



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest, **Investor.gov**

Informed Investing and Avoiding Fraud

Lessons and Resources from the SEC for Librarians

Office of Investor Education and Advocacy

United States Securities and Exchange Commission



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

SEC Disclaimer

The Securities and Exchange Commission, as a matter of policy, disclaims responsibility for any private publication or statement by any of its employees. The views expressed herein are those of the author and do not necessarily reflect the views of the Commission or of the author's colleagues on the staff of the Commission.



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

What We Will Cover

- I. Overview of the SEC**
- II. SEC Investor Education Resources**
- III. Strategies for Smart Investing**
- IV. Tips to Help Avoid Fraud**



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

The SEC's Mission

- **Protect Investors**
- **Maintain Fair, Orderly, and Efficient Markets**
- **Facilitate Capital Formation**





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

SEC Oversees and Regulates

- **12,000 investment advisers**
- **10,500 mutual funds and ETFs**
- **4500 broker-dealers**
- **450 transfer agents**
- **19 national securities exchanges**
- **10 credit rating agencies**
- **8 active clearing agencies**
- **PCAOB, FINRA, MSRB, SIPC and FASB**
- **9000 reporting companies**



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Size of Markets the SEC Oversees

- **\$62 trillion -- assets under management of SEC-registered investment advisers**
- **\$15.6 trillion -- assets under management of mutual funds**
- **\$67 trillion -- annual trading volume in equity markets**



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Other SEC Responsibilities

- **Reviews disclosures of approximately 9,000 reporting companies**
- **Conducts routine and for-cause examinations of broker-dealers and other market participants**
- **Enforces the federal securities laws. In FY-15, collected \$4.2 billion in disgorgement and penalties from 807 enforcement actions**



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Office of Investor Education & Advocacy

- **Responds to complaints and inquiries from investors, and provides educational programs and materials**
- **In the last year, processed nearly 22,000 complaints, questions and other contacts from investors**
- **Investor.gov website is our online resource to help investors make informed investment choices and avoid fraud**



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

SEC Resources for Libraries





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Investor.gov



Investor.gov

U.S. SECURITIES AND
EXCHANGE COMMISSION

[About Us](#) | [Contact Us](#) | [Follow Us](#) | [Información en Español](#)

[Introduction to
Investing](#)

[Research Before
You Invest](#)

[Protect Your
Investments](#)

[Additional
Resources](#)



Check Out Your
**INVESTMENT
PROFESSIONAL**

[SEARCH THE DATABASE](#)

It's a great first step toward protecting your money. Learn about an investment professional's background, registration status, and more.



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Investor.gov

[About Us](#) | [Contact Us](#) | [Follow Us](#) | [Información en Español](#)



Investor.gov

U.S. SECURITIES AND
EXCHANGE COMMISSION



Introduction to
Investing

Research Before
You Invest

Protect Your
Investments

Additional
Resources

Basics

[Save and Invest](#)

[How Stock Markets Works](#)

[Investment Products](#)

[What is Risk?](#)

[Role of the SEC](#)

Retirement Plans

[First Job](#)

[Switching Jobs](#)

[Employer-Sponsored Plans](#)

[Federal Government Plans](#)

[Self-directed Plans - Individual Retirement Accounts \(IRAs\)](#)

Retirement

[Managing Lifetime Income](#)

[Senior Specialist Designations](#)

[Social Security](#)

[Avoiding Retirement Fraud](#)

SEARCH THE DATABASE

It's a great first step toward protecting your money. Learn about an investment professional's background, registration status, and more.



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Investor.gov



Investor.gov

U.S. SECURITIES AND
EXCHANGE COMMISSION

[About Us](#) | [Contact Us](#) | [Follow Us](#) | [Información en Español](#)

Introduction to
Investing

Research Before
You Invest

Protect Your
Investments

Additional
Resources

Free Investment
Professional
Background
Check

Research

Five Questions to Ask Before
You Invest

Researching Investments

Assessing Your Risk Tolerance

Asset Allocation

Understanding Fees

Shareholder Voting

Methods of Investing

Investing on Your Own

Working with an Investment
Professional

**CHECK
OUT YOUR
INVESTMENT
PROFESSIONAL**



SEARCH THE DATABASE

It's a great first step toward protecting your money. Learn about an investment professional's background, registration status, and more.



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Investor.gov



Investor.gov

U.S. SECURITIES AND
EXCHANGE COMMISSION

[About Us](#) | [Contact Us](#) | [Follow Us](#) | [Información en Español](#)

[Introduction to
Investing](#)

[Research Before
You Invest](#)

[Protect Your
Investments](#)

[Additional
Resources](#)

Fraud

[Types of Fraud](#)

[How to Avoid Fraud](#)

Seek Help

[Submit Questions and
Complaints](#)

[Arbitration and Mediation
Clinics](#)

INVESTMENT PROFESSIONAL

[SEARCH THE DATABASE](#)

It's a great first step toward protecting your money. Learn about an investment professional's background, registration status, and more.



