

MONEY MYTHS SERIES

Money Myths From Social Media, Debunked: Who Gets Paid When You Follow the Advice

Why social media spreads bad money advice, what it costs, and how to check any tip before you act.

By Eric Ridley, attorney, Ridley Law · Updated September 2026 · Read online with live links: ridleylawoffices.com/money-myths/

Short answer: Most money advice on TikTok, Instagram and YouTube comes from someone who gets paid when you act on it: a commission on a policy, a course fee, a referral, a trading platform, a "strategy session." The platforms reward what keeps you watching, not what's true. That combination produces confident, simple, shareable advice that's often wrong under California and federal law, and reported fraud losses that began on social media hit \$2.1 billion in 2025. This series takes 39 of the most common pitches, explains who profits, and checks each one against the statute, the IRS or the regulator.

\$2.1B

fraud losses reported to the FTC that started on social media, 2025

8x

the 2020 figure (FTC Data Spotlight, April 2026)

~30%

of people who lost money to a scam said it started on social media (FTC, 2025)

48%

of U.S. Gen Z investors use social media to learn about investing (FINRA Foundation and CFA Institute, 2023)

56%

of studied influencers gave tips that did worse than chance (Swiss Finance Institute paper)

20%

of influencer recommendations included any disclosure (CFA Institute, 2024)

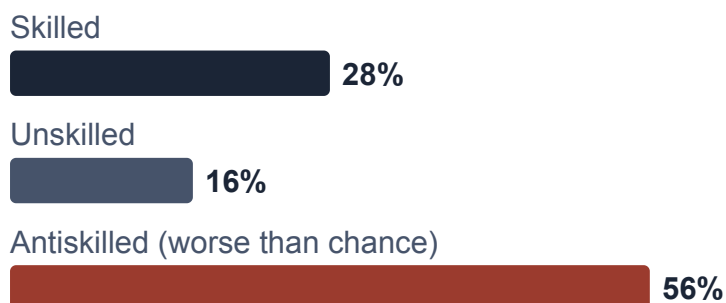
I'm an estate planning lawyer. A growing share of the plans I review were shaped by a video: a house deeded to the kids to "avoid probate," a whole life policy sold as a private bank, a "pure trust" bought to stop paying tax. People don't bring me these because they were foolish. They bring them because the person on the screen sounded certain, the idea sounded clever, and nobody mentioned what it costs. My rule is simple. Ask what they sell before you ask what they say.

Why does social media spread bad money advice?

Because the feed is ranked for attention, and the people posting are usually selling something; neither one is ranked for accuracy.

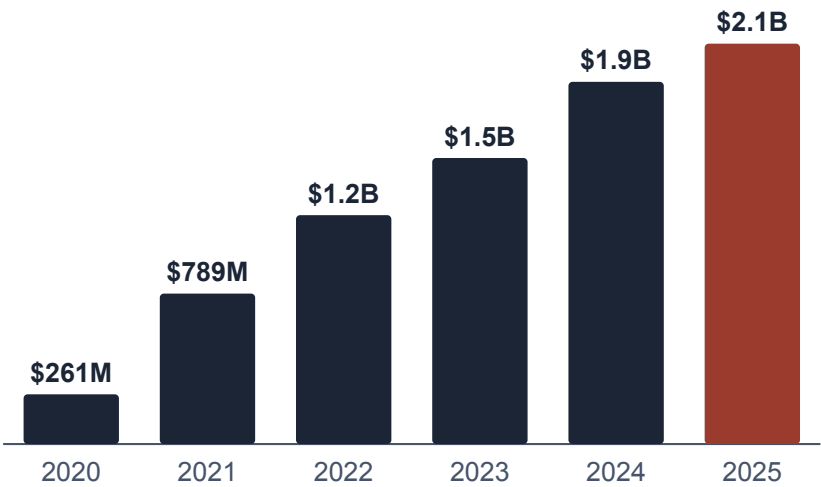
TikTok says its For You feed weighs whether you finish a longer video, and it acknowledges the risk of engagement bias in what it recommends ([TikTok](#)). A landmark study of about 126,000 stories on Twitter found false news spread farther, faster, deeper and more broadly than the truth, and that people, not bots, drove most of it ([Vosoughi, Roy and Aral, Science, 2018](#)). A 2025 study found engagement-based ranking on Twitter amplified emotionally charged political content that users themselves said they didn't prefer ([Milli et al., PNAS Nexus, 2025](#)). "Guaranteed," "tax-free" and "what the rich don't want you to know" are built to keep you watching.

