



# Investment Fraud

## Ten Self-Defense Tips

Investment fraud schemes, sometimes referred to as high yield investment fraud, involve the illegal sale or purported sale of financial instruments. Schemes take on many forms, and perpetrators quickly alter schemes as they are thwarted by law enforcement.

**Before investing with a new broker or financial advisor, consider these self-defense tips:**

1



### **Don't be a courtesy victim**

Con artists will not hesitate to exploit the good manners of the potential victim. Remember that a stranger who calls and asks for your money is to be regarded with utmost caution and skepticism.

2



### **Don't be rushed – check it out**

Say no to any salesperson that pressures you to make an immediate decision. Before you even consider investing, get the prospectus, review it carefully, and make sure you understand all the risks involved.

3



### **Always stay in charge of your money**

Don't be taken in by anyone who wants your money and assures you that he or she is a professional and can handle everything. Beware of any financial professional who suggests putting your money into something you don't understand.

4



### **Always watch over and protect your nest egg**

Never trust anyone who wants you to turn over your money to them and then sit back and wait for results. If you understand little about the world of investments, take the time to educate yourself.

5



### **Never judge a person's integrity by how they look or sound**

Successful con artists sound extremely professional and have the ability to make even the flimsiest investment deal sound as safe as putting money in the bank. Remember that sincerity in a voice, especially on the phone, has no bearing on the soundness of an investment opportunity.

6



### **Watch out for salespeople that prey on your fears**

Remember that fear and greed can cloud your good judgment and leave you in a much worse financial posture. An investment that is right for you will make sense because you understand it and feel comfortable with the degree of risk involved. High return almost always means high risk.

7



### **Exercise particular caution if you have limited or no experience handling money**

Many people in their retirement years have limited knowledge about handling money. People who are on their own for the first time in years should always seek advice of family members or impartial professionals before deciding what to do with their money.

8



### **Monitor your investments and ask tough questions**

Insist on regular written reports. Check the written information. Look for excessive or unauthorized trading in your funds. Don't be swayed by assurances that such practices are routine or in your best interest. Don't permit a sense of friendship or trust to keep you from demanding this information.

9



### **Look for trouble retrieving your principal or cashing out profits**

If a stockbroker, financial planner, or other individual stalls you when you want to pull out your principal or profits, demand to know why. Since unscrupulous investment promoters have probably pocketed the funds of their victims, they will go to great lengths to explain why your savings are not available.

10



### **Don't let embarrassment or fear keep you from reporting investment fraud or abuse**

Investors who fail to report that they've been victimized often hesitate out of embarrassment. It's true that most money lost to investment fraud is rarely recovered beyond pennies on the dollar. In many cases, however, when investors recognized early that they'd been misled, they were able to recover some or all of their funds by being a "squeaky wheel".

**Educate Yourself and Recognize the Signs of Fraud**