

# Scams (get rich quick schemes)

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If you are looking for a safe investment, it is important to be aware of some of the scams, schemes, rorts and rip-offs. Some of these get rich quick schemes use Internet (email) and media (advertising) as a tool in facilitating the unscrupulous beneficiaries of the processes.

Some of the oldest and latest systems in place by con artists can damage an organisation or individuals interested in making legitimate investments with their hard earned money.

The so called advance fee, pyramid schemes, home employment opportunities, phoney job opportunities, foreign lotteries, and investments are all facilitated by usage of Internet and media in providing new opportunities to potential investors who become defrauded through the unscrupulous practices of con artists, rogues and high flyers.

The get rich quick schemes all have their own individual uniqueness and approach the consumer with subjective information by using Internet and media which is extremely beneficial in targeting millions of consumers with little cost involved to defraud.

The Nigerian Advance Fee Fraud is a process in which to trick prospective victims into parting with funds by persuading them that they will receive substantial benefits in return for providing some modest payment in advance.

The frauds that have been discovered have entailed victims being approached by letter and recently electronic mail.

As Smith, Holmes & Kaufmann (1999, p.2) states 'victims email addresses are obtained from email directories, business journals, magazines or newspapers.

Letters are forwarded on describing the need to move funds out of Nigeria. In seeking assistance from the victim to provide bank account details for deposit of the moved funds.

The victim is offered a commission, which is up to 40% of the capital involved. The victim is asked to forward on administration fees that may be up to 50,000 dollars USD, in hope of the return of the mentioned values 20 to 40 million dollars.'

The victim never receives the money and sometimes more money is sent on for years in hope of a drift coming their way. Victims have even been known to go to Nigeria in hope of regaining their funds from the perpetrator. Some victims have been killed.

As Australian Securities Investments Commission (1998, p.6) states, 'some intriguing advertisements appear in magazines and newspapers across the country with hundreds of people phoning in to make investment inquiries.

Before the Olympic Games, air and land space packages were advertised in newspapers and magazines with 5-acre industrial lots for sale to fund further airport development. The projected earnings were advertised to explode. Potential investors were advised if they had 50,000 dollars to invest they must act immediately.

Fortunately for the potential investors that got interested, the advertisements were part of an April Fools Day campaign by ASIC to warn people about dodgy schemes.'

As Office of Consumer Business Affairs SA (2004 p.1-3) states, 'there are also a lot of get rich quick schemes involving purchasing of advertised investment software used to improve chances of winning money on race horses, some advertising claims the software connects to TAB's mainframe computer, keeping the investor up to date with all the latest prices and dividends.

The advertisement states that the programs are designed to pick the winner of the race assisting the gambler in huge winnings.

This has been found not to be true with hefty purchase prices of the software charged, usually around and between 6,000 to 20,000 dollars with no refund or guarantee of results in performance of the product software purchased.'

Other schemes such as work from home are advertised in classified areas of newspapers. These work opportunities promise high weekly earnings for work of simple tasks that can be performed at home, targeting mothers that maybe at home with children, older people, child minding parents etc.

Some tasks advertised are mail order, envelope stuffing or using a computer to generate desktop publishing.

Investors are asked to send a sum of money usually between 30 to 50 dollars and these people usually receive photocopied sheets with advice on how to place advertisements similar to the one that they responded. How to start a mailbox order scheme from home stuffing envelopes or how to start working from home with a computer with potential of a high weekly wage, returns of up to 1500 dollars per week are advised.

Scam artists are well prepared and up to date with the latest schemes and well organised. These professional criminals know what they are doing and unfortunately for their victims they do it well.

I think with out some further intervention by crime authorities and investigation with prosecution, we could see consumers and investors becoming reluctant to get involved with any future investment opportunities. Some say once being defrauded can have potential to be defrauded again, but I think once someone has had offences committed against them and they have some understanding how this occurred to there financial loss by get rich quick schemes, these victims may be reluctant to get involved with any further investment opportunities.

This would be unfortunate because there are some legitimate investments available. I think it would be utmost important to make people more aware of what to watch out for, otherwise fraudulent

practices by Internet and media would increase dramatically and frighten investors. Increasing losses to legitimate investment schemes, thus damaging the economic infrastructure would be disastrous.



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