Then there's who's talking. A CFA Institute review found only 20% of influencer content with investment recommendations included any disclosure, such as the poster's professional status or conflicts ([CFA Institute, 2024](#)). A Swiss Finance Institute paper studying more than 29,000 finfluencers found 28% skilled, 16% unskilled and 56% "antiskilled," with tips that lost money relative to the market, and found the antiskilled had more followers ([Kakhbod, Kazempour, Livdan and Schuerhoff](#)). The FTC's Endorsement Guides require influencers to disclose material connections like payment ([16 C.F.R. Part 255](#)). Many don't, and a disclosure doesn't make a bad idea good.



How much damage do social media money scams cause?

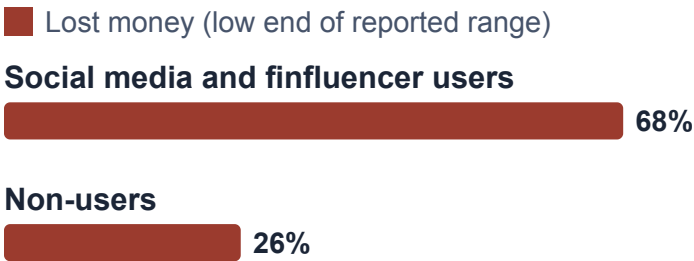
Reported fraud losses that began on social media grew from \$261 million in 2020 to \$2.1 billion in 2025, and more than half of the 2025 total, \$1.1 billion, was lost to investment scams.



Year	Reported losses, social media as the contact method
2020	\$261 million
2021	\$789 million
2022	\$1.2 billion
2023	\$1.5 billion
2024	\$1.9 billion
2025	\$2.1 billion

Those figures come from the FTC's Consumer Sentinel reports, and the FTC notes that most fraud is never reported to anyone ([FTC Data Spotlight, April 2026](#)). The FBI's Internet Crime Complaint Center received complaints from people 60 and older reporting \$7.7 billion in losses in 2025 ([IC3 2025](#)). The damage isn't only scams. Plenty of what's pitched online is legal and still costly, like a whole life policy sold as a bank or a house deeded away to save probate fees that triggers a much larger capital gains tax later.

Use matters. In a FINRA Foundation survey, investors who use social media or follow influencers reported more fraud attempts, and among those targeted, 68 to 69 percent of users and followers lost money, compared with 26 to 29 percent of non-users ([FINRA Foundation, 2026](#)). That's a correlation from a survey, not proof that social media caused the losses. It's consistent with everything else here.



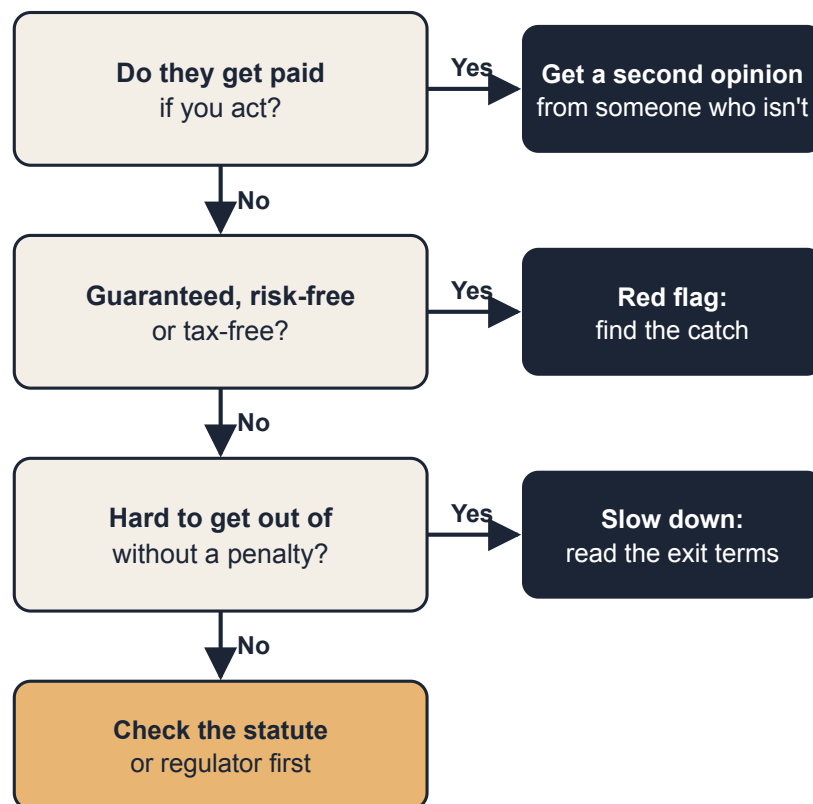
What does the damage look like in real life?

