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SAFETY FIRST

Pump-and-dumps, fake gurus, and phishing — how beginners get robbed, and how not to.

Alpha Academy · Team Alpha Trading

Safety First: Scams, Bad Advice & Protecting Your Money

Here is a hard truth about learning to trade: the market is not the only thing that can take your money. The moment you show interest in trading online, a second opponent appears — people whose entire business is separating beginners from their cash. They run ads, group chats, and fake trading platforms. They are patient, friendly, and very good at what they do.

This chapter teaches you how the most common traps work, how to check whether a broker is real, and the simple security habits that protect your account. None of it is exciting; all of it is worth more than any single trade you will ever make.

After reading it, you will be able to spot a pump-and-dump, explain why "guaranteed profits" is always a lie, verify a broker free in two minutes, and protect your account so a stolen password alone cannot empty it.

> **NOTE**
> This chapter is education only, from Team Alpha Trading. If you believe you are being scammed right now: stop sending money, save every message, and contact your bank and local authorities — speed matters more than embarrassment.

Pump-and-Dump: The Oldest Trick in the Market

A **pump-and-dump** is a scheme that inflates a cheap stock's price with hype so the organizers can sell their own shares at the top. It works in four steps:

1. **The setup.** The organizers quietly buy a huge amount of a tiny, cheap stock — often a **penny stock**, a stock trading for under a few dollars a share, from a company almost nobody has heard of. Few people trade it, so even modest buying can move its price.
2. **The pump.** The hype begins: posts, group chats, and videos all shout the same story. "This stock is about to explode." "Secret contract announcement coming." "Get in before Friday."
3. **The crowd arrives.** Beginners rush in and buy, pushing the price up fast — on a chart it looks like a rocket. People who bought early brag about their gains, pulling in even more buyers.
4. **The dump.** The organizers sell everything into that demand. Now there are no big buyers left — only late beginners holding shares of a weak company. The price collapses, often within hours, and usually never comes back.

The cruel detail: the early "proof" screenshots are real. The scheme *needs* some regular people to make money early — their excitement is the advertising. If someone shows you a winning trade in a tiny unknown stock and urges you to buy it too, ask who benefits from your buying. In a pump-and-dump, it is the person urging you.

> **RULE**
> The smaller and more unknown the stock, and the louder the urgency to buy it *right now*, the more likely you are looking at the exit door for someone else's scheme — not an opportunity.

Fake Gurus and Guaranteed Profits

A **guru**, in trading slang, is someone who sells the image of being a master trader — courses, subscriptions, "private groups" — often from a rented sports car. Some teachers are legitimate. The fraud version shares clear tells: profits are always huge, losses never shown, the lifestyle is the product, and the pressure is on *you* to pay before the "discount" ends.

The most reliable tell is a promise.

> **RULE**
> Anyone guaranteeing profits is lying. Not exaggerating — lying. Real trading always involves risk of loss, and honest teachers say so in writing. US regulators require it. The words "guaranteed," "risk-free returns," "we never lose," or "double your money" attached to trading mean one thing: walk away.

Ask what a real business can answer: Can I see a full, verified track record including the losses? What exactly do I get? Can I cancel? If the answers are screenshots, emojis, and a countdown timer, you have your answer.

Signal Scams in Discord, Telegram, and Group Chats

A **signal** is a message telling followers exactly what to buy or sell and when — "BUY XYZ NOW, target $5." Signal groups sell the dream of skipping the learning: just copy the expert.

Here is how the scam versions make money:

- **You are the exit.** The operator buys a cheap stock first, sends the "signal" to thousands of followers, and sells into the wave of their buying. That is a pump-and-dump wearing a subscription.
- **The record is edited.** Losing calls get deleted. Winning calls get screenshotted and reposted forever. What looks like 90% accuracy is just a trash can that works.
- **The free group is the funnel.** The free chat builds trust for a few weeks, then the real product appears — a paid VIP room or a "special" broker link — and that is where the money leaves you.

