

## BE A **SMART** INVESTOR...

**S**ave all records relating to investments, including all notes of meetings and telephone conversations.



**M**ake a call to the Department to check a broker's or adviser's background. Consumer Hotline: (877) 471-3445.

**A**sk for written information before making an investment decision.

**R**eport problems promptly in writing to the broker, firm and the Nebraska Department of Banking and Finance.

**T**ake the time to consider the investment—don't be pressured into making a quick decision.

## LEARN MORE...

Vist our Website for detailed information on how to file a complaint and to search our online databases.

[www.ndbf.org](http://www.ndbf.org)



*NDBF staff is available to coordinate informational presentations.*

*For more information, please contact us at (402) 471-2171.*

# NDB&F

NEBRASKA DEPARTMENT  
OF BANKING AND FINANCE

Bureau of Securities

1230 "O" Street, Suite 400

Lincoln, NE 68508-1402

Consumer Hotline:

(877) 471-3445 (toll-free outside of Lincoln)

(402) 471-2171 (Lincoln)

[www.ndbf.org](http://www.ndbf.org)

## Scams, Schemes & Swindles...

# Top Ten Investment Traps

*We are your regulators & advocates...call us when you need us.*

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# Top Ten Investment Traps for Investors (in alphabetical order):

**1. Affinity Fraud.** Con artists are increasingly targeting religious, ethnic, cultural and professional groups. Some may be members of the group or pretend to be members in order to gain trust.

**2. Foreign Exchange Trading.** Foreign exchange (forex) trading can be legitimate for governments and businesses concerned about fluctuations in international currencies, and it can even be appropriate for some individual investors. But the average investor should be wary when it comes to these complex markets.

**3. Internet Fraud.** Scammers continue to take advantage of technology to lure investors into “pump-and-dump” stock schemes.

**4. Investment Seminars.** Promoters of unsuitable investments are increasingly seeking potential investors, particularly seniors, by offering seminars, many of them promising a free meal along with “higher returns and little or no risk.”

**5. Oil and Gas Scams.** Rising oil and natural gas prices have made a variety of traditional and alternative energy projects attractive to investors. Most of these investments are highly risky and not appropriate for smaller investors.

**6. Prime Bank Schemes.** Often promising high-yield, tax-free returns, promoters of these schemes offer to let the “little guy” in on what they claim are financial instruments from elite overseas banks usually offered only to the world’s wealthiest investors.

**7. Private Securities Offerings.** Con artists are turning increasingly to private securities offerings under Rule 506 Regulation D of the Securities Act of 1933 to attract investors without having to go through the full registration process.

**8. Real Estate Investment Contracts.** Despite the recent decline in property values, investments in real estate long have been viewed as a “sure thing,” one with little downside risk and the potential for substantial returns. Just because an investment involves real estate – or pay phones or worm farms – it still may be a security, so check with the Nebraska Department of Banking and Finance, Bureau of Securities.

**9. Unlicensed Individuals & Unregistered Products.** Anyone selling securities or providing investment advice about buying or selling securities must be appropriately licensed. Carefully check out anyone offering to help you buy or sell securities or providing investment advice.

**10. Unsuitable Sales.** What might be a suitable investment for one investor might not be right for another. Securities professionals must know

their customers’ financial situation and refrain from recommending investments that they have reason to believe are unsuitable. Make sure your investments match up with your age, your need for access to money, and your risk tolerance.

## *REMEMBER...*

-  **If it sounds too good to be true—it probably is.**
-  **The higher the return—the greater the risk.**
-  **There is no guaranteed securities investment.**
-  **There is no investment rule that always works.**
-  **Investment returns are made over time—not overnight.**

