



ALABAMA SECURITIES COMMISSION (ASC)

POST OFFICE BOX 304700

MONTGOMERY, ALABAMA 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253. Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: asc.alabama.gov

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.

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