

“What to do” fact sheet:

According to the North American Securities Administrators Association, investment frauds and scams cost consumers about \$40 billion annually. The vast majority of scams involve telephone solicitations, but the same tactics can occur in virtually any setting.

The following information describes some of the tactics scam artists use to bilk investors of their hard-earned money and steps you can take to avoid becoming a victim.

Tactic	Recommended Response
<p>High-pressure sales tactics The salesperson typically tries to flatter you and appeal to your interests or concerns. If you turn down the offer, they may try to make you feel dumb for not recognizing a good opportunity when you see one. You may be accused of being stupid or unconcerned about the future of your family.</p>	<p>Walk away or hang up. Fraudulent sales people do not respect your privacy or your right to say no. You have a right to be left alone. Insist on it.</p>
<p>“Decide now before the opportunity is gone.” The salesperson puts pressure on to buy now. Tomorrow will be too late. The deal is only good for today. This opportunity will not last.</p>	<p>Refuse to be pressured. Do not make impulsive decisions. Real opportunities rarely appear or disappear in a day. Remember that a con artist tries to get your money before you have time to stop and think—or ask the advice of a third party.</p>
<p>Promises that sound too good to be true. The salesperson mixes plausible statements with plenty of false promises, hoping you will fall for the swindle.</p>	<p>Ask to have all claims on paper. Wait to inspect and check out these documents before making a decision. Get the advice of experts, such as a lawyer or accountant, before proceeding. Keep in mind that if it sounds too good to be true, it probably is.</p>

Tactic	Recommended Response
<p>“The investment is risk-free.”</p>	<p>Any claim that an investment is risk free should raise a “red flag” immediately. All investments have risk. Only savings in insured financial institutions and government securities are low risk.</p>
<p>“We need your credit card or checking account number.” The salesperson may claim to need your credit card or checking account number in order to verify that you are a reputable consumer, or to show your good faith in this special deal.</p>	<p>Refuse to give financial information, or credit card or checking account numbers unless you initiated the call and you know the salesperson is reputable. Never give personal financial information over the telephone to strangers. Also, don’t ever make out a check to a salesperson.</p>
<p>“We will pick up the money at your home.” This ploy often is explained as a way to eliminate inconvenience.</p>	<p>Refuse. The swindler wants to get your money before you change your mind. By picking up your money the swindler can avoid prosecution under postal fraud laws.</p>
<p>“You have won a free gift or trip.” When signing an acceptance form for the “gift,” you may actually be purchasing another item.</p>	<p>Don’t sign any acceptance form or give out your credit card number unless you are 100 percent sure you are not committing to a purchase. The free gift or trip is a sales gimmick often used in real estate investment scams. Remember that “there is no free lunch,” particularly when it comes to investing.</p>