

Hurry! Before It's Too Late!!!

SYNOPSIS

- There is no shortage of investment scams, and it's often difficult to spot one when compared to a legitimate opportunity.
- Investment scams follow similar patterns, and a trained eye can use a number of tricks to spot deceit.
- Approach any investment opportunity with a healthy dose of skepticism because this mindset will force you to conduct a proper amount of due diligence.



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Have you ever opened an email touting the ability to earn over 1,000%+ returns in a matter of months? Did you ever come across a website explaining that the next big technological breakthrough by a little-known company in an even lesser known country is about to revolutionize a huge industry here in the U.S.? For that matter, have you ever received an unsolicited letter in the mail explaining why the price of a commodity (silver, gold, etc.) is about to explode?

I know I have encountered all of these opportunities, and in most instances, they have come across as professional, well-crafted, and informative. The problem is that almost every single one of them has also been nothing more than a scam.

The picture below is just one example of some of the ways that con men attempt to hook their targets and make them want to “learn more.”



Source: <http://moneyburp.blogspot.com/2015/10/potential-return-of-up-to-1000-looking.html>

The reason why fraudsters put so much effort into creating fake websites, filming phony video ads, and engaging in other costly endeavors geared at ripping people off is because they work.

One such ploy is known as a “pump and dump” operation. Here, scammers buy a stock and then advertise the potential for huge gains to hundreds of thousands of recipients through email, direct mail, and word of mouth.



These schemes are almost always based on what appears to be a credible story. Either the company in question is going to release a new revolutionary product, or they have uncovered some new medical breakthrough, or they are going to get bought by a well-known conglomerate for a 250% premium, etc.

The final hook in such a strategy is the requisite warning that potential investors must act fast before the word gets out, thus playing into the emotions of missing out on a once in a lifetime investment opportunity.

As people start to buy the stock in anticipation of making huge profits, the price of the stock will increase. Once the stock rises past whatever threshold the scammers hope to achieve, they sell the stock and lock in profits.

The only issue is that the fundamental thesis for owning the stock is bogus, and ultimately the stock tanks as the story unfolds. These schemes are highly illegal, but it's also very difficult to catch the assailants, so the scammers typically walk away with a lot of money.

It's up to investors to protect themselves from such deviant behavior, so here are ten warning signs that an investment opportunity is most likely a scam.

1. **Guaranteed:** Any time the word "guaranteed" is used in relation to an investment opportunity, run away. No reputable investment firm's compliance department would allow this word to be printed on anything to anyone. Period.
2. **Unsolicited:** Investment opportunities that arrive unsolicited and/or come from an unknown source should be met with heavy skepticism.
3. **Website Advertisements:** Anything being advertised on a website is nothing more than a tactic to get you to buy something so they make money. No company is going to pay for ad space for any other purpose.
4. **Before It's Too Late:** Ignore any investment opportunity that pressures you to act quickly. Investment decisions should never, under any circumstances, be rushed.
5. **By Invitation Only:** We all like to feel special, but assume any investment that is selective or urges you to keep the offer to yourself to prevent too many people from knowing about it to be nothing more than a scam.
6. **Unrealistic Returns:** If it's too good to be true then it's a farce and/or incredibly risky. Stocks that are capable of doubling in a short period are far more capable of losing all your money in an even shorter amount of time.
7. **Lack of Information:** If you are unable to find any public information about the investment opportunity either online or through other mediums, ignore it.
8. **Protect Against The Next Crisis:** Scammers are well aware of the emotional response to such harrowing times as the financial crisis, so be very skeptical the next time someone tries to warn you about "the next 2008," for just a small fee.
9. **Bogus Credibility:** Scams often try to establish credibility by posting awards or using fake endorsements. These tactics can quickly be discredited using Google to research the merits of the organization providing the endorsement.
10. **You'll Regret It:** Any attempt to make you feel like you are making a mistake by passing on an opportunity is textbook manipulation.



Simply put, there are no secret tactics, inner circles, guarantees, or any other hidden opportunities in the investment world, so it's best to ignore anything that states otherwise.

Implications for Investors

Another way these scams hurt investors is by turning them into cynics who assume that all investment opportunities are rip offs. There is a fine line between cynicism and skepticism, so don't let these bad actors destroy your faith entirely.

A good rule of thumb is to approach all investments with a healthy dose of skepticism because this mindset will force you to conduct a proper amount of due diligence. Vet any idea that comes your way, and only pursue those that overcome your high barrier for consideration.

Lastly, any time an opportunity sounds interesting, be sure to run it by your financial advisor because a second pair of eyes that is vested in your best interest can act as a second line of defense.



Sincerely,

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