

# PUBLIC WARNING !

## BEWARE OF FRAUDULENT COMPANIES / NON-CORPORATE ENTITIES / INDIVIDUALS

The General Public is once again warned not to be misled by fraudulent activities / schemes of deposits, loans, investments etc. launched by certain companies / non-corporate entities/ individuals through advertisements (print and electronic media), agents, brochures, websites, emails and hoardings etc. The *modus operandi* of such schemes is briefly explained below for the benefit / information of the general public:

- ◆ **Employment Scams** in which the job applicants are asked to pay some amount on one pretext or another along with job application.
- ◆ **Scams in the form of lottery schemes** which attract people to earn wealth overnight through wagering. They make billions and give ads of people receiving prizes to attract more people. In reality, the winners are just actors for the advertisement.
- ◆ **Real estate scheme / projects** soliciting investors to purchase properties in Pakistan by promising high gains and abroad by promising residency permits as well. The projects / properties exist only on paper. After obtaining sufficient funds from investors they disappear.
- ◆ **Deposit Schemes** in which the general public is promised unusually high profit / mark-up. They give assurance of deposit safety and guaranteed regular high profits. For some time they pay profit regularly. Once they have accumulated enough deposits, they disappear.
- ◆ **Loan Schemes** in which they promise loans of huge amounts for any purpose on easy terms. They ask borrowers to fill forms, pay certain fees and then keep telling them that they have submitted their case to a bank and will get it soon. In this way, they get a lot of prospective borrowers to pay fees and make a lot of money.
- ◆ **Introducing brokers** of foreign brokerage houses, a type of business not covered under local laws. These concerns offer their services to clients in return for heavy fees. Most of the clients lose all of their hard earned money without any legal cover. They use bogus trading software to cheat their investors.
- ◆ **Multi Level Marketing, Ponzi and Pyramid Schemes** requiring new customers to bring certain number of more members in geometric progression. The process of membership reaches a stage of saturation when the whole structure collapses and only a few people at the top of the scheme make money. Some companies also use this technique in the guise of sales strategy to sell otherwise unmarketable products at exorbitant prices.
- ◆ **Cheating through post, e-mails, phone calls, SMS** by offering unexpectedly exciting prizes, lucky draws and sweepstake, and false promotions. Such approaches are designed to trick the innocent people to part with their money.

The general public is, therefore, advised in their own interest to be prudent while making any investments and to verify that the entity they are dealing with is duly authorized / licensed by the relevant authority to carry on its business. Appropriate advice from independent legal or financial professionals regarding the risks involved is advisable. The list of entities licensed by State Bank of Pakistan (SBP) & Securities and Exchange Commission of Pakistan (SECP) is available at their respective websites.

For further clarification in respect of these entities, you may contact SBP or the SECP at the following addresses:



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