

Investment Fraud Checklist

By John F. Smith

Questions to Ask

- Do you understand how the investment works?
- Is the person contacting you about the investment a stranger?
- Are you dealing with a registered adviser?
- Can you verify the investment with a credible source?
- Is the seller reluctant to provide written information on the investment?
- If you are promised a guaranteed return, is the guarantee given by a reputable financial institution?
- Have you been guaranteed high investment returns with little or no risk?
- Is your money guaranteed to be there when you need it?
- Have you been offered 'insider information'?
- Is information on the investment found only on the Internet?
- Does the investment sound too good to be true?
- Is the investment opportunity based on facts?
- Are you promised a high return on a low-risk investment?
- Do you have enough time to make a decision?
- Is the risk you are taking reasonable for the expected return?

Tips

- If you don't understand the investment, don't invest.
- If you receive an unsolicited investment opportunity, get a second opinion.
- Never feel pressured into buying an investment on the spot.
- Take your time making investment decisions.
- Ask for proof of the guarantee in writing.
- Make sure you understand and can afford the amount of risk you're taking on.
- Beware of the sources of 'hot tips' or 'insider news'.
- Never sign documents you have not read carefully.