

EPISODE 1673**[0:00:00]**

FT: So Money episodes, 1673. Online financial scams and what you need to know with Allison Baggerly, Founder of Inspired Budget.

***“AB:** I would bet a lot more people that you know, like anyone who is listening. You know someone that's been scammed. They just haven't come out and talked about it, because of the shame of admitting it, because you feel stupid afterwards.”*

[INTRODUCTION]

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ANNOUNCER: You're listening to So Money with award-winning money guru, Farnoosh Torabi. Each day, you get a 30-minute dose of financial inspiration from the world's top business minds, authors, influencers, and from Farnoosh herself. Looking for ways to save on gas or double your double coupons? Sorry, you're in the wrong place. Seeking profound ways to live a richer, happier life? Welcome to So Money.

[INTERVIEW]

[0:00:50]

FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. We're turning our attention today to online financial scams with the rise of artificial intelligence and the desire for people to earn more money online amidst inflation and a challenging job market. Online scammers are getting very sophisticated and they are running rampant, particularly with investment scams.

Our guest today is Allison Baggerly. She's a friend of the show. Creator and Founder of Inspired Budget. She's a financial expert and author. She's recently done some homework and research in this area of financial scams. She's coming to us with a lot of information, important

information. You want to take a lot of notes and you probably want to call your loved ones and let them know what's happening, so they don't fall prey to the scams, which by the way, doesn't matter how smart you are.

I don't care how many degrees you have. We are all susceptible to financial fraud online. This episode is our way to get educated. If you've been a victim of financial fraud, don't be ashamed of this. We talk about that as well. The shame, and the guilt that surrounds those of us who have been defrauded. We don't talk about it, but we're going to talk about it today on this episode. Here's Allison Baggerly.

Allison Baggerly, my friend. Welcome back to So Money. It's great to have you join us for a different topic of sorts. Normally we have you want helping us with all aspects of our money, our budgets, especially as you were the Founder of Inspired Budget and you helped women primarily budget without the overwhelm. You yourself and your husband have gotten out of so much debt and have mastered budgeting. We love you for that. We also love you, because you brought this topic to my attention recently, just how dangerous online financial scams are becoming.

They're taking on all sorts of shapes and sizes. It's not just, like the Nigerian prince emailing you, asking you for 10 million USD or a crypto scam, which we are familiar with those. But lately they've taken on different flavors, like affiliate marketing scams and AI scams where people are doing deep fake voices. You have gone down a rabbit hole, which I love you for, because you're going to tell us everything you've learned about what we need to know about how to protect ourselves from financial scams, which by the way, according to the FTC, financial scams are probably the biggest category of scams on the internet. Tell us what you found.

[0:03:22]

AB: Yes. Okay, so I read the FBI Internet Crime Report from 2023, as one does for light reading, and it is insane. It's actually jumped up tremendously in terms of numbers. In 2023 alone, \$12.5 billion was lost due to internet crime. That's only the people that, like said, "I've lost money due to internet crime." Those are the people that I came forward, filed a police report all

of the above. The number one crime type most lost was actually investment for losing investment money.

This is people that are basically scams that are offering. They're going after their retirement, 401K, different pyramid schemes, like they're targeting these really large returns. I've even heard, I've read articles of someone even inside of a business. They work for an investment company and they get an email from a CEO saying, "Hey, you need to send \$25 million to this account." They will get on video chat in a board meeting with the CEO. They see the CEO and other members of the company that say, "Yes, go ahead and make the transfer." They make the transfer and it was a deep fake. All done by AI, like AI video, AI voice. It is crazy that, like this is even a possibility.

[0:04:56]

FT: Yeah. It reminds me of a story years ago that Barbara Corcoran said, this is before AI really became what it is today, before social media is what it is today. Being a wealthy woman, a wealthy person, she has a financial officer in her company and her financial officer got an invoice for like \$300,000 that looked legit. Look, I don't get bills for \$300,000, but maybe if you're Barbara Corcoran, she's got a lot of transactions. She's investing in businesses. She runs companies and her financial officer paid it assuming it was legit. It was a wire transfer. It was not able to be retrieved.

