

# INTRODUCTION

Saving money and planning for the future by making investments are smart moves. However, some people may offer you an investment opportunity that may not have your best interest in mind.

All investments have risks. Many problems with investments can be avoided by taking the time to carefully review all possible investments. Consumers, especially the elderly, are often victims of such scams and are usually persuaded to invest their life's savings.

## THE SCAM

Fraudulent and unethical security brokers will usually operate their business from an office lined with nothing more than telephones. This is known as a "boiler room."



Most investment scam artists will contact their victims outside the state in which they are operating.

The typical sales pitch will claim the following:

- ~No risk is involved.
- ~A guarantee of large profits
- ~A quick return on your investment.

~Will require that money be paid immediately or you will miss out on the opportunity.

~Once persuaded by the salesman, the consumer will send large sums of money, with hopes of getting rich. The salesman then disappears with the money.

## TIPS TO REMEMBER

1. Ask for references and check them out. Investigate before you invest.
2. Tell the salesman to provide you with information about the company. Ask for a written proposal describing the conditions of the agreement and all risks involved with your investment.
3. You may want to consult with an attorney prior to any investment. A scam artist will tell you "time is of the essence," whereas, a legitimate broker will have no objections.
4. Verify that the company is registered with the Securities Commission of the state in which they are operating.
5. Outline your investment goals,

the degree of risk you can afford, and the amount of money you have to invest.

6. Read all documents before signing them.

7. Do not let desire to make money override common sense.

8. If it sounds too good to be true, it usually is.

9. Check with the Security Commissioners to see if the person, company and security and/or investment being offered are registered in the State of Kansas.

## WARNING SIGNS

1. Unsolicited telephone calls offering investments.
2. Claims that the investment is “guaranteed” to make a huge profit.
3. Reluctance to give you answers in writing.
4. Any high-pressure sales techniques, especially wanting you to make an immediate decision.
5. Attempts to pressure you into investing more than you can afford.
6. Request that you give social security number, bank account information or credit card numbers over phone.
7. Insists on sending a messenger to collect payment.
8. Promises of quick profits of 25%, 50%, 100% or more.

## WHO TO CONTACT TO FILE A COMPLAINT OR CHECK THE BACKGROUND OF A COMPANY OR BROKER

Office of the Kansas Securities  
Commissioner  
109 SW 9<sup>th</sup> Street, Suite 600  
Topeka, Kansas 66603  
(785) 296-3307  
<http://www.ksc.ks.gov/>

Securities and Exchange Commission  
(SEC)  
450 Fifth Street, N.W.,  
Washington, D.C. 20549  
(202) 272-2900  
<http://www.sec.gov/>

National Association of  
Securities Dealers, Inc.  
NASD Regulations, Inc.,  
120 W 12<sup>th</sup> Street, #900  
Kansas City, Missouri 64105  
816-421-5700  
800-421-5029-Toll Free  
<http://www.finra.org/>

Johnson County District Attorney's  
Office  
(913)715-3003  
White Collar Crime Unit  
(913) 715-3140  
<http://da.jocogov.org>

## INVESTMENT SCAMS



From the  
Office of the  
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CONSUMER PROTECTION

