



SECONDARY SCHOOL STUDENTS
FORMS 1-5

INVESTOR EDUCATION STUDENT WORKBOOK

A SUPPLEMENTAL WORKBOOK FOR THE
INVESTOR EDUCATION INSTRUCTOR'S MANUAL

SECONDARY SCHOOL STUDENTS
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INVESTOR EDUCATION STUDENT WORKBOOK

A SUPPLEMENTAL WORKBOOK FOR THE
INVESTOR EDUCATION TEACHER'S MANUAL

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Goal Setting

UNIT ONE

Activity 1.1 - Goal Card

The first step in meeting your goals is to identify them. Once you identify them, saying them out aloud makes you more accountable for achieving them.

**GOAL SETTING**

MY GOAL CARD

NAME: _____

MY AGE: _____

My Strengths: _____

My Weaknesses: _____

What do I want to accomplish by age 18: _____

What do I want to be at age 25: _____

Things I want to have at age 25: _____

Signature: _____

Date: _____

UNIT ONE

Goal Setting

Activity 1.2 - Differentiating between short, medium and long term goals.

Complete the activity below.



YOUR ROAD MAP TO Investing!

GOALS

SAVE

INVEST

EARN

1

PERSON	AMOUNT TO BE SAVED	AMOUNT SAVED EACH MONTH	NUMBER OF MONTHS	NUMBER OF YEARS	SHORT, MEDIUM OR LONG TERM GOAL
Anya	\$1200.00	\$20.00			
Brent	\$100.00	\$10.00			
Cherise	\$720.00	\$30.00			
Daniel	\$600.00	\$50.00			
Emily	\$90.00	\$30.00			
Frank	\$3,600.00	\$100.00			

ANSWERS
ARE AT THE BACK

Goal Setting

UNIT ONE



Activity 1.3 - Setting your own goals

2

WORK SHEET

GOALS	TOTAL COST	START DATE	TARGET DATE	MONTHLY SAVINGS
SHORT-TERM				
INTERMEDIATE				
LONG-TERM				

Questions for you to consider when setting your goals.

- 1) What resources other than money do you think you will need to achieve your goal?
- 2) What can you do this week/ month towards reaching your goal?
- 3) Do you have to cooperate with others or are you dependent on others to achieve your goals?
- 4) Can you create smaller goals to help achieve your long-term goal? What are some small things that you can do towards achieving your goal?
- 5) Will anyone else be affected or impacted by the goal?

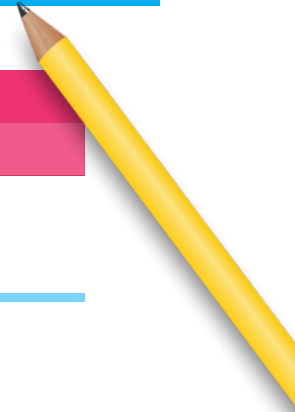
UNIT ONE

Goal Setting

Activity 1.4 - TIMELINE – Looking at my Life, Past and Future



TIMELINE



YEARS

10

20

30

40

WILL
HAPPEN
BY AGE 50

- Create a timeline with 10 year increments starting at 10 all the way up to 50.
- Write dates or events that have already happened in your life.
(School dates, family events, special friendships, awards received, sad events)
- Write at least three things you expect to happen by the age of 20.
(Graduate from tertiary education, finishing up tertiary education, getting your driver's license, buying a car, getting a part-time job)
- Write at least three things you hope will happen in your adult life after 20.
(Getting a job, buy a car, travelling to specific destinations, completing an Undergraduate Degree)
- Write at least three things you hope will happen over 50.
(Own a home, have a family, visited various parts of the world, have a Doctorate)

Financial Decision-Making

UNIT TWO

HANDOUT

Activity 2.1 - Needs, Wants, Priorities Sheet

NEEDS, WANTS AND PRIORITIES

NAME:

CLASS/BLOCK:

DATE:

1. List some items you or your friends spent money on over the past two weeks. If you can, list items in each of the categories below.

2. Mark each of your items as a **NEED** or a **WANT**.

3. Mark the priority of each item: 1 (Essential), 2 (Important) or 3 (Not Essential or Important)



3

	COST	NEED OR WANT	PRIORITY 1, 2 or 3
FOOD			
CLOTHING			
ENTERTAINMENT			
TRANSPORTATION			
BOOKS AND SCHOOL ITEMS			
OTHER			

UNIT TWO

Financial Decision-Making

Activity 2.2 - Spending Decisions Personal Quiz

HOW DO YOU MAKE SPENDING DECISIONS QUIZ

4

Answer these questions to find out how you make financial decisions.

1) How much do you agree with the following statement?

"Spending makes me feel better. Spending relieves stress in my life."

- a. Agree b. Neither agree nor disagree c. Disagree

2) Which statement is most like you?

