Fraud Risk Warning to Investors

Dear Customers!

The issue of investment fraud is a global concern. The number of complaints about investment fraud is growing.

We urge our customers to be particularly attentive when choosing investment products.

Atadel Fund has collected warnings issued by European Anti-Fraud Office and U.S. Securities and Exchange Commission regulators to help you recognize fraudulent actions and save your capital.



What You Can Do to Avoid Investment Fraud ?

Ask questions. Fraudsters are counting on you not to investigate before you invest. Fend them off by doing your own digging. It's not enough to ask for more information or for references – fraudsters have no incentive to set you straight. Take the time to do your own independent research. For more about information see Ask Questions.

Research before you invest. Unsolicited emails, message board postings, and company news releases should never be used as the sole basis for your investment decisions. Understand a company's business and its products or services before investing. Look for the company's financial statements.

Know the salesperson. Spend some time checking out the person touting the investment before you invest – even if you already know the person socially. Always find out whether the securities salespeople who contact you are licensed to sell securities in your state and whether they or their firms have had run-ins with regulators or other investors. You can check out the disciplinary history of brokers and advisers for free using. Your state securities regulator may have additional information.

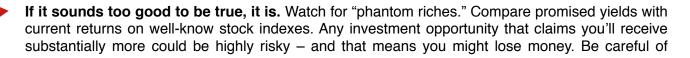
Be wary of unsolicited offers. Be especially careful if you receive an unsolicited pitch to invest in a company, or see it praised online, but can't find current financial information about it from independent sources. It could be a "pump and dump" scheme. Be wary if someone recommends foreign or "off-shore" investments. If something goes wrong, it's harder to find out what happened and to locate money sent abroad.

Protect yourself online. Online and social marketing sites offer a wealth of opportunity for fraudsters. For tips on how to protect yourself online see Protect Your Social Media Accounts.

Know what to look for. Make yourself knowledgeable about different types of fraud and red flags that may signal investment fraud.

Red flags for fraud and common persuasion tactics

How do successful, financially intelligent people fall prey to investment fraud? Researchers have found that investment fraudsters hit their targets with an array of persuasion techniques that are tailored to the victim's psychological profile. Here are red flags to look for:



claims that an investment will make "incredible gains," is a "breakout stock pick" or has "huge upside and almost no risk!" Claims like these are hallmarks of extreme risk or outright fraud.

"Guaranteed returns" aren't. Every investment carries some degree of risk, which is reflected in the rate of return you can expect to receive. If your money is perfectly safe, you'll most likely get a low return. High returns entail high risks, possibly including a total loss on the investments. Most fraudsters spend a lot of time trying to convince investors that extremely high returns are "guaranteed" or "can't miss." They try to plant an image in your head of what your life will be like when you are rich. Don't believe it.

Beware the "halo" effect. Investors can be blinded by a "halo" effect when a con artist comes across as likeable or trustworthy. Credibility can be faked. Check out actual qualifications.

"Everyone is buying it." Watch out for pitches that stress how "everyone is investing in this, so you should, too." Think about whether you are interested in the product. If a sales presentation focuses on how many others have bought the product, this could be a red flag.

Pressure to send money RIGHT NOW. Scam artists often tell their victims that this is a once-in-alifetime offer and it will be gone tomorrow. But resist the pressure to invest quickly and take the time you need to investigate before sending money.

Reciprocity. Fraudsters often try to lure investors through free investment seminars, figuring if they do a small favor for you, such as supplying a free lunch, you will do a big favor for them and invest in their product. There is never a reason to make a quick decision on an investment. If you attend a free lunch, take the material home and research both the investment and the individual selling it before you invest. Always make sure the product is right for you and that you understand what you are buying and all the associated fees.

Watch Out for Ponzi Schemes

In a Ponzi scheme, fraudsters use money from new investors to pay existing investors. What appears to be a return on your investment is actually money from other investors who have been swindled. Look out for these hallmarks of a Ponzi scheme:

Guaranteed High Investment Returns. Promises of high investment returns – often accompanied by a guarantee of little or no risk – is a classic sign of a Ponzi scheme. Every investment has risk, and the potential for high returns usually comes with high risk. If it sounds too good to be true, it probably is.

Unlicensed and Unregistered Sellers. Most Ponzi schemes involve individuals or firms that are not licensed or registered. You should verify whether a seller is currently registered or licensed using the free and simple search tools on the <u>CNB website in the JERRS database</u>.

Overly Consistent Returns. Investment values tend to fluctuate over time. Be skeptical of an investment that generates steady positive returns regardless of market conditions.

Red Flags of Investment Fraud Checklist

Can you spot the warning signs of investment fraud?

Protect your investments by watching out for these red flags:

- · Unlicensed investment professionals
- Aggressive sellers who may provide exaggerated or false credentials

- Offers that sound "too good to be true"
- "Risk-free" investment opportunities
- · Promises of great wealth and guaranteed returns
- "Everyone is buying it" pitches
- Pressure to invest right now
- Over-the-top, sensational pitches that may have fake testimonials
- Unsolicited pitches seeking to obtain your personal information
- Asked to pay for investments by credit card, gift card, or wiring money abroad or to a personal account

Three ways to avoid fraud:

- Ask questions
- · Research every investment opportunity thoroughly before you invest
- Conduct a background check on any investment professional.

How to Avoid Scams – VIDEOS



The SEC's Office of Investor Education and Advocacy and Retail Strategy Task Force created a series of three videos with tips to help Main Street investors be their own first line of defense against fraud:

Safeguard your contact information. <u>https://youtu.be/J8G4yglCcT4</u>

Beware of common tactics that scam artists use. <u>https://youtu.be/H756slpgv6s</u>

Be skeptical about paying for investments by credit card or wiring money abroad. https://youtu.be/FSBMSSnZ4Ro



European Anti-Fraud Office https://ec.europa.eu/anti-fraud/index_en