ASC CHECKFIRST

brought to you by the Alberta Securities Commission

Don't be fooled by fraud.

A GUIDE TO PROTECTING YOUR HARD-EARNED MONEY.



Investing can be part of a healthy financial future, providing you with greater personal freedom, a healthy retirement, a sense of security or the ability to afford the things you want in life.

Investment fraud can jeopardize those goals, but there are ways that you can protect yourself. This book is one tool to help you build a stronger financial future.

To stop it, you need to understand it.

Investment scams are a dime a dozen, but did you know that many fraudsters follow a series of steps that are easy to identify if you know what to look for? It's a playbook of sorts — while the scam may look different on the surface, the plays are mostly the same.

WANT TO KEEP YOUR MONEY SAFE? Discover the steps fraudsters rely on and learn how to help your friends, family and yourself stay clear from investment fraud.



Before you read on, remember:

No one cares more about your money than you.

Investments are a great way to grow your wealth over time, and having a financial plan, knowing how to talk to advisors and doing your research are important steps to achieving that (for more information on how, visit ***checkfirst.ca***). Without a plan, you may be exposed to fraudsters who will exploit your fears or anxieties. Always take the time to research and verify any investment or product.

Anyone can be a target.

Regardless of age, investment knowledge or level of wealth, fraudsters apply their playbook strategy to anyone whose trust they think they can win. In addition to using email, phone calls, social media and other channels, fraudsters may exploit people you know so they unintentionally bring the scam to you, which is why doing your own research is key to wise investment decisions.

Identify. Avoid. Prevent.

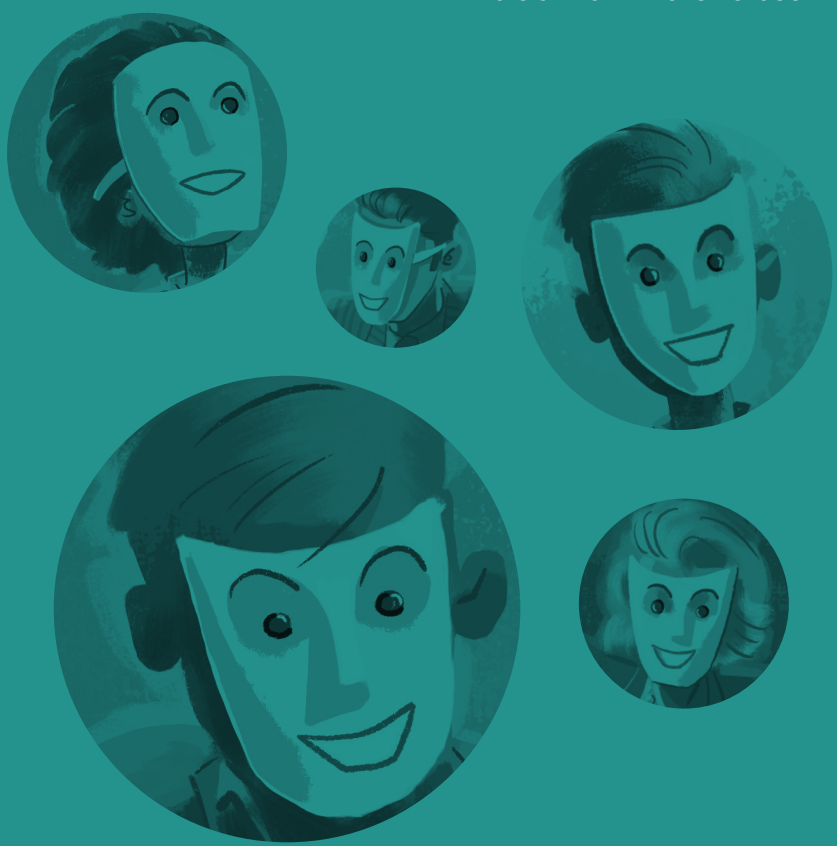
This playbook contains seven key steps that every fraudster takes to identify targets, gain their trust, and ultimately, steal their money. First, learn what they do. Then identify what you can do to protect yourself and prevent others from being scammed.