- a. When I see something I want, I buy it
b. I usually shop with a goal in mind, but may buy something else too.
c. I shop with a plan and resist buying things on impulse

3) Which statement is most like you?

- a. I want to buy things I see advertised.
b. I pay attention to advertising but try not to let it influence me.
c. I think advertising is mostly hype and ignore it.

4) How much do you agree with the following statement?

If people I know have a new, popular item, I want to have it too.

- a. Agree b. Neither agree nor disagree c. Disagree

5) When you make a big purchase, do you usually:

- a. Go with your gut instinct
b. Compare prices at one or two stores
c. Do consumer research and compare prices at two or more stores



⁴ Financial Consumer agency of Canada

<http://www.fcac-acfc.gc.ca/Eng/resources/educationalPrograms/ft-of/Pages/ieb-1-5.aspx>

Financial Decision-Making

UNIT TWO

Activity 2.3 - Understanding your Needs, Wants and Priorities



QUICK QUIZ: NEEDS, WANTS AND PRIORITIES

NAME: CLASS/BLOCK: DATE:

1. Define the words:

a. NEED _____

b. WANT _____

2. Why is it important to identify your needs and wants?

3. List the three categories in the 1 - 2 - 3 Priority system.

4. How are priorities different from needs and wants?



UNIT TWO

Financial Decision-Making

Activity 2.4 - TIMELINE – Looking at my Life, Past and Future

5

THREE C'S TO GOOD DECISION-MAKING

1. **CHALLENGE** (or decision) you are facing: _____

2. **CHOICES** you have: _____

Choice 1 _____

Choice 2 _____

Choice 3 _____

3. **CONSEQUENCES** of each choice:**POSITIVE**

NEGATIVE

Your decision is: _____

Your reason is: _____



UNIT THREE

Activity 3.1 - Prioritising your savings

RANK #	SAVINGS GOALS	MSI	MRI	I	LSI	LTI
--------	---------------	-----	-----	---	-----	-----



Budgeting

UNIT FOUR

7

Activity 4.2 – Mapping your Personal Budget

SOURCES OF MONTHLY INCOME	
ALLOWANCE ETC.	
TOTAL MONTHLY INCOME	

MONTHLY EXPENSES – FIXED EXPENSES	
Housing	
Telecommunications (cell phone, internet etc.)	
Car payments (insurance, gas)/transportation	
Utilities	
Child Care	
Total Fixed Expenses	

VARIABLE EXPENSES	
Groceries	
Eating out	
Household expenses (cleaning, maintenance, furniture)	
Computer (hardware, software, accessories, supplies)	
Pets	
Health care (Medical Services Plan, dental, glasses/lenses, medication)	
Clothing and footwear	
Personal care (toiletries, hair care, make-up, laundry)	
Recreation (movies, games, DVD/videos, clubs, concerts, sports, etc.)	
Travel	
Gifts and charitable donations	
Education (post-secondary tuition, books, fees, etc.)	
Other	
Total Variable Expenses -	

Total Monthly Expenses (Fixed + Variable) -	
Total Monthly Income -	
Less Total Monthly Expenses -	
Equals Monthly Surplus Or Deficit -	

UNIT FOUR

Budgeting

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Activity 4.3 – Budget Worksheet

BUDGET WORKSHEET	COLUMN A Previous Months (\$)	COLUMN B Budget (\$)	COLUMN C Actual Spending (\$)	COLUMN D Difference (B-C) (\$)
INCOME				
Salary or benefits				
Financial Assistance				
Other				
TOTAL INCOME				
BASIC EXPENSES (NEEDS)				
HOME				
Rent or Mortgage payment				
Property Taxes				
Home Insurance				
Utilities (Electricity, Water, Cable, Telephone)				
Repairs & Maintenance				
TRANSPORTATION				
Public Transportation				
Car Loan Payment				
Car Repairs, Gas Etc.				
Car Insurance				
LIVING EXPENSES				
Groceries				
Child Care				
Medical and Dental				
Outstanding Loan Payments				
Basic Clothing				
Life, Disability and Medical Insurance				
Emergency Fund				
Other				
OTHER EXPENSES (WANTS)				
Restaurants and Entertainment				
Clothing (Extra)				
Hair Care				
Gifts				
Vacations				
Other				
TOTAL EXPENSES				
SAVINGS TO REACH GOALS (Total Income minus Total Expenses)				

Managing Your Debt

UNIT FIVE

Activity 5.1– Managing Credit Card Debt Quiz

Q - Paying your credit card bill just a couple of days after the due date will not affect your interest.

☐ **TRUE**

☐ **FALSE**

Q - All credit cards have the same grace period (also known as the interest-free period). True or false?

