

Title:

How To Spot Forex Fraud

Word Count:

561

Summary:

As the popularity of Forex increases so do the number of scam artists attempting to cash in on the Forex gravy train. Since Forex involves trading money internationally, often over the Internet, a whole new breed of scams have come about. Ironically many of these scam artists are finding their marks through newspaper, television or other print media advertisements.

While these scams are generally easily spotted by experienced traders, new speculators may have problems know...

Keywords:

forex, investing

Article Body:

As the popularity of Forex increases so do the number of scam artists attempting to cash in on the Forex gravy train. Since Forex involves trading money internationally, often over the Internet, a whole new breed of scams have come about. Ironically many of these scam artists are finding their marks through newspaper, television or other print media advertisements.

While these scams are generally easily spotted by experienced traders, new speculators may have problems knowing the difference between what is real and what isn't. It is absolutely essential to thoroughly research Forex trading, and any potential companies you may trade with before making an initial investment. The last thing you need is to find out that the company you have invested with is under investigation by the SEC for fraud. In this type of circumstance it can often be impossible to retrieve your money as the claims from all fraud of participants will be higher than the total payouts the government can guarantee.

One way to spot a scam on Forex is when someone promoting a Forex system guarantees no risk. It is a fact that there is risk with Forx trading, and generally anyone who claims otherwise is a liar, or more likely a criminal. Trading in Forex successfully requires knowledge, discipline, and a trading strategy. But there is no magic software or no risk way to assure that you will make money.

Another red flag indicating a sure sign of a Forex scam is a web site that guarantees profits. Nobody can guarantee profits and Forex trading. It is up to you as an investor to perform. If it were possible to guarantee profits in Forex trading then nobody would need to start a business showing others how to make guaranteed profits. The profit potential for anyone who could guarantee profits would be so enormous in Forex trading, that they would quickly become a billionaire by trades. So why would they waste time teaching others?

Another common tactic of Forex scam artists is to promise employment opportunities for people using their system. This is usually a trick to get you to spend your money with them. They are fishing for people with capital who can fund their enterprise. They typically promise to offer firm money to people using their system. But why would they do this? Instead what happens is they lure people into their training systems and convince people that they have done so well in the training session that they should start using their real money in order to make a fortune.

All reputable Forex trading web sites will be a member of the CFTC or the NFA. Make sure to check the company's claims out and assure that they are members of one of these organizations before dealing with them.

Keep in mind that Forex is a relatively unregulated system of exchanging money. In many cases Forex scams can become highly technical, involving brokers manipulating prices in ways that cannot be tracked by the average trader. Because of this is essential that you not become a mark for such brokers.

In the United States the CFTC is the federal agency responsible for regulating the trade of Forex currency. If you suspect that you have been a victim of some type of fraud contact the CFTC. They have jurisdiction for investigating and enforcing the laws.