

5 Signs to Recognize Fraud

Andy Poon, Manager of BC Securities talks about how to recognize the warning signs of investment fraud



What can people do to reduce the opportunity for fraud to occur?

#1 - No risk! There's no such thing as a guaranteed investment: 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 or in early retirement who are worried about having enough money.

#2 - Profit like the pros! 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.

#3 - Offshore, tax free! Fraudsters pitch this deal as a way to avoid paying taxes. They may try to convince you to move your money outside Canada to avoid taxes. They really want you to move it to an inaccessible offshore account. They also tell you to keep it a secret so that you don't benefit from the advice of financial advisors who might see through the scam.

#4 - Get in now! Scam artists use this tactic to pressure you into making a quick decision. They suggest they have secret information about a company that the general public doesn't have. This kind of sales pitch appeals to your fear of missing a valuable opportunity. Take your time to research an investment advisor, salesperson, company, and investment before you invest.

#5 - Your friends and family can't be wrong! Scam artists target religious, ethnic, or close-knit groups by working their way into organizations and befriending members. This approach relies on the trust you place in the people you care about.