Copying signals also fails honestly, even without a scam: by the time a message reaches you, the price has often already moved, and you learn nothing — so when the group goes silent, you are exactly as unskilled as the day you joined, only poorer. Learning to fish beats renting fish photos.

Romance and ”Pig Butchering” Scams

In a **pig butchering** scam, a criminal builds a slow, friendly — often romantic — online relationship over weeks or months (the "fattening"), then introduces a "trading opportunity" and guides the victim onto a fake trading app where fake profits grow beautifully (the setup for the "slaughter"). Small withdrawals may even work at first, to build trust. Then comes a large deposit — and when the victim tries to withdraw the big balance, the app demands fees or goes silent, and every dollar is gone. If someone you met online — however kind, however long you have talked — steers you toward a platform they recommend, treat it as this scam until proven otherwise.

Fake Brokers and Withdrawal Traps

A **fake broker** is a website or app imitating a real trading platform but run by criminals. The screens show your "balance" growing; the support chat is friendly. The catch appears at withdrawal time: you must first pay a "release fee," a "tax payment," or a "verification deposit." Pay it, and a new fee appears. There was never any trading — the numbers were typed into a screen.

Defenses are boring and total: only use brokers you found yourself through official channels (never a link a stranger sent), and test any new platform by withdrawing a small amount early. A real broker lets your money leave. That is the whole test.

Phishing: Stealing Your Login

Phishing means tricking you into handing over your password — usually with a fake email, text, or website that looks exactly like your broker's. "Your account will be locked! Verify now." You type your login into the fake page, and the criminal logs into the real one as you.

Slow down and check three things every time:

- **The sender and the address.** The login page must be your broker's exact website address — type it yourself or use the official app instead of clicking message links.
- **The urgency.** Lock-outs and "act in 5 minutes" pressure are the costume every phishing message wears.
- **The request itself.** Your broker will never ask for your full password by email, text, or chat. Anyone who does is not your broker.

Account Security Habits That Actually Work

Do these once, the day you open your account:

- **Use a unique password** — a long one used for this broker and nowhere else. A reused password is a key you have already handed out.
- **Turn on two-factor authentication (2FA). 2FA** means logging in takes two proofs: your password plus a one-time code, usually from an app on your phone. With 2FA on, a stolen password alone is not enough to get in. An authenticator app beats text-message codes, because criminals can sometimes hijack a phone number.
- **Never share your login** — not with a "mentor," not with an "account manager," not with anyone offering to trade for you. A licensed professional who trades client money uses official firm accounts and never needs your personal password.
- **Be suspicious of strangers asking you to install screen-sharing or "trading support" software.** Watching your screen is one step from controlling it.

> **TIP**
> Bookmark your broker's real website and only log in from that bookmark or the official app. This one habit defeats most phishing — fake links simply never get clicked.

Verify Any Broker in Two Minutes: FINRA BrokerCheck

In the US, legitimate brokers are registered with regulators, and you can check for free. **FINRA** — the Financial Industry Regulatory Authority — oversees US brokerage firms, and its free tool is called **BrokerCheck** (search for "FINRA BrokerCheck" and use the official FINRA website). Type in the firm or person's name to see whether they are registered, how long they have been in business, and whether they have a history of complaints or regulatory actions.

No registration, a brand-new firm, or a record full of complaints ends the conversation. A real broker also has a real address and customer service you can reach without the person who recruited you.

Money Rules That Keep You Safe

Scams are not the only threat. Honest mistakes with the wrong money are just as destructive.

