Red Flag Phrases for Investment Fraud

- “Guaranteed to double your money”
- “Low risk for high returns”
- “You should act right now; this is a limited-time offer.”
- “It takes advantage of a little-known loop hole in tax laws.”
- “Keep this investment secret - we don’t want to let everyone in!”
- “To get the most from this investment opportunity, you can borrow money or take out a mortgage and be set for life.”
- “I’m calling from outside Alabama with an investment opportunity.”
- “This is an off shore investment opportunity.”

Questions to Ask Yourself

- Did I initiate this meeting?
- Is this person recommended by someone I trust?
- Is this person and the company registered to sell securities in my state?
- Have I been provided with written information on the investment?
- Have I been encouraged to borrow in order to invest?
- Do I understand that higher returns equal higher risk?
Questions to Ask Yourself (Continued)

♦ Why is this supposed to be secret?
♦ Have I verified this information with a trusted source such as the ASC?
♦ Is this a “Real” opportunity to help me achieve my long-term financial goals?

Prevention Tips

♦ Check the licensing/registration of the seller and product offered by contacting the ASC.
♦ Check to see if any enforcement action has been taken against the person offering the investment opportunity.
♦ Check with someone you know and trust before investing any money.
♦ Get written information (but be aware that professional looking information could be produced by the con artist).
♦ Ask lots of questions.
♦ Know how much risk you are willing to take with your investments. Understand how much risk you should be taking given your age, family circumstances and other factors.
♦ Take your time; don't allow anyone to rush your decision-making process.
♦ Never accept a verbal contract.
♦ Never sign anything before reading it carefully and understanding it.
♦ If you are suspicious about an investment offer, contact the ASC.

ALABAMA SECURITIES COMMISSION (ASC)

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