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IF IT'S TOO GOOD TO BE TRUE, IT USUALLY IS

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Scams are schemes devised to swindle you of your hard-earned money. They can arrive in different forms; be it through an email, a phone call, by post, or even a well-groomed financial “expert”.

There have been numerous scams reported in the news over the years. In 2009, Bernie Madoff pleaded guilty to the largest Ponzi scheme in history¹.

“Nah, it’s impossible for me to fall for such an investment scam. I’m savvy enough to tell that it’s a fraud.”

If that thought went through your mind, read on.

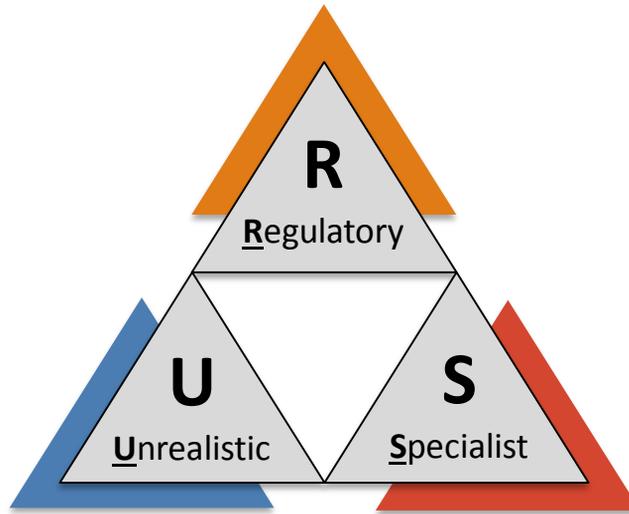
Madoff was a well-versed and active member of the financial industry. He helped to launch the Nasdaq stock market, sat on the board of National Association of Securities Dealers and advised the Securities and Exchange Commission on trading securities.

With a background like that, it was easy for others to believe he had good intentions and knew what he was doing. Madoff went on to defraud his investors out of \$65 billion.

Back home, the name Sunshine Empire² might ring a bell. It was another Ponzi scheme which duped investors of about \$170 million between 2006 and 2007.

The authorities have put in a lot of effort to raise investors’ awareness about these schemes and how their perpetrators operate. **It is unfortunate that many still fall prey to such frauds – mostly due to greed.**

In this article, we hope to share with you 3 key points that can protect you from professional con men. The list is by no means exhaustive, but it should give you a good platform to work off.



Regulatory

The Monetary Authority of Singapore (MAS) plays a crucial role in ensuring investments are authentic in Singapore. The key purpose is to regulate the investment entities that are availing these services or products.

MAS has set up various registries³ on their website to alert you of potential frauds and mis-selling, such as:

- MAS Financial Institution Directory - to inform investors of the services the financial institutions are authorised to provide.
- Investor Alert List - to caution investors of unregulated organisations or personnel that may give investors the wrong impression that they are regulated by MAS.
- MAS Register of Representatives - to identify the personnel that is engaging you, and to ensure that he or she is a professional and licensed by MAS.

While this information is critical, it is in the interest of the unlawful to get around the system. Hence, you should still take a cautious stand whenever possible.

Unrealistic

Scammers prey on your **emotions**. They entice you by promising lofty returns with little or no effort on your part. Guaranteed returns – attractively high ones – is a favourite “weapon of choice” of these schemes. **You must resist any temptations to buy in to an investment until you are comfortably assured that the project is sound.**

Specialist

It is paramount that you engage a specialist **who has your interests at heart** to help decipher all the financial jargon and products in the market. When you have found that person in the field of wealth accumulation, work closely with him or her to ensure that your resources and blueprint are put to work efficiently.

Walking the Talk

It is in Unicorn’s DNA to draw up a financial blueprint for you that charts out your financial journey. Having a good financial plan written is half the battle won. As the guardian and shepherd of your finances, we continue to research diligently into various investment opportunities, asset classes and strategies to mitigate the exposure to such risks. These moments do not come easily though, as our researchers fiercely debate every recommendation before laying them before you. **We do so because these investments will be the exact ones that we use ourselves in our own portfolio.**

Conclusion

Behind every scheme or product, is an individual. It is of equal importance to also assess the intent of the individual recommending the product. Once you are assured that his or her moral compass and financial motivations are aligned with yours, you will make decisions regarding his or her proposal with more confidence and certainty.

Source

¹ – 5 Years Ago Bernie Madoff Was Sentenced to 150 Years In Prison – Here’s How His Scheme Worked:

<http://www.businessinsider.sg/how-bernie-madoffs-ponzi-scheme-worked-2014-7/>

² – Guilty As Charged: Sunshine Empire duped investors of millions with Singapore’s biggest Ponzi:

<http://www.straitstimes.com/singapore/courts-crime/guilty-as-charged-sunshine-empire-duped-investors-james-phang-wah-2006>

³ – Protect Yourself Against Bogus Investment Opportunities: <http://www.mas.gov.sg/moneysense/understanding-financial-products/investments/consumer-alerts/protect-yourself-against-bogus-investment-opportunities.aspx>

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