First of all, Barbara Corcoran and I'm sure her team are smart people. You're a smart person. I'm a smart person. I don't think anyone is a sacred cow here. Everybody is potentially going to lose out on big money or even medium sized money. What have you learned about some of the red flags?

[0:05:56]

AB: Oh, my goodness. Okay. So, there are different hallmarks of a scam. I would love to cover different types of scams first though. If that's okay.

[0:06:03]

FT: Sure. Yeah.

[0:06:04]

AB: Because I think that's very common to think, oh, it's going to be a phishing email, like there's going to be a weird email and the text is –

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FT: Right. Misspelling.

[0:06:12]

AB: Exactly. It's not like that anymore. I mean, it might still be in some instances, but with AI, everything has become a lot more complicated to spot. We also have things like family scams where AI only needs three to four seconds of a video to capture someone's voice and facial expression to essentially create a deep fake where someone is calling from “jail” and they need money to get out of jail or in some weird situation where they've been kidnapped. We have those types of situations.

One that I haven't seen pop up yet, are charity scams. I know that I live in Houston. I was not in Houston area when Hurricane Harvey hit. But there were a lot of charity scams after Hurricane Harvey on social media, right? This devastated our city and people want to offer and give back. There were scams where they would have AI have celebrities or well-known influencers promote a charity that was all fake.

[0:07:23]

FT: Wow.

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AB: Now, you're giving money to this charity and it's really just a scam, but definitely, hallmarks of a scam would be pressure to act immediately, right? Like you need to do this now. Don't take your time. Pressure to keep information secret. Scare tactics. Requests for different sensitive information. Demands for money. Typically, like you said, wire transfer, right? Gift card. A lot of cryptocurrency scams asking people to pay in crypto. Then different special instructions. On how to give them the money, not your standard thing. Now, unfortunately, your example with the invoice, right? She received this invoice and it was a wire transfer invoice. I don't ever pay wire transfer for business transactions. Do you, Farnoosh?

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FT: I mean, I have in the past, but it was after deeply verified, like I knew it was coming. We had a conversation. Then they gave me an option too. It was like, you can save by doing the wire transfer or do credit card and it's like 3% transaction fee. I don't really do those anymore. I think of sometimes places like Venmo and Zelle as wire transactions too. I know they don't want to be known as that, but that's essentially, like I know that can come out of your credit card, but sometimes coming out of your checking account or your savings account. You just want to be triple sure that you are sending it to the right person, because I've lost money that way. Not by anyone's fault. It was just like the same name. I accidentally picked the wrong one and I send \$900 to the wrong inspector.

[0:09:04]

AB: Oh, my gosh. Did they give it back to you?

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FT: Nope.

[0:09:07]

AB: Oh, see. I've done that for paying for my son's piano lessons. I picked the wrong one and that person gave it back to me.

[0:09:14]

FT: That is so nice. I wrote to them. I was like, “Hey, you're the wrong Joe Schmoe. Can you – it was the pandemic. I think they were happy to get a free. Oh, I'm sure.

[0:09:24]

AB: Oh, I'm sure. Oh, my gosh.

[0:09:29]

FT: Did you read the article in The Cut? This is Charlotte Cole. She's a Financial Journalist and Columnist. She wrote about how she fell for an Amazon scam call and handed over something like \$50,000 in a shoe box. I'll put that link in our show. I won't get into it, but what really stood out for me in that piece was that she's on this phone call for almost hours with this scammer who's pretending to be with the FBI, and then like the CIA and she was like, well – and she's smart. So, she's like, “Well, how do I know? How do I know you're real?” Like I want you to call me back and I want to verify your number and they would call from what seemed to be a legit phone number, like she googled the number and it led to the CIA or whatever.

