

## Red Flags of Investing Fraud

### **Guaranteed high returns - no risk!**

There's no such thing! The higher the returns, the higher the risk. This type of sales pitch is often aimed at people who live on a fixed income or those near retirement who are worried about having enough money.

### **Insider tips - get in now!**

Scam artists use this tactic to pressure you into making a quick decision. They make the offer more attractive by suggesting they have secret information about a company that the general public doesn't have. They pressure you to act now to "get in on the ground floor". Don't! This kind of sales pitch appeals to your fear of missing out on a valuable opportunity.

### **Offshore investment – tax free!**

You can defer paying taxes, but you can't avoid paying them. End of story! This type of deal is often pitched as a secret, and for reasons you might not expect. By asking you to keep the deal to yourself, scam artists know you won't suffer hard questions and comments from family, friends or financial advisers who might see through the scam. Often with scams like this, your money will be transferred to overseas locations, making it harder to recover and even harder for the authorities to investigate.

### **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 convinces you that he or she has access to this inside information. An example of this is the "prime bank" scam. Investors are told about the existence of a secret market that only the world's largest banks know about and are then given an exclusive opportunity to participate in this secret market. The catch is, secret prime bank markets don't exist!

### **Great investment opportunity – your friends can't be wrong!**

This scam relies on the trust you place in your friends and the fear of not keeping up with them financially. This type of scam also comes in many forms such as "affinity fraud". Scam artists target religious, ethnic, or close-knit groups by working their way into organizations and befriending members in order to rip them off. Don't be a victim! Check out everything about the person who brings the investment opportunity to your attention - no matter how trustworthy.