Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Period\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Class\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Investing requires careful research. You must protect your assets by avoiding investment \_\_\_\_\_\_\_\_.

\_\_\_\_\_\_\_\_ fraud is a scheme where an individual or group of individuals offer or sell securities by deceiving investors and making false claims or half-truths about investment products.

Frauds involve \_\_\_\_\_\_\_\_, disguising the truth, \_\_\_\_\_\_\_\_ investors, and often outright \_\_\_\_\_\_\_\_ of investor money.

A \_\_\_\_\_\_\_\_ scheme is an investment fraud where the manager has no real investments, and pays \_\_\_\_\_\_\_\_\_ investors with new investor money.

A Ponzi scheme can only continue as long as it can attract \_\_\_\_\_\_\_\_ assets.

\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ran the largest Ponzi scheme in the history of finance.

In Shawnee, Oklahoma, \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ stole $12 million of investor money in a Ponzi scheme that was uncovered in 2004.

Financial schemes marketed to members of a specific group, such as a church congregation, ethnic group, senior citizen groups, or social club are called \_\_\_\_\_\_\_\_ fraud.

A stock promoter will buy a large block of penny stock, usually $1 or less per share, talk the stock up to other investors, then dump (sell) the shares at a large profit before the stock falls. This is an example of a \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ scheme.

If you have any questions about an investment offer, or any questions about an individual, in Oklahoma, contact the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at securities.ok.gov.

List five ways to avoid investment fraud:

1)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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List 5 Questions for your investment professional:

1)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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List 8 Red flags that you may be dealing with a fraud:

1)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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5)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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8)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Do not give out financial information online to \_\_\_\_\_\_\_\_\_\_\_, especially in \_\_\_\_\_\_\_\_\_\_\_

List 2 websites that have resources to help you avoid fraud

1)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Investing requires careful research. You must protect your assets by avoiding investment frauds.

Investment fraud is a scheme where an individual or group of individuals offer or sell securities by deceiving investors and making false claims or half-truths about investment products.

Frauds involve deception, disguising the truth, misleading investors, and often outright theft of investor money.

A Ponzi scheme is an investment fraud where the manager has no real investments, and pays previous investors with new investor money.

A Ponzi scheme can only continue as long as it can attract new assets.

Bernard Madoff ran the largest Ponzi scheme in the history of finance.

In Shawnee, Oklahoma, Bill Hickman stole $12 million of investor money in a Ponzi scheme that was uncovered in 2004.

Financial schemes marketed to members of a specific group, such as a church congregation, ethnic group, senior citizen groups, or social club are called Affinity fraud.

A stock promoter will buy a large block of penny stock, usually $1 or less per share, talk the stock up to other investors, then dump (sell) the shares at a large profit before the stock falls. This is an example of a pump and dump scheme.

If you have any questions about an investment offer, or any questions about an individual, in Oklahoma, contact the Oklahoma Department of Securities at securities.ok.gov.

List five ways to avoid investment fraud

Only deal with *registered* Investment Advisers, Investment Adviser Representatives, Broker-Dealers, and Broker-Dealer agents. You can check if an investment professional is registered in Oklahoma by visiting securities.ok.gov and clicking on “Is your securities professional registered?” or on BrokerCheck.finra.org.

Always ask for written information about an investment, like a prospectus. A prospectus is a document that contains a description of the investment, the manager’s strategy, the risks, and any relevant financial information. Review the prospectus and check to see if the financial information has been audited and submitted to regulators.

Never purchase anything without written documentation of any investment product offered for sale.

Do not take what you hear or read at face value; be skeptical of any claims.

Get professional references from current and past investors.

Avoid investing with people who claim that an investment has no downside risk. No investment is risk-free, and the potential of loss should always be considered.

Let common sense prevail. If it sounds too good to be true, it probably is. Be skeptical of any unrealistic claims.

Avoid paying advance fees or money upfront.

Understand any financial figures and presentations. Take your time. Never feel rushed.

Never make emotional decisions; it is perfectly fine to “sleep on it”.

Never be embarrassed to report fraud, or warn others. Contact the Oklahoma Department of Securities if you suspect something.

Get periodic statements or reports and keep up with your investments.

List 5 Questions for your investment professional:

Never be afraid to ask tough questions. It’s your money, after all. If a financial salesperson is offering you an investment opportunity, you should ask them:

Are you registered to sell investments in this state?

What are the fees and commissions?

How often will I receive statements? Anything less than quarterly is unacceptable.

Do you have any references?

Have any enforcement actions been taken against you?