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Investor.gov



Investor.gov

U.S. SECURITIES AND
EXCHANGE COMMISSION

[About Us](#) | [Contact Us](#) | [Follow Us](#) | [Información en Español](#)

Introduction to
Investing

Research Before
You Invest

Protect Your
Investments

Additional
Resources

Planning Tools

Free Financial Planning
Calculators

News and Alerts

Investor Alerts & Bulletins
Selected Press Releases

General Resources

Publications and Research
Useful Websites
Glossary

Specialized Resources

Youth
Seniors
Caring for Loved Ones
Military
Native Americans
Public Service Campaign

**CALCULATE
COMPOUND
INTEREST**



SEARCH THE DATABASE

It's a great first step toward protecting your money. Learn about an investment professional's background, registration status, and more.



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Investor.gov

FREE FINANCIAL PLANNING TOOLS

401 (k) and IRA
Required Minimum
Distribution Calculator

Compound Interest
Calculator

Ballpark Estimate

Social Security
Retirement Estimator

Mutual Fund Analyzer

529 Expense Analyzer

COMPOUND INTEREST CALCULATOR

Determine how much your money can grow using the power of compound interest. You can also calculate how much money you need to contribute each month in order to arrive at a specific savings goal.

*** DENOTES A REQUIRED FIELD**

COMPOUND INTEREST CALCULATOR

SAVINGS GOAL CALCULATOR

Step 1: Initial Investment

* Amount of money that you have available to invest initially. ▶

Step 2: Contribute

Amount that you plan to add to the principal every month. ▶

* Length of time, in years, that you plan to save. ▶

Step 3: Interest Rate

* Your estimated annual interest rate. ▶

Range of interest rates (above and below the rate set above) that you desire to see results for. ▶

Step 4: Compound It

* Times per year that interest will be compounded. ▶

CALCULATE

RESET



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Investor Alerts and Bulletins

- Investor Bulletin: Top Tips for Selecting a Financial Professional**
- SEC Warns of Government Impersonators**
- Variable Annuities—An Introduction**
- Investment-Related Radio Programs Used to Defraud**
- Planning for Diminished Capacity and Illness**
- Investor Bulletin: Mutual Fund Classes**
- Investor Alert: What You Should Know About Asset Recovery Companies**



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Investor Alerts and Bulletins

NEWS AND ALERTS

Investor Alerts &
Bulletins

Selected Press Releases

INVESTOR BULLETIN: CROWDFUNDING FOR INVESTORS

02/16/2016

The SEC's Office of Investor Education and Advocacy is issuing this Investor Bulletin to educate investors about a new investing opportunity in the form of securities-based crowdfunding.

Crowdfunding generally refers to a financing method in which money is raised through soliciting relatively small individual investments or contributions from a large number of people. Over the last few years, crowdfunding websites in the United States have proven a popular way by which to solicit charitable donations and to raise funds for artistic endeavors like films and music recordings.

Under recently adopted rules, the general public will have the opportunity to participate in the early capital raising activities of start-up and early-stage companies and businesses. **Starting May 16, 2016, companies can use crowdfunding to offer and sell securities to the investing public.**

Can I make a crowdfunding investment?

Anyone can invest in a crowdfunding securities offering. ***Because of the risks involved with this type of investing, however, you are limited in how much you can invest during any 12-month period in these transactions.*** The limitation on how much you can invest depends on your net worth and annual income.

If *either* your annual income *or* your net worth is less than \$100,000, then during any 12-month period, you can invest up to the greater of either \$2,000 or 5% of the lesser of your annual income or net worth.

If *both* your annual income *and* your net worth are equal to or more than \$100,000, then during any 12-month period, you can invest up to 10% of annual income or net worth, whichever is lesser, but not to exceed \$100,000.

The following table provides a few examples:

Annual Income	Net Worth	Calculation	12-month Limit
\$30,000	\$105,000	greater of \$2,000 or 5% of \$30,000 (\$1,500)	\$2,000
\$150,000	\$80,000	greater of \$2,000 or 5% of \$80,000 (\$4,000)	\$4,000
\$150,000	\$100,000	10% of \$100,000 (\$10,000)	\$10,000
\$200,000	\$900,000	10% of \$200,000 (\$20,000)	\$20,000
\$1.2 million	\$2 million	10% of \$1.2 million (\$120,000), subject to cap	\$100,000

