

CONTACT US

If you have questions, are aware of suspicious activities, or believe you have been defrauded, please let the CFTC know immediately. Call the CFTC or visit www.cftc.gov/TipOrComplaint.

PRECIOUS METALS FRAUD

The Commodity Futures Trading Commission (CFTC) is the federal government agency that regulates the commodity futures, commodity options and swaps trading markets. The CFTC wants to inform you about tricky promises of easy profits from rising prices in precious metals such as gold, silver, palladium, and platinum. Following is information about these offers and simple ways to spot the ones that could be scams.



COMMODITY FUTURES TRADING COMMISSION

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COMMODITY FUTURES TRADING COMMISSION

SIGNS OF A POSSIBLE FRAUDULENT SALES PITCH

- Leading you to believe you can profit from current news already known to the public.

"Since that mine disaster, you are certain to earn big returns on your deposit."

- Made by people who call themselves "metals dealers" or "merchants."
- Advertised on radio, television, or online.
- Contacting you asking for personal information such as your name, phone number, email or home address.
- Calls received from a broker or salesman from the company to promote the precious metals purchase.

POSSIBLE PERSUASION TACTICS YOU MAY EXPERIENCE

- Dangling the prospect of wealth and enticing you with something you want, but can't have.

"This gold purchase is guaranteed to grow at double the rate of your current investments."

- Trying to build credibility by claiming to be with a reputable firm or to have a special credential or experience.

"Believe me, as a senior vice president of XYZ Metals Merchant Inc., I would never sell an investment that doesn't produce."

- Leading you to believe that other savvy investors have already invested.

"This is how Bob on your street got his start. I know it's a lot of money, but I'm in and so is half our club."

- Offering to do a small favor for you in return for a big favor.

"I'll give you a break on my commission if you buy now—half off."

- Creating a false sense of urgency by claiming limited supply.

"There are only two units left and the Asian market is about to open, so I'd sign up today."

PRECIOUS METALS SALES WARNING SIGNS!

- Statements that precious metals transactions are not regulated by the CFTC or the National Futures Association.
- Agreement that does not identify the financial institution or bank that will be loaning you the money.
- Agreement that does not identify where the physical metal is located.
- Claims to deliver the physical metal to an overseas storage facility.
- Difficulty in verifying the company's license.
- A salesperson that cannot provide a way to prove their licensure from a government agency.
- A salesperson offering highly complex purchasing techniques for unusual success.
- Missing documentation that seems necessary.



FREQUENT SALES ARRANGEMENT THAT MAY INDICATE PROBLEMS

- Claiming you can make a lot of money with little risk by purchasing through a "financing agreement."
- Structured so you only pay a small percentage (between 15% and 25%) of the total purchase price.
- Full price paid by a loan, that the company arranges, to finance the rest of your purchase.
- Claims that the company will store the precious metals for you in a storage facility or "bank."

FREQUENT PROBLEMS

- Often do not use your money to purchase metals at any time.
- Do not actually arrange for loan financing with an independent financial institution, but charge you phony interest.
- Do not store metal with an independent bank or storage facility, but charge you storage fees.
- Fraudulently fail to point out that because you are not paying the full price for the metals, you will have to send the company additional funds if prices change unfavorably.
- Often use your funds to pay themselves commissions, leaving little for you.

BEFORE INVESTING IN PRECIOUS METALS, ASK, ASK, AND ASK SOME MORE!

- Contact the CFTC at 866.366.2382 or the National Futures Association at www.nfa.futures.org/basicnet to check the company's registration status, business background, and disciplinary history.
- Ask how the financial professional is qualified to provide you with this service.
- Ask how the product meets your financial needs.
- Ask how the financial professional is paid for his/her service.