

Scam artists pursue adults over 50

Are you concerned about having enough money for your retirement? That could make you a prime target for investment fraud.

Read on for what to watch for.

Why are you being targeted?

Today's pre-retirees are facing a unique burden. On top of preparing for retirement, many are still financially responsible for dependent children. Some also find themselves financially responsible for aging parents who didn't save enough for their own retirement.

This has many pre-retirees worried about not having enough money to last them through retirement.

Scam artists prey on that fear by promising high-return, low-risk investments. In reality, these investments are usually high-risk products that are not right for people looking to protect their nest egg as they approach retirement—if the investment exists at all. Either way, you could lose some or all of your money.

With little time to recover from the losses, many victims find their retirement plans shattered.

How might you be approached?

Here are two common ways scam artists approach people over 50.

Investment seminars

Scammers often target pre-retirees through “free lunch” investment seminars. These seminars have become a popular way of promoting investments. The investments themselves may not be scams, but the sales tactics used at these seminars often raise concerns.

Some presenters are paid to promote specific investment strategies that offer high returns. They may not tell you that these products are risky and may not be appropriate for you. The presenters are usually very good at public speaking and generating excitement about the investment. They'll use high-pressure sales tactics to get you to invest on the spot or to schedule a follow-up appointment.



Think you can't be scammed?

You may be surprised to know that many fraud victims over 50 are comfortable with investing.

How can a savvy investor fall for an investment scam? Research shows that people with investing experience are more open to investment opportunities and willing to take risks. It also shows that experienced investors are more likely to make their own investment decisions, without getting advice from an independent financial adviser.

Whatever the reason, remember that successful scam artists are very good at manipulating people into making poor investment decisions.

Through a group you belong to

Affinity fraud is a type of scam that targets groups such as religious groups, business groups, ethnic communities or social clubs. The scam artist may be a member of the group or may know someone in the group. These scams are often successful because many people are less likely to question advice that comes from someone they know.



You can read about other types of scams and their common warning signs in **Protect your money: Avoiding frauds and scams**, which you can find at www.securities-administrators.ca.

What are some common scams?

Here are a few common investment scams that are pitched to investors over 50.

Exempt securities scam

Exempt securities, on their own, are not scams. They're sold by companies that are allowed to sell the securities without filing a prospectus.

The scam usually starts when you get an unsolicited pitch to invest in a promising business that is about to offer shares to the public. You may be told that this investment is only available to very wealthy people, but an exception can be made for you—all you have to do is sign some paperwork. This paperwork usually involves lying about how much money you make.

Exempt securities are risky, and you could lose all of your investment. If you have to lie about how much money you have before you can invest, you are likely taking on a risk you can't afford.

Forex scam

These scams often find their victims through ads placed in newspapers or on Internet sites. The ads look legitimate and offer you an exciting opportunity to invest your money on the foreign exchange (forex) market. You'll be told the person investing your money has a great track record and you'll be promised a high return.

What usually happens is that your money is not invested in anything, but simply is stolen by the scam artist. If your money is invested in the forex market, you may not have been told that the investment is very risky. Again, you're likely to lose some or all of your money.

Offshore investment

In this type of scam, the fraudster will promise you a high return from an investment in an offshore market. They will often tell you the investment is a great way to avoid taxes.

What you may not know is that once your money is sent to another country and is in someone else's

control, you may not be able to get it back. The promised high return comes with a high risk that you'll lose your entire investment. If the promised tax savings are a scam, you could also end up owing the government money in back-taxes, interest and penalties.

Know where to go for help

Securities regulators oversee Canada's capital markets and the advisers who sell and manage securities traded in those markets. You can contact your local securities regulator to check the registration of an individual or firm, and to find out if they have been involved in any disciplinary actions.

You can also contact your local securities regulator to find out what your options are if you think you've been scammed. For contact information, visit the Canadian Securities Administrators website at www.securities-administrators.ca.