



EASY WAYS
TO SPOT
**FINANCIAL
FRAUD!**

Regulating the Securities Industry so that you can
Invest with Confidence!





10 THINGS

A Fraudster May Tell You

1. ***"This investment is guaranteed."***

Investing and trading in stocks always have an element of risk and this is partly because stock market values go up and down based on market conditions.

2. ***"I am offering you double the returns which you can't get anywhere else."***

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

3. ***"You know not many people know about this deal. Now is a great time to trade and make money."***

Be careful that you don't get involved in insider trading. If persons trade on information that is not yet public, they may be guilty of an offence that could earn them fines of TT\$5 million and imprisonment for 7 years, upon conviction.

4. ***"Other smart people like you have already joined and are making a fortune."***

Complimenting your intellect tends to massage your ego. 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 be the sheep.

1.

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

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.

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 resultant exaggeration 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.

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

He says that line to all his 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 them 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 lessens the willingness to question the deal.



3 THINGS

A Fraudster Won't Tell You

1. ***"Here is the website and phone number for the government agency that regulates this business. Check with them before you decide"***

The LAST thing fraudsters want you to do is to check their background. Do not proceed if the person or business entity does not appear in a database where he/it should be registered. The TTSEC is the regulator for the securities market in Trinidad and Tobago therefore we urge you to visit our website to verify the validity of the product and seller of the product, before parting with your hard earned money.

2. ***"Why don't you ask a professional within the industry or someone you know to review or give you feedback on this financial opportunity?"***

You'll probably never hear a fraudster recommend that you get a second opinion from some independent person that they don't know . They would not want to risk someone else seeing through their schemes and telling you not to participate.

3. ***"You know, fraud costs unsuspecting persons thousands of dollars every year."***

A fraudster would never hint that the easy riches that they promised come with risk.



TOP 5 TIPS for Spotting Financial FRAUD

It is sometimes easy to overlook signs that indicate an offer really is too good to be true! This can leave persons vulnerable to financial predators.



HERE ARE FIVE INTERNATIONALLY ACCEPTED TIPS ON HOW TO SPOT FRAUD.

- **What's the rush?** Be cautious and vigilant! Take time to evaluate the offer and don't allow yourself to be rushed into making any financial decision. Most legitimate offers would have been publicly advertised for a reasonable period of time and will probably still be there tomorrow.
- **There are hardly ever favours in Business.** When the person on the other end of the business transaction offers to do a "small favour" for you in return for closing the deal, it may be a ploy to distract you from querying the details of the business at hand. Focus on the opportunity, and do not get side-tracked looking at a bargain.



- **Beware of the "Gold at the end of the rainbow" tactic.**

Fraudsters often dangle the prospect of attaining unrealistic wealth with minimum effort on your part. It is important to remember that all investments carry some element of risk and most rewards require some hard work in order to be achieved.

- **Appearances can be deceiving.** Con artists will never succeed in their sales pitch if they are shabbily dressed. They build credibility by the physical appearance of success; claiming affiliation with a reputable organization or flaunting their qualifications or experience. Don't be deceived! Do your own research into the seller's actual qualifications.

- **Everybody is doing it.** When someone tells you that people you know are investing in the opportunity and that you should not be left out, be very cautious. Never get involved in an investment opportunity merely because other persons are doing so. Investment is personal to your circumstances. Make sure the opportunity and the timing are right for YOU!





Did You Know?



Many victims of investment fraud are people whom you would least expect: in fact, even professionals and persons who have some familiarity with financial products have been defrauded.

DON'T BE THE NEXT VICTIM!

To learn more, visit www.ttsec.org.tt, follow us on **Facebook** or call 624-2991.



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