Nova Scotia Securities Commission identifies top investor traps

The Nova Scotia Securities Commission today (August 3), released its annual list of traps that cautious investors should avoid. The tips will help protect investors trying to jump-start investment portfolios as the impact of the financial crisis and increased market volatility continue to reverberate.

The commission said investors rebuilding nest eggs damaged by the market collapse and those frustrated with low interest rates are particularly susceptible to speculative investments. “Knowledge, attention to detail and a healthy sense of skepticism are a triple threat to fight investment fraud,” William Slattery, executive director of securities, said. “Provincial securities regulators provide detailed information about those who sell securities or give investment advice, as well as about the products being offered. “The more you are prepared, the better your chance of sidestepping a trap that can leave you in a financial hole for many years.”

The following five products and practices make up this year’s list of top 10 investor traps and deserve special scrutiny:

1. Exchange-Traded Funds (ETFs…
2. Foreign Exchange Trading Schemes…
3. Gold and Precious Metals…
4. Green Schemes…
5. Oil and Gas Schemes…

Practices:

1. Affinity Fraud…
2. Undisclosed Conflicts of Interest…
3. Private or Special Deals…
4. “Off the Books” Deals…
5. Unsolicited Online Pitches. …

Mr. Slattery cautioned investors to familiarize themselves with the warning signs of investment fraud and independently verify investment opportunities and the background of the person and company offering the investment. “Investors should do business with registered dealers and advisers and should report any suspicion of investment fraud to their provincial securities regulator,” Mr. Slattery said.

“One call can protect your financial security and might prevent others from becoming victims.”

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