

For Immediate Release

March 6, 2012

Online fraud awareness campaign confirms investors' vulnerability

Calgary – Results of a recent Canadian securities regulators' fraud awareness campaign confirm investors remain vulnerable to online investment fraud. Internet ads and unsolicited emails posted during the online campaign enticed many visitors to a phoney scam website set up by the regulators.

“Our recent campaign showed us that people are willing to click on online ads and open emails touting investment opportunities from unknown sources,” said Bill Rice, Chair of the Canadian Securities Administrators (CSA) and Chair and CEO of the Alberta Securities Commission. “Potential investors need to be more wary when dealing with investment opportunities they see advertised online.”

From November 27, 2011 to February 5, 2012, Canadian securities regulators ran a public education initiative that included online advertisements and social media promotions that pointed to a video and website of a fictitious company, BlueHedge Investments, to illustrate how scam artists use these online tools to lure unsuspecting investors. If those who landed on the fictitious company's website tried to enter any personal information or clicked to 'Invest Now', they were redirected to an educational website with tools and information about recognizing, avoiding and reporting investment scams they might find online or via social media.

During the 10-week campaign, the BlueHedge website received almost 18,000 visits from across Canada with 71 per cent of those arriving to the site because they clicked on online ads, many of which were featured on popular search engine sites. As well, regulators found that more than 10 per cent of those who received unsolicited emails from BlueHedge opened the emails, and of those, almost 13 per cent clicked on the provided BlueHedge links.

“Our enforcement teams across the country have firsthand knowledge of how unscrupulous promoters are turning to the internet to market their fraudulent investment opportunities and the threat these online investment scams pose to Canadian investors,” said Rice. “Canadian securities regulators felt it was important to address these tactics head on and educate potential investors in the same spaces where fraudsters solicit their victims.”

As recently as February, a Canadian regulator took action against an online operation purportedly based in the UK that defrauded a Saskatchewan resident of approximately \$27,000. Other regulators such as the North American Securities Administrators Association (NASAA) have also recently cautioned investors to ensure they know who they are doing business with when considering investments pitched through social networking sites.

For those who were intrigued by the BlueHedge offering and tried to provide their personal information or clicked on an ‘Invest Now’ link, regulators provided information and tools such as the five red flags to recognizing an online investment scam:

1. Guaranteed high returns, no risk
2. High pressure sales tactics to invest right away
3. Tax-free and offshore
4. Slick appearances that don’t measure up
5. Lack of quality information

The education website, www.BlueHedgeIsntReal.ca, provides quick tips for would-be investors, including a five-minute primer about five things to do to arm yourself against a persuasive pitch from an investment scam artist:

1. Know your goals
2. Know who you’re dealing with
3. Know your investments
4. Know the red flags of fraud
5. Know where to go for help

Both the BlueHedge Investments website (www.BlueHedge.ca) and the education website, (www.BlueHedgeIsntReal.ca) remain active, serving as investor education resources.

Throughout Fraud Prevention Month in March, people are urged to visit BlueHedgeIsntReal.ca to assess their investment scam savvy and use the social media tools provided to help share the information and “Warn a Friend” so they can also test their online investment fraud awareness.

CSA members involved in the initiative include: the Alberta Securities Commission; the Autorité des marchés financiers of Québec; the British Columbia Securities Commission; the Office of the Superintendent of Securities, Service NL Newfoundland and Labrador; the New Brunswick Securities Commission; the Northwest Territories Securities Office; the Nova Scotia Securities Commission; the Nunavut Securities Office; the Prince Edward Island Securities Office; the Saskatchewan Financial Services Commission; and the Yukon Securities Registry.

The CSA, the council of securities regulators of Canada’s provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

– 30 –

For more information:

Mark Dickey
Alberta Securities Commission
403-297-4481

Sylvain Th  berge
Autorit   des march  s financiers
514-940-2176

Richard Gilhooley
British Columbia Securities Commission
604-899-6713

Kimberly Ryan
Office of the Superintendent of Securities,
Service NL
Newfoundland and Labrador
709-729-2602

Wendy Connors-Beckett
New Brunswick Securities Commission
506-643-7745

Donn MacDougall
Northwest Territories Securities Office
867-920-8984

Shirley Lee
Nova Scotia Securities Commission
902-424-5441

Louis Arki
Nunavut Securities Office
867-975-6587

Janice Callbeck
PEI Securities Office
Office of the Attorney General
902-368-6288

Jennifer Anderson
Saskatchewan Financial Services Commission
306-787-4160

Helena Hrubesova
Yukon Securities Registry
867-667-5466