Report it!

Fraudsters work quickly with their investment scams. Whether you think you were offered an investment opportunity that could be a scam, notice a friend or family member that may be in trouble, or you or someone you know lost money to fraud, don't keep it to yourself. Report your suspicions to the authorities – at any stage. You can help stop fraudsters and save someone else from being a victim in the future.

Fraudster's Playbook Steps

What's lurking behind those smiles and their smooth sales pitch? These **seven steps** take you inside the mind of a scammer and their schemes.



STEP ONE:

1 Identify potential victim(s) for the scam



What THEY do:

- **Capitalize on current events**, trends, and economic downturns to uncover potentially vulnerable targets.
- **Identify targets by leveraging common fears or anxieties** like unemployment, insufficient retirement savings and FOMO (fear of missing out) on a money-making opportunity.
- **Initiate communication** through online ads, emails, phone calls, letters or in-person interaction at community or group events — which may include using friends or family as camouflage for a scam.

What **YOU** can do:

- Be cautious around investment opportunities based on current events or trends.
- Be aware that emotional investing based on fears or anxieties without a financial plan can make you vulnerable to fraudsters — stick to your financial plan.
- **Remember that money invested in an uncertain or higher risk opportunity should only be money you can afford to lose.**
- Be wary of any communication or individuals you don't know who approach you with opportunities, or try to get close to you too quickly.
- Know that financial decisions that are right for your friends and family may not be right for you.

STEP TWO:

2 Befriend and earn trust

What THEY do:

- **Cultivate quick friendships** with the target, communities or groups.
- **Develop trust** through rapidly evolving friendships and frequent contact.
- **Use respected members in a group** to facilitate introductions.
- **Begin providing advice** to establish a reputation as a reliable resource and authority.

What YOU can do:

- Create boundaries for your personal finances and private matters, whether that's at work, at family gatherings or even at a place of worship.
- **Be wary of new friends or acquaintances that take an immediate interest in your financial wellbeing.**
- Don't automatically trust a new acquaintance that comes through a friend, family member or community.


I'M A FRIEND OF...
HI.
WANT TO GRAB A COFFEE?
HOW'S YOUR FAMILY DOING?
NICE TO MEET YOU.
I'm just like you. I've been in your shoes.
HELLO!
HEY THERE.
LIKE
I LIKE THAT, TOO.
I'M HERE TO HELP YOU.
Friend Request

STEP THREE:

3 Drop hints or showcase the benefit of an "investment" opportunity

What THEY do:

- **Flaunt wealth and success** while openly and frequently talking about how it was achieved.
- **Casually mention the opportunity** and its high returns with little to no risk.
- **Provide "returns" to a few early investors**, such as your friends or family, to support their claims.

What **YOU** can do:

- Do not let the showcasing or promise of wealth impress you — it may not be real, or it may be funded by money stolen from others.
- Wealth achieved through high-return investments with little to no risk is the BIG red flag of investment fraud. Stay away from anything like this.
- **Do not easily accept your friends' or family's claims that they researched the investment.**
- Research any investment opportunity to make sure it is legitimate and right for your investment goals. Keep to your plan!
- Check the registration and enforcement history of the individual or firm at ***CheckFirst.ca*** to ensure they are legally allowed to offer the investment.


