

MFDA

Investor *Bulletin*

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MARCH 2022 **FRAUD AWARENESS MONTH**

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.



Be Careful in Volatile Markets

During turbulent times it is more important than ever to be an informed investor as volatile times result in increased activity by fraudsters. For example, fraudsters may attempt to take advantage of peoples’ fears and uncertainties by offering “guaranteed” and other “too good to be true” products which are in fact fraudulent.

To protect yourself remember to:

- ✓ Be careful about any investment that claims to be a low risk and high return investment.
- ✓ Avoid investing in products brought to your attention through unsolicited phone calls or emails from individuals you do not know.

- ✓ **Check the registration status** of the person you are dealing with.
- ✓ Ask questions. You might not want to invest in the product being offered if you do not understand the answers you receive.



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



Be Aware of Crypto Investment Risks

With increased public interest in crypto investing, Canadian regulators are starting to see more client complaints related to cryptocurrency and fraud. Common complaints include reports of investors being directed to trading platforms to convert funds to crypto assets and then being asked to transfer the assets to fraudulent websites.

If you are thinking of purchasing a crypto investment ask yourself the following questions before investing to help protect yourself from becoming a victim of a crypto investment scam.

Have I been contacted out of the blue or am I being pressured to buy a crypto investment?

Receiving an unsolicited communication or being pressured to invest in a product is a red flag for investment fraud. You can learn more about protecting yourself from investment fraud by reviewing the **MFDA's Investment Fraud Protection Brochure**.

Do I truly understand the product I am purchasing?

Crypto investments are complex and this makes it difficult to understand all the risks involved. If you don't have a good understanding of how crypto investments work you may be more susceptible to a crypto investment scam.

Is the crypto asset platform registered with securities regulatory authorities in Canada?

Anyone interested in crypto investing should use a licensed Canadian platform and avoid dealing with any unregistered entities or individuals. Registered firms and individuals are subject to certain regulatory requirements that help protect investors. Investors can determine if a firm or individual is registered by visiting the **CSA National Registration Database**.



Name a Trusted Contact Person

As of December 31, 2021 dealers are required to ask clients if they would like to name a Trusted Contact Person when they open a new account or update their know-your-client (KYC) information.

When you are asked by your dealer whether you want to name a Trusted Contact Person, it is something worth considering.

A Trusted Contact Person is someone you authorize your dealer to contact in limited circumstances. It allows your dealer to know who you trust and who they have permission to contact when they are concerned about your well-being under specific situations. This could include:

- If your dealer needs to get in touch with you but can't.
- If your dealer has a concern that you are vulnerable and being financially exploited.
- If you are exhibiting signs of lacking mental capacity to make decisions involving financial matters.
- If your dealer needs confirmation of your legal representative(s).

Naming a Trusted Contact Person does not give that individual any authority over your account.



Stay Informed: Subscribe to MFDA Investor Bulletins

The MFDA will continue to publish investor bulletins related to protecting investors and providing information on COVID-19 developments. You can subscribe to receive MFDA Investor Bulletins directly through the MFDA's email subscription service at <http://www.mfda.ca/subscribe>.

In addition, investors are encouraged to review all COVID-19 related resources posted to the **MFDA COVID-19 information page**.



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