☐ **TRUE**

☐ **FALSE**

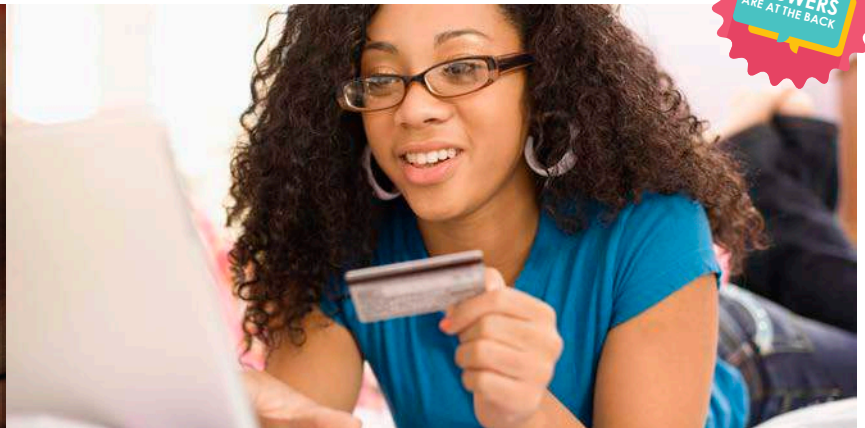
Q - If you use your credit card to take money out as a “cash advance,” you won’t have to pay interest on the amount you’ve withdrawn as long as you pay your credit card bill in full by the due date on your statement. True or false?

☐ **TRUE**

☐ **FALSE**

Q - Without a good credit history...

- a) Your bank may charge you higher interest rates on a personal loan for a car, house, etc.
- b) Your bank may refuse to give you a loan.
- c) You might not be able to get a lease on an apartment.
- d) A and B only.
- e) All of the above.



UNIT FIVE

Managing Your Debt

Activity 5.2 - Think Tank – Scenarios

WHAT WOULD YOU DO?

IN A GROUP OR AS AN ASSIGNMENT, REVIEW THE FOLLOWING SCENARIOS
AND SEE WHICH OPTIONS WOULD BE BEST FOR YOU.

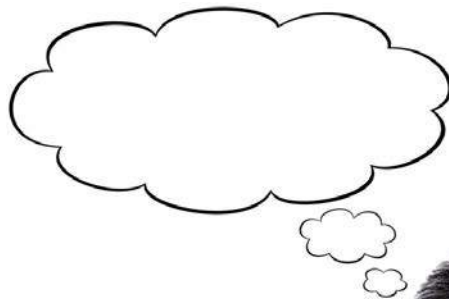
1. Your monthly credit card bill shows a charge for \$250 for a meal at a restaurant in another city. You've never been there. You refuse to pay, but the charge appears on your next billing statement, with interest added. What do you do? Why?

2. In applying for a credit card, you are offered a "Card Guard" insurance option for only 60 cents per month for each \$100 charged. The program will protect you against lost and stolen cards. It will also pay any outstanding credit card balances should you die. Should you take it? Why or why not?

3. Your bank offers you a new option – card cheques. It says you can use them just like cheques and there is no charge to sign up for the convenient service. A few personalised cheques are provided in the mailing. Should you accept? Why or why not?

4. You just got your first credit card and realised that you have spent all of your available credit and will only have enough money to pay off your credit card at the end of the month. What should you do?

5. Your friend tells you about his new credit card and all his great purchases and benefits of having this card. He encourages you to get the same card he has. Should you proceed to get this card?



Investing Essentials Parts A and B

UNIT SIX

Activity 6.1A – Group Activity



Individually or in groups create three scenarios that illustrate the difference between saving and investing. Students have 15 minutes to work on this task. Each group will present followed by a group discussion in the class.

Activity 6.1B – Research



Using the information you learnt about the key entities within the securities industry, research the organisations' websites and identify the key roles, functions and responsibilities of each.

- Ministry of Finance
- Central Bank of Trinidad and Tobago
- Trinidad and Tobago Securities and Exchange Commission
- Trinidad and Tobago Stock Exchange Limited
- Financial Intelligence Unit

UNIT SEVEN

Key Words and Terms in Investing

Activity 7.1 - Key Word Search

Match key words with the corresponding text/definition on the right.
This can be done in groups or as an individual or take home exercise.