You had said before we were recording that that these days, the scammers are getting so exact that they'll call you from a number that checks the passes, but it's not actually the real source. How do you even – that just feels like you're just like, you're going to lose. You're going to lose –

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AB: I got you. Actually, this happened to me two weeks ago. I was in therapy. I do therapy online, like with my therapist that I used to live near her and go in person. I get a phone call and it says, “Houston County Police Department.” I'm like, “Oh, my gosh. The police is calling me.” I was like, “Let me just take this real quick.” I left myself on, like she could hear me. I was like, “Hello.” They told me there was an officer that had an issue with you. They had someone that

was saying that that I was a disgruntled member of society, that I basically did something wrong. They needed to transfer me to the officer.

I was like, "Oh, my gosh. There's the police officer calling me." While they're transferring me, I'm telling my therapist. She goes, "Hang up, hang up right now." I was like, "Are you sure?" She's like, "Yes, hang up." I hang up and they called me back five times. I just kept sending it to voicemail five times. They called me back about an hour later. I googled a number and sure enough, it's the Houston County Police Department. I thought, "Okay, I don't want to call this number, like have they changed Google? What's happening?"

I called the government office, like the city government and I asked to be transferred to the police department from there. They transferred me and I said, "Oh, I got a phone call." She said, "Oh, no. That's a scam." They have a way to change the phone numbers. It's like you can't even trust the numbers that are coming up on your phone anymore. I kid you not, one of the tips for how to protect yourself from these are to not answer your phone anymore.

[0:12:21]

FT: Yeah.

[0:12:22]

AB: Send it to voicemail. If it's someone that really needs to get ahold of you, if it's truly an issue, they will leave a voicemail. They will call back. A lot of these scammers will try once. If they don't get through, done, you're off their list and they move on to the next potential victim.

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FT: Look. I don't even pay my health bills until, like the second one comes. Not because it's probably from a fraudulent hospital or a doctor, but because in that case a lot of times you get this medical bill. We've done episodes on this, like it's not complete. It might be incorrect. There are so many errors on hospital bills and there's a little fine print at the end, that's like your insurance is still reviewing this. I actually might not owe anything, so why would I give you

money and then hope to get reimbursed? That being said, there is never real urgency when someone needs your money.

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AB: I agree with you. I agree with you a 100%. I mean, maybe electricity, but they'll still give you some time.

[0:13:25]

FT: Yeah. They'll give you – there's always a grace period. There's always someone you can call and negotiate. I'm not saying don't pay your bills, but I'd be late, be delinquent. No, no, that's not what we're saying, but when there is not a hard and fast deadline, and of course, if someone's calling you out of the blue and asking for money, look, unless the police are at my door and then that case, I also want to see ID.

[0:13:49]

AB: Exactly.

[0:13:50]

FT: Also, I'm not opening the door on random police officers, like they need to show me their badge and I'm checking around the corner to make sure there's not – I've seen Oprah. I watched Oprah in the 90s. People coming up to your door pretending to be UPS, the police, the FedEx person. There's a goomba around the corner who's like waiting for you to open the door and do a house arrest. Listen, I wrote the book called, *A Health State of Panic*. What do you expect from me?

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AB: Oh, my gosh. I love it. It's so true. But I do want to say when it comes to online scams, and this is from that FBI report. The most committed crime type, every year for the past five years

has been phishing. Emails, right, with unsolicited emails, different text messages, or just like calling and you're clicking on links and you are unknowingly giving them access to your bank account, to different information. That's when they just go in and take money. Not even with just bills, but just with emails.