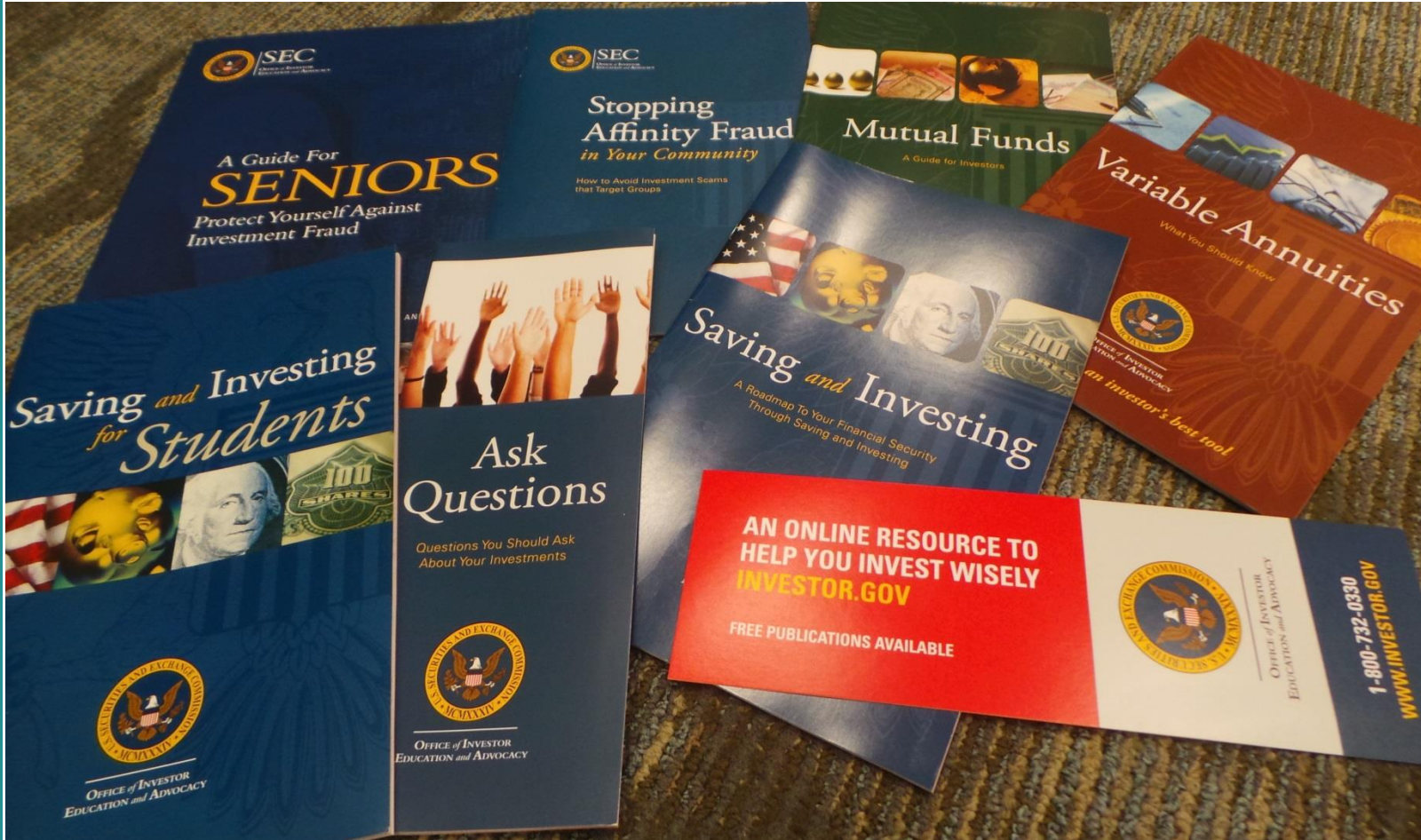


SEC Publications

SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov





SEC

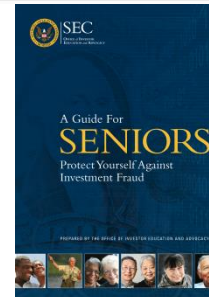
OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

SEC Publications



Consumer Financial
Protection Bureau

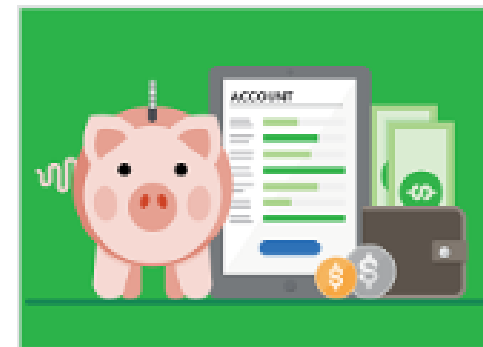


Free Publications for Libraries

Order free financial education materials you can share with patrons or use in your presentations.

All materials are free from the CFPB and other government agencies.

Order up to 1,000 free copies of each publication. If you need larger quantities, contact aroybal@gpo.gov.



[Featured](#) | [Promote](#) | [Budgeting](#) | [Borrowing](#) | [Protect Yourself](#) | [Save and Invest](#)