KEY INVESTOR TERMS

Insider trading | Compounding | Pyramid Scheme | Investment Adviser | Broker-Dealer | Regulator | Bull Market
Fixed Expenses | Shares | Cross List | Bear Market | Trinidad and Tobago Securities and Exchange Commission
Stag | Mutual Funds | Ponzi Scheme | Medium-term financing | Investment Risk | Long-term financing | Securities
Trinidad and Tobago Stock Exchange

DEFINITIONS

ANSWERS

1. A market in which prices are generally rising and investor confidence is high. The term is most often used to refer to the securities market but can be applied to anything that is traded such as bonds, currencies, and commodities. It is characterized by optimism, investor confidence and high expectations for a strong future.
2. The probability or likelihood of occurrence of losses relative to the expected return on any particular investment. It is a measure of the level of uncertainty of achieving the returns as per the expectations of the investor. It is the extent of unexpected results to be realized.
3. A prolonged period of falling prices usually brought on by the anticipation of a decline in economic activity. It is normally triggered when investors sell off securities, because they anticipate worsening economic conditions and falling corporate profits. As prices fall, widespread pessimism among investors causes the negative sentiment to be self-sustaining.
4. An investment scam which promises exceptionally high rates of returns in a short period of time. The organizer will only ask you to invest in something. You won't be asked to take any more action other than handing over your money. He or she will claim to take care of the rest and give you your returns later. The scheme uses new investors' monies to repay previous investors. The scheme inevitably collapses when the promoter runs out of new investors to repay the previous investors.
5. This happens when your investment earnings or income are reinvested and added to your principal, forming a larger base on which earnings can accumulate.
6. An investment vehicle which pools money from investors and purchases various types of securities such as shares, bonds or money market securities based on stated investment objectives. Also known as: Collective Investment Schemes.
7. The trading of a corporation's shares or other securities on the basis of non-public and price sensitive information.
8. Stock certificates, bonds or other evidence of a secured indebtedness or of a right created in the holder to participate in the profits or asset distribution of a profit making enterprise.



Key Words and Terms in Investing

UNIT SEVEN

Activity 7.1 - Key Word Search cont'd

	DEFINITIONS	ANSWERS
9.	The nation's centralised market place for buying and selling stocks. In addition to increasing the investment options available to individuals, it also provides a mechanism through which companies can raise capital for expansion purposes by selling and issuing securities.	
10.	A person engaging in, or holding himself/herself out as engaging in, the business of— (a) effecting transactions in securities for the account of others; (b) buying or selling securities for his/her own account and who holds himself/herself out at all normal times, as willing to buy and sell securities at prices specified by him/her	
11.	Units of ownership in a corporation. There are two main types of these - Common and Preference. Generally represented by a certificate which names the company and the owner.	
12.	A person engaging in, or holding himself out as engaging in, the business of providing investment advice, and includes a person that provides investment advice to a manager of a collective investment scheme.	
13.	It is required for investment and for replacement of some fixed assets. It is raised for a period ranging from one year to five to ten years.	
14.	It is required for investment in assets like land, building, plant, house, and machinery, fixtures and fittings, patent rights and other fixed assets, and also for financing extension or expansion of business for a period of more than 10 years.	
15.	To trade a company's stock on more than one stock exchange.	
16.	An investment scam which promises exceptionally high rates of returns in a short period of time. New investors are usually asked to bring in additional investors into the fold. The scheme uses new investors' monies to repay previous investors. The scheme inevitably collapses when the promoter runs out of new investors to repay the previous investors.	
17.	Costs that do not fluctuate with changes in production level or sales volume. They include such expenses as rent, insurance, dues and subscriptions, equipment leases, payments on loans, depreciation, management salaries, and advertising.	
18.	A speculator who makes it a practice to get in and out of stocks for a fast profit. His aim is to buy and sell the shares in very short intervals and make a profit from the fluctuation, rather than to hold securities for investment.	
19.	The local regulatory body charged with the responsibility of ensuring that market participants comply with the regulations set forth in the Securities Act, 2012.	
20.	A person or body that supervises a particular industry or business activity.	



UNIT SEVEN

Key Words and Terms in Investing

Activity 7.2 - Mapping your Financial Plan

(Adapted from Financial Basics Workshop for young Canadians)

Whether your goal is to pay for your education, buy a car, pay off a debt or go on a vacation, this basic financial template will help you plan for it.

MY FINANCIAL PLAN

THIS FINANCIAL TEMPLATE WILL HELP ME ORGANISE MY FINANCES AND MEET MY GOALS.

1) What do I want to do?

2) How much money do I need to achieve this goal? (research will be required)

A

3) What do I currently have?

ASSETS

My Savings

My Investments

My Other Assets

My Scholarships/Bursaries

My Students Loans (the money I'll get)

Other Education Savings Plans in my name

Contributions from family and friends

Other

My Total Assets - _____ B

DEBTS

My Credit Card balances

My students loans (the money I'll owe) -

My car loan -

My bank or other loans -

My other debts (money owed to family and friends) -

My Total Debts - _____ C

4) My net worth (total assets minus total debts) _____ D = (B-C)

5) Amount needed to reach my Goal _____ E = (A-D)



Building an Investment Portfolio

UNIT EIGHT

Activity 8.1

Everyone makes assumptions about what they know and don't know about a certain topic. In small groups of two or three/or individually, review the statements about the topic of bonds below, and decide if the statement is true or false. The group with the most correct answers wins!

