

## Caution is the watchword

### BEWARE OF FRAUDULENT INVESTMENT SEMINARS

**Montréal, August 15, 2007** – The *Autorité des marchés financiers* (AMF) reminds the public to remain cautious of investment seminars that could prove to be nothing but a fraud. Below are a few tips for identifying and avoiding such scams.

This AMF warning is being issued following a number of fraudulent seminars offered in various Canadian provinces over the past few months by The Institute for Financial Learning Group of Companies Inc. (IFFL). While this organization does not appear to have approached any Québec investors to date, the AMF nonetheless urges caution. “We encourage investors to take advantage of every available opportunity to learn more about investments,” said Anne-Marie Poitras, Superintendent, Client Services and Compensation at the AMF. “However, investors should ensure that seminars are not merely back-door methods of selling investments that are not suitable. These can sometimes even be fraudulent investments offered by persons or firms that are not authorized to sell or buy investment products,” added Ms. Poitras.

Ms. Poitras listed various persuasive techniques and warning signals that should alert investors and cause them to be wary. For example, a seminar leader:

- attempts to sell you another series of seminars or a membership card to “benefit from the revolutionary strategies of the wealthy”;
- proclaims that the returns on “traditional” investments, such as certificates of deposit, bonds, shares and mutual funds, are not enough to meet the needs of the average investor;
- begins by stating that he or she does not recommend any specific investments, but gradually slips in the names of certain firms that, based on his or her own experience, generate excellent returns;
- talks about risk-free investments with excellent rates of return that are available only to members, or mentions the possibility of avoiding income taxes;
- disparages financial advisers, brokers, banks, caisses and other financial institutions, and attempts to dissuade persons who would like to consult them;
- emphasizes personal accounts from investors who claim to have received significant payments, yet fails to provide a single prospectus or audited financial statement. In fact, the payments stem from investments by other persons.

“Swindlers often promise attractive returns. Some of them use seminars to highlight strategies with fabulous returns, sometimes as much as 25–40% a year. Investors should be wary whenever something seems too good to be true, and ask how such high rates of return are possible,” noted Ms. Poitras.

The AMF Superintendent, Client Services and Compensation offered investors a few tips to protect themselves against such fraud:

- contact the AMF Information Centre to ensure that the representatives who are recommending investments are licensed to practice in Québec;
- ask for a written confirmation of any information conveyed to you verbally, and learn as much as you can about the companies in which you are considering investing;
- never invest in a company whose prospectus or financial statements are unavailable, even if someone promises that you will receive them shortly;
- never act on so-called privileged information. Not only is this illegal, but the information may well be fraudulent;
- obtain a second opinion, and do your own research, even if the “tip” comes from a person you know (while having the best of intentions, this person could also be a victim of fraudulent practices).

For more information, read the AMF brochure [“Watch out for securities fraud.”](#) It will help you recognize various types of illegal tactics and contains tips to keep you on guard against scammers.

If you think you may be the victim of a fraudulent investment seminar, contact the AMF's Information Centre at 1 877 525-0337.

The *Autorité des marchés financiers* (AMF) is the regulatory and oversight body for Québec's financial sector.

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