

Alert: **Watch out for artificially inflated stock scams**

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The Financial and Consumer Affairs Authority (FCAA) is warning investors about pump and dump schemes in the capital markets. Individuals illegally use hype and misleading information to take advantage of investors and manipulate the price of shares.

Typically, an individual behind a scheme will purchase a large number of shares in a company that has lower trading volume and generally a lower price. They are often referred to as penny stocks. The individuals use unscrupulous means such as false information and exaggerated statements to manipulate the price and drive the share price up. Once the share price has reached a much higher value, the individual will sell all their shares, take the money and then disappear. The hype about the shares will then stop and trading will be minimal which will cause the share price to drastically fall. Investors that purchased shares during the price spike will then be left with shares that are worth substantially less than what they originally paid.

Here are some tips to protect yourself:

- Be wary of relying on press releases, emails, chat room discussions and promotional materials such as blogs and newsletters from unknown sources. These materials typically provide only positive information and rarely talk about the risks.
- Individuals use paid promoters to flood social media platforms and create excitement about the stock. Know exactly what you are investing in. Make sure you understand how the investment, product or service works.
- Get a second opinion and seek professional advice before you invest.

If you have been a victim of a pump and dump scheme, contact the FCAA's Securities Division at 306-787-9492.

For more investor protection information visit: <https://fcaa.gov.sk.ca/consumers-investors-pension-plan-members/investors>