<http://www.consumerfinance.gov/library-resources/>

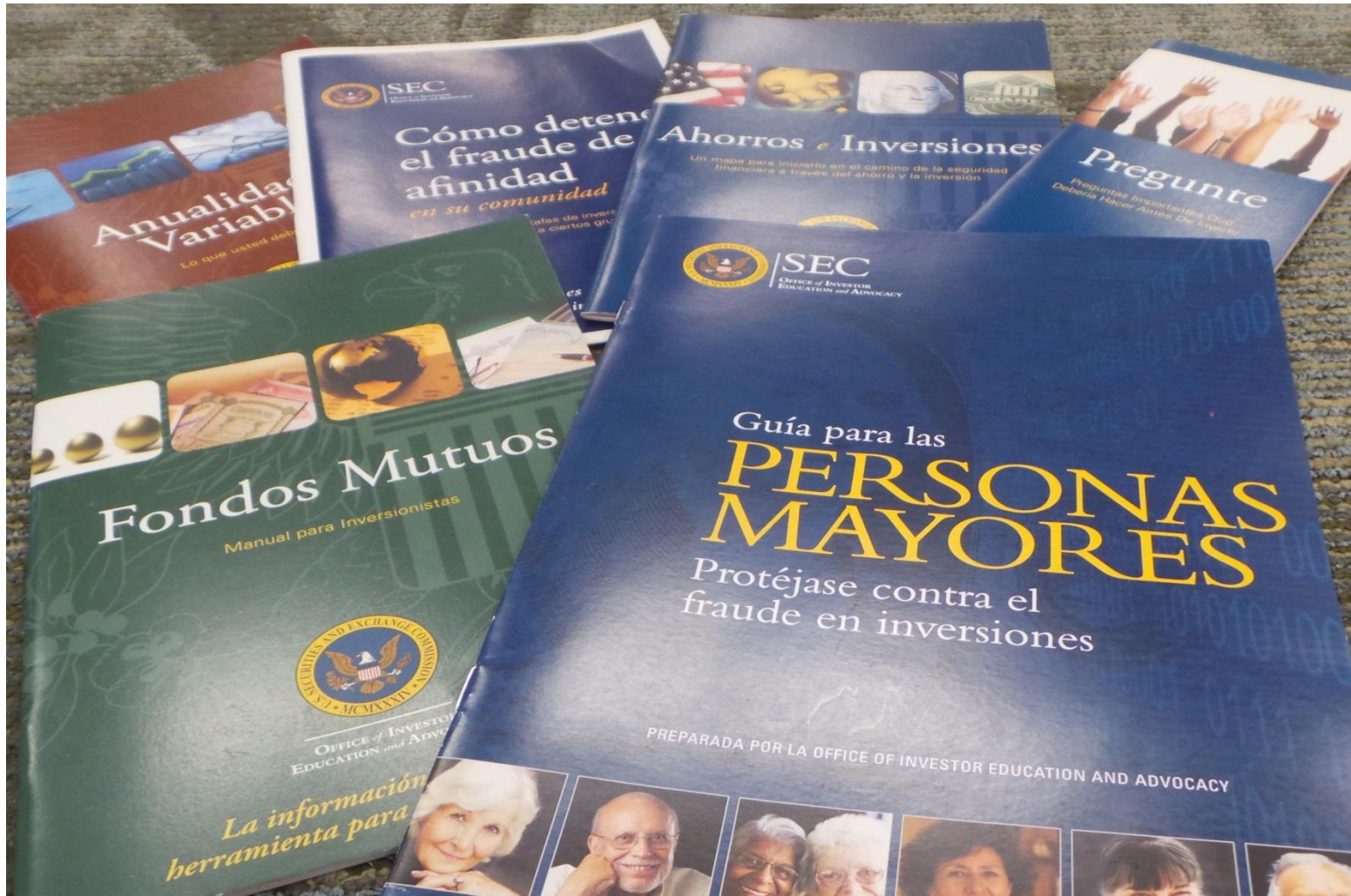


SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

SEC Publications in Spanish





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

SEC on Twitter: @SEC_Investor_Ed



SEC Investor Ed @SEC_Investor_Ed · Aug 6

#Fraud happens. Before you invest, check your financial professional at [Investor.gov](https://www.investor.gov). #ProtectYourMoney

“IT WON’T HAPPEN TO ME.”

— Every Investment Fraud Victim Ever —



Before You Invest,
Investor.gov



11



1





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

SEC on Facebook: @SECInvestorEducation



SEC Office of Investor Education and Advocacy

Yesterday at 10:50am · 🌐

Pyramid scheme or legitimate business? Learn how to spot the differences here: <http://ow.ly/wxLw303QKQB>

SEC
OFFICE OF INVESTOR
EDUCATION AND ADVOCACY

PYRAMID SCHEMES: Watch out for these red flags

- Promises of high returns in a short time period**
- No genuine product or service sold**
- Primary emphasis on recruiting**

👍 Like

💬 Comment

➦ Share



👍 You and 12 others

3 shares



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Strategies for Smart Investing





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

All investments have risks.

