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S. Harris Financial Group
INNOVATIVE STRATEGIES + PERSONAL FOCUS

Timely Topic
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Protecting Your Financial Health in the Pandemic Era

The COVID-19 pandemic has caused turmoil in the market in ways we have not experienced in a long time and is making financial decisions more difficult than usual. Unfortunately, there are people in this world that see this as an opportunity to prey on the vulnerable. We want to assure you that one of our primary focuses is the protection of our client's data and communication. We addressed some of the active steps we and Raymond James take back in January ([link](#)) and felt it would be prudent to provide you with some additional things you can look out for in the coming months to protect yourself:

Investment Schemes Will Proliferate

Scammers will be targeting investors, capitalizing on recent developments in the economy, and preying on concerns about the regulated securities market. Their products and tactics will track recent economic and social trends, promising lucrative returns to investors concerned about their portfolios and retirement plans. We all must remain vigilant to protect ourselves from these schemes.

COVID-19 schemes. Be wary of investment schemes tied to the threat of COVID-19. Bad actors are developing schemes that falsely purport to raise capital for companies manufacturing surgical masks and gowns, producing ventilators and other medical equipment, distributing small-molecule drugs and other preventative pharmaceuticals, or manufacturing vaccines and miracle cures. The schemes often appear legitimate because they draw upon current news, medical reports, and social and political developments. For example, in Austin, the U.S. Department of Justice recently took its first enforcement action against COVID-19 fraud, winning an injunction against the operators of a website offering non-existent "vaccine kits" from the World Health Organization.

Private placements and off-market securities. Scammers will take advantage of concerns with the regulated securities market to promote off-market private deals. These schemes will continue to pose a threat to investors because private securities transactions are not subject to review by federal or state regulators. We must always investigate before investing in off-market transactions, and please know that we are always available to review any information you may receive.

Gold, silver and other commodities. Scammers may also take advantage of the devaluation of the public securities markets by selling fraudulent investments in gold, silver, and other commodities that are not tied to the stock market. These assets may be attractive because they are often promoted as hedging against inflation and mitigating systematic risks. However, scammers may conceal hidden fees and mark-ups, and the illiquidity of the assets may prevent investors from selling the assets for fair market value.

Recovery schemes. Be wary of buy-low sell-high recovery schemes. For example, scammers will begin promoting investments tied to oil and gas, encouraging investors to purchase working or direct interests now so they can recognize significant gains after the price of oil recovers from historic lows. Scammers will also begin selling equity at a discount, promising the value of the investments will significantly increase when the markets strengthen. Investors need to appreciate the risks associated with any prediction of future performance and recognize that gains in the markets may not correlate with the profitability of their investments.



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Get-rich-quick schemes. Scammers will capitalize on changes in the unemployment rate. They falsely tout their ability to quickly earn guaranteed returns that can be used to pay for rent, utilities or other expenses. They also target retirees and senior citizens, falsely claiming they can quickly and safely recoup any losses to their retirement portfolios. Remember: if it sounds too good to be true, it probably is.

Replacement and swap schemes. Be wary of any unlicensed person encouraging you to liquidate your investments and use the proceeds to invest in more stable, more profitable products. You may pay considerable fees when liquidating the investments, and the new products often fail to provide the promised stability or profitability. Remember, advisers may need to be registered before promoting these transactions and legally required to disclose hidden fees, mark-ups, and other costs.

Real estate schemes. Real estate investments may prove appealing because the real estate market has been strong and low interest rates have been increasing the demand for housing. Scammers often promote these schemes as safe and secure, claiming real estate can be sold and the proceeds can be used to cover any losses. However, real estate investments present significant risks, and changes to the economy and the real estate market may severely damage the performance of these investments.

Old Schemes Manipulated for a New Age

Although scammers will be perpetrating complex investment schemes, many initial schemes will simply be old scams dressed in contemporary clothing. The financial, cultural, and societal changes are fresh, and as such scammers will begin perpetrating schemes that require little or no advance planning and minimal sophistication. Among the ones we expect to see:

Phishing scams. Phishing scams may be perpetrated by foreign or domestic parties claiming an association with the Centers for Disease Control and Prevention (CDC) or the World Health Organization (WHO), or by individuals claiming to offer novel or expert medical advice or services. They may even be perpetrated by persons impersonating government personnel, spoofing their email addresses and encouraging you to click links or access malicious attachments. Don't do it.

No miracle cures. Scientists and medical professionals have not yet discovered a medical breakthrough or developed a means to cure COVID-19. Not surprisingly, a vaccine being sold by some online pharmacy isn't real. You should not send money to anyone claiming they can prevent COVID-19.

Fraudulent charity schemes. White-collar criminals may pose as charities soliciting money for those affected by COVID-19. Before donating, you should independently verify any charity is authorized to raise money for the sick or secure donations to help uninsured persons pay for medical treatment. You should also avoid online solicitations for cash and gift cards, as these schemes have become a popular way for scammers to steal money. Think with your head, not your heart. If you want to donate to a cause, you should work with a legitimate, established organization.

Schemes tied to economic relief. The federal government will be sending checks to the public to stimulate the economy. It will not, however, require the prepayment of taxes on the income and or the advance payment of a processing fee. Anyone who demands prepayment will almost certainly steal your money.

We must all remain vigilant and protect ourselves from new schemes tied to COVID-19 and recent economic developments. We urge you to stay clear of anything sounding too good to be true and know that we are only a phone call away if you have any questions or concerns.



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We know this continues to be a stressful time for many reasons, we are constantly reminded that the first and most important concern is for the safety and health of all. *Our prayers continue for the medical community that are on the front lines caring for patients, families and individuals who will be affected physically or financially, and our leaders as they continue to make decisions to work through this challenging time.*

We are thankful for the ongoing trust you place in us. Please know that we will continue to research, understand, adapt, and communicate what we believe to be important in this ever-changing time. We hope you and your families continue to stay safe and healthy.

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