

Investment Fraud

Tip sheet

Recognizing the risk

Fraudulent investment promoters are glib and resourceful. They may tell you that they have high-level financial connections; that they're privy to inside information; that they'll guarantee the investment; or that they'll buy back the investment after a certain time. To close the deal, they may serve up phony statistics, misrepresent the significance of a current event or stress the unique quality of their offering to deter you from verifying their story.¹

Each year thousands of seniors are affected by investment frauds targeting seniors. Remember that there are several types of frauds, and they can be originated in person, by phone, through mail and e-mail.

Are you being told not to worry about the money you send in?

- Don't sign on the dotted line until you are certain you are the one that is going to benefit the most. Always ask about commissions, how much will the broker receive?
- Get a second opinion. Never sign a contract without having a friend or lawyer check it over.
- Take your time. Don't be pressured to invest immediately.

Were you called out of the blue about your personal finances?

- Be wary of unsolicited callers requesting details about your finances.
- Be skeptical about 'get rich quick' claims.

Is the company reluctant to give written information about the company or broker?

- Research the company's reputation. Always check credentials of any broker or firm by contacting the Better Business Bureau.
- Always ask for written information about the investment before committing to any agreement.

Top Ten Lines from fraudulent investment promoters²

1. "We don't make money unless you make money."
2. "I know you get offers everyday from people who tell you they're going to make you rich. I can make it easy for you to make your decision based on actual facts."
3. "This opportunity is the best chance to make extra money for guys who work for a living... guys like you and me."
4. "I've been in the business for 20 years, and I can tell you this: I know no other program that's legal that's so easy to afford and so easy to work that can bring in this kind of big money from such a small investment."
5. "I know this can work for you. I personally guarantee your success, right down to the last penny."
6. "Give me one percent of your trust. I'll earn the other 99 when you see the return."
7. "Of course there's a risk. There's a risk in everything."
8. "Sure we could finance this venture ourselves. But we're trying to build a power base for the future with folks like you."
9. "We're talking about a cash cow here. But it's going fast. I need your cheque tomorrow at the latest."
10. "I can't be lying. There are laws against that."

Always remember, if it seems too good to be true...it probably is.

Referrals

Local RCMP and municipal police agencies: refer to your local telephone directory.

Better Business Bureau
Central and Northern Alberta
Toll-free: 1-800-232-7298 (Edmonton)
Web: www.edmontonbbb.org

Better Business Bureau
Southern Alberta
Phone: 403-531-8780 (Calgary)
www.betterbusinessbureau.ca

Alberta Seniors and Community Supports
Alberta Seniors Information Line
Toll-free in Alberta: 1-800-642-3853
Edmonton: (780) 427-7876
Web: www.seniors.gov.ab.ca

¹ Federal Trade Commission Website – *How to Avoid Losing Your Money to Investment Frauds*. www.ftc.gov/. November 2001

² Federal Trade Commission Website – *Make Huge Profits With Amazing No-Risk Investments*. www.ftc.gov/. November 2001