

## Investor Watch

### Advertisements promoting investment opportunities

#### What type of advertisements should I be concerned about?

Of main concern are paid advertisements placed by those who may not be properly registered to trade in securities. As well, certain ads may provide misleading information to the public regarding potential investments. These may appear across various types of media, including newspapers, magazines, television, radio, newsletters and the Internet.

In many cases, investments described in the advertisements may look or sound authentic, but unless investors verify this first with an objective source such as their provincial or territorial securities regulator, they could risk committing their money to a misleading or illegitimate opportunity. Once money changes hands, it's often difficult or impossible for investors to get their money back.

#### When should I investigate further?

Regardless of the source, the CSA are urging investors to protect themselves by researching any and all investment opportunities **before** investing. While no investment is without risk, investors can research opportunities to lessen the risk of falling victim to a scam. Investors shouldn't assume an opportunity is authentic based on where it appears or how it is presented.

#### What should I watch out for?

- **Promises of high-return, low-risk investment opportunities.** Ads may promote quick and above-average growth and "guaranteed security". Refer to current bank rates. Above-average growth involving little risk on your part should ALWAYS be questioned.
- **Liberal use of financial jargon.** Sometimes, ads use sophisticated language to convince investors that the people behind the opportunity are professional, knowledgeable and experienced. Anyone can use financial lingo to sound convincing, so don't take it at face value.
- **Free seminars and workshops.** In addition to promoting free registration, the ad may offer the public additional incentives, like free food, gifts, etc. for participating. Be cautious if you attend one of these sessions. The session may focus on investing or tax-savings strategies, or it may end up promoting a specific investment. Don't commit until you've checked into the person or firm offering the opportunity.

- **High-pressure sales tactics.** The ad may urge you to act now and invest while the opportunity's hot. A sales tactic like this doesn't necessarily mean you're a target of a scam. The point is you should NEVER feel pressured to invest. If it's a good opportunity, it WILL be there long enough for you to check into it first to make sure it's legitimate.
- **Company's purported 'track record'.** Many ads promote the fact that the company or person offering the opportunity has been in business a long time, are backed by a large conglomerate, and/or have achieved high performance in years past. A company's track record should never be the deciding factor when making an investment decision. Research the company's history and track record but also take other factors, such as your investment objectives, into account before committing.
- **Requests for personal information.** Ads may send you to a toll-free line, website or a free seminar so you can request more information or fill out an application form. Check to ensure the investment opportunity is legitimate before submitting information. If it is a potential scam, your personal information could be shared, sold or held for use in future scams.
- **Tax-savings or tax-shelter incentives.** Be wary of paid ads that promote tax-saving incentives, especially leading into RRSP season and tax time. A toll-free number, website or free seminar may be promoted to explain how the tax savings work. Promoters that tell investors that a tax shelter identification number means the shelter has been approved by Canada Revenue Agency (CRA) are misleading investors. In actual fact, the identification number is for identification purposes only. It does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter.

The CRA also notes that Canadians should be cautious when a promoter tries to sell an investment using charitable donations that promises a tax receipt for more than the amount you paid. The CRA regularly audits these schemes and often reassesses investors for most or all of the receipt value of the donation. The CRA has previously issued the following alert and fact sheets to advise investors of the potential risks and problems associated with some shelters:

- <http://www.cra-arc.gc.ca/newsroom/factsheets/2003/nov/1125taxshelter-e.html>
- <http://www.cra-arc.gc.ca/newsroom/factsheets/2004/nov/1125tax-e.html>
- <http://www.cra-arc.gc.ca/newsroom/alerts/2005/a051122-e.html>

### Where should investors go for more information?

**CSA Website:** <http://www.csa-acvm.ca/>

**CRA Website:** <http://www.cra-arc.gc.ca/menu-e.html>

## Provincial and Territorial Securities Regulators

<p>Yukon Securities Registry Richard Roberts 867-667-5225 <a href="mailto:Richard.roberts@gov.yk.ca">Richard.roberts@gov.yk.ca</a></p>	<p>British Columbia Securities Commission Andrew Poon APoon@bcsc.bc.ca 604-899-6880 1-800-373-6393 (BC &amp; Alberta only) <a href="http://www.bcsc.bc.ca">www.bcsc.bc.ca</a></p>
<p>Securities Registry Northwest Territories Donald MacDougall donald_macdougall@gov.nt.ca 867-920-8984 <a href="http://www.justice.gov.nt.ca/SecuritiesRegistry/SecuritiesRegistry.htm">www.justice.gov.nt.ca/SecuritiesRegistry/SecuritiesRegistry.htm</a></p>	<p>Alberta Securities Commission Tamera Van Brunt tamera.vanbrunt@seccom.ab.ca (403) 297-2664 1-877-355-0585 (toll free) <a href="http://www.albertasecurities.com">www.albertasecurities.com</a></p>
<p>Nunavut Securities Registry Jennifer MacIsaac jmacisaac@gov.nu.ca Phone: (867) 975-6591</p>	<p>Saskatchewan Financial Services Commission <a href="http://www.sfsc.gov.sk.ca">www.sfsc.gov.sk.ca</a></p>
<p>Manitoba Securities Commission Ainsley Cunningham aicunningh@gov.mb.ca 204-945-4733 1-800-655-5244 (Manitoba only) <a href="http://www.msc.gov.mb.ca">www.msc.gov.mb.ca</a></p>	<p>Ontario Securities Commission Laurie Gillett 416-595-8913 1-877-785-1555 (toll free in Canada) <a href="http://www.checkbeforeyouinvest.ca">www.checkbeforeyouinvest.ca</a> <a href="http://www.osc.gov.on.ca">www.osc.gov.on.ca</a></p>
<p>Autorité des marchés financiers Frédéric Alberro <a href="mailto:frederic.alberro@lautorite.qc.ca">frederic.alberro@lautorite.qc.ca</a> 514-395-0558 poste 2176 1-800-361-5072 (Québec only) <a href="http://www.lautorite.qc.ca">www.lautorite.qc.ca</a></p>	<p>New Brunswick Securities Commission Natalie Green natalie.green@nbsc-cvmnb.ca 506-643-7745 1-866-933-2222 (New Brunswick only) <a href="http://www.nbsc-cvmnb.ca">www.nbsc-cvmnb.ca</a></p>
<p>Nova Scotia Securities Commission Chris Pottie pottiec@gov.ns.ca 902-424-5393 <a href="http://www.gov.ns.ca/nssc">www.gov.ns.ca/nssc</a></p>	<p>Department of Attorney General Prince Edward Island Mark Gallant mlgallant@gov.mb.ca 902-368-4552 <a href="http://www.gov.pe.ca/securities">www.gov.pe.ca/securities</a></p>
<p>Financial Services Regulation Division Newfoundland and Labrador</p>	

Doug Connolly Connolly@gov.nl.ca 709-729-2594 <a href="http://www.gov.nl.ca/scon">www.gov.nl.ca/scon</a>	
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