Court records and agency actions tell the story better than any hypothetical:

- ✓ **A loaned-up life insurance policy.** A taxpayer used policy loans to pay his premiums for years. When the insurer canceled the policy, he received no money and still owed tax on \$29,093, plus a penalty (*Brown v. Commissioner*, 693 F.3d 765 (7th Cir. 2012)). That's the risk the infinite banking pitch leaves out.
- ✓ **One paid Instagram post.** Kim Kardashian was paid \$250,000 to post about a crypto token without disclosing it, and paid \$1.26 million to settle SEC charges (SEC, 2022). See copy trading and finfluencer tips.
- ✓ **"Financial freedom" that paid nothing.** AdvoCare paid \$150 million to settle FTC pyramid-scheme charges; in 2016, 72.3 percent of its distributors earned nothing from the company (FTC, 2019).
- ✓ **"Done for you" online stores.** Ecommerce Empire Builders sold storefronts costing up to \$35,000 with promises of \$10,000 a month; the FTC's order included a \$9,786,124 judgment and a permanent ban (FTC, 2025).
- ✓ **Crypto "investments" that were pig-butchering.** The Justice Department sought forfeiture of more than \$225.3 million tied to crypto investment fraud with more than 400 suspected victims (DOJ, 2025). See crypto yield and pig-butchering scams.
- ✓ **The ERC mill.** A Nevada businesswoman who claimed \$15 million in fraudulent pandemic tax credits for clients was sentenced to 54 months in prison (DOJ, 2026). The ERC pitch usually comes with a promoter's fee.
- ✓ **The credit privacy number.** A man who used CPNs to get credit was sentenced to 18 months in prison and ordered to repay \$112,924.54 (U.S. Attorney, W.D. Okla., 2018). See 609 letters and CPNs.
- ✓ **"Accepted for value."** A borrower whose truck was repossessed sued for \$34 million in compensatory and \$2.2 billion in punitive damages on a sovereign-citizen theory; the Seventh Circuit called the suit frivolous (*El v. AmeriCredit*, 7th Cir. 2013). See sovereign citizen trusts.
- ✓ **Finfluencers in court.** In February 2026, a UK court sentenced seven finfluencers with a combined Instagram following of 4.5 million for promoting unauthorized financial products (FCA, 2026).

How do you check a money tip before you act on it?

Ask four questions in order: who gets paid, what's guaranteed, what it costs to get out, and what the statute or regulator actually says.



1 Follow the money

Look for a link in the bio, a course, a "free call," a referral code or an agent license. None of that makes the advice wrong. It tells you whose interests come first.

2 Distrust guarantees and "tax-free"

Guaranteed returns, risk-free strategies and "never pay tax again" deserve the hardest look. Each guide in this series shows the catch behind those words.

3 Price the exit

Surrender charges, lapse taxes, reassessment, penalties, lost step-up in basis: the cost often shows up when you try to leave.

4 Read the primary source

The Internal Revenue Code, the California codes, the IRS, the FTC and the SEC all publish online. If a claim can't be matched to one of them, it isn't advice.

5 Get one conflict-free opinion

A flat-fee lawyer, a fee-only planner or a CPA who doesn't sell the product. One hour of independent advice costs less than most of these mistakes.

The money myths, by category

Each guide explains the pitch, who profits, what the law says, real cases, and what to do instead. Every one has a free PDF.

