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Financial scams: the Paris Public Prosecutor's Office, the AMF and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) determined to cope with an industrialisation of this phenomenon

Just over three years after an initial joint mobilisation to denounce fraudulent investment or credit offers, the three institutions have conducted a further review of these practices. These continue to represent substantial losses for savers, estimated at €1 billion between 1 July 2017 and 30 June 2019. The Public Prosecutor's Office of Paris Regional Court, the Autorité des Marchés Financiers and the Autorité de Contrôle Prudentiel et de Résolution strongly encourage the public to inform themselves about how the scammers operate, so as to protect themselves more effectively.

Fragmentation of scams

In recent years, the requests for information, claims and complaints made to the three institutions have changed significantly. The scams were mostly concentrated on forex and credit until the start of 2016, but have since shifted to savings accounts and new financial products riding current trends such as diamonds, crypto-assets, forests, wine or livestock.

The authorities remind investors that in the case of atypical assets, any investment proposition highlighting a promise of financial return must be registered with the regulator.

This registration is compulsory before any promotional communications or direct marketing. The list of registered offers is available on the AMF website.

Authorities invite the public at all times to assess the plausibility of any offer whose characteristics (return, absence of risk or verification of solvency, request for payment of funds to benefit from the product, etc.) deviate significantly from those proposed by conventional market participants. They also recall the need to conduct a very careful check that the company is authorised to market the product or service in question in France by consulting the register of financial agents (REGAFI) and the lists of insurance organisations kept by the ACPR, as well as the ORIAS single register for intermediaries.

A typical operating procedure

— A search for lucrative investments

At a time when institutional investment products are offering very low yields, and especially secured products which guarantee the capital invested and the gains, and at a time when searches for investments with higher yields are turning towards stock market products, sometimes with substantial risks of loss, it may be tempting to search for other products presented as new and highly attractive, and to contact new interlocutors.

In this context, investments in forex, diamonds, rare earths, bitcoin, fine wines, cattle or other livestock as well as savings accounts may be proposed by websites that are extremely well documented and appear credible. Investors log in to these sites directly or are solicited by targeted messages or advertisements received through various channels. These proposals come from interlocutors with whom all the formalities are carried out online, via the internet and via email, then by telephone on a French (or apparently French) number, without ever meeting in person. A relationship is established between the victim and a fake adviser whose manipulative sales pitch, combining true and false information, aims to lend credibility to their company and its approach, and establish a relationship of trust with the interlocutor. Prompted to make a first payment and reassured concerning the profitability and reality of their investment, the victim will then invest larger amounts than they will not be able to retrieve.

— Insistent scammers

The products seem all the more reliable in that the websites appear highly professional and a personal account is opened for the investor on the internet, enabling them to track the performance of their investment personally with a large quantity of statistics presented in the form of curves and diagrams. Very often, following the initial contacts, once the investor has accepted the principle of the investment, they are led to invest a relatively small amount as a trial. This first investment will always be presented as a success, but instead of pocketing

the earnings, the investor, who now feels trust, will be very strongly encouraged to make further investments for increasingly large amounts. They will receive many very insistent phone calls from their contact, asserting that this is a short-lived opportunity not to be missed, since the imminent rise will make later investments uninteresting.

The money is paid into foreign bank accounts located in countries close to France and even sometimes belonging to the Eurozone, before being systematically transferred again to other countries which are far less cooperative from a legal viewpoint.

Later, when the investors want to retrieve all or part of the money they have paid, they are asked for another payment corresponding to "miscellaneous expenses" (custody, customs, release of funds, etc.).

The pseudo-advisers can then no longer be reached on their habitual phone numbers, while the victims no longer have access to their investments and also discover that their payments have never been converted into forex, diamonds, rare earths, bitcoins, wines, cattle or livestock nor on savings accounts. Usually, it will be practically impossible to retrieve the money. Many victims are contacted a second time, either with a view to making them believe that they could retrieve the money they have lost and thus leading them to lose more money, or to make them believe that they are liable for other sums of money because of the investments they already made.

The target: the owners of savings, with no clear standard profile

Through its investigations and from the data collected from the French banking networks, the AMF has attempted to establish the profile of victims of financial scams for all products combined.

- The over-50 age group accounts for more than 65% of the victims and 81% of all the money lost, and the 60-69 age bracket is the one most heavily impacted. This observation can be explained both by greater wealth, availability for soliciting by phone, and certain factors of vulnerability, such as family isolation or the search for social contact. However, the statistics show that no age bracket is immune;
- While pensioners are most affected (48.2% of the amounts invested), all socio-professional categories are concerned;
- The whole of France is affected: the Provence Alpes Cotes d'Azur region is the leading region affected by scams (17.3% of the amounts invested), followed by Auvergne-Rhône-Alpes, Occitanie, and then the Ile-de-France region.

New resources deployed by the authorities over the years

In this situation, the AMF and the ACPR have continued their efforts to detect unauthorised offers and alert financial advisers, consumer and consumer defence associations, and savers more generally. More than 1,000 fraudulent websites or entities (atypical investments, forex, crypto-assets, avings accounts, loans, etc.), of which 329 since 1st January 2019, are now listed on the five blacklists published on the Assurance Banque Épargne Info Service (ABEIS) website.

Using its legal powers, the AMF has initiated numerous proceedings to have access to illegal investment sites blocked in France. In 2018 and in the first half of 2019, for example, the AMF had access blocked to 50 internet addresses, bringing their number to 178 since 2014.

New legal weapons have also been deployed in recent years, enabling the authorities to extend their action for investor protection. These include the prohibition of electronic advertising for products that are considered speculative and risky (obtained under the Sapin 2 Law). The PACTE Law adds to the arsenal by prohibiting sollicitation including marketing initiated by the collection of personal information via forms, for offers concerning digital assets which have not received AMF approval or for unauthorised digital-asset service providers.

The saver as the focal point of the system

Unfortunately, the figures show that scams still remain an issue today and that, except in some cases, the amounts invested are never retrieved. The Paris Public Prosecutor's Office, the AMF and the ACPR therefore urge savers to be very vigilant in order to protect themselves more effectively, and to obtain information before replying to unsolicited offers. They invite them to contribute to the efforts of the institutions by keeping an active watch and reporting any suspicious offers to them. In the event of an actual scam, they ask them to file a complaint with the closest local or national police office, providing all useful factual information.

To raise awareness of the risks among savers, the AMF is launching a video testimony campaign. A new "AMF Protect Épargne" service, in the form of a mobile and internet application, will be opened very shortly. Thanks to this service, savers may be alerted in real time concerning the latest warnings via email notices or alerts. They can easily search for an unauthorised website in the blacklists and estimate the potential scam level of an investment proposal by answering a few simple questions. Lastly, they will be able to contact the AMF and report any frauds.

Do you have any questions? For all information, go to the following websites:

Assurance-Banque-Épargne Info Service : <https://www.abe-infoservice.fr/> or call 0811 901

801, Mondays to Fridays from 8am to 6pm.

AMF : <https://www.amf-france.org/> or call 01 53 45 62 00, Mondays to Fridays from 9am to 5pm.

ACPR : <https://acpr.banque-france.fr/>

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