

Boiler Room Fraud

Share sale, boiler room, hedge fund or bond fraud involves bogus brokers, usually based overseas, cold calling people to pressure them into buying shares that promise high returns or whose share price is about to 'go through the roof'. In reality, the shares are either worthless or non-existent.

Boiler room fraudsters are highly trained and use 'hard sell' techniques to pressurize investors into making rushed decisions to buy shares which are of little or no value. If you deal with a share sale fraudster or Boiler Room you'll almost certainly lose the money you've invested and you won't have any right to claim compensation under the Investors Compensation Scheme (Ireland), as the Boiler Room firm is NOT AUTHORISED as an investment firm by the Central Bank of Ireland (Central Bank).

Key points:

Most Boiler Room scams start with an UNSOLICITED phone call, in which a professional sounding 'stockbroker' will offer you a fantastic investment opportunity. These people are persistent and are trained in dealing with any objections or questions, they specialize in using high pressure 'hard sell' tactics in order to persuade victims to agree to buy shares, they will often claim that by agreeing to buy the shares you have 'entered into a contract' to do so.

They will urge you to be discreet and not to tell anyone else about the deal, this enables them to continue cold calling hundreds of other potential victims while the scam is running.

In order to appear legitimate, firms will often have websites which look professional, they may provide official-looking documentation and share certificates, all these are ultimately worthless.

As most Boiler Rooms are based overseas you will be asked to send your "investment" by International Payment, you will probably never get any money back.

Remember: if it looks too good to be true, it probably is!

If you receive an UNSOLICITED call from a person who offers you an opportunity to invest in shares HANG UP.

Genuine investment firms are authorised by the Central Bank of Ireland. If you wish to check whether a firm is authorised you may do so on their website <http://registers.financialregulator.ie/>. If you think you may have been duped by a boiler room scam you should report it to the Central Bank of Ireland (www.centralbank.ie) and to the Gardai.

Recovery Fraud: People who have lost money on Boiler Room scams may subsequently find themselves being targeted in a 'recovery room' fraud, where the victim receives a call from a firm who will claim that they can help to recover the lost investment monies. This however, is simply another part of the boiler room scam and the 'recovery' firm will request upfront payment of substantial fees before they handle your case, again this is just another way of scamming more money from victims.

Always remember:

- Check if the company is authorised (by a financial regulator) to deal in such investments
- Get independent advice from a qualified financial advisor before investing
- Report any unsolicited approaches
- Do not respond to high pressure tactics
- When investing with a regulated firm, always make your cheque payable to the named financial institution.