



NEWS RELEASE

FOR IMMEDIATE RELEASE

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Investment Club Could Be a Fraud

VICTORIA — Due to recent inquiries and complaints about investment clubs and seminars, the Better Business Bureau of Vancouver Island (BBB), the BC Crime Prevention Association (BCCPA) and BC Securities Commission (BCSC) warns investors to do their homework before investing in financial clubs or taking high priced financial seminars.

“Our understanding is that consumers replied to newspaper ads in Duncan, Nanaimo and Victoria, that promote investment club seminars,” says Mayo McDonough, Executive Director of the BBB of Vancouver Island. “At the seminars, individuals are asked to contribute \$5,000 to \$10,000 as their initial investment. They are also given a receipt for the money which states ‘for an educational seminar.’ The explanation given to individuals is that they don’t have to pay income tax, this way.

“This whole process should ring alarm bells! The cash-only investment criteria is clearly an indication that this could be a scam. By providing receipts under the cover of an educational seminar, organizers avoid producing any incriminating documentation or providing a paper trail.” says McDonough.

Valerie MacLean of the BC Crime Prevention Association adds “high pressure tactics and misrepresentation of the investment are ‘red flags’ that something is definitely wrong with this particular investment opportunity. Never invest money without getting a clear and complete description of the investment and how your return will be realized. It is sad but true, that unscrupulous people take advantage of investors by offering returns that are too good to be true.”

Before you hand your money over for high priced investment education seminars or investment clubs, do your homework:

1. **Understand the types of investments that are legal in Canada and avoid scams.** Check out the BC Securities Commissions website at investright.org for investor alerts and tips.
2. **Know the investment advisor.** Check to see if individuals involved are registered as investment advisors or are on the disciplined persons list. Visit bcsc.bc.ca for more information.
3. **Make sure you get clear and complete contracts or receipts for all money you invest.**

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