinary history
- Ask about the details of the forex trading market and your obligations if you participate
- Ask about the firm and the individual's performance record on behalf of other clients
- Ask anyone not willing to comply why they are being hesitant to do so
- Ask for all information in writing. Do not rely on oral promises or statements
- Check all information you receive to ensure that the company is and does what it says it does
- Ask for a written risk disclosure statement
- Ask for the advice of an independent and licensed financial advisor or consultant whom you trust

Questions to Ask any Financial Professional

- How are you qualified to provide me this service?
- How does this product meet my financial needs?
- How are you paid for your service?

If You Decide to Participate In Forex Trading

- Do not deposit more funds than you can afford to lose.
- Do not mortgage your home or cash in your savings.
- Margin trading can make you responsible for losses that greatly exceed the dollar amount you deposited. Do not trade forex if you cannot withstand the additional loss.

If you have questions, are aware of suspicious activities, or believe you have been defrauded, please contact the CFTC quickly. Call the CFTC at 866.366.2382 or file a [tip or complaint](#).

Resources

- [CFTC Regulations](#)
- [Commodity Exchange Act](#)
- [Privacy Policy](#)
- [Web Policy](#)
- [FOIA](#)
- [EEO Statement](#)
- [No FEAR Act](#)
- [Accessibility Statement](#)
- [Procurement](#)
- [USA.gov](#)
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