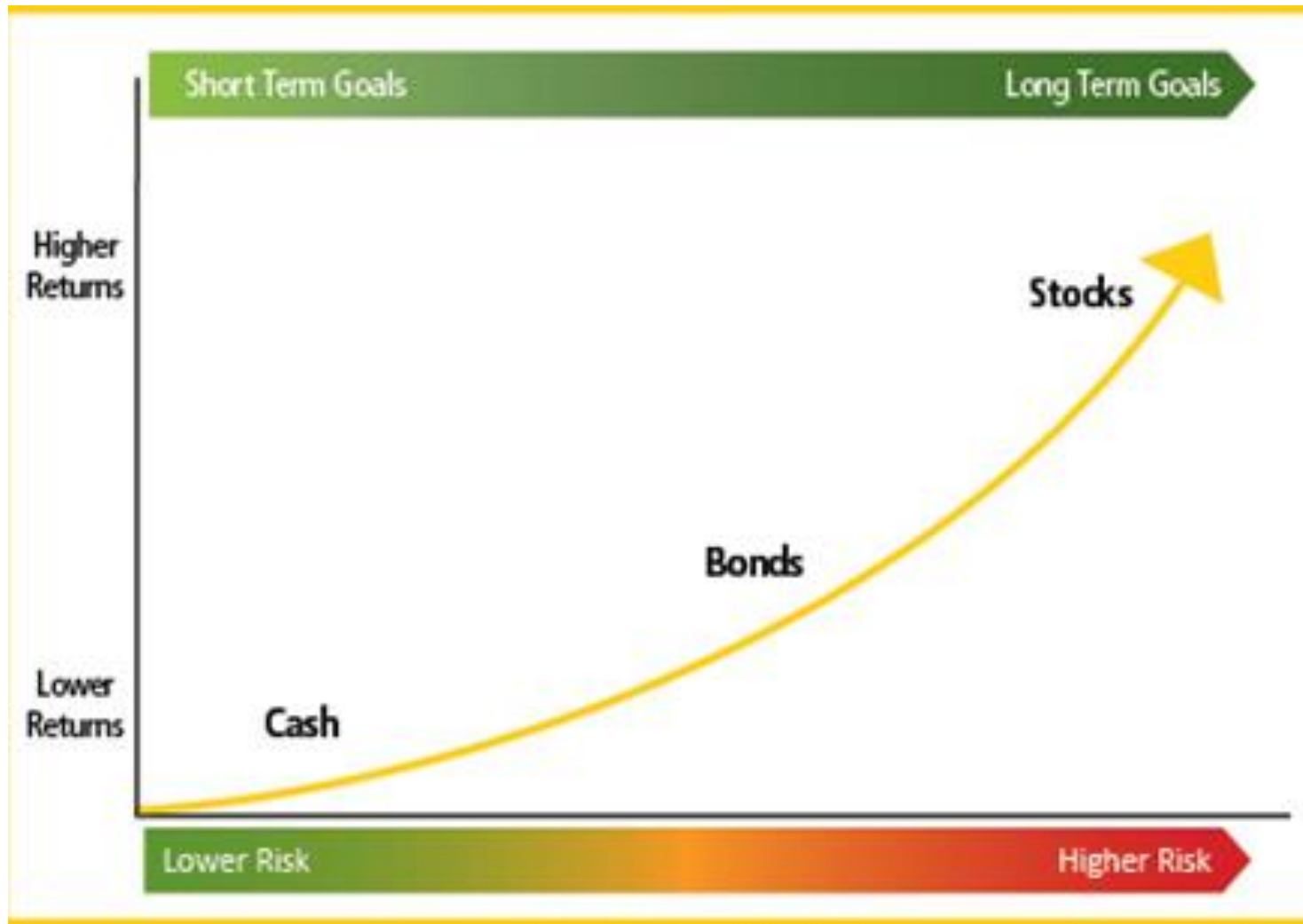


SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Investment Risks/Returns





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Risks and Returns

Asset Class	Cash	Bonds (Fixed Income)	Stocks (Equity)
Investment Types	Savings accounts, CDs and money market funds	Government, municipal and corporate bonds and bond funds	Stocks and stock funds
Return	Lower, but some are guaranteed	Predictable income stream	Historically, offered greatest growth
Chief Risks	Inflation, interest rate changes	Interest rate changes, default	Volatility, falling prices

Lower Risk

Higher Risk



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Managing Risk

Manage risk with asset allocation and diversification.





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Mutual Funds

Why Mutual Funds Are Popular:

Professional management	Diversification
Affordability	Liquidity

Types: money market, bond, stock, target-date funds

–Actively-managed funds

–Index funds

Risks: All funds carry some risk – typically the same as the underlying securities.



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Other Products Often Marketed to Investors Include:

Products	Common Risks Include:
Variable Annuities – investment product with insurance features to receive a stream of payments over time	Investment risk; charges for early withdrawal; complicated tax rules
Real Estate Investment Trusts (REITs) – investment product in income-producing real estate	Liquidity, share value transparency, and fees can vary among publicly traded REITs and non-traded REITs
Master Limited Partnerships (MLPs) investment product in cash-generating assets like oil and gas pipelines	Concentrated exposure to a single industry or commodity; governance features that can favor management over investors
Exchange Traded Notes (ETNs) Unsecured debt obligations of financial institutions	Complex valuation and fees; risk of issuer default and market risk; price volatility and liquidity risk



