Customer Advisory: Avoiding Fraud May be Your Best Resolution

Avoiding fraud in the New Year is one of the best trading moves you can make in 2025. Resolve to be more careful about who you trust online, stay informed, and learn all you can about trading risks.

Lately, online investment scams have largely targeted three types of people: Those who want to learn to trade, those looking to earn more, and those looking for love or friendship. Fraudsters look for these needs and swoop in to fill them. They may contact targets directly or bait traps and wait to see who they attract.

Anyone can be vulnerable to fraud. Fraudsters rely on trust or fear to motivate their victims into sending money. Fraudsters build trust by posing as experts, "winning" traders, or by engaging in relationships. So, the best way to avoid fraud is to limit your exposure and not engage with online requests for money or information. Here are three New Year's resolutions to help you avoid scams in 2025:

1. Be more cautious about who you trust online.

Knowing who to trust is more difficult than ever. Anything online can be faked. Fraudsters use fake social media profiles, videos, group chats, testimonials, and fake trading websites that manipulate market data and display growing balances. The fake platforms may even pay small-dollar withdrawals to build trust. Most investment fraud begins on social media, and those who are more willing to trust social media sources are more vulnerable to fraud. If something doesn't feel right, trust your instincts.

Limit your exposure to fraud by limiting who can see your information on social media. Also, be careful how much you share. Report suspicious people and activity to social media platforms. And don't join random group chats or respond to random messages on your mobile device.

2. Invest in learning first — especially about markets and risks.

All trading involves risk. Offers that promise easy, no-risk returns are scams. No one, not even AI, can predict the future. Only trade with *risk capital* (money you can afford to lose after living expenses and other savings needs are covered). Study the markets, risks specific to different products, and start your learning with well-known public and industry sources. Being a successful trader is hard enough even without the threat of fraud. After fees and taxes, most individual traders lose money trading futures[1] and foreign currency.[2] Some common reasons traders are unprofitable are they trade as they learn and are overconfident in their abilities.

3. Protect yourself and others.

Check the registration status of companies or financial professionals offering investment advice before you trade. Visit cftc.gov/check to learn more about registration, where to look, and whether registration requires validation by a government entity. Awareness about scams also can reduce vulnerability. Subscribe to CFTC.gov customer education emails or follow us on social media and share what you learn with people you know. If you spot a fraud, report it at cftc.gov/complaint or to the FBI at ic3.gov.

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[1] CFTC economists found that most retail self-directed futures traders lose money. *See* Ferko, A., Mixon, S., & Onur, E. (2024). *Retail traders in futures markets.* OCE staff papers and reports, Number 2023-002. Commodity Futures Trading Commission.

[2] Risk disclosures from Charles Schwab, Forex.com, Tastyfx, Interactive Brokers, Oanda Corp., and Trading.com indicate that over the past four quarters 50.96% to 74% of retail self-directed forex accounts lost money.