

Minimize Your Exposure To Investment Fraud

(NAPSM)—If you’ve made a risky investment, gone to a free lunch seminar or even chatted too long to a salesperson over the phone, you might be a target for investment fraud, says John Gannon, president of the FINRA Investor Education Foundation.

“In one case, an investor lost \$40,000 to an oil and gas scam,” Gannon said. “He was a smart guy, a professional who had been investing for years. But his name showed up on a list of investors who were willing to take risks. These lists are called mooch lists and they’re sold and resold among scammers.”

The best way to avoid fraud is to minimize your exposure to possible cons.

First, Gannon said, remember there is no such thing as a free lunch. Free investment seminars, dinners and luncheons are not gifts. They’re sales tactics designed to get your money. “The hard sell might not happen during the meal itself; but if you fill out a card with your name, phone number or e-mail address, people will contact you. And because you met them at the seminar, you take the call.”

If you are interested in a seminar topic, do your homework first. The speaker who presents might not be the same as the person or organization putting on the seminar, so check out both. Make sure whoever’s selling the investment is licensed with FINRA, the Securities and Exchange Commission or the state securities regulator, and doesn’t have a history of complaints or problems. At the Foundation’s fraud-fighting website, www.SaveAndInvest.org, you can learn how to verify this information.

A study funded by the Foundation compared the behaviors of investment fraud victims to a national sample of investors. It found that three times as many



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victims attended free investment seminars as the national sample. Victims were also more likely to read mail from unknown sources or listen to telemarketers.

What’s more, those seemingly innocent sales calls could also lead to something more sinister, Gannon said. Some con artists will use a “fronter” to gather your information and rate your susceptibility to the con. They’ll grade you on how controllable you are, your investment history and how much money you have to invest.

So your second step in reducing your risk of fraud is to stop sales calls by adding your phone number to the National Do Not Call Registry (www.donotcall.gov or [888] 382-1222).

Third, have a refusal script ready. “A refusal script is something that you practice in advance so that you feel comfortable saying ‘no,’” Gannon said. “And before you make any investment decision, talk to someone else first. It could be a friend, your spouse or a trusted professional, but get a second opinion.”

For more tips, visit www.SaveAndInvest.org.