MFDA Investor Bulletin

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March is Fraud Awareness Month and the Mutual Fund Dealers Association of Canada (the "MFDA") is promoting fraud awareness and prevention among Canadian investors. In this edition of the MFDA Investor Bulletin you will find information to help you avoid becoming a victim of investment fraud.

Review Account Statement and Confirmations

Your account statements and trade confirmations are important documents. You should always carefully review your account statements and trade confirmations to ensure that they are correct and reflect your understanding of the investments you have purchased, sold or currently own. You should receive an account statement at least quarterly and a trade confirmation on every purchase or sale of an investment. Contact the dealer's compliance department directly if you do not receive account statements or trade confirmations, or if the information on a statement or confirmation is inconsistent with your records.



You should never lend money to your advisor. Unacceptable loans include personal loans to the advisor and loans solicited by the advisor for personal business ventures. If an advisor ever asks you for a loan, or if you have lent money to an advisor in the past, you should report this fact to the advisor's dealer immediately.



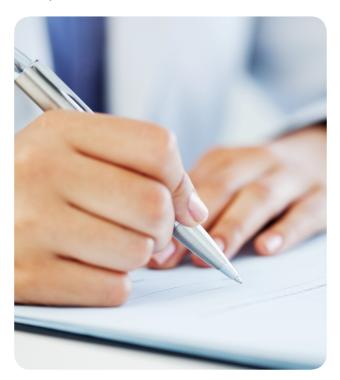


All securities related business must be conducted by an advisor through their dealer. Do not invest your money if you believe that an advisor is offering you securities outside of the dealer. Some signs that you are being offered securities outside the dealer are:

- Being presented with documentation that you feel is unusual or does not appear professional.
- Being told that an offer is a "special deal" or "side deal" or similar statements that indicate that an investment is "special" and "secret".
- Being asked to write a cheque payable to a person or unknown company.
- The advisor promotes the investment as something that "those in the know" (e.g. the wealthy, Bay Street bankers, etc.) invest in or typically have access to.

A registered advisor can only sell securities to the public through their registered dealer.

If you believe that you are being offered a security outside the dealer, or if you are generally unsure about the investment, do not invest. Contact your advisor's dealer to inquire whether the particular investment is approved for sale by the dealer.





Common Frauds and Scams to Avoid

Unfortunately, every year Canadians lose millions of dollars to frauds and scams. Three of the most common scams carried out against Canadians are set out below. Learn to spot these scams and the steps you can take to protect yourself.

Lottery Scam or Fake Prize Scam

What is it?

A lottery or fake prize scam is where a fraudster tries to trick a person into providing banking information, personal details or money in order to claim a prize. As part of the scam a person will often be told that they have won a prize or a contest through either a phone call, an email, a text message or a pop-up screen on their computer. In order to claim the so-called "prize" individuals are asked to pay certain "fees" or "taxes", and are often asked to provide banking and personal information.

How to protect yourself

- Spot the fraud: Legitimate lotteries do not require you to pay a fee or tax to collect winnings.
- **Think:** Did I enter this contest? You should be highly suspicious that you are dealing with a potential fraud if you do not remember entering the contest.
- **Be aware:** Fraudsters will often pretend to be from companies Canadians have familiarity with such as financial institutions and airlines in order to establish trust and authenticity.

Emergency Scams

What is it?

In a typical emergency scam, a person receives an email or phone call from a fraudster claiming to be a family member or close friend (this scam often involves a grandparent receiving a call from a fraudster pretending to be a grandchild). The fraudster tells the victim that they are in trouble and need money immediately. Often the fraudsters will claim that they require the money for assistance in dealing with an emergency situation in a foreign country.



- Spot the fraud: Fraudsters will use pressure and the fact that people want to help out family members or friends to create a sense of urgency which can impair a person from making sounds judgements.
- **Think:** Does the caller's story make sense? Can you ask questions that only the true family member or friend would be able to answer? Can you call other family members or friends to confirm the caller's story?
- **Be aware:** In an emergency scam fraudsters will often ask their victims not to disclose their request to other family members or friends to supposedly limit any embarrassment or further trouble. They do this to attempt to limit the victim's ability to confirm the truth of the story with others.

Money Transfer Request Scams

What is it?

In a money transfer request scam a victim receives an email or letter from a fraudster asking for help in transferring a large amount of money overseas. Often the fraudsters will ask the victim to pay the taxes or administrative fees associated with the fraudulent transfer, or the fraudster might ask for the victim's bank account details to supposedly deposit the large transfer. In both cases the fraudster promises a share of the money if the victim cooperates with their request. Victims who cooperate are never given the promised share of the money transfer and any payments they made for the supposed taxes or administrative charges are lost. In addition, victims who provide bank account and personal information may have their identity stolen or their bank account used by the fraudster for illegal purposes.

How to protect yourself

- Spot the fraud: If you receive an email or other communication from a person you do not know asking you to transfer money it is almost always a fraud. These emails often have many grammatical and spelling errors or are written in broken English.
- **Think:** Ask yourself does the story you are being told sound too good to be true? If it does it is probably a fraud.
- Be aware: It is never safe to transfer money to stranger that has sent you an unsolicited email or phone call.

Source: Competition Bureau Canada - The Little Black Book of Scams.



Mutual Fund Dealers Association of Canada Association canadienne des courtiers de fonds mutuels Mailing Address:

121 King Street West, Suite 1000 Toronto, Ontario M5H 3T9

Phone: (416) 361-6332 or 1-888-466-6332

www.mfda.ca