LOOK AT ALL THE EXPENSIVE STUFF I OWN.
Exotic Vacation
THINK ABOUT THE LEGACY YOU'LL LEAVE YOUR FAMILY.
THIS IS COMPLETELY RISK-FREE.
VACATION PROPERTY DEED
I CHANGED MY LIFE WITH ONE INVESTMENT. LET ME CHANGE YOURS.
SHINY NEW SPORTS CAR
EXPENSIVE TICKETS
High Returns

STEP FOUR:

4 Offer the investment opportunity



What THEY do:

- **Tap into the fears or interests of the target** so that they feel a personal connection to the investment.
- **Create a sense of urgency or intimacy** to make the offer more attractive through:
  - **Time-sensitive offers** — restricts your ability to research the opportunity/gives you less time to talk it over with those you trust.
  - **Exclusive offers/insider tips** — secrecy increases appeal and discourages you from discussing with others who might ask questions.
  - **Guaranteed high returns with little to no risk** — appeals to those who are risk-averse but want bigger returns.
  - **Offshore and tax-free investments** — to avoid legitimate taxes on capital gains from investments.
  - **Personal connections** — using friends or family to make the investment opportunity seem safe and appealing.
  - **Celebrity endorsements** — creates immediate trust, whether the celebrity is involved or not.

What **YOU** can do:

- Be wary of any friend, acquaintance or new contact who tries to sell you an investment based on your financial circumstances or anxieties.
- Recognize that the offer could either come from a face-to-face connection, or that you may never see the person trying to get your money. Fraud works both ways.
- Know how to identify the red flags of investment fraud at ***CheckFirst.ca***. If someone is offering you an investment that sounds too good to be true, it usually is.
- **Always do your own research, no matter who recommends the investment.**
- Check the registration and enforcement history of the individual or firm offering the investment at ***CheckFirst.ca***, and instruct your friends and family to do the same. It takes a few minutes and could save you thousands of dollars and emotional stress.
- Contact the ASC if you feel you or someone you know could potentially be involved with an investment scam. Better to be safe than sorry.

STEP FIVE:

5 Receive money for the investment

What THEY do:

- **Frequently communicate with the potential target** until money is handed over for the so-called "investment".
- **Provide paperwork with unclear and confusing information** that makes the investment look legitimate but hard to validate.
- **Make themselves available** and respond quickly to ensure the target does not get cold feet.

What YOU can do:

- Be skeptical of anyone demanding your money immediately for an investment — do not allow yourself to be rushed into any investment.
- **Do not sign anything you do not understand or haven't read in full.**
- Make sure to review contracts and paperwork thoroughly for red flags and inconsistencies.
- ALWAYS check the registration and enforcement history of any individual or firm offering you an investment opportunity before handing over your hard-earned money.
  - By law, anyone selling investments must almost always be registered in the province they are selling in. If they claim they are offering the investment under an exemption, use the ***Contact Us*** page on ***CheckFirst.ca***. We can help you understand what an exemption is and if it is valid in this circumstance.
- Review the investment with a trusted person not involved in the investment, like a lawyer, an accountant or your financial advisor.
- Do not invest until you have done your research and have satisfactory answers to all your questions.


KEEP THIS BETWEEN YOU AND ME.
WE NEED TO ACT FAST!
HERE ARE MORE DETAILS...
text me...
CALL ME ANYTIME.
YOUR FRIEND, JOE HAS ALREADY BOUGHT IN.
GREAT OPPORTUNITY!
Signature
checking in...
FALSE FACTS
CONFUSING CHARTS
Unclear Information

STEP SIX:

6 Disappear (the Ghosting Act)

What THEY do:

- **Refuse to give money back** to the target when requested, or according to a previously agreed upon schedule, and provide excuses for why it is inaccessible 'at the moment.'
- **Reassure the target** that money will be available at a later date and that the investment is solid.
- **Request additional investment money** for the supposed long-term benefit of the investment.
- **Ignore the target** and stop responding to inquiries if they continue to ask for their money back, or ask for more details.