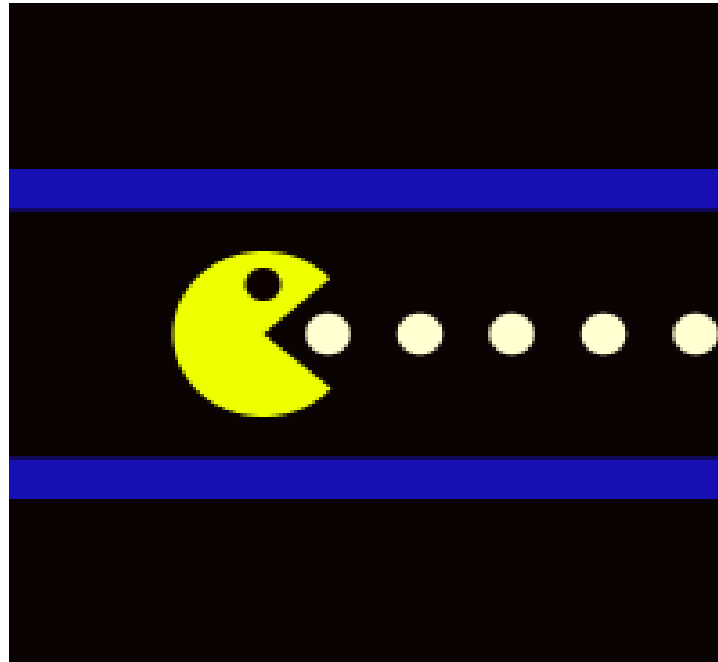
SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Fees

**All investments have fees.
And they matter.**





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Impact of Fees

UPDATED INVESTOR BULLETIN: HOW FEES AND EXPENSES AFFECT YOUR INVESTMENT PORTFOLIO

09/8/2016

The SEC's Office of Investor Education and Advocacy is issuing this updated bulletin to educate investors about how fees you pay for investment services and products can impact the value of your portfolio.

As with anything you buy, there are fees and costs associated with investment products and services. **These fees may seem small, but over time they can have a major impact on your investment portfolio.** The following chart shows an investment portfolio with a 4% annual return over 20 years when the investment either has an ongoing fee of 0.25%, 0.50% or 1%. Notice how the fees affect the investment portfolio over 20 years.

Portfolio Value From Investing \$100,000 Over 20 Years





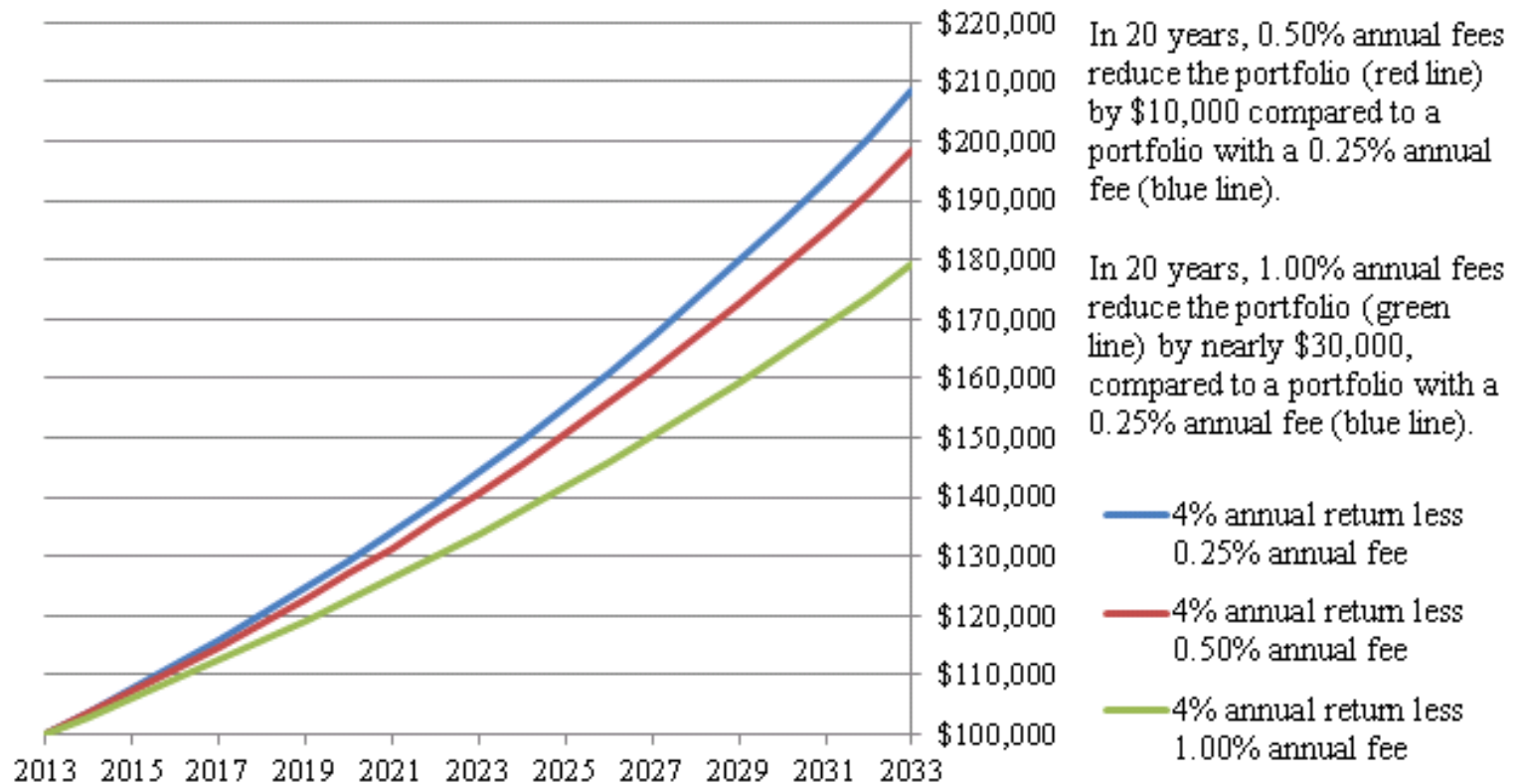
SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Impact of Fees

