

## **Investment Schemes Fraud**

Senior Citizens, as they plan for retirement, may fall victim to investment schemes. These may include Advance Fee Schemes, Prime Bank Note Schemes, Pyramid Schemes, and Nigerian Letter Fraud schemes.

### **Some Tips to Avoid the Advanced Fee Schemes:**

- If the offer of an "opportunity" appears too good to be true, it probably is. Follow common business practice. For example, legitimate business is rarely conducted in cash on a street corner.
- Know who you are dealing with. If you have not heard of a person or company that you intend to do business with, learn more about them. Depending on the amount of money that you intend to spend, you may want to visit the business location, check with the Better Business Bureau, or consult with your bank, an attorney, or the police.
- Make sure you fully understand any business agreement that you enter into. If the terms are complex, have them reviewed by a competent attorney.
- Be wary of businesses that operate out of post office boxes or mail drops and do not have a street address, or of dealing with persons who do not have a direct telephone line, who are never "in" when you call, but always return your call later.
- Be wary of business deals that require you to sign nondisclosure or noncircumvention agreements that are designed to prevent you from independently verifying the bona fides of the people with whom you intend to do business. Con artists often use noncircumvention agreements to threaten their victims with civil suit if they report their losses to law enforcement.

### **Some Tips to Avoid Prime Bank Note Related Fraud:**

- Think before you invest in anything. Be wary of an investment in any scheme, referred to as a "roll program", that offers unusually high yields by buying and selling anything issued by "Prime Banks".
- As with any investment perform due diligence. Independently verify the identity of the people involved, the veracity of the deal, and the existence of the security in which you plan to invest.
- Be wary of business deals that require nondisclosure or noncircumvention agreements that are designed to prevent you from independently verifying information about the investment.

### **Some Tips to Avoid Pyramid Schemes:**

- Be wary of “opportunities” to invest your money in franchises or investments that require you to bring in subsequent investors to increase your profit or recoup your initial investment.
- Independently verify the legitimacy of any franchise or investment before you invest.

### **Some Tips to Avoid Nigerian Letter or "419" Fraud:**

- If you receive a letter from Nigeria asking you to send personal or banking information, do not reply in any manner. Send the letter to the U.S. Secret Service, your local FBI office, or the U.S. Postal Inspection Service. You can also register a complaint with the Federal Trade Commission's Consumer Sentinel.
- If you know someone who is corresponding in one of these schemes, encourage that person to contact the FBI or the U.S. Secret Service as soon as possible.
- Be skeptical of individuals representing themselves as Nigerian or foreign government officials asking for your help in placing large sums of money in overseas bank accounts.
- Do not believe the promise of large sums of money for your cooperation
- Guard your account information carefully.

*Source: <http://www.fbi.gov/majcases/fraud/fraudschemes.htm>*

**Investment Property** - Property is sold to the vulnerable as a guaranteed investment with high yield returns. The victim is convinced to buy investment property through, or in conjunction with, a property management firm that will handle all the loan documents, make all the loan payments, place the tenants, collect the rents and maintain the property. The victim is told that he or she has to do nothing other than be the buyer and borrower. The property then falls into foreclosure. The victim finds that the property was inflated in value, payments at the closing were made to the property management company or affiliated parties, no loan payments have ever been made, and any collected rents have been stolen as well.