

Red flags of investment fraud



We would all like to find a great investment that guarantees financial security, but unfortunately some offers are just too good to be true. If an investment opportunity you're interested in sounds like any of the examples below, be sure to CheckFirst before you invest – the investment might be a scam.

GUARANTEED HIGH RETURNS – NO RISK!

Guaranteed high returns with no risk – All investing involves some level of risk. Generally, the higher the risk, the higher the potential return of an investment. But, accepting more risk by no means guarantees that return on investment will be higher – no one can offer you a guarantee on an investment.

OFFSHORE INVESTMENT – TAX FREE!

You can sometimes defer paying taxes, but you can't avoid them. If you are persuaded to send your money overseas, it may be difficult, if not impossible to get it back if something goes wrong. Remember, the ASC only regulates those who are registered in Alberta to sell securities and offer investment advice.

GREAT INVESTMENT OPPORTUNITY – YOUR FRIENDS CAN'T BE WRONG!

Yes they can! Many investment fraud victims are introduced to the scam by friends, family or co-workers. This approach, known as affinity fraud, relies on the trust you place in your friends and the fear of missing out on a “too good to be true” opportunity. Scam artists target religious, ethnic, or close-knit groups by befriending members of the organization in order to introduce them to a fraudulent investment opportunity. Those that initially get involved in the scam may see returns in the beginning and encourage others to invest. Always check out the individual or company offering you an investment opportunity, no matter how well you think you know and trust them.

INSIDER TIPS – PROFIT LIKE THE EXPERTS!

These scams are pitched as opportunities known only to a select few who are said to be making a lot of money. The scam artist may ask that you keep the details of this opportunity to yourself so you won't have to answer hard questions from family, friends or financial professionals who might see through the scam. The scam artist convinces you that they have access to inside information that the general public does not have. You might be invited to a seminar where salespeople make misleading claims about a secret or exclusive technique for building wealth. Look carefully at what exactly is being offered and take your time to do your own research on the opportunity and the people offering it.

DON'T MISS THIS OPPORTUNITY – GET IN NOW!

Scam artists use this tactic to pressure you into making a quick decision and try to exploit your fear of missing out on a valuable opportunity. Take the time you need to research any investment opportunity, and get independent advice to ensure you are making an informed decision.

CELEBRITY ENDORSEMENTS, IT MUST BE LEGITIMATE!

Remember that looks can be deceiving. Just because a company or person has a professional looking website or claims to be endorsed by celebrities does not make them a credible company or person to invest with. No matter how good an investment opportunity looks or sounds, it's always important to do your own research before you invest.

Still unsure about an investment opportunity? Consult a registered financial professional or obtain independent legal advice before making a decision. Learn ways to research an investment opportunity with the ASC's free online resources at www.checkfirst.ca.