

PRESS RELEASE

Watch for “pump&dump”!

New Consob warning on the risks of scams that manipulate prices on financial markets

Never trust strangers, especially if they promise easy money via social media and WhatsApp. Following many complaints from defrauded investors, Consob has issued a new [warning](#), this time about *pump&dump schemes*: beware of investment tips that come through informal channels such as messaging apps. Behind profiles presenting themselves as analysts, financial operators, or even prominent Consob representatives, there are subjects promoting the purchase of penny stocks, low-cost shares of small companies, mainly Chinese or American, listed on the Nasdaq, promising easy money with outstanding returns in a short time.

In fact, these subjects already hold a significant amount of the shares in question and coordinate the purchases of unwary participants via WhatsApp groups, often asking for a *screenshot* as proof of the transaction. The goal is to artificially inflate the stock price (*pump*), then massively sell their shares (*dump*), making a profit but causing a sudden collapse in the stock price to the damage of the investors involved, who suffer heavy losses.

Consob points out that *pump&dump schemes* can also occur in the trading of crypto-assets.

Consob urges investors to recognize the warning signs: unsolicited messages or emails; invitations to join investment groups; references to high returns in a short time; pressure to act immediately or requests for personal data and screenshots.

The Commission also reminds investors of the importance of always verifying the reliability of sources, by consulting also the “[Watch for Scams!](#)” section on the www.consob.it website, where useful information is available to help avoid falling into financial traps.

Prevention is essential in these cases, not least because deceptive schemes involving securities not listed on EU markets leave investors without the protection of EU market abuse rules.

Finally, Consob draws the attention of those who disseminate false or misleading communications, including through *pump&dump schemes*, to the possible consequences they face under the regulations in force in the relevant jurisdictions (such as the United States) and to the criminal consequences that may arise in cases of fraud.

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