Bonds: True or False

1. Bonds are one type of financial investment you can make.

☐ **TRUE**☐ **FALSE**

2. One way to make money with bonds is via the interest that they pay.

☐ **TRUE**☐ **FALSE**

3. Bonds are issued only by large corporations.

☐ **TRUE**☐ **FALSE**

4. There is no risk to you as a consumer when you purchase a bond.

☐ **TRUE**☐ **FALSE**

5. All bonds have a maturity date that tells when the bond principal, should be paid to you as the purchaser of the bond.

☐ **TRUE**☐ **FALSE**

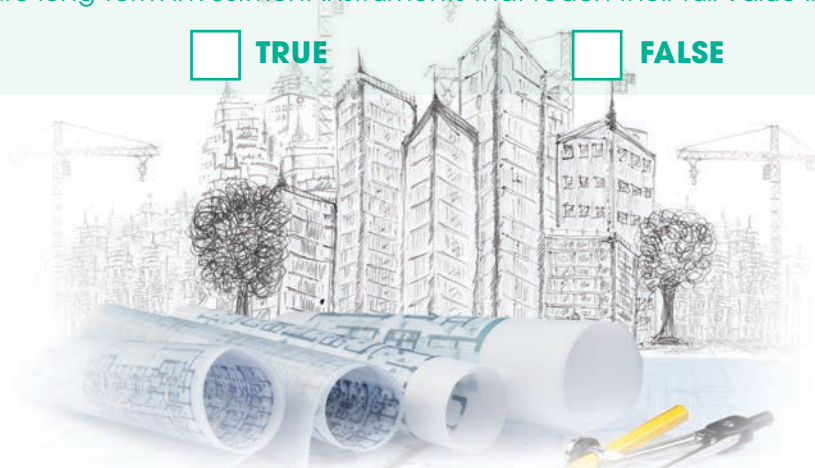
6. Bonds offer investors a lower risk opportunity versus mutual funds.

☐ **TRUE**☐ **FALSE**

7. Unlike stocks, which represent ownership in a company, bonds are debt instruments. This means you don't own a part of a company but are loaning it money.

☐ **TRUE**☐ **FALSE**

8. Bonds are long-term investment instruments that reach their full value in excess of 10 years or more.

☐ **TRUE**☐ **FALSE**

UNIT EIGHT

Key Words and Terms in Investing

Activity 8.2

Here are some questions to ask and things to look out for when you're ready to invest. You can review these with your parents or Guardian.

KNOW YOURSELF

What are your investment goals?

What's your risk tolerance?

How much do you plan to invest, now and in the future?

Are you looking for regular income or long-term growth?

When will you need access to your money?

How much can you rely on your own knowledge without expert advice?

KNOW YOUR INVESTMENT

What type of investment is it?

How does it earn money?

What is the investment's expected return?

How risky is it and is it liquid?

What does it cost to buy and sell?

Have you read and understood the fund prospectus?

Does it fit with your investment goals and the other investments in your portfolio?

What public information is available now and what information will be provided to you in the future?

Is the business plan logical and consistent with external facts?

Is the financial performance acceptable?

Is the management knowledgeable and reputable?

KNOW YOUR ADVISER

What qualifications and experience does the adviser have?

Are the adviser and the firm registered with the T&T Securities and Exchange Commission to trade the types of investments you're interested in?

What services does the adviser's firm provide?

What fees and commissions does the firm charge?

Do they have a good reputation and references?

Activity 8.3

Discussion / Research Questions:

What is the biggest difference you see between stocks and mutual funds?

Why would someone invest in the mutual fund market?

What advantages do mutual funds give you over other financial products?

Investment Fraud

UNIT NINE

Activity 9.1

Match key words with the corresponding text/definition on the right. This can be done in groups or as an individual or take home exercise.

FINANCIAL/ INVESTMENT SCAM

Ponzi or Pyramid schemes | Internet Scams | Promissory notes | Affinity Fraud |
Boiler Room Scams

DEFINITIONS	SCAMS
1. This scam often happens in social groups. Con artists gain your trust and encourage you to invest in a fraudulent scheme	
2. With this scam you can expect to receive a phone call from someone you don't know, claiming to offer you the "chance of a lifetime" to make lots of money. They attempt to persuade you to invest in shares that are either non-existent, or so worthless they are impossible to sell.	
3. The scheme pays early investors with money raised from later investors. The only people who make money are the promoters who give false promises of high returns.	
4. With this scam fraudsters can operate anonymously from anywhere in the world, making it hard to catch them. They lie to try and convince you to either send them money or your persona bank card or financial information.	
5. Empty promises can leave these notes worth less than the paper on which they are printed	



UNIT NINE

Investment Fraud

Activity 9.2


The best defence against investment fraud is to become a smart investor. Individuals of all ages who do not know how to make sound economic decisions about investing may become victims of investment fraud. Take a look at this investment fraud script in a group and discuss the questions that follow. Have two students role play the script that follows.

