Ohio | Department of Commerce

Division of Securities

Investor Alert

Avoid These Potential Investment Traps

Successful con artists sound and look extremely professional and have the ability to make even the flimsiest investment deal appear as safe as putting money in the bank. Although investment fraud doesn't discriminate, seniors can be especially. To help you avoid becoming a victim of securities fraud, the Ohio Division of Securities urges investors to watch out for these five potential investment traps:

Investment Seminars Offering a Free Meal
You've probably heard the phrase, "There's no such thing as a free lunch." Promoters often use the promise of a free meal to lure potential clients to hear pitches of unsuitable or questionable investments. The seminar representatives like to wine and dine you before using persuasive talk to convince you to invest your hard-earned money. Such investments, while tempting, can be risky. You may enjoy the free meal, but it would be wise to never buy or invest in anything without first doing some research.

Personal Information Scams
Con artists are constantly on the hunt for your personal information, which can be a gateway to many types of financial fraud. One example is a scammer who asks questions about your financial assets, your Social Security number, online passwords and more. Never provide personal financial information to someone you don't know, especially if you did not initiate the call.

Oil and Gas Investment Fraud
Oil and gas deals are complicated and generally require a significant investment, often thousands of dollars. These deals are being promoted online and by cold callers who claim investors will receive big profits with little risk. However, these deals – even if legitimate – are highly risky. Do your research and ask the hard questions when solicited for oil and gas investment opportunities. Investors wanting to make oil and gas investments should consider well-established oil exploration and producing companies that are listed on the New York Stock Exchange.

Money-Recovery Scams
Scam artists target victims who have already lost money in a worthless investment. These "recovery room" operators promise – in return for a fee that the victim must pay in advance – to recover the money previously lost. The crooks know that people who have been deceived once are vulnerable to additional scams, especially scams that give hope of recovering lost money. Don't be victimized a second time by these false claims. Sadly, it's rare that victims of financial fraud recover all, if any, of their money.

To avoid potential financial fraud, investors are encouraged to call the Division's Investor Protection Hotline at 877-683-7841 before they invest money and ask:

- Is the brokerage firm and salesperson licensed to sell securities in Ohio?
- Have any enforcement actions been taken against them?
- Has the security been properly registered with the Division of Securities?