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San Clemente News

Serving all of Greater San Clemente including Talega, Marblehead, The Reserve, Rancho San Clemente, Dana Point, the Beach Front and Downtown

Internet Fraud Check List

The explosion of users and information available on the Internet has caused a similar explosion in investment fraud. The scams are the same, the players are the same, but now the marketing is much more powerful. It has never been more important to learn how to identify and avoid the crooks. The SEC has produced a list of survival tactics you can use to avoid becoming a victim:

Be Skeptical – Whenever you see an investment offer on the Internet via an unsolicited e-mail, news alert or newsletter, assume it is a scam. Working from that assumption will help protect you from investments that sound legitimate. Do not accept any statement that contains the words “no risk,” “doubling your money,” “secret” or “newly discovered.” Outsized returns on your invest are never guaranteed. There is nothing free. If it is too good to be true, then it is a scam. Don’t listen to testimonials. The best starting point is skepticism.

Consider the Source – Skeptics are skeptical about everything, especially sources. Who is telling you that you can make a fortune with little or no effort? You do not see legitimate investment companies making bold claims like that. They don’t tout performance without describing the risk. If the information or offer simply pops up in your Inbox – even if it slipped past your spam filters – avoid it completely.

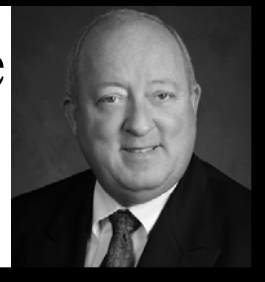
Independently Verify Claims – This is easier than you think. You can check with the U.S. Securities and Exchange Commission at SEC.gov and check any company using the EDGAR system. All companies that trade stocks have to report their financials and the SEC has them. You also can check with any large securities firm, which will be happy to provide information. Remember, they want your business and they hate the unrealistic claims made by scammers. Any legitimate securities firm will guide you in avoiding fraud. It serves their purpose to do so.

Beware of High Pressure Pitches – If any one tries to get you to make a fast decision, you should assume the investment is a scam. Again, the SEC has rules to help protect the public. One of the rules involves knowing your client, so that you do

Financial Advice

by
Stephan Peasley

Exclusively for San Clemente News



not sell them unacceptable risky products. A legitimate offer of an investment is one in which the person or company making that offer wants you to carefully consider the risks. A scam artist does not want to discuss risk. He will want you to invest immediately before you miss the opportunity. The only thing you will miss is your money... if you buy into this argument.

Research the Company – When confronted with an offer to invest your hard-earned cash, always insist on the company’s prospectus and up-to-date financials. If they are not forthcoming, your antennae should go up immediately. Never listen to any excuse as to why they do not exist. The real reason may be because the company does not exist.

Confirm Registration – Check the SEC’s EDGAR date base. You can do this online at www.sec.gov. You also can check with your state securities regulator to make sure the company is legitimate. Not all companies have to file with the SEC, but all companies do have to file with your state authorities.

The first tactic to avoid a scam, be skeptical, applies to a recent e-mail I received. It was from a Mr. Andrew Wolley Director of International Remittance Citibank, London. They even provided his phone number, which I didn’t bother to call because it was long-distance and I already knew I wasn’t interested. The e-mail was sent by “The United Nations” and the subject line was “European Union and United Nation Organization (Official Payment Valued \$8.3M USD).” It was very impressive and I only had to provide my full name, address, phone number, fax and mobile number, my bank details – account number, routing number, bank name and address - and of course my international passport and driver’s license. I wonder why they didn’t ask for my social security number and my first born child while they were at it. All I had to do was send them this information to verify my identity and allow them to wire transfer the money into my bank account. Then the \$8,300,000 would be mine!

Okay, this is an obvious e-mail scam. However, someone must fall for it and it cost the scammers virtually nothing to send it to millions of people. Don’t be a victim!