Have you ever been sued by a client or professional colleague?

List 8 Red flags that you may be dealing with a fraud:

A promise of high return with low risk

Unregistered investments. All securities sold in your state must be registered or exempt from registration with the state securities department.

Unregistered investment professionals. Always ask if your investment professional is registered to transact business in your state.

Complex and obscure investments. Ask yourself, do you understand how this business makes money?

The salesperson mentions “getting in on the ground floor”, “guaranteed”, unrealistic claims about performance

Paperwork issues and lack of documentation.

Difficulty receiving payments, or promised payments do not arrive on time.

Stalling tactics when you want something you have been promised, like interest or principal payments.

Tips to avoid online scams:

Never wire or send money electronically to a stranger

Do not give out financial information online to strangers, especially in emails

List 2 websites that have resources to help you avoid fraud

Securities.ok.gov, contact us with this link

Investedok.org

Investor.gov, Protect your investments, Fraud

Saveandinvest.org, FINRA

Investing requires careful research. You must protect your assets by avoiding investment frauds.

Investment fraud is a scheme where an individual or group of individuals offer or sell securities by deceiving investors and making false claims or half-truths about investment products.

Frauds involve deception, disguising the truth, misleading investors, and often outright theft of investor money.

A Ponzi scheme is an investment fraud where the manager has no real investments, or has lost most or all of the original investor’s money. This type of fraud pays existing investors with funds collected from new investors.

A Ponzi scheme can only continue as long as it can attract new assets.

Bernard Madoff ran the largest Ponzi scheme in the history of finance.

In Shawnee, Oklahoma, Bill Hickman stole $12 million of investor money in a Ponzi scheme that was uncovered in 2004.

Financial schemes marketed to members of a specific group, such as a church congregation, ethnic group, senior citizen groups, or social club are called Affinity fraud. Ponzi schemes are a popular variant of affinity fraud.

A stock promoter will purchase a large block of penny stock shares of a dubious companies, tell his customers to buy them, while he sells his shares, makes a large profit. This is an example of a pump and dump scheme.

If you have any questions about an investment offer, or any questions about an individual, in Oklahoma, contact the Oklahoma Department of Securities at securities.ok.gov.

List five ways to avoid investment fraud

Only deal with *registered* Investment Advisers

Always ask for written information about an investment, like a prospectus. A prospectus is a document that contains a description of the investment, the manager’s strategy, the risks, and any relevant financial information. Review the prospectus and check to see if the financial information has been audited and submitted to regulators.

Never purchase anything without written documentation of any investment product offered for sale.

Do not take what you hear or read at face value; be skeptical of any claims.

Get professional references from current and past investors.

Avoid investing with people who claim that an investment has no downside risk. No investment is risk-free, and the potential of loss should always be considered.

Let common sense prevail. If it sounds too good to be true, it probably is. Be skeptical of any amazing claims.

Avoid advance fees or upfront money.

Understand any financial figures and presentations .Take your time. Never feel rushed.

Never make emotional decisions; it is perfectly fine to “sleep on it”.

Never be embarrassed to report fraud, or warn others. Contact the Oklahoma Securities Commission if you suspect something.

Get quarterly audited reports and keep up with your investments.

List 5 Questions for your investment professional:

What are the fees and commissions?

How much has management invested in this idea?

What is the historical (5-year and 10-year) performance of the investment professional? Has an accountant or auditor signed off on his track record?

How often will I receive statements?

Do you have any references?

Are you a registered to sell investments in this state?

Do you have any enforcement actions against you?

Have you ever been sued by a client or professional colleague?

List 8 Red flags that you may be dealing with a fraud:

A promise of high return with low risk

Unregistered investments. All securities sold in your state must be registered or exempt from registration with the state securities department.

Unregistered investment professionals. Always ask if your investment professional is registered to transact business in your state.

Complex and obscure investments. Ask yourself, do you understand how this business makes money? If the manager cannot clearly explain the fundamentals of an investment, this is likely a swindle. Beware of black box investments and “magic formulas”.

The salesperson mentions “getting in on the ground floor”, “guaranteed”, amazing claims about performance

Paperwork issues and lack of documentation.

Difficulty receiving payments, or promised payments do not arrive on time.

Stalling tactics when you want something you have been promised, like interest or principal payments.

Never wire or send money electronically to a stranger

Do not give out financial information online to strangers, especially in emails

List 2 websites that have resources to help you avoid fraud

Securities.ok.gov

Investedok.org

Investor.gov

Sec.gov

Saveandinvest.org

FINRA.org