Insurance and annuity pitches7 guides

- [Infinite banking](#)
- [IUL as a "tax-free Roth"](#)
- [Skip your 401\(k\), buy IUL](#)
- [Premium-financed IUL and Kai-Zen](#)
- [Whole life as a college fund](#)
- ["7% guaranteed" annuities](#)
- [Velocity banking with a HELOC](#)

Trust and LLC schemes7 guides

- [Land trusts for privacy and due-on-sale](#)
- [Put your house in an LLC](#)
- [Anonymous Wyoming or Nevada LLCs](#)
- [Pure or constitutional trusts](#)
- [The rich use trusts to pay zero tax](#)
- [Buy, borrow, die for regular families](#)
- [Sovereign citizen trusts and "accepted for value"](#)

Estate planning shortcuts4 guides

- [Deed your house to your kids now](#)
- [Cash out an inherited IRA](#)
- [Take Social Security at 62 and invest it](#)
- [Reverse mortgages as free money](#)

Social media tax hacks9 guides

- [Start an LLC and write off everything](#)
- [Hire your kids tax-free](#)
- [The Augusta rule](#)
- [The G-Wagon write-off](#)
- [Real estate professional status for W-2 earners](#)
- ["Free solar"](#)
- [Syndicated conservation easements](#)

- [ERC mills](#)
- [Never pay tax on real estate with DSTs](#)

Credit, debt and pseudo-law⁶ guides

- [0% business funding and card stacking](#)
- [609 letters and CPNs](#)
- [Renting tradelines](#)
- [Buy now, pay later as a budget tool](#)
- [Debt settlement and endless 0% transfers](#)
- [Your birth certificate is a bond](#)

Trading and investing pitches⁶ guides

- [Prop firm "funded trader" challenges](#)
- [0DTE options and trading signals](#)
- [Copy trading and influencer tips](#)
- [Covered-call ETFs as a paycheck](#)
- [Crypto yield, memecoins and pig-butcherer](#)
- [Gold IRAs and fear ads](#)

Every pitch at a glance

The same 39 guides, with who usually profits from each one.

The pitch	Who usually profits	Category
Infinite banking	Life insurance agents (commission)	Insurance and annuity pitches
IUL as a "tax-free Roth"	Life insurance agents (commission)	Insurance and annuity pitches
Skip your 401(k), buy IUL	Life insurance agents (commission)	Insurance and annuity pitches
Premium-financed IUL and Kai-Zen	Agents and program sponsors	Insurance and annuity pitches
Whole life as a college fund	Life insurance agents (commission)	Insurance and annuity pitches
"7% guaranteed" annuities	Annuity agents (commission)	Insurance and annuity pitches
Velocity banking with a HELOC	Course sellers and software	Insurance and annuity pitches
Land trusts for privacy and due-on-sale	Real estate course sellers	Trust and LLC schemes

The pitch	Who usually profits	Category
Put your house in an LLC	Formation services and course sellers	Trust and LLC schemes
Anonymous Wyoming or Nevada LLCs	Formation and registered-agent services	Trust and LLC schemes
Pure or constitutional trusts	Trust-package sellers	Trust and LLC schemes
The rich use trusts to pay zero tax	Trust-package and tax-strategy sellers	Trust and LLC schemes
Buy, borrow, die for regular families	Lenders and wealth platforms	Trust and LLC schemes
Sovereign citizen trusts and "accepted for value"	Pseudo-legal course and document sellers	Trust and LLC schemes
Deed your house to your kids now	No seller; costs you the step-up in basis	Estate planning shortcuts
Cash out an inherited IRA	No seller; costs you tax in a high bracket	Estate planning shortcuts
Take Social Security at 62 and invest it	Advisers and product sellers	Estate planning shortcuts
Reverse mortgages as free money	Lenders and brokers	Estate planning shortcuts
Start an LLC and write off everything	Formation services and tax coaches	Social media tax hacks
Hire your kids tax-free	Tax-strategy coaches	Social media tax hacks
The Augusta rule	Tax-strategy coaches	Social media tax hacks
The G-Wagon write-off	Dealers and tax coaches	Social media tax hacks
Real estate professional status for W-2 earners	Tax coaches and cost-segregation firms	Social media tax hacks
"Free solar"	Solar installers and lenders	Social media tax hacks
Syndicated conservation easements	Promoters and appraisers	Social media tax hacks
ERC mills	Claim preparers taking a cut	Social media tax hacks
Never pay tax on real estate with DSTs	Sponsors and brokers (commissions)	Social media tax hacks
0% business funding and card stacking	Funding brokers (fees)	Credit, debt and pseudo-law
609 letters and CPNs	Credit repair sellers	Credit, debt and pseudo-law
Renting tradelines	Tradeline marketplaces	Credit, debt and pseudo-law
Buy now, pay later as a budget tool	BNPL lenders and merchants	Credit, debt and pseudo-law
Debt settlement and endless 0% transfers	Settlement companies (fees)	Credit, debt and pseudo-law
Your birth certificate is a bond	Pseudo-legal course sellers	Credit, debt and pseudo-law
Prop firm "funded trader" challenges	Challenge fees	Trading and investing pitches
ODTE options and trading signals	Signal groups and course sellers	Trading and investing pitches
Copy trading and finfluencer tips	Platforms and paid promoters	Trading and investing pitches