This is something that is very interesting, because I am entering the stage of parenting where my oldest son has a phone. He has a phone number. I'm like, "Oh, my goodness. It's really smart, 35-year-old people are with college educations are falling for this, like what if my 12-year-old going to accidentally –

[0:15:12]

FT: Right. Listen, PSA, everybody. Call your parents, call your elderly people in your family, because they're – and I know this is not just a specific to aging population scam, but we know that they're particularly vulnerable. I know, like my mother would totally, if God forbid, the voice of one of her grandchildren came on the phone and it was a scam and it was like, "Meme, we're in danger. Help us." Like she would have a heart attack. First of all. I don't even know if she'd get to her wallet. Call your loved ones, let them know these things are happening. Tell your teenagers that have phones that don't pick up the phone unless it's mom, or dad, or a friend calling you. Do not pick up your phone.

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AB: What I actually do is anytime I receive a text message that is a scam, I show it to both of my children and I say, "Hey, look. You see this text message I got. I don't know the number. They're asking me to click on a link. What I'm going to do is I'm going to report it as junk and block the number, so I don't get this anymore. This is a scam." They know about that. They know about scams. In fact, last year we were walking through Dollywood on spring break. I took my kids to Dollywood and my youngest son, who was maybe eight at the time. We're walking past carnival rides and they're trying to say like – oh, not carnival rides. Carnival games.

[0:16:41]

FT: Yes.

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AB: They were like, “Oh, come, come shoot the basket or knock over the pins.” My son just yells out. “That's a scam.” I'm like, oh –

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FT: Because, you know what? They catch on to everything.

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AB: Yes.

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FT: The same thing, like we'll be at an arcade and you know the crawl game where it's the hand that goes down and you get to pay like a dollar every time. I go, I said, “Evan, this thing's a scam. It's just here to eat your money.” Now, every time he walks by one of those things. He says, “That's a scam.” I'm like, “What have I done?” I don't want him to actually think that, because then, there's, it's all a scale.

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AB: Exactly. I do want to touch on you said the family emergency.

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FT: Yes.

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AB: This is one that is an AI scam, right? People will, AI only needs, like I said, three to four seconds of audio or video to recreate that voice. I used to have a virtual assistant that worked for me and she had told me, "Allison, I have this really great idea of having podcast episodes that are completely scripted in AI, and then created with AI, and you never have to even record." I was like, "That just feels icky to me." But what's crazy is, it's possible.

What happens is AI comes on, they have a child, someone is kidnapped. The child comes on and says, "Please grandma, please mom, please dad, please family member." So, what you need to have is a safe word or a safety phrase for your family, or some password. Because then you ask them, "What's the password or what's the safety phrase?" That is a secret phrase that grandparents need to know.

Anyone that is very close to this to children need to know this phrase, because if they don't know the phrase, then you know it's a scam. Another thing is to hang up, which is, I'm sure, very difficult to do and call a loved one or call that child, call that person, because it might not be them. In that situation, call law enforcement, do whatever you can. But I'm even going to have, I saw someone mention this a safety phrase for my children as they start getting older and they're spending time with friends. Maybe they find themselves in a social situation that is not something that they want to be in.

I've always told them, you can always blame me, like I will be the bad guy. I will 100% always be the bad guy. So, I as – my kids are getting older, we're going to teach them a phrase, like if you call us and there are friends next to you and they want you to do something and you know you don't want to be doing that, you want us to say no to call and say, "Do you have a second?" The moment I hear them say, "Do you have a second, Mom? Do you have a second, Dad?" That means, no. No.

Then do you have a second? I want you to know, we're going to go over to this person's house and I'm just saying, "Nope, sorry, you can't do that. You need to come home. I'm going to come pick you up or you need to drive home." Whatever it is. It's just that safety phrase, safety word. So, have one for just safety for knowing that it's actually them, right? There's not some deep fake AI kidnapping situation going on. Then have one just for your kids' safety to get them out of uncomfortable situations in general.

[0:20:13]

FT: Yeah. I love that so much. I mean, eventually what you're teaching them is like to have boundaries and still when they're your kids, maybe they're intimidated by their friends to be able to like draw the line and say, no. I mean, social pressure is on a whole other level when you're a teen. Let's talk a little bit about this scam that made the news that was an affiliate marketing scam disguised as like an easy side hustle. It was on NBC News.