Portfolio Value From Investing \$100,000 Over 20 Years





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

FINRA Fund Analyzer



[FINRA Home](#) | [About FINRA](#) | [Newsroom](#) | [Contact](#)

Search

- Investor Home
- Prepare to Invest
- Products & Professionals
- Protect Your Money
- Have a Problem?
- Tools & Calculators
- I Want To...

Fund Analyzer

[Additional Information](#)

The Fund Analyzer offers information and analysis on over 18,000 mutual funds, Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs). This tool estimates the value of the funds and impact of fees and expenses on your investment and also allows you the ability to look up applicable fees and available discounts for funds.

Search	Browse	Screener	Favorites (1)	Selected Funds
<input type="text" value="[fundname, ticker or keyword]"/> <input type="button" value="Q"/> <input type="button" value="i"/>				<div style="border: 1px solid #ccc; padding: 5px;"> <p>1</p> <hr/> <p>2</p> <hr/> <p>3</p> </div>
<p>How to use this tool</p> <ul style="list-style-type: none"> • Enter the name, ticker symbol or keyword for the fund. • Once the results appear, click on a fund to add it to your Selected Funds list. • You can compare up to three funds from your Selected Funds list at a time. • You can browse for funds alphabetically by clicking the Browse tab above. • Use the Fund Screener to filter your search using standard criteria. • Save often used funds by clicking the 'Add to Favorites' icon. 				<input type="button" value="SHOW RESULTS"/> <input type="button" value="CLEAR LIST"/>

www.FINRA.Org



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Picking a Fund: Questions to Ask

- **How does the fund match my goals?**
- **What is the fund's performance over time?**
- **How does that compare with my risk tolerance?**
- **What are the fund's fees and expenses?**
- **Will the fund help me diversify my investments?**



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Tips to Avoid Fraud





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Tips for Investors to Help Avoid Fraud

- **Research both the financial professional and the investment product**
- **Be aware of common persuasion tactics and red flags**
- **Be alert to common investment scams**



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Ask and Check

- **Check whether the person soliciting your investment is registered:**
 - **Investor.gov has a database of investment professionals**
- **Check background of broker or investment adviser:**
 - **Any disciplinary actions**
 - **A history of customer complaints**
 - **Previous employment**



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Investor.gov



Investor.gov

U.S. SECURITIES AND
EXCHANGE COMMISSION

[About Us](#) | [Contact Us](#) | [Follow Us](#) | [Información en Español](#)



Introduction to
Investing

Research Before
You Invest

Protect Your
Investments

Additional
Resources

Check Out Your
**INVESTMENT
PROFESSIONAL**

SEARCH THE DATABASE

It's a great first step toward protecting your money. Learn about an investment professional's background, registration status, and more.

[Video](#)



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

IAPD

Investment Adviser Public Disclosure



Investment Adviser Search

Investment Adviser Data

Resources

Welcome to the Investment Adviser Public Disclosure website

Individual Firm at

For a complete compilation of Investment Adviser Firms currently registered with the SEC and states securities regulators, download the [Investment Adviser Data](#).

You can **search for an Investment Adviser firm** on this website and view the registration or reporting form ("Form ADV") that the adviser filed. This website will also search **FINRA's BrokerCheck system** and indicate whether an entity is a Brokerage firm. Investment advisers file Form ADV to register with the SEC and/or the states. Some advisers that do not have to register with the SEC or the states ("Exempt Reporting Advisers") must nonetheless complete some of the questions in Form ADV for purposes of reporting to the SEC and/or the states. Form ADV contains information about an investment adviser and its business operations. Additionally, it contains disclosure about certain disciplinary events involving the adviser and its key personnel.

You can also **search for an individual investment adviser representative** and view that individual's professional background and conduct, including current registrations, employment history, and disclosures about certain disciplinary events involving the individual. The information about investment adviser representatives that appears on this website is collected from individual Investment Adviser Representatives, Investment Adviser firm(s), and/or securities regulator(s) as part of the securities industry's registration and licensing process. Individuals that are Registered Representatives of a Brokerage firm that are listed in **FINRA's BrokerCheck system** will also appear in search results.

Are you having technical difficulties using the Investment Adviser Public Disclosure site?

You can call 240-386-4848 for technical assistance.