The pitch	Who usually profits	Category
Covered-call ETFs as a paycheck	Fund sponsors (fees)	Trading and investing pitches
Crypto yield, memecoins and pig-butcher	Scammers and unregistered platforms	Trading and investing pitches
Gold IRAs and fear ads	Dealers (markups and fees)	Trading and investing pitches

Related: elder financial abuse often starts with the same pitches aimed at retirees. See [California's elder financial abuse laws](#).

Frequently Asked Questions

Is financial advice on TikTok reliable?

Some of it is accurate, but you can't tell which from the video. Most financial content isn't required to be accurate, many posters are paid or selling something, and one study found 56% of the finfluencers it examined gave tips that did worse than chance. Check any claim against the IRS, the statute or a regulator before acting.

Do finfluencers have to disclose that they're paid?

Yes. The FTC's Endorsement Guides require disclosure of a material connection such as payment or free products, and the SEC has charged promoters who failed to disclose payment for touting securities. A CFA Institute review found only 20% of recommendation content included any disclosure.

How much money is lost to scams that start on social media?

Americans reported \$2.1 billion in fraud losses that started on social media in 2025, according to the FTC, about eight times the 2020 figure. Investment scams made up \$1.1 billion of it. Most fraud is never reported, so the real number is higher.

Why does a law firm write about money myths?

Because many of these ideas end up in estate plans. Deeds, trusts, LLCs, beneficiary designations and life insurance all carry legal and tax consequences that the videos skip, and families find out when someone dies or a lender, assessor or the IRS gets involved.

Where can I report a financial scam I saw on social media?

Report fraud to the FTC at [ReportFraud.ftc.gov](#) and internet crime to the FBI at [ic3.gov](#). In California, report investment and financial-services scams to the Department of Financial Protection and Innovation, and suspected elder financial abuse to county Adult Protective Services.

General information about California and federal law as of October 2026, not legal, tax or investment advice for your situation. Ridley Law doesn't sell insurance, investments or courses.

SOURCES

- [FTC, Data Spotlight: Reported losses to scams on social media eight times higher than in 2020](#) (Apr. 27, 2026)
- [FBI Internet Crime Complaint Center, 2025 Internet Crime Report](#)
- [FINRA Investor Education Foundation, Finfluencer Followers and Social Media Scrollers](#) (2026); [FINRA Foundation and CFA Institute, Gen Z investors research](#) (May 2023)
- [Kakhbod, Kazempour, Livdan and Schuerhoff, Finfluencers, Swiss Finance Institute Research Paper 23-30](#)
- [CFA Institute, The Finfluencer Appeal: Investing in the Age of Social Media](#) (Jan. 2024)
- [Vosoughi, Roy and Aral, The spread of true and false news online, Science 359:1146](#) (2018); [Milli et al., Engagement, user satisfaction, and the amplification of divisive content, PNAS Nexus](#) (2025); [TikTok, How TikTok recommends videos #ForYou](#)
- [16 C.F.R. Part 255 \(FTC Endorsement Guides\)](#)
- [SEC, Kim Kardashian settlement](#) (Oct. 3, 2022); [FCA, influencers fined](#) (Feb. 20, 2026)
- [FTC, AdvoCare](#) (Oct. 2, 2019); [FTC, Ecommerce Empire Builders](#) (May 9, 2025)
- [DOJ, \\$225.3 million crypto forfeiture complaint](#) (June 18, 2025); [DOJ, ERC preparer sentenced](#) (2026); [U.S. Attorney W.D. Okla., CPN sentencing](#) (Oct. 23, 2018)
- [Brown v. Commissioner](#), 693 F.3d 765 (7th Cir. 2012); [El v. AmeriCredit Financial Services, Inc.](#), 710 F.3d 748 (7th Cir. 2013)

Questions about your own plan?

Ridley Law helps California families with trusts, wills, trust administration and probate from Port Hueneme, serving Ventura, Santa Barbara and Los Angeles counties. The first call is free and runs 30 minutes.

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