

PROTECT YOURSELF FROM SHARE SCAMS – BOILER ROOM SCAMS

If you get an unexpected phone call from people you don't know trying to sell you shares it may be a boiler room scam. Boiler room firms run a financial scam using convincing sales tactics to persuade you to buy shares which are of little or no value. You will almost certainly lose all the money you spend. The vast majority of boiler room victims are male and most are experienced investors, with 41% of victims saying they had been investing for over 11 years – it is not just the novice investor who can be duped in this way. They are scamming between £200 and £500 million in the UK every year.

If you deal with a boiler room you will have no rights to complain or claim compensation in the UK, as boiler rooms are based overseas and are not authorised by the FSA to do business in the UK.

Generally it's against the law to 'cold call' a person to try to sell shares or other investments. So if you haven't invited the call just hang up!

How to recognise a boiler room

- The first time you hear from a boiler room could be by post or email. They may have written to you offering a free research report into a company in which you hold shares, or a free gift or a discount on their dealing charges.
- You will then receive a phone call from a well trained, highly professional sounding salesman. They can be very persistent, never taking 'no' for an answer. They often use a script to help them answer your questions or ward off your objections. They phone their victims every day until they finally make a sale, or until you hang up on them.
- They will often claim to be from legitimate firms, or firms which sound legitimate and have professional looking websites.
- You may be told that you have already entered into a contract to buy the shares and are under an obligation to pay. This is not the case as such contracts are unenforceable under UK law.

How to protect yourself

- Always ensure the firm is on the FSA Register and is allowed to give financial advice before handing over your money
- Double check the caller is from the firm they say they are – ask for their name and telephone number and say you will call them back. Check their identity by calling the firm using the contact number listed on the FSA Register.
- Check the FSA's list of known unauthorised overseas firms at www.fsa.gov.uk/pages/Doing/Regulated/Law/Alerts/overseas.shtml
- If you have any doubts, call the FSA Consumer Helpline with details, or complete the '**Unauthorised firms reporting form**'

Useful contacts

FSA Consumer Helpline – to check a firm is authorised or report a boiler room.

Tel: 0845 606 1234* Minicom/Textphone: 08457 300 104* (*call rates may vary)

APCIMS – for a list of FSA authorised stockbrokers.

Tel: 020 7448 7100 – www.apcims.co.uk – and go to 'Find A Broker'.

Useful FSA links

FSA Register – to check a firm is authorised: www.fsa.gov.uk/pages/register

List of unauthorised overseas firms: www.fsa.gov.uk/enforcement/firms_overseas.html

Unauthorised firms reporting form: www.fsa.gov.uk/pages/doing/regulated/law/alerts/form.shtml

Other useful links

City of London Police – Operation Archway: www.cityoflondon.police.uk/CityPolice/ECD/Fraud/boilerroom.htm

U.S. Securities and Exchange Commission: www.sec.gov

The FSA works in collaboration with the Serious Organised Crime Agency and the City of London Police to fight this fraud.



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