Warning Signs of Investment Fraud

FOCUS ON RED FLAG LANGUAGE

Be skeptical of:

- Promises of unusually high rates of return with no risk - “Guaranteed to double your money! No risk!”
- “Inside” information - “I just received an inside tip—this stock is going to take off!”
- “Senior specialist” designations which imply specialized knowledge, but are often used to create a false comfort among seniors

RISK-FREE: THERE IS NO SUCH THING!

All investing involves risk. Be wary of claims like - “You can’t lose money!”

AVOID HASTY DECISIONS

Salespeople use high-pressure sales tactics to get your money immediately and prevent you from fully researching an opportunity by:

- Demanding an immediate decision - “Get in now, or you’ll be left out in the cold!”
- Creating a false sense of urgency - “There aren’t many shares left!”
- Refusing to accept “no” for an answer.

Financial decisions should be researched and discussed with someone you trust.

UNDERSTAND THE PRODUCT

Investment fraud occurs when consumers fail to realize what they are buying. Be cautious of salespeople who attempt to keep you in the dark by:

- Refusing to provide information about his firm and the investment.
- Discouraging you from conferring with those you trust before buying.

Ask for written information about the investment and perform your own research.

DEAL ONLY WITH PROFESSIONALS WITH PROVEN TRACK RECORDS

Be skeptical of cold calls and unsolicited mailings from people you don’t know. Make sure that the salesperson is registered to sell securities in NY. Use the BrokerCheck tool at http://brokercheck.finra.org or call 800-289-9999.