

YOUR FINANCES

Top Five Tips For Spotting Fraud

(NAPSA)—Investors can sometimes overlook signs that indicate an offer really is too good to be true. This can leave them vulnerable to fraud and financial predators.

The Commodity Futures Trading Commission (CFTC) is the federal government agency that regulates the commodity and security futures, commodity options, swaps, and retail foreign currency exchange markets. It also works to protect the public from fraud, manipulation, and abusive practices in the highly volatile, complex and risky commodity futures and options markets.

To help, it offers the following “top five tips” on how to spot fraud. Much of this material was developed from research conducted by the FINRA Investor Education Foundation.

• **What’s the rush?** Investors should be cautious any time they are pressured or rushed into making a decision about an investment opportunity. Is the offer described as being good for only a limited time or in a limited quantity? Are you being led to believe you are part of a special group being notified? Take time to evaluate the offer and don’t allow yourself to be rushed into making any financial decision. Most legitimate offers will be there tomorrow.

• **Favors are rarely free.** When the person on the other end of the trade offers to do a “small favor” for you in return for a big favor, it may be a ploy to distract you from the business at hand. It’s best to stay focused on the opportunity, not to look for bargains.

• **Beware of the “Phantom Riches” tactic.** This is when a con artist dangles the prospect of unrealistic wealth, enticing you with something you want but can’t have. Consumers should con-



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sider whether the salesperson is dangling incredible returns or guarantees. It’s important to remember that all investments carry some risk.

• **Selling credibility.** This is when the con artist tries to build credibility by appearing successful, claiming affiliation with a reputable organization or touting a special credential or experience. A seller may have a corner office, framed diplomas or certificates and wear an expensive suit, but appearances really can be deceiving. Check out the seller’s actual qualifications.

• **Watch out for third-party endorsements.** When someone talks about a lot of people you know investing in the opportunity and that you shouldn’t be left out, it’s probably a good idea to keep your hand on your wallet and your wallet in your pocket until you learn more.

To learn more, visit www.cftc.gov/consumerprotection.