



Client Update On The "Free Lunch" Investment Seminar:

The Financial Industry Regulatory Authority (FINRA) issued an alert for senior investors about “free lunch” investment seminars. Here’s the gist of what FINRA wants seniors to know.

The FINRA Investor Education Foundation researched people over 40 to find out how many have been solicited with offers for a free meal seminar. 64 percent of respondents had been solicited. The research also showed that **half of the sales materials contained claims that were apparently exaggerated, misleading or otherwise unwarranted.**

13 percent of these seminars appeared to involve fraud, such as unfounded projections of returns and sales of nonexistent products.

Here is what you need to remember:

- First, these hard sell efforts are usually disguised as a benevolent presentation to the public. But **these seminars are designed to sell**, no matter who puts them on or where they are done.
- **They want the attendees' contact information**, and sometimes they ask for confidential financial information. They may well be targeting seniors so that with their contact information, the sellers can hound you until you buy, even if it is not at the seminar itself.
- They use **smooth and rehearsed presentation techniques** to get people to buy. They promise phantom riches, “guaranteed” to produce certain income. They try to create credibility by associating themselves with a reputable sounding firm. They tell the seminar attendees that savvy investors have already purchased this particular product they’re pitching, and they often also use the “scarcity” technique that suggests there is a limited time to buy, a limited supply, predator that this is a one-time only opportunity for a special, reduced price.

Here are the takeaways:

Stick with the financial professional you know and trust. If you see an offer to buy something that sounds so good you wonder about it, remember that if it sounds too good to be true, it probably is. Don't be tempted by promises of high returns. Most of them are fraudulent or exaggerated. Finally, get a second opinion about an offer you think is great. Never buy on the spot at a seminar. A legitimate professional will never pressure you to buy without allowing you time to discuss and think about your decision.