

## Fighting Fraud – It’s Wise to be Wary

Investment scams and frauds don’t just happen to the unskilled or unwary investor. Research by the Canadian Securities Administrators (CSA), a council of provincial securities regulators in Canada, shows victims of fraud are just as likely to be older, knowledgeable investors, homeowners, well educated and high income earners who are confident in their own ability to make investment decisions.

### *It’s Wise to be Wary*

Unfortunately those investors are also more likely to easily trust a person offering a fraudulent investment. And that’s not good. The ability to gain the victim’s trust is a key factor in any successful investment scam. And that’s a warning to all investors, when it comes to fraud prevention. Trust your instincts before you entrust your money to anyone and always remember: It’s wise to be wary.

### *Know Your Friends*

Be wary of exclusive investment opportunities initiated by family friends, recent acquaintances or someone you’ve just met at a club social event or through a religious or business group to which you belong. Affinity frauds and Ponzi schemes rely on the trust among group members to make an investment proposition appear acceptable and legitimate.

### *Don’t be Hasty*

Be wary of any sense of urgency in an investment appeal. “Once in a lifetime,” “get in on the ground floor,” “act today.” These are the telltale phrases of fraud being made in person, over the phone or in an e-mail message. **Outrageous Performance Claims** Be wary of outrageous performance claims. There are no low-risk, high-return investment opportunities or “get-rich-quick” schemes that are safe. Investors need to stick to an investment strategy geared to their risk tolerance and realistic investment expectations. If it’s a “sure bet,” it’s probably not.

### *Internet Scams Avoidance*

Be wary of the Internet. Legitimate corporate and regulatory websites can be a source of valuable information for investors. But anonymous chat rooms, message boards and unsolicited e-mail are not. The CSA and your provincial securities commission websites are a good first stop for investors researching a financial advisor’s credentials or an investment’s legitimacy. Go to [www.securities-administrators.ca](http://www.securities-administrators.ca)

### *What You Don’t Know Will Hurt You*

Be wary of what you don’t know. If you don’t understand how an investment works, if you don’t know the person or firm selling it and if you don’t know the risk involved and how much you might lose, there’s a good chance something fraudulent is going on. What you don’t know should tell you something. For many investors fraud protection begins with their registered financial advisor, working at an investment firm that belongs to the Investment Industry Regulatory Organization of Canada (IIROC). Raymond James is an IIROC member firm and as such, its financial advisors are bound by the standards established by the industry.

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