INVESTMENT FRAUD SCRIPT

For this exercise, teachers may select individuals to act out the scenes and segment the classroom into two groups to discuss the questions at the end of the script and share ideas on the two conclusions proposed in the excerpt.

Introduction (Instructor)

We are about to listen in on a telephone conversation between a boiler-room scam artist and a potential investor. The question is: Will the potential victim fall for the scam?




CON ARTIST: Hello, is this Mrs. Taylor? My name is John Deary. My friends call me John and that's what I want you to do. I'm calling today to offer you the opportunity of a lifetime. Do you have a minute to hear how you can make a lot of money in a few short months?

VICTIM: Well, I guess so. What's up?





CON ARTIST: I am with the International Mining Company and for a limited time we are selling investment units in high-yield gold and silver mines in southern Texas. We are temporarily based in Trinidad and Tobago and other parts of the Caribbean seeking to expand this great opportunity across the globe. We guarantee that for each \$1,000 TTD you invest you will receive a \$3,000 TTD return on your money in just six months and there is no risk of loss whatsoever. Sounds good?

VICTIM: I don't know enough about gold and silver mining to invest.

CON ARTIST: I understand, Mrs. Taylor, and I appreciate your concern. However, you probably don't know how to build a car — and neither do I — but that wouldn't keep us from investing in other lucrative stock if we knew we would earn a lot of money. Doesn't it make sense, Mrs. Taylor, to just look at the return on your investment and leave the mining to us?

VICTIM: I just don't know. My money is doing just fine in the bank and Credit Union.

CON ARTIST: The truth, Mrs. Taylor, is that regular banking and Credit Unions are for suckers. The same goes for savings deposits, Treasury bills, and stocks. You keep your money there earning its pitiful two or three percent a year and you can take it from me, Mrs. Taylor: The rich will stay rich and the poor — including you — will stay poor. What I'm talking about is putting an end to that. This is your chance to break out from the pack, move up to the big time, and take care of your future needs. Probably the hardest thing to do, Mrs. Taylor, is to make a decision. But let's face it, only the doers achieve success — because they reach out and grasp the opportunity. If you don't do anything, nothing gets done! Right?

Investment Fraud

UNIT NINE



VICTIM: I have to think this one over.



CON ARTIST: Our information is very clear or I haven't done my job. I have plenty of research information to help you make an intelligent decision. If you are a serious investor, you can check everything out. Our company has business offices throughout the United States, Europe, and the Pacific Rim. We enjoy an international reputation for good management. As a matter of fact, the Securities and Exchange Commission recently listed our company as the number one investment company in safety and yield over the next 10 years. So, can you make a decision to invest today?



VICTIM: I still need more information.



CON ARTIST: Fine, Mrs. Taylor. I'll send all the information you need about our company and its highly trained mining engineers. This is no secret silver mine. We have mountains of research reports if you care to read and study them. Oh, by the way, Mrs. Johnson, you do have the cash available to take advantage of this investment opportunity, don't you?



VICTIM: Yes, I have the money and it sounds like a good investment. I'd sure like to get that kind of return on my money, but it just sounds too good to be true. Will you put the guarantee in writing?



CON ARTIST: This company is solid. You saw what happened to the savings and loan industry. And now the banks are in trouble. I wouldn't keep my money in any bank these days. Be safe. Put your money with us. How many units are you prepared to buy today?



VICTIM: Oh, I'm not sure.



CON ARTIST: Let me help you make the decision, Mrs. Taylor. A \$10,000TTD investment today will yield \$30,000TTD in just six months. What do you say?



VICTIM: Let me think about it for a couple of days.



CON ARTIST: Look, Mrs. Taylor, the deal is for today only. The opportunity will be gone tomorrow. You're not a procrastinator, are you? A courier will be at your house by 3 o'clock today. Just have your cheque or cash for \$10,000TTD ready. You won't regret it.



VICTIM: You sound honest, and the investment sounds good. I'll have my cheque ready today at 3 o'clock.

CONCLUSION 1:

Instructor: The victim gave the swindler \$10,000 TTD of hard-earned savings, and never heard from the con artist or saw her money again.

Mrs. Taylor was too embarrassed to tell anyone for days. By the time she told the authorities, the swindler had moved on to take money from a new set of people who trusted too much. They let greed or fear distort their common sense.

