Recognize These Warning Signs...

- The adviser assures you the proposed investment can't lose money.
- The adviser is not licensed or registered to sell the investment.
- Someone takes interest in your finances, particularly someone new to you.
- Someone asks you to send money quickly and references your relatives.
- You get an unsolicited call or email from someone selling an investment.

Report suspected fraud to a State Securities Regulator or go to NASAA.org.

Older adults—especially those over 65—are more likely to be targeted and more likely to lose money to con artists.

Types of Traps

- **Affinity fraud** - Members of a group are conned by one of their own, often unreported.
- **Advance-fee fraud** - Asks you for up-front money so the deal can go through (i.e. “Nigerian” official).
- **Ponzi schemes** - Initial investors are paid from funds of later investors, touted as high yield and low risk.
- **Pyramid schemes** - Investors make money by getting new recruits, closely related to Ponzi schemes.
- **Promissory notes** - Investors loan money in exchange for fixed income payments.
- **Pre-IPO investment scams** - Someone offers to sell unregulated securities they may not own or are fake.
- **Pump-and-dump scam** - First someone tries to boost a stock's price with fake info, then sells their holdings.
- **Private offerings** - Unregulated, limited investment offerings that lack transparency and liquidity.
- **Distressed real estate schemes** - Foreclosures, short sales or highly leveraged real estate touted by cons.
- **Oil/gas drilling programs** - Promise of lucrative returns and high pressure sales tactics hides the risk.
- **Proxy trading accounts** - Someone offers to set up an account in your name and trade for you.

If it sounds too good to be true, it probably is.

New Products, New Cons

New investments and financial innovation bring new scams. Beware of investing on crowdfunding sites or in new products like digital currency. Con artists keep track of the headlines, too.

Use the EDGAR database to find out if an investment product is registered with the SEC: SEC.gov (search EDGAR)

A FINRA survey indicates that 4 out of 10 investors could NOT spot a financial con. No wonder most fraud goes unreported.

See a tip to get rich quick? It’s often fraud.

STOP!

Don’t invest in something you don’t understand.

Do not give an adviser total control; read your statements.

Do not make out checks to an individual sales person.

Pick investments you can buy/sell through reputable firms.

If you suspect fraud/theft... report it! Do not be embarrassed.

Do not send money to be eligible to win something.