

Top 12 Questions to Ask About A Free Meal Investment Seminar

Louisiana Office of Financial Institutions (OFI)
(225) 925-4512 Local OR 1-877-516-3653 (Free call)

www.ofi.la.gov/SecuritiesInvestorEd.htm

*Adapted from NASAA (North American Securities Administrators Association)
at www.nasaa.org



Investment fraud victims between the ages of 55-64 are three times more likely than any other age group to have attended free meal investment seminars. The meetings at the restaurant are typically professional and low-pressure. However, con artists may use high-pressure sales tactics at a standard private meeting later to evaluate your financial portfolio. Proceed with caution.

Verify with OFI

1. Investment professionals are required by Louisiana law to either be registered with OFI to sell securities OR exempt from registering with OFI. This includes out-of-state solicitations for investments.

Before attending a private meeting, contact OFI to verify that the promoter is registered with OFI or to ask questions about exemptions to registrations. Don't just accept the salesperson's explanation at face value for any reason claimed for being exempt from registering with OFI.

2. Request **confidential background checks** (i.e., a *CRD Reports*) on investment professionals at no charge by submitting an email request to complaints@ofi.la.gov with either the promoter's legal name or CRD Number (Central Registration Depository). Registered professionals can easily provide this detail upon request.

CRD Reports include the following information on investment professionals:

- Background
- Criminal history
- Pending arbitrations
- Certifications
- Employment History, including reasons for *Terminations, Customer Complaints and Disciplinary Actions*

3. Use the twelve questions listed below to help evaluate investments presented at "free meal" investment seminars.
NOTE: Use OFI's *Investor Checklist* form to help evaluate the investment opportunity itself, available on OFI's website at www.SecuritiesInvestorEd.htm.

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1. Did the speaker use a title suggesting special qualifications to advise *older* investors? ___Yes ___No
 2. What credentials or licenses did the speaker(s) say he or she had? _____

Fake "senior" certifications are popular tactics of con artists, misleading potential investors into thinking the investment professional has "special" education or experience in handling financial affairs for senior citizens.

NOTE: Designations and certifications are included in OFI's complimentary *CRD Reports* on investment professionals registered with OFI to sell securities in Louisiana.

3. Did the speaker suggest that AARP, SEC, NASAA or Louisiana's Office of Financial Institutions had endorsed the product or event, or had provided your name for the invitation list? ___Yes ___No

These organizations do not endorse or sponsor events promoting specific investment products, and do not provide names of potential investors to anyone.

4. Did you feel pressured to make an immediate decision? ___Yes ___No

Never rush into an investment without researching the product itself, the promoter and the company. Legitimate investment opportunities will still be there tomorrow. "Time pressure" is a common sales tactic used to pressure investors into making impulsive investment decisions.

5. Was a home visit or appointment mentioned as a follow-up to the event? Yes No

It is always recommended to meet at the office of the investment professional rather than at your own home. It is easier to get up and walk out of an office than it is to get someone to leave your home.

7. Were you asked to provide information about your finances or investment holdings, such as stocks, bonds or mutual funds? Yes No

Legitimate investment professionals will want to review your investments to analyze whether your investments are good matches for your age, income level and risk tolerance. Be aware that unethical investment professionals also use this strategy to evaluate how much money you have and whether or not they can influence your investment decisions.

Note: Annuities are *insurance* products and are regulated by the Department of Insurance, *not* OFI.

8. What rate of return was promised? _____ Is it significantly higher than you can find elsewhere? _____

Be cautious of promised returns that are higher than you can find anywhere else – especially if they are “guaranteed” or “insured”. If it sounds too good to be true, it is often a scam.

9. Did the speaker balance both the advantages and disadvantages for the product? Yes No

Reputable investment professionals will give a balanced view on the positive and negative aspects of a product, including all the risks involved.

10. Were any of these investment opportunities mentioned?

- Real estate, especially distressed properties
- Oil or gas drilling
- Start-up companies
- Promissory notes
- Gold and precious metals
- Private offerings/Regulation D
- “Fountain of Youth” medicines

These products involve much higher risks and are often used as vehicles for fraud. Investigate thoroughly before purchasing any of these products and always get details of investments in writing.

11. Were any of these phrases emphasized at the seminar OR in marketing materials?

- You have to decide *today*
- Only a few opportunities are left
- High rate of return
- Low risk/guaranteed/insured returns
- People are making a lot of money from similar investments
- Many members of our (club, church, etc.) are investing in this
- Once-in-a-lifetime opportunity

These phrases are all used to pressure investors to buy quickly without researching the product, promoter and company.

12. Were guarantees made offering immediate access to your money at all times -- *without* paying penalties? Yes No

Get more details. Unethical promoters may promise 100% access to principal and interest, without detailing hefty penalties charged for withdrawing funds.

There really is no such thing as a “free lunch”.