- **Never trade on borrowed money.** Credit cards, personal loans, or a margin loan taken "to get started" mean you can lose more than you have, plus interest. If losing it would put you in debt, it was never trading money.
- **Never trade rent money** — or bill money, food money, or tuition. Money with a deadline attached forces you to sell at the worst moments and panic at normal price moves.
- **Keep an emergency fund outside your trading account.** An **emergency fund** is a separate savings cushion — many households aim for a few months of basic expenses — in a plain bank savings account. It handles a car repair or a lost job without raiding your trading account mid-trade, and makes sure a trading loss can never become a life emergency.

> **RISK**
> The line between "trading loss" and "life problem" is drawn by which money you used. Trade only with money you could lose completely without changing your life, and a bad month stays a lesson instead of becoming a crisis.

Red-Flags Checklist

Run any opportunity, group, or platform against this table before money moves.

Red flag	What it usually means
Guaranteed or "risk-free" profits	A lie — no real trading can promise this
Pressure to act in the next few minutes	They need you excited, not thinking
A tiny unknown stock everyone must buy now	A pump-and-dump looking for exit buyers
Profits shown, losses never mentioned	An edited record, not a track record
Met online; romance plus a trading tip	Pig butchering — assume scam
Platform found through a stranger's link	Possibly a fake broker
Withdrawal requires paying a fee first	Withdrawal trap — your money is gone
"Manager" asks for your login or screen share	Account takeover attempt

Red flag	What it usually means
Firm is not on FINRA BrokerCheck	Unregistered — walk away
Winning requires recruiting other people	The recruits are the product

Common Beginner Mistakes

- Joining a signal group instead of learning, then copying trades they do not understand.
- Believing profit screenshots without asking to see the losses.
- Signing up with a broker through a link a stranger sent in a chat.
- Using the same password for the broker as for email and shopping sites.
- Leaving 2FA off because it takes ten extra seconds to log in.
- Sending "one more deposit" to unlock a withdrawal that will never come.
- Funding a trading account with a credit card or bill money.

Chapter Summary

- A pump-and-dump hypes a tiny cheap stock so organizers can sell into the crowd's buying; late buyers hold the collapse.
- Anyone guaranteeing profits is lying — real trading always carries risk.
- Signal groups can be pump-and-dumps in disguise, with edited records and followers used as exit buyers.
- Pig butchering pairs a fake online relationship with a fake platform; withdrawal time is when the trap closes.
- Fake brokers show fake balances and invent fee after fee at withdrawal; test any new platform with a small early withdrawal.
- Phishing steals logins through fake messages and look-alike sites; type your broker's address yourself or use the official app.
- Protect the account itself: unique password, 2FA on, and never share your login.
- Verify any US broker or salesperson free with FINRA BrokerCheck before sending a dollar.
- Keep rent money, borrowed money, and your emergency fund separate from trading money.

Check Yourself

1. In a pump-and-dump, who makes the money, and who loses it?
2. A trading coach advertises "guaranteed 30% monthly returns, risk-free." What do you conclude, and why?
3. You try to withdraw from a new trading app and are told to first pay a $300 "release fee." What is almost certainly happening?
4. What is two-factor authentication, and why does it protect you even if your password is stolen?
5. Name the free tool for checking whether a US broker or salesperson is registered, and who runs it.

Answers: 1) The organizers make the money — they bought cheap before the hype and sell into the crowd's buying; the late buyers lose, because the price collapses once the organizers have sold. 2) The claim is a lie: no real trading can guarantee profits or be risk-free, so the advertiser is a fraud or reckless — walk away. 3) A withdrawal trap on a fake (or criminal) platform: there is no real balance to release, the fee is simply the next amount they intend to steal, and paying it will produce another fee, not your money. 4) 2FA requires two proofs at login — your password plus a one-time code, usually from an app on your phone — so a criminal with only your password still cannot get into your account. 5) BrokerCheck, the free lookup tool run by FINRA, the Financial Industry Regulatory Authority.

> **RULE**
> Slow is safe, and safe is fast enough. Verify the broker, doubt the promise, protect the login, and only trade money you can afford to lose. Keeping your money is the first trading skill — everything else builds on it.