



How to Protect Yourself from Investment Fraud

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Based upon the tumultuous events in the financial industry over the past year, we should all be more diligent and aware of our investments. It is key to **review your investment objectives periodically and whenever your financial goals or needs change.**

No one wants to see their investments decrease in value. However, it is important to note that even if you see that your investment account has decreased in value, it does not necessarily mean that anything improper has occurred. Nevertheless, there are a few different things you can do to help protect your investments.

First, it is essential to have **good communication with your broker** regarding your financial objectives. A large number of disputes occur because of the lack of communication between the investment professional and the client regarding the client's objectives. With open communication your broker will be able to effectively advise you and recommend which investments are suitable to meet your financial objectives. Your account objectives are required to be recorded on your account opening documents. You should also talk to your broker about **ensuring your investments are diversified.** The old adage "do not put all your eggs in one basket" is a good rule to follow when investing. You should also **be cautious about new financial products** which do not yet have a proven track record.

The following are a few questions you should ask your broker if you have not already done so: (1) What is your understanding of my objectives and risk tolerance? (2) Why is

this investment suitable for me? (3) How much money can I lose? (4) Is my investment account diversified? (5) Are you recommending this investment/financial product to your other clients?

Second, you should **be aware of fraudulent types of activities** that can occur on investment accounts. These activities are sometimes concealed by market appreciation or excused by market depreciation, which is why they are not always easy to recognize. These unscrupulous activities include: excessive trading (also known as churning), the placement of unauthorized trades, misrepresentations or omissions regarding an investment strategy, and debt abuse. This list is not all inclusive, but **your awareness of your investment account is the first step toward protecting your investments.** If you believe you may be a victim of any of these activities, you can contact the Financial Industry Regulatory Authority (FINRA) to report the fraudulent activity.

It is also important that you **read and understand your investment account statements** so that you can verify that your objectives are being adhered to. You can call your broker or branch manager to explain anything on your account statement you have questions about. If they are not able to assist you, feel free to contact another financial advisor who can adequately answer your questions.

Much like fingerprints everyone's financial objectives are unique. Accordingly, everyone should be vigilant in making sure their individual financial objectives are being followed.