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## FSCO Warning Notice - Capital Financial Trust Perpetrating an Advance Fee Fraud


**January 17, 2007**

During an investigation recently conducted by FSCO, it was found that Capital Financial Trust and its related entities may have been involved in perpetrating a scam similar to what is commonly known as an [Advance Fee Fraud \(AFF\)](#). It appears that the entities used "Trust" and "Insurance" in their names in an attempt to defraud consumers. These entities are not registered to carry on business as a loan and trust corporation or licensed as an insurance company.

Following a complaint received by FSCO, an investigation found that Capital Financial Trust requested an advance fee of \$4,500 US and, in return, promised to pay the client £500,000. The complainant replied via e-mail to this request and was asked to submit a copy of his driver's licence or passport and his banking information so that the funds could be transferred directly into his account. The complainant did not send any money but when he responded again, he received a third e-mail advising that the funds could not be transferred because \$4,500 US was still required to complete the transaction.

It appears that Capital Financial Trust had provided a Toronto address of 161 Bay Street that does not belong to this corporation or any other person listed in the letters.

FSCO has found that consumers, contacted by AFF perpetrators who are often located off-shore, are being directed to deposit up-front fees with fraudulent entities in Ontario in order to access funds promised by the perpetrators of an AFF.

Before providing funds to, or doing business with, these or any other entities, it is recommended that consumers ensure these entities are not operating fraudulently and are legitimate corporations. In Ontario, all financial institutions including loan and trust companies, credit unions, caisses populaires and insurers must be licensed/registered with the Financial Services Commission of Ontario (FSCO) or with the [Office of the Superintendent of Financial Institutions \(OSFI\)](#) .

Consumers should check that the name of an entity purporting to be a financial institution operating in Ontario appears on the list of licensed/registered financial institutions on the FSCO or OSFI websites.

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## Advance Fee Frauds (AFF)

Perpetrators of an Advance Fee Fraud (AFF) can be very creative and innovative. These schemes can use the following tactics:

- An individual or company receives a letter or fax from an alleged "official" representing a foreign government or agency;
- An offer is made to transfer a sum of money, possibly millions of dollars in "over invoiced contract" funds, into the individual or company's bank account;
- There may be an encouragement to travel overseas to complete the transaction;
- Blank company letterhead, forms, bank account information, telephone/fax numbers and other personal information may be requested;
- Perpetrators provide numerous documents with official looking stamps, seals and logos testifying to the authenticity of the proposal;
- Up-front or advance fees for various taxes, attorney fees, transaction fees or bribes are requested;
- In some cases, perpetrators may send nominal amounts of money to the intended victim, in order to establish his/her confidence;
- Once the perpetrators have received an initial up-front fee, requests to invest additional funds to complete the transaction follow;
- Other forms of schemes include: c.o.d. of goods or services, real estate ventures, purchases of crude oil at reduced prices, beneficiary of a will, beneficiary of a life insurance policy, recipient of an award and paper currency conversion.

Consumers who are contacted by an off-shore perpetrator of an AFF scam are recommended to not respond to the inquiry.

Before providing funds to any entity, it is strongly recommended that consumers ensure that the entity that has contacted them and the entity to which they have been directed to send money are not operating fraudulently. If the company to which they are to send money to is in Ontario, consumers should investigate and ensure that it is registered. In Ontario, all insurance companies, insurance agents and brokers; trust companies; credit unions and caisses populaires; and mortgage brokers must be registered/licensed with Financial Services Commission of Ontario or with the [Office of the Superintendent of Financial Institutions \(OSFI\)](#) or with the [Registered Insurance Brokers of Ontario \(RIBO\)](#).

AFF scam letters should be forwarded to [Phonebusters](#). Phonebusters is a joint partnership between the Ontario Provincial Police (OPP) and the Royal Canadian Mounted Police (RCMP). They are interested in receiving copies of any new versions of the scam letters, particularly those involving Canadian mailing addresses or telephone numbers. Records relating to the payment of advance fees should also be forwarded to Phonebusters.