



## Proximal Consulting Archived White Papers



The Proximal Consulting white paper series began when Proximal Consulting launched in 1999. The white papers provided precise and detailed information on cutting edge business crime topics during a period when the Internet as a source of business information was in its infancy. We are now making these white papers available again.

Whilst the specific cases and examples used in the white papers are historical, the fundamental issues and potential red flags have remained the same.

**Please note that the white papers are provided as an un-edited archive: any content, laws, regulations or similar were correct at the time of publishing, but may now be out of date.**

### **PROXIMAL WHITE PAPER 18 CAVEAT EMPTOR: HOW TO PROTECT YOURSELF AND YOUR COMPANY**

It never ceases to amaze us just how many fraudulent schemes are doing the rounds at any one time: most of them involving millions of dollars with ridiculous returns being promised. We have compiled this white paper to provide a checklist to adhere to before entering into any type of financial transaction. All types of financial transactions pose risks, but probably some more than others. Be particularly careful of:

- Letters from Nigeria – however good the offer may sound
- Investments in financial instruments (beware of Prime Bank notes, Promissory notes and similar terms)
- Investments in securities
- Affinity group fraud – where you are being targeted because of your religious and/or ethnic identity
- Offshore banks and investment schemes – particularly ones marketed via the Internet
- Investments in callable CDs
- Investments in "rare" animals – Ostriches are particularly prevalent in scams!
- Investments in rare coins
- Investments in fine wine or "rare" spirits

Please remember that you are a target! The world is unfortunately full of investors who have been duped by con men and have lost their life savings, houses and everything that they held valuable.


Additionally there is no such thing as a free lunch – disbelieve promises of phenomenal and unrealistic financial returns. We have put together these basic guidelines to help you establish whether the financial offer you are being made is genuine or totally fraudulent. If you follow these guidelines you will almost certainly save yourself a substantial amount of money and pain – together with not having to endure a loss of face.

- When you are approached by any unknown person and/or organization to establish any new business relationship you must validate their claims and history
- Never forget: if any deal, offer or person appears to be too good to be true, turn it down - because it is
- There are no such things as "once in a lifetime opportunities" and "guaranteed returns on investments" - when the figures guaranteed are astronomical
- Be suspicious
- Question all transactions
- Jealously guard all of your personal and/or business information such as bank account details, credit card numbers
- Don't sign any document before you have had it checked out
- Find out if the individual or company exists, and is registered with the necessary regulators or licensing authority
- How long has the individual/company been trading -who are the principals?
- Check out the filings of the subject company - it might be registered somewhere but is it trading, if so does its financials in any way reflect the deal being offered

- Check out addresses and contact details of those approaching you (it still surprises me how many of these people use deadlines)
- Validate any documents presented for authenticity
- Ask for references - but don't take them at face value
- Ask for a prospectus and brochure
- Carry out a media and Internet search on the individuals
- Don't pay for anything up front unless you've dealt with the person/company before and know that they are reputable
- Don't be afraid to say no
- Don't be rushed - one key factor in many of these frauds is that the criminals try and rush you, usually saying that you must act quickly to take advantage of the unique opportunity

You should also read our white paper on Financial Instrument Fraud (white paper number three)

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Proximal Consulting have unrivalled experience in providing KYC enhanced due diligence background reports on individuals and companies on a global basis. We also offer a complementary range of services including AML training, country risk reports and bespoke investigations.

Our enhanced due diligence reports are tailor-made to our clients' specifications. They are totally different from the usual database-led reports that often fail to meet enhanced due diligence requirements. Our reports present clear, accurate and confidential findings which enable our clients to make informed business decisions and to fulfil their AML obligations.

We work with a variety of global clients including regulatory agencies, law firms, individual companies, private banks, trust companies and other firms in the financial sector.