



**Financial Supervision Commission**  
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## PUBLIC NOTICE - F.S.C Public Warnings

### Bogus Offers to Buy Shares

#### Advance Fee Scams

**This notice is issued by the Financial Supervision Commission (“the Commission”) in accordance with the powers conferred upon it under Section 30 of the Financial Services Act 2008.**

The Commission has become aware of investors in Isle of Man companies who are being pressurised to fall victim to advance fee scams. Information received by the Commission has identified that this type of scam is growing more common on a worldwide basis and is not confined to targeting investors in Isle of Man companies.

The scam generally begins with a telephone call offering to pay an enticingly high price to buy the investor’s shares, which the investor may have purchased some time ago. The caller often claims falsely to be calling from, or based within, the United States.

To add legitimacy to the scheme, callers may falsely tell investors that they are registered with a regulatory body somewhere in the world, refer investors to fake regulatory web sites and provide names of purported satisfied clients who will validate the legitimacy of the offer.

To take the “deal” the investor is asked to send a fee in advance to pay for services to cover the cost of processing. To disguise the fraudulent nature of this proposal, the advance fee might be labelled a “performance bond”, “share restriction removal fee”, or “equity evaluation deposit” among other names.

Finally, the fraudster continues to keep in touch with the investor by telephone or facsimile to win their trust until the advance fee has been paid. After the payment has been received, the communications cease because the scam has succeeded.

In light of the growing prevalence of this kind of attempted scam the United States Financial Industry Regulatory Authority (“FINRA”) has produced a very useful document in order to alert investors and regulators outside of the United States to its characteristics. The document also suggests a number of practical steps that investors can take in order to avoid being victimised by perpetrators of this scam. The Commission endorses the contents of the FINRA publication and recommends that investors take the time to read it and follow its recommendations.

The FINRA document is available on the following link:

[http://www.finra.org/web/idcplg?IdcService=GET\\_PROBLEM\\_PAGE&siteId=www.finra.org&siteRelativeUrl=/Investors/ProtectYourself/InvestorAlerts/FraudsAnd%20Scams/P014928](http://www.finra.org/web/idcplg?IdcService=GET_PROBLEM_PAGE&siteId=www.finra.org&siteRelativeUrl=/Investors/ProtectYourself/InvestorAlerts/FraudsAnd%20Scams/P014928)

Any persons who are already involved in any dealings matching the above description and who have concerns should contact the Enforcement Division on +44 1624 689313 or by email to [fsc@gov.im](mailto:fsc@gov.im).

Any persons who have paid funds away in relation to dealings matching the above description and who have concerns should consider contacting their local Police Fraud Unit for advice without delay.

**FSC reference: JPM/1/2010**

**7th January 2010**

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