What **YOU** can do:

- **Do not provide any additional money to the individual or firm if you have any concerns.**
- Collect all the information, paperwork and relevant details of the investment and the individual or firm offering it to you.
- Contact the ASC right away if you suspect something is not right with your investment, and provide all documentation you have to help us with our investigation.
- Share what is going on with you with a trusted family member or friend — do not isolate yourself. **Reach out for support.**


I'D LOVE TO HELP, BUT CASHING OUT ISN'T SO SIMPLE.
I'm on vacation at the moment.
ACTUALLY, I'M GLAD YOU CALLED. THERE'S A WAY WE CAN DOUBLE YOUR MONEY.
Leave me a message and I will get back to you.
Hello?
mailbox full
Big things are about to happen. Be patient.
call declined
Hello?
RU there...
CANADA
RETURN TO SENDER
call declined
Hello?
ANOTHER EXCUSE.

STEP SEVEN:

7 Target the victim again (the Recovery Act)



What THEY do:

- **Sell the victim's information** to another fraudster or criminal organization.
- **Contact the victim** and offer to reclaim the investment through a lawsuit or other means for a fee.
- **Incentivize the victim** with inflated price offers for the investment they own, but charge a fee labelled as taxes or a service fee.
- **Disappear** once the victim provides more money.

What YOU can do:

- Do not be fooled by recovery agencies or individuals who contact you saying they can recover your money for a fee.
  - Credible agencies and organizations like the ASC, police services and the RCMP will never ask you for money to continue investigations or retrieve your money.
- Do not be fooled by anyone with a vested interest in your "investment" — paying any money to sell your own "shares" or recover your own investment is a BIG red flag.
- **Report anyone contacting you after being defrauded to the ASC.**

Don’t take anything at face value.

PART OF A HEALTHY FINANCIAL FUTURE MEANS DOING YOUR RESEARCH BEFORE YOU INVEST.

Congratulations on learning the seven steps of the fraudster’s playbook. If you understand these steps, you’ll be able to recognize and avoid scams and be able to take action no matter the situation you find yourself in.



Knowledge is power.

You are taking the right step by learning the fraudster's strategy. In addition to this playbook, you can also visit ***CheckFirst.ca*** for a wealth of investing information, blogs, and videos. There you can increase your knowledge about finance, investments and how to manage your money through every stage of your life – as well as even more information about the different types of fraud out there. We update regularly to inform Albertans of any new scams we are seeing, so check in often or follow us on social media.

ASC
Alberta Securities Commission

CheckFirst and this playbook are brought to you by the Alberta Securities Commission (ASC). The ASC is the regulatory agency responsible for administering the province's securities laws. Our mission is to foster a fair and efficient capital market in Alberta and to protect investors. We're here for you.

Think a fraudster is using the playbook?

If you've been scammed or feel you or someone you know has been targeted by a fraudster, you should always report it.

If you have serious concerns about how your investments or securities have been handled, a company you have invested in, or you believe a company or individual has breached securities law, visit the ASC enforcement complaint system on www.asc.ca or call our inquiries line toll-free at 1-877-355-4488. We are here to help. And even if you haven't been fooled by fraud, report it. The next person targeted might not recognize the plays and you can be a part of fighting fraud.

Suitable complaints for the Alberta Securities Commission:

- Securities fraud
- Investment fraud
- Insider trading
- Stock promotion
- Selective disclosure
- Unregistered individuals
- Ponzi schemes

Complaints relevant to other organizations:

- **CRA Scams** — CRA, Canadian Anti Fraud Centre or RCMP
- **Insurance products** — Alberta Insurance Council
- **Consumer fraud** (e.g, buying fake brands, products on Kijiji, etc.) — Service Alberta or the Competition Bureau of Canada
- **Trading issues** — CIRO
- **Most investment/ financial advisors** (registered representatives, dealing representatives) — CIRO
- **Lottery issues** — AGLC

To file a complaint with the ASC or find links to the above organizations visit **asc.ca/complain-or-report**


I'M HERE TO *HELP* YOU.
COMPLETELY **RISK-FREE.**
THIS IS A **GREAT** OPPORTUNITY!



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***before investing,* CheckFirst.ca**

(toll free) **1-877-355-4488**

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