

PUBLIC WARNING



BEWARE OF FRAUDS

The 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 and/or individuals through advertisements in print and electronic media, agents, brochures, websites, emails, hoardings and mobile text messages etc. The modus operandi of some of the frauds is briefly explained below for the benefit of general public.

- **Employment Scams** in which job advertisements are published seeking processing/registration fees/security deposits etc., from the candidates along with the so called job applications.
- **Real estate scheme/projects** soliciting investors to purchase properties in Pakistan by promising high gains and abroad by promising residency permits as well. Usually the projects/properties exist only on paper and after obtaining sufficient funds from investors they disappear.
- **Deposit schemes** in which the public is promised un-usually high profit/mark-up. They give assurance for safety of deposits and guaranteed regular high profits. They pay profit regularly for some time. Once they have collected 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. Ultimately, they tell the borrowers that the bank has declined their loan application or they simply disappear.
- **Relief/Charity Scams** in which potential donors are contacted by strangers/unreliable person through unsolicited e-mails, phone calls, SMS or other means to deposit money into a bank account or supply personal bank account details.
- **Booking of vehicles/tractors/capital goods** in which the public is asked to give certain cash by hand or deposit the same into a bank account, in the name of advance money/booking price for purchase/lease of such capital goods. The fraudsters do not deliver the vehicle and disappear with the money so collected.
- **Fraud in the name of Modaraba/Musharika or other Islamic products**, in which fraudsters exploit people by offering high rate of return in the name of interest free business i.e. modaraba/musharika. Fraudsters exploit religious sentiments of innocent people by making false claims about their association with renowned religious scholars.
- **Introducing brokers of foreign brokerage houses**, a type of business not covered under local laws. These concerns offer their services to clients in return of hefty 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. Investors are advised to be cautious and ensure that the brokers/agents with whom they are trading are registered as brokers with the SECP. Registration status can be verified from SECP's webpage www.secp.gov.pk or by calling at the SECP's Broker Registration Wing at 92-51-111-117-327.
- **Network Marketing, Multi Level Marketing (MLM), Direct Selling, Ponzi and Pyramid Schemes** requiring new customers to bring certain number of more members in a geometric progression. The process of membership reaches a stage of saturation where the whole structure collapses and only a few people at the top of the scheme make money and the rest lose their money. Some companies also use this technique in the guise of sales strategy to sell otherwise cheap, useless and 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/ offers. Such approaches are designed to trick the innocent people to part with their money.
- **Prize winning frauds- Car, plot of land or attractive employment lottery schemes etc.**, in which innocent people are informed over telephone or through letter about car prize or winning a plot of land by taking their names and other particulars from sources like utility bills, telephone directories etc. The so-called winner is asked to deposit transport and service charges in a bank account. The amounts deposited by the people are immediately drawn.

The public is, therefore, advised in their own interest to be careful 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 the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) is available at their respective websites. For any fraudulent activity in your knowledge please inform the local law enforcement agencies. For further clarification in respect of these entities, you may contact the SECP or the SBP at the following addresses:

Munawar Ali Bhatti
Joint Registrar of Companies
**Securities and Exchange
Commission of Pakistan**
NIC Building, 63 Jinnah Avenue, Islamabad
Email: munawar.bhatti@secp.gov.pk
Tel: 051-9207094 (Ext: 298),
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