



# Are Your Investments Branching Out in the Right Direction?

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## ARE YOUR INVESTMENTS BRANCHING OUT IN THE RIGHT DIRECTION?

The purpose of this alert is to raise awareness of how a pension review can lead to investments in forestry companies which cannot fulfil their high return promise.

### ALERT

#### Summary

26% of victims who reported 'Other Investment Fraud' to Action Fraud over the past year were persuaded to transfer their pension monies from legitimate pension schemes into scam schemes with the promise of high returns in unregulated forestry investments. There is little direct evidence available to the pension member about the legitimacy of the investment or how much is actually being made and when.

#### How does it work?

Victims approaching retirement age have been cold called and encouraged to engage in a pension review. As part of the selling technique, the caller will advertise forestry investments as part of a new pension plan, persuading the victim to transfer their pension monies from a legitimate pension scheme to an alternative pension company and invest 25% of a pension fund which is tax free (exceptions apply<sup>1</sup>) into long term forestry projects in places such as Costa Rica, with promised high returns.

Once the victim has invested in forestry, teak, bamboo, forestry shares, tree plantations or Christmas trees, promotional material will be received by the victim via post or email, promoting the benefits of the scheme. The forestry firm will continue to cold call, encouraging the victim to:

- Setup up regular investment payments in order to receive a greater return
- Request an upfront fee (approximately 10% of the investment) for a security bond
- Request an advance fee for insurance to cover a temporary payment abroad to locations such as Hong Kong and Gibraltar

#### Limitations

Victims have encountered persistent cold calls, companies becoming insolvent and a lack of communication from the firm i.e. no email responses and phone calls ignored. Prior victims have found that they do not have easy access to their forestry investment, or have experienced a reduced return rate. The practicalities of the forestry investment are not explained thoroughly, for example the length of time taken for trees to mature is dependent upon many variables which would affect the return rate for investors.

#### Who is affected?

Over the past financial year there have been 38 Action Fraud reports on this subject, with 26% of these victims investing their pension funds into forestry investments. Victims have been predominately aged between 48 and 66 years old, nationwide.

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<sup>1</sup> [www.gov.uk](http://www.gov.uk) "Tax when you get a pension"

## PROTECTION / PREVENTION ADVICE

### Recommendations for Victims

- Be suspicious of all unsolicited calls. Cold-calling for investment business is illegal, so reputable brokers will not do it.
- Do not give out personal or financial details and never agree to anything or send money upfront without making your own enquires into the company first.
- Make some enquiries by checking whether the company is regulated on the FCA register <https://register.fca.org.uk/> or calling the FCA on 0300 500 5000.
- Ensure that you request that the risks and growth rates are explained and that you fully understand them before transferring your pension.
- Further advice on recovery scams of previous frauds can be found on Action Fraud and the Pensions Advisory Service websites:  
<http://www.pensionsadvisoryservice.org.uk/about-pensions/saving-into-a-pension/pensions-and-tax/tax-and-the-cash-lump-sum>  
<https://www.gov.uk/tax-on-pension/getting-taxfree-pension-income>  
<http://www.actionfraud.police.uk/fraud-az-pension-