

Fraud Alert

The NASDAQ Stock Market[®] has become aware of several frauds aimed at individual investors in which the con artists impersonate NASDAQ employees, and in one case, an Internal Revenue Service employee. In these recent fraud attempts, the scammers have used NASDAQ logos to create official-looking documents and in one case have used a legitimate NASDAQ form to try to fool the potential victims.

These schemes are variations of frauds known as “advance fee” scams. In very basic terms, an advance fee scam is an attempt to get the potential victim to pay some money upfront in exchange for the promise of a much larger payment in return. FINRA (formerly known as NASD) has assembled some useful information regarding advance fee scams and related schemes here: [Advance Fee Scams](#)

NASDAQ has become aware of the following scams:

- In one scheme, an investor was told that in order to sell his restricted stock, he had to pay some upfront fees to register the stock with NASDAQ. The investor was given a letter alleged to have come from a NASDAQ employee confirming the situation. After the investor submitted his money, he was told that the stock had been sold, but that the proceeds were being held by the Internal Revenue Service for investigation of taxes due.
- In a separate incident, an investor was contacted via email by a person claiming to work for “NASDAQ/FINRA Shareholder Support.” The investor was informed that he had been sold fraudulent restricted stock, but that NASDAQ/FINRA would assist him in “selling [his] shares through proper channels to ensure the safety of your funds” and provided the name of a brokerage firm that would contact the investor. This was an attempt to get a victim of a previous advance fee scam to submit additional money to try to recover his losses.
- In yet another version of the scam, an investor was contacted by someone claiming to be a representative of a company that was about to list on NASDAQ. The fraudster provided the victim with a copy of a NASDAQ Listing Agreement as “proof” that the company was approved for trading on NASDAQ. In reality, the company had not applied to trade on NASDAQ. The scam was intended to convince the investor to invest money in the company through the con artist’s investment firm, which was not a legitimate brokerage firm.

Investors should be aware of several red flags common to each of the fraud attempts. First, NASDAQ and FINRA are two separate companies and do not share letterhead. The NASDAQ/FINRA Shareholder Support Department does not exist. Neither NASDAQ nor FINRA assists investors with their investment decisions. Most of the correspondence used in the scams lacked telephone numbers to contact the individuals sending the letters. Also, the street addresses used in the letters were vague and sometimes lacked street numbers and zip codes. Lastly, the email addresses used were not authentic NASDAQ, FINRA or Internal Revenue Service addresses.

In addition to the Advabce Fee Scams link provided above, investors should also read the following press releases issued by FINRA regarding investment scams:

<http://www.finra.org/PressRoom/NewsReleases/2005NewsReleases/P014934>

<http://www.finra.org/PressRoom/NewsReleases/2006NewsReleases/P016933>

Anyone receiving a solicitation that they believe to be fraudulent should notify the Securities and Exchange Commission at enforcement@sec.gov.

Investors should exercise extreme caution when making investment decisions based on unsolicited messages.