I'm just going to read you the headline. You did a little bit of research on it where it said, "Ads for a popular online side hustle course are misleading according to customers." The company is called Legendary Marketer. In their front and print, it does say that it's not a get rich quick program, but there were several people who took the classes that they say they were sold on the prospect of fast and easy money. The word side hustle can break the internet. I mean, this is something that a lot of people, millions of people a day are searching online, TikTok, Google.

Of course, it's inevitable, something that is that popular, that in demand. It will be fraught with scams. Let's just first explain affiliate marketing to folks who may not be sure what that is. It's like passive income, when you're marketing something on your blog or on your social media, the links take you to somewhere, someone clicks through, buys that, whatever, and then you get a cut, essentially.

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AB: Exactly. Yes. If I have a link on my Instagram that goes to this top that I bought from Target, and if you like it, you can buy it, use my link, and you don't pay me money, but Target will give me a percentage, if you will, of that. I tend to not do these, but it is something that is very common, especially with the rise of influencers, you'll see it a lot with Amazon, stores, things like that, like they're promoting things on Amazon.

This I fell down a huge rabbit hole with this particular company. I have all the thoughts about it, because the way that legendary marketer works is you will see these typically women, typically white women stay at home, right? They're targeting women, will share on social media about

how they made \$60,000 in a month, or how they retired their husband. I made \$20,000 today, it's all through affiliate marketing.

They say, if you want to make this type of money, if you want to stay home and make this money and retire your husband, so he can be home with you all day, no thank you. I don't need that company all day long, but if you want to do that, here you can take this 15-day course, that's only \$7. People are signing up for it. They get through the course. They are given a "business coach" or business advisor that then meets with them one-on-one. It's essentially a sales pitch.

For the blueprints of this course, which is \$2,500. They sign up for this \$7 course. They're already invested financially, right? They've already given over some money, and they're given – I have not done it. I choose not to put myself through that, but I can only assume that the \$7 course is giving you information that ChatGPT can spit out about affiliate marketing, and they're trying to teach you how to use affiliate marketing to make money. But if you want the exact details, you now have to pay \$2,500, and it's this really pressure situation.

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FT: Yeah. well pressure in the article, one person was told, I should sell my car if I have to put the \$2,500 on a credit card if I have to, borrow money from your friends or family, spend this \$2,500 and your life's going to change tremendously. Huge red flag. If anyone ever tells you to put a course or their product on your credit card, they know you're in debt, they're like, "Oh, this is okay, it's an investment." Run.

[0:24:29]

AB: Exactly. 100%. That's what these people were doing, because they are in a situation where money has been tight, inflation is crazy, they have dreams for a different life. Even if money isn't tight, right? We all want some sort of, I always think like we all have our own level of norm financially, and we're always looking to the next level of norm. They want to be in a different level of norm. We are shown all of these, I think, empty promises on TikTok and Instagram, because the truth of it all, what it all comes down to after you pay for these \$2,500 blueprints, is

the way that all of these people on social media are making money is all they are doing is promoting the course.

[0:25:16]

FT: Right.

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AB: What they are going to end up telling you is, yes, you can use affiliate marketing for things like Amazon and other types of, other types of things that people can buy, but you'll get a 30% or a 50%. All right, you'll get \$1,000 every time you get someone to buy these blueprints or buy this course.

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FT: Yeah. But it's a beat and switch.

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AB: It is.

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FT: Yeah.

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AB: It is. So, that's what it's coming into. It's just all this false advertising. These people are under fire now.

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FT: Good. I've also read in the article that since the NBC News story went public. NBC News contacted the Better Business Bureau, which by the way you can do, listeners. You can contact the Better Business Bureau and file a complaint. The organization took away legendary marketers, A rating and began an investigation. Good. Good.

