

Red Flags Checklist

How to tell a scam from a legitimate Web 3 project — before you put money in.

The nine red flags

Any one of these should stop you. Verify each before you invest, not after.

- 1 The head office is in a scam-friendly territory.**
- 2 Owners and founders are hidden from public view.**
99.999999% scam if this is the case.
- 3 The product is a sham, non-existent, or belongs to someone else.**
When you dig, the product turns out to come from a separate company in a scam-friendly territory.
- 4 Zero partnerships with legitimate companies.**
You do some digging and there are no press releases to verify — just imaginary partnerships woven into the story, or “we partnered with a company LIKE Nike.”
- 5 A fixed percentage reward or return — daily, weekly or monthly.**
99.999999% scam.
- 6 Registered in a known scam-friendly territory.**
Common ones are Panama, the British Virgin Islands, the Seychelles, and the Comoros Islands in Africa.
- 7 The owners have a history of failed, fraudulent or Ponzi projects.**
- 8 You can't see transparency on exchanges.**
- 9 Liquidity problems when withdrawing.**
Nine times out of ten, once withdrawals are stopped, STOP putting money in. They stall and make up stories while they leach the last dollars they can from a community sucked in by a factually baseless story.

The question to ask

| Does my money feel safe here?

And I'm talking — have you researched the project as well as you would research a nanny you want to employ to look after your own young son or daughter?

Why the stories work

Scam projects are often run by scam cartels that employ literal professional actors to play CEOs and sell a story. These actors are paid very well for delivering their lies through emotion-based stories. Often you're going to save the world somehow, through some benevolent enterprise. It feels good, and you'll make a fortune.

I would estimate that 97% of all projects floating around in Web 3 are scams. But finding the ones that aren't will make you a LOT of money. So it's worth finding them.

So how do we find legitimate projects?

We find them by listening to the story of a project — because legitimate projects also use emotional stories to sell themselves. Stories sell. Facts repel.

The key to telling a scam from a legitimate project is to verify the red flags above. Find out the answers BEFORE you put money in.

THE TRAP

You don't put money into something because Flo or Johnny are so nice. Scammers are really nice. They suck in good people with stories — and that good man or good woman comes to you, sincerely thinking they're going to make you rich.

That is what gets most people sucked in.

What you want to do is put money to work for you. It is not an emotional thing. You send it somewhere to work for you based on verified facts.

Breathe, then verify

Say your best friend on Facebook shares a new project with you. This is good to do — legitimate Web 3 projects can make you a lot of money. But the key is to breathe. Breathe through the story, and write down the facts they tell you in a relaxed, clinical way.

For example, they say:

- “Nike are a partner.”
- “We are registered in the US.”
- “We have been making 22% per month for 12 months.”

Exciting, right? Breathe out the excitement. Breathe into your belly until there is no emotion.

Now write back and say:

WHAT TO SEND THEM

“Hey — can you please provide me with some evidence to back up your claims that Nike are a partner, and that you are registered in the US? And what type of registration is it? Many registrations mean nothing — anyone can get one, scam or not — so find out what it is and then research that type of registration. And do you have proof of trading I can see that verifies the 22% per month returns?”

If you ask me for this on a project, I will provide it. Or I won't share the project. And if I have shared a project and a claim is later made that can't be backed up, on rare occasions I can put my support for that project on hold.

If nobody can give you any proof of the claims — RUN. And suggest your friend does the same.

Why? Because a legitimate project can provide proof of the claims it is making. Only scams can't.

Most of the time I won't touch a project that won't provide the proof I'd like to see, or that has a structure in a scam-friendly region. But sometimes legitimate reasons exist for a company not showing certain information, or for being registered in a scam-friendly territory — and when they do, the reason will be logically understandable. Whether you believe it depends on the credibility of the executive team.

I will rarely go into a Web 3 project with an unknown at the head of it — it feels too risky with all the scam-cartel paid-actor projects around. High-profile, already wealthy and successful public figures are MUCH less

likely to be pushing a scam, because they are not hidden and they have a reputation to lose. Reputations have value in business. You don't want to lose one.

If some unknown man or woman is presenting as if he is Yeshua himself — oh so benevolent — but the company is registered in Panama, my money does not feel safe. I've seen these things rug-pull over and over again, and seen so many people who didn't listen sell their networks into them, all sucked in by emotional stories.

The lesson: don't put your money somewhere because of emotion. Getting money working for you is a cold, logical exercise in the end — or it should be, if you like not losing that money to scammers.

Using AI to check a project

These days it's easier than ever to fact-check projects using AI. AI is a great tool — but if you don't know how to use it, it will keep you broke.

Most AI is owned by big business, which is owned by or in bed with banks, and banks don't like decentralised finance. With all the scams in Web 3, it is very easy for them to justify putting legitimate projects in the same basket as scams “to keep you safe.” So AI leans heavily towards “it's a scam.” It will tell you just about any new Web 3 project is likely a scam.

THE RIGHT WAY TO ASK

DON'T ask AI whether a project is a scam.

DO ask it to get you the answers to the red flags checklist. Easy.

Questions that work:

- “Where is the head office of Project XX?”
- “Are there any associated entities of Project XX, and if so where are they located?”
- “Who founded Project XX?”
- “Has the founder — if not hidden — been involved in scams before?”
- “Have they been involved in failed businesses before?”
- “What is the founder's CV?”

On failed businesses: even someone legitimate needs positive experience behind them, or you're probably better staying away. If they have a blank sheet, it's very likely a paid actor for a scam cartel.

A note on regulators

It's important to state here that I see regulating bodies also make claims without providing evidence. You of course pay attention to this — but know the game.

In my opinion, banks have masters, those masters influence governments, and so they have influence over regulating bodies worldwide. And they hate DeFi — decentralised finance is taking “their” money, as they see it. Even though they probably know they'll have to go digital, they're trying to work out how to do it in a way that maintains control over “their” — read your — money.

Now that they're publicly entering Web 3, they don't want you to front-run them. They want to position themselves ready for mass adoption, so they make it hard. In my opinion that includes making claims at times about legitimate Web 3 projects — throwing all successful ones into the scam basket and making them hard to use, whether they're a scam or not.

So you must ask regulating authorities for the evidence behind their claims too, and compare it against the evidence a project has. Your future wealth can depend on it.

Before you invest

Go through your research on the project AND the founders, and see whether you can get to “yes, my money feels safe here.” If so, taking some risk responsibly might be prudent for you.

My preference is to get to a feeling of “TAKE MY MONEY!” Emotion is fine — once you have been logical and clinical in finding the project. Your future abundance and financial freedom is exciting. So get excited. But keep watching and gathering information on your project. That should never stop.

STAY SAFE OUT THERE

Take your right — the one you were born into this world with — which is a right to abundance. You only have to look at nature to see that abundance is everywhere. It is your right. Don't believe anything otherwise.