



Be vigilant this Christmas - 10 ways to tell if you're being scammed !

With Christmas just around the corner, and with the attendant high levels of consumerism associated with the season, many individuals are looking at ways to stretch their income or make their money grow. You may be looking forward to that promised end-of-year bonus, voucher or tax-returns and want to place your money in investment instruments which you believe will help achieve your life-long goals. However, in your quest to find that great investment opportunity for your hard-earned money, some persons may tend to fall victim to get-rich quick fraudulent investment schemes or financial transactions.

In view of the prevailing environment and expected rise in fraudulent investment offerings being promoted in person, via email and on social media, this week's article will seek to focus the public's attention on identifying the red flags of investment scams and the importance of exercising due diligence before making any investment decision.

Here are some key phrases and tell-tale signs to look out for:

1. "This investment is guaranteed."

Investing and trading in stocks always have an element of risk and this is partly because stock market values fluctuate based on market conditions. Always remember: if it seems too good to be true, then it probably is.

2. "I am offering you double the returns that you cannot get anywhere else."

Fraudsters always make their scam sound more attractive than what you can get legitimately. Don't be fooled by the promise of quick and easy money or high returns.

3. "You know, not many people know about this 'deal' or 'upcoming change'. Now is a great time to trade in this stock 'X' and make money."

This may amount to insider trading. In accordance with Section 102 of the Securities Act Chapter 83:02 (the SA), if persons trade on information that is not yet public, they may be guilty of an offence that could earn them fines of up to TT\$10 million and imprisonment for 10 years, upon conviction, once the matter goes before a Criminal Court.

4. “Other smart people, like you, have already joined and are making a fortune.”

Fraudsters seek to make you more comfortable with the deal by adding that others “like you” are already involved. This is known as the “herd mentality.” They are the shepherds, don’t become the sheep.

5. “This deal is going fast and will not be around for long. You must act soon!”

Never be rushed into an offer and always be on your guard against anyone trying to push you into a deal. Acting quickly or in a panic, so as not to lose “a deal”, is a sure way to make you overlook the important details of an investment opportunity. Those details are what you may need to clarify to ensure as much as possible, that there are no potential problems.

6. “Just make the cheque out to me. It’s a lot easier that way.”

A cheque made out to an individual rather than to a firm is more likely to be misappropriated. Even so, verify the bona fides of any company with which you are doing business first before making a payment. The Trinidad and Tobago Securities and Exchange Commission (TTSEC) has a list of registered representatives and companies wherein you can search to see if the individual or the entity is registered. Visit our website - <https://www.ttsec.org.tt/easi/registered-companies-individuals-and-securities/> to conduct your search.

7. "Believe me, with my educational qualifications, my vast knowledge of the industry and my track record, I will never sell something that isn’t a winner."

Try to differentiate between a sales pitch with its associated exaggerations and valid skills. Check multiple references before making your decision. Remember titles, background, and past performance are no guarantee of honesty or the performance of the product. Take the time to seek independent legal or financial advice before making a decision. Always check the credentials of the company you’re dealing with.

8. "I’ll give you a special deal of half off my normal commission if you invest today."

The seller invariably says this to all their targets. Anytime a seller offers you a discount, be assured that he can go much lower with his sales price, because the principles of business dictate that he will never sell at a loss. Don’t let a low price prevent you from doing your due diligence.

9. “I’m sorry, but it doesn’t take a rocket scientist to understand this.”

Freely dispensing jargon throughout their sales pitch is designed to keep you confused. This helps fraudsters make you feel inferior and thus, you are conditioned to trust their supposedly superior knowledge.

10. “This is available only to a special group of lucky people, and I’ve decided to include you.”

We all like to feel special. Appealing to this trait as well as the promise of easy money, makes many persons feel as though they have hit the jackpot. This reduces the willingness to question the deal.

The information contained in this article conforms with our obligation under Section 6(g) of the SA to educate consumers on making sound investment decisions and seeks to ensure that you are familiar with, and understand, your rights and responsibilities as a consumer of financial services. You may also visit our investor education website at www.InvestUcateTT.com to learn more about your rights and responsibilities as an investor.

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