[0:26:12]

AB: Yes.

[0:26:13]

FT: Whenever someone says, "What should I do? This person is scamming me through email." I'm like, "Reply. CC. The state attorney general and the Better Business Bureau."

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AB: I love it.

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FT: The number of times I wanted to also do that when someone has reached out and wanted me for a speaking engagement and there was no money. I'm like, "You are in violation, sir ma'am. You are in violation. I want the officials to know."

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AB: Exactly. Oh, my gosh. I love it. I love it.

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FT: Oh, my gosh. I have to say, I love what you're teaching your kids about this, because this is only going to get more and more sophisticated and widespread. Even I think about my friend, Charlotte, who writes for The Cut, who was scammed out of 50k, put it in a shoebox and

immediately, I mean, she feels horrible, right? But she's like, "I had all the education. I had done articles on this exact stuff. Yet, I fell for it." Again, nobody is immune to a scam, a financial scam.

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AB: Yeah. You know what? I would bet a lot more people that you know, like anyone who is listening. You know someone that's been scammed. They just haven't come out and talked about it, because of the shame of admitting it, because you feel stupid afterwards, right? You do. You fell for something that was a lie and you told yourself, I'd never fall for that. But what we forget is how AI and how technology alone has made it really hard to see the difference between real life and scams these days.

Even with people promoting things. There was someone that actually came up on my TikTok, because I've been following this stuff and searching for it, where she did a YouTube video about her own personal life. She realized that there was an advertisement. They took her face. They took her mouth on the video. They were able to redo her facial expressions, use a different audio for her voice, and then put out a commercial for an erectile dysfunction medicine and it's not her. So, you also have these influencers, these celebrities that you might see endorsing something, but it might not actually be them.

[0:28:29]

FT: Yeah. I just saw Scarlett Johansson in the news recently for this exact, not that maybe the erectile dysfunction drug, but there was something where her voice was taken and misappropriated and used and leveraged for someone else's profit. Just crazy. Tell us a little bit about what's going on in your practice, Inspired Budget. I'm going to end, so people, Allison, is a triumphant story of yourself. I mean, you having pulled yourself out of debt, now teaching so many others how to do the same and also budget beautifully, easily without complication. Tell us what's going on, on your front.

[0:29:08]

AB: Well, I love, like you said, talking about budgeting. I think budgeting truly can give you the life that you want. I don't think that it's a negative, bad word I used to, but I don't anymore. I think that it can really just open so many doors. I do have a free training coming up. It's going to be live, which I don't do them live often, but it's going to be on June 11th. You can sign up for that by going to inspiredbudget.com/class. I would love to just answer your questions, but I'm also going to be giving this framework away, essentially.

It's like real, like I'm actually giving you legit information that you can take and use and really how to – I'm actually in this one diving really deep into the mechanics of writing a budget. What you need to make sure you include, what you need to make sure that you don't forget what you can take out. Then really how to tailor it to where it fits your needs, because I don't believe in cookie-cutter budgets. I don't believe that everything's going to look the same every single month. I'm going to walk you through the process of how I budget for my family still to this day to help us stay debt free other than our mortgage, but be debt free, take vacations, spend money on what we value and cut out the rest.

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FT: Inspiredbudget/?

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AB: Class.

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FT: Class. Okay, inspiredbudget.com/class. We will put that link in our show notes. I love that. I might join.

[0:30:42]

AB: Yeah, please. Oh, my gosh. I'd love to have the – the more of the merrier.

[0:30:45]

FT: Yeah. Allison Baggerly. Thank you so much for everything. Appreciate you.

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AB: Thanks for having me, Farnoosh.

[OUTRO]

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FT: Thanks so much to Allison for joining us. If you'd like to join Allison in June for her class, head to inspiredbudget.com/class. I'll see you back here on Friday for Ask Farnoosh. I hope your day is so money.

[END]