[Learn More About IAPD»](#)



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Is the product registered?

- **Find out whether the company is registered with the SEC – this provides access to important information about the company**
- **Investors can check EDGAR, the SEC’s online database of corporate filings**
- **Scams often involve unregistered companies**



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

EDGAR



U.S. SECURITIES AND
EXCHANGE COMMISSION

Search SEC Documents



[COMPANY FILINGS](#) | [MORE SEARCH OPTIONS](#)

[ABOUT](#) | [DIVISIONS](#) | [ENFORCEMENT](#) | [REGULATION](#) | [EDUCATION](#) | [FILINGS](#) | [NEWS](#)

EDGAR Search Tools

[Latest Filings](#)

[Company Filings](#)

[Mutual Funds](#)

[Variable Insurance
Products](#)

[Daily Filings by Type](#)

[Boolean Archive Search](#)

[Full Text
\(Past 4 Years\)](#)

[CIK Lookup](#)

[Confidential Treatment
Orders](#)

EDGAR | Company Filings

Free access to more than 20 million filings



We're improving EDGAR. Prefer the old page? It's still available.

Company Name

SEARCH

[More Options ▶](#)

Fast Search

SEARCH

Ticker symbol or CIK is the fastest way to find company filings.

Guides

How to Research Public Companies

Learn [how to quickly research](#) a company's operations and financial information with EDGAR search tools.

Filing Types

Learn which [filing types](#) contain earnings announcements, executive compensation, SEC correspondence and more.

Search Tools

CIK Lookup Tool

Look up the [central index key \(CIK\)](#) of an EDGAR filer. Searching by CIK is the most accurate way to view filings.

Save Your Search

Want to get updates on new filings? Learn how to [save your search](#) by subscribing to EDGAR RSS feeds.



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

“Red Flags” of Investment Fraud

- **It sounds too good to be true**
- **Pressure to buy RIGHT NOW**
- **Lack of Documentation**





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov



[Video](#)



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Unsolicited Offers to Invest

- **Investment fraud criminals look for victims on social media sites, chat rooms, and bulletin boards.**
- **If you receive an unsolicited message from someone you don't know containing a "can't miss" investment, your best move is to pass up the "opportunity."**





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Persuasion Tactics of Fraudsters

Phantom Riches

Dangling the prospect of wealth, enticing you with something you want but can't have.



Source Credibility

Trying to build credibility by claiming to be with a reputable firm or to have a special credential or experience.



Social Consensus

Leading you to believe that other savvy investors have already invested.



RED FLAGS OF FRAUD

Reciprocity

Offering to do a small favor for you in return for a big favor.



Scarcity

Creating a false sense of urgency by claiming limited supply.





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Responding to a Sales Pitch



<http://www.youtube.com/embed/9PtCxXTUhJg?rel=0&autoplay=1>

Source: FINRA Investor Education Foundation



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Affinity Fraud

- **Targets members of identifiable groups.**
- **Fraudsters are often are members of the group, or pretend to be.**
- **Always Ask and Check even if you know the person making the investment offer.**
- **Remember: the person telling you about the investment may have been scammed.**





SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Pump-and-Dumps

- **Involve the hyping (“pump”) of a company’s stock through false or misleading statements.**
- **Typically involve “penny-stock” or “microcap” companies.**
- **Pitch to buy stock quickly**
- **Once fraudsters “dump” their shares at the pumped-up price, the price falls and investors lose their money.**

**See our alerts on
Investor.gov!**



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Investment Newsletters

- **While legitimate newsletters may contain useful information about investing, others are tools for fraud.**
- **Fraudsters may lie about both the payments they receive and their track records in recommending stocks.**
- **They may claim to offer unbiased recommendations in newsletters when they stand to profit.**
- **Newsletters advertised on legitimate websites may also be fraudulent.**



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Investor.gov



Check Out Your
**INVESTMENT
PROFESSIONAL**

SEARCH THE DATABASE

It's a great first step toward protecting your money. Learn about an investment professional's background, registration status, and more.

**FEATURED
INFORMATION**



**Public Service
Campaign**

Watch the "Before You Invest, Investor.gov" television spot and see other materials from the campaign.

**INVESTOR ALERTS
AND BULLETINS**



Investor Alert: Tick Size Pilot Program –
What Investors Need To Know

Investor Bulletin: Microcap Stock Basics
(Part 1 of 3: General Information)

Updated Investor Alert: Be on the Lookout
for Advance Fee Fraud

[More Alerts and Bulletins](#) ▶

GET HELP



**Submit Complaints
and Questions**

Report a possible securities fraud, or ask a question or report a problem concerning investments, an investment account or a financial professional



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Let's stay in touch...

**Office of Investor Education and Advocacy
U.S. Securities and Exchange Commission**

100 F Street NE, Washington, DC 20549-0213

(800) 732-0330 (Toll-free Investor Assistance)



Investor.gov



www.facebook.com/SECInvestorEducation



[@SEC_Investor_Ed](https://twitter.com/SEC_Investor_Ed)



Outreach@SEC.gov



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest,
Investor.gov

Questions?