UNIT NINE

Investment Fraud



UNIT

SECOND ENDING:





CON ARTIST: Look, I can tell that you're a person who likes to put your money to work. You obviously are a savvy investor. You recognise a good investment when you see one. You will not be sorry. I guarantee it.

VICTIM: As soon as I get your printed information I will discuss it with my investment adviser and my family. And by the way, Mr. Deary, where did you say you are located? I need your address and the phone number of the office headquarters.



CON ARTIST: You don't need to bother with all that information. Just trust me. Listen, Mrs. Taylor, this opportunity may be gone tomorrow. Units are selling fast. Shall I have a courier stop by your house today and pick up your cheque?

VICTIM: Just send the information. I want to contact the Trinidad and Tobago Securities and Exchange Commission. I like to check these things out, you know.



CON ARTIST: Have a pencil handy? I can give you the number of the International Better Business Bureau. It's 800-655-9999. Check us out. I'll call you back in an hour.

CONCLUSION 2:

Instructor: The contact number turned out to be a fraud, too. The person who answered the phone was hired by the National Mining Company to say nice things about the gold and silver mine investment.

Mrs. Taylor did not invest, but rather reported the fraudulent telephone call to the securities regulator. Local newspapers, radio, and TV newscasts picked up the story and warned others of the fraud. The telemarketing scam moved on to the next victim. Victims are plentiful and swindlers are difficult to catch.

Investment Fraud

UNIT NINE

INVESTMENT FRAUD SIMULATION

Debriefing Session Discussion Questions

1. What were the warning signs that this was a scam?
2. Why did this scam appeal to Mrs. Taylor?
3. How will this experience affect Mrs. Taylor's trust in people who offer to help her in the future?
4. When the con artist is caught, what would be an appropriate punishment for the crime?



ANSWERS

ANSWERS
PAGE 2

Activity 1.2 - Differentiating between short, medium and long term goals.

PERSON	AMOUNT TO BE SAVED	AMOUNT SAVED EACH MONTH	NUMBER OF MONTHS	NUMBER OF YEARS	SHORT, MEDIUM OR LONG TERM GOAL
Anya	\$1200.00	\$20.00	60	5	L
Brent	\$100.00	\$10.00	10	Less than 1 yr.	M
Cherise	\$720.00	\$30.00	24	2	M
Daniel	\$600.00	\$50.00	12	1	M
Emily	\$90.00	\$30.00	3	Less than 1yr.	S
Frank	\$3,600.00	\$100.00	36	3	L

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Activity 5.1- Managing Credit Card Debt Quiz

Q - Paying your credit card bill just a couple of days after the due date will not affect your interest. True or false?

ANSWER: FALSE. Whether your credit card bill payments are late by a couple of days or several weeks, you will be charged interest on the amount to be paid.

Q - All credit cards have the same grace period (also known as the interest-free period). True or false?

ANSWER: FALSE. The grace period is the time between the statement date and the payment due date, and is provided by the credit card issuer.

Q - If you use your credit card to take money out as a "cash advance," you won't have to pay interest on the amount you've withdrawn as long as you pay your credit card bill in full by the due date on your statement. True or false?

ANSWER: FALSE. Banks and credit card companies treat cash advances differently from purchases made with a credit card. With a cash advance, you are charged interest from the day you receive the cash advance until the day it is paid off in full.

Q - Without a good credit history...

- a) Your bank may charge you higher interest rates on a personal loan for a car, house, etc.
- b) Your bank may refuse to give you a loan.
- c) You might not be able to get a lease on an apartment.
- d) A and B only.
- e) All of the above.

ANSWER: All of the above. A poor credit rating can affect your life in many ways. That's why it's very important to have a good credit history!

ANSWERS

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Activity 5.2 - Think Tank – Scenarios

WHAT WOULD YOU DO?

IN A GROUP OR AS AN ASSIGNMENT, REVIEW THE FOLLOWING SCENARIOS
AND SEE WHICH OPTIONS WOULD BE BEST FOR YOU.

1. Your monthly credit card bill shows a charge for \$250 for a meal at a restaurant in another city. You've never been there. You refuse to pay, but the charge appears on your next billing statement, with interest added. What do you do? Why?

A - Contact your credit card company immediately. There is usually an option on the back of your bill to dispute any charges that you did not make.

2. In applying for a credit card, you are offered a "Card Guard" insurance option for only 60 cents per month for each \$100 charged. The program will protect you against lost and stolen cards. Should you take it? Why or why not?

A - No. This is a costly insurance option. If a card is lost or stolen, notify your credit card company immediately.

3. Your bank offers you a new option – card cheques. It says you can use them just like cheques and there is no charge to sign up for the convenient service. A few personalised cheques are provided in the mailing. Should you accept? Why or why not?

A - Ask what the charges are for additional personalised cheques. If there is a fee, you should think twice before adding this new option to your account. Always read the fine print on additional offers.

