



Investor Alert

The “Red Flags” of Fraud

Avoid becoming a victim of investment scams by knowing the warning signs of fraud

- **A pushy salesperson:** If someone pressures you to decide on a stock sale or other investment purchase, steer clear. You should never have to make an immediate decision about an investment.
- **Guarantees:** All investments carry some amount of risk. Be suspect of anyone who “guarantees” an investment will perform a certain way.
- **Unregistered products:** Many investment scams involve unlicensed individuals selling unregistered securities ranging from stocks, bonds, promissory notes, hedge funds, oil or gas deals.
- **Overly consistent returns:** Any investment that consistently goes up month after month - or that provides remarkably steady returns regardless of market conditions - should raise suspicions.
- **Complex strategies:** You should fully understand any investment you’re seriously considering, including what it is, what the risks are and how the investment makes money. Be suspicious of highly complex investing techniques that promise unreasonably high returns.
- **Missing documentation:** If someone tries to sell you a security with no documentation – for example no prospectus for a stock or mutual fund, and no offering circular for a bond - they may be selling unregistered securities.
- **Account discrepancies:** Unauthorized trades, missing funds or other problems with your account statements could be the result of a genuine error - or they could indicate fraud. Read your account statements to make sure activity is consistent with your instructions, and be sure you know who holds your assets.

*If you suspect securities fraud or think you have been a victim,
call the Division of Securities hotline at 1-877-683-7841.*

About the Ohio Division of Securities

The Division of Securities administers the Ohio Securities Act by licensing securities salespersons, dealers, investment advisers, and investment adviser representatives. The Division also registers securities offered for sale to Ohioans. Additionally, the Division investigates alleged violations of the Ohio Securities Act and enforces its provisions through administrative actions, civil injunctive actions and criminal prosecutions.

To avoid potential financial fraud, investors are encouraged to call the 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?