

Office of Fair Trading

Cold call investment fraud policy

Version 3 – June 2017



1. Purpose

Cold call investment fraud (CCIF) is a type of organised crime that involves a person receiving unsolicited contact (a 'cold call') and being induced to invest in what is claimed to be a high-return money-making opportunity.

The purpose of this policy is to detail the Queensland Office of Fair Trading's (OFT) strategy for dealing with complaints about CCIF.

2. Scope

This policy relates to complaints received by the OFT concerning financial disadvantage as a result of CCIF.

This policy will be reviewed annually or following legislative or procedural changes.

3. Out of scope

The OFT's educative work and the provision of information about how consumers can avoid becoming a victim of CCIF.

Complaints received by OFT about general/retail electronic software applications that can be considered under the provisions of the Australian Consumer Law (ACL).

4. Definitions

For the purpose of this policy:

- **Cold call investment fraud:** is an organised crime activity in which criminals' set-up an elaborate façade of a legitimate company. The fraud involves a person receiving an unsolicited contact, and being induced into investing in what is claimed to be a highly profitable scheme. The scheme may involve:
 - betting on the outcome of sporting events or horse racing (some forms of betting are also known as 'sports arbitrage')
 - investing in the share market
 - trading on the commodities or currency markets
 - the purchase of computer software to facilitate the betting, investing or trading
 - the purchase or provision of instructional material purporting to instruct the user in achieving the promised high returns.Promised returns never eventuate, and victims eventually find themselves unable to contact the 'investment' company, which typically phoenixes into a new company.
- **Investor:** is a person who puts money into financial schemes, shares or property with the expectation of achieving a profit.
- **OFT:** is the Queensland Office of Fair Trading.
- **Arbitrage:** is a financial term meaning the simultaneous buying and selling of securities, currency, or commodities in different markets or in derivative forms in order to take advantage of differing prices for the same asset.
- **Sports arbitrage:** is gambling on sporting events, taking the best odds on offer by different bookmakers, and covering all possible outcomes so that money is won (supposedly) regardless of the outcome.

5. Compliance approach to CCIF

The OFT's role in CCIF matters is primarily focused on education and prevention, rather than investigation and enforcement.

The OFT considers that a person (investor) who purchases products, services or equipment for betting, investing or trading activities, does so as an investment strategy or profit-making endeavour.

This is distinct from a person who purchases goods or services as a consumer under the ACL for personal, domestic or household use or consumption.

6. Action on CCIF complaints

All complaints received by OFT are assessed, and those that appear to relate to CCIF are identified.

Where complainants are merely advising OFT of suspected CCIF activity, the information is recorded for the purposes of gathering intelligence on the activities of possible CCIF perpetrators. This intelligence can be shared with law enforcement authorities, including the Queensland Police Service (QPS), Australian Federal Police (AFP) and Queensland Crime and Corruption Commission (CCC).

Where complainants are personally affected by CCIF-related activity, the OFT will refer them to the appropriate law enforcement agency. For Queensland residents, this is the QPS.

The OFT will continue to focus its efforts and resources on educating consumers to recognise, avoid and report CCIF.

The OFT will continue to work closely with law enforcement agencies by:

- providing intelligence on suspected CCIF activity
- publically naming companies reasonably suspected by law enforcement agencies of being engaged in CCIF
- providing assistance on request in joint enforcement operations targeting CCIF activity.