INVESTMENT SEMINARS

Free lectures or seminars about investing are advertised in newspapers, mailings, and on the radio. Perhaps a relative or friend has already urged you to attend one of these seminars, which usually take place in hotels or other public venues.

An investment seminar can be an attractive option. But be careful, because some information sources may not be trustworthy or may even be fraudulent. Be sure to acquire as much information as possible before investing.

Some unscrupulous individuals use seminars to highlight investment strategies promising incredible returns, sometimes as high as 25% to 40% annually. These investments may not be right for you or—even worse—they could be outright fraudulent. When a projected investment return is high, the risk usually is as well.

If seminar speakers use sales techniques that make you suspicious, proceed cautiously. Here are some warning signals to heed:

- They try to sell you another series of high-priced seminars or a membership that will provide "revolutionary strategies used by wealthy people."
- They insist that returns generated by "traditional investments" like certificates of deposit, stocks, bonds and mutual funds aren't attractive enough to meet your requirements.
- They talk about high-yield investments that are risk-free.
- They disparage financial advisers, dealers, banks, credit unions and other financial institutions, and discourage people from consulting them.
- They first claim that they don't recommend specific investments, but gradually mention certain companies that—according to them—offer very attractive returns.
- They can't provide audited financial statements or prospectuses[1] from these companies, or they downplay their importance.
- They focus on personal accounts from investors who have pocketed substantial amounts. In fact, this money may have come from funds pocketed from other investors.
- They stress tax benefits.
- They encourage you to borrow funds for investment purposes, without explaining the risk of such a strategy.

[1]A prospectus is a detailed information document that a company is normally required to issue when distributing securities to the public to help investors make informed decisions.

- They criticize regulatory or governmental bodies for “preventing investors from making money” or “being in league with major financial institutions.”

Think about it: How are the companies recommended by speakers able to offer such incredible returns? Request audited financial statements and prospectuses for review. If necessary, ask a financial adviser to assess whether a certain company can generate enough profit to produce such returns. In some cases, companies touted by speakers are owned by seminar promoters, are barely profitable, or aren’t even operational.

Before you invest

- Contact the AMF Information Centre to make sure that representatives providing investment recommendations are authorized to practice in Québec.
- Research the companies you want to invest in.
- Never invest without a prospectus or financial statements—even if you're promised that “they'll be available soon.”
- Don’t make decisions based on so-called privileged information. It's illegal—and usually unfounded.
- Request written confirmation of any information given to you verbally.
- Ask questions and get clear answers—otherwise, don’t invest.
- Ask for a second opinion and do your homework even if you get “a tip” from someone you know. Well-intentioned persons may themselves be fraud victims.
- Be sure to carefully read any documents you receive before signing them.
- Take some time to think before you invest: Never make impulse decisions.

For more information, see our brochure *Watch out for securities fraud*.

Information Centre
(418) 525-0337
(514) 395-0337
Toll-free: 1 877 525-0337

www.lautorite.qc.ca