4. You just got your first credit card and realised that you have spent all of your available credit and will only have enough money to pay off your credit card at the end of the month. What should you do?

A - Ideally you should pay off your credit card debt so as to not incur unnecessary interest, even if that means having to sacrifice a few luxuries in the following month.

5. Your friend tells you about his new credit card and all his great purchases and benefits of having this card. He encourages you to get the same card he has. Should you proceed to get this card?

A - If you do decide to get a credit card, you should shop around for options and see which credit card best suits your needs and your pocket. Look at the charges being applied to the card and see if it is within your budget.

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Activity 7.1 - Key Word Search

KEY INVESTOR TERMS

DEFINITIONS

Insider Trading	7
Compounding	5
Pyramid Scheme	16
Investment Adviser	12
Broker-Dealer	10
Regulator	20
Bull Market	1
Fixed Expenses	17
Shares	11
Cross List	15
Bear Market	3
Trinidad and Tobago Securities and Exchange Commission	19
Stag	18
Mutual Funds	6
Ponzi Scheme	4
Medium-term financing	13
Investment Risk	2
Long-term financing	14
Securities	8
Trinidad and Tobago Stock Exchange	9

Activity 8.1

Bonds: True or False

1. **TRUE**
2. **TRUE**
3. **FALSE** - Bonds can also be issued by governments, investment companies and mortgage corporations
4. **FALSE** - Just like any other investment, bonds also carry a risk associated with purchasing them
5. **TRUE**
6. **TRUE**
7. **TRUE**
8. **TRUE**

QUIZ ANSWERS

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Activity 9.1

FINANCIAL/ INVESTMENT SCAM	
SCAMS	DEFINITIONS
Ponzi or Pyramid Schemes	
Internet Scams	
Promissory Notes	
Affinity Fraud	
Boiler Room Scams	

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Activity 9.2

Investment Fraud Simulation: Answer Key

Possible Responses to Debriefing Session Discussion Questions

1 . What were the warning signs that this was a scam?

- High-pressure sales techniques
- Promise of high return on money
- No-risk investment, promise of safety
- Promise of an opportunity of a lifetime
- Lies and false promises
- Limited time offer, opportunity gone tomorrow
- Critical of common investments such as bank savings accounts and Credit Unions

2 . Why did this scam appeal to Mrs. Taylor?

- Con Artist was friendly and seemed to be looking out for her best interest
- Mrs. Taylor wanted to get a good return on her investment
- Con artist assured her that she did not have to know about gold and silver in order to invest
- Con artist promised that this investment would help her take care of her future goals
- Con artist promised that information would be sent to Mrs. Taylor
- Mrs. Taylor believed that the investment was good

3 . How will this experience affect Mrs. Taylor's trust in people who offer to help her in the future?

- The experience will probably cause Mrs. Taylor to distrust people who offer to help. It could cause her to pass up reasonable opportunities out of fear of being cheated. In this way, fraud poisons the atmosphere of legitimate business transactions.

4 . When the con artist is caught, what would be an appropriate punishment for the crime?

- Have individuals consider such factors as the severity of the offense, the impact on the victim, the damage that fraud does to legitimate marketplace transactions, and the costs of protecting people from fraud. Suggested punishments will probably range from fines to time in jail. The criminal record is also a form of punishment.

Beyond The Classroom

BEYOND THE CLASSROOM

Invite a guest from the TTSEC to discuss investment scams and fraud protection.



Ms. Ariene Stephen leads an outreach session at Presentation College San Fernando.



Investor Education outreach at Scarborough Secondary School, Tobago for IE Month 2016



Investor Education outreach at Bishop's High School, Tobago for IE Month 2016

Investor Education OUTREACH



The Trinidad and Tobago Securities and Exchange Commission's (TTSEC's) Investor Education programme is generally focused on developing a more literate financial consumer who can make informed and suitable personal investment decisions, while avoiding the pitfalls and dangers that can arise in the form of unregistered financial products as well as various scams and fraudulent investment schemes.

By law, we cannot tell investors what investments to make but through our programme ***we will provide information on: the role and function of the TTSEC, the rights and responsibilities of investors, a guide to making wise investment decisions and much more.***

The TTSEC's vision is for a better informed, educated and more confident citizenry, able to take greater responsibility for their investment and financial affairs, with the ability to play a more active role in the market for financial services.

*This Investor Education Outreach programme, which is **free of charge**, is conducted by technical staff of the Commission and include discussions and presentations on:*

- 1. The Importance of Saving and Investing**
- 2. Understanding Investment Vehicles**
- 3. How to manage Investment Risk and**
- 4. How to Avoid Investment Fraud**

Contact the TTSEC at ccei@ttsec.org.tt to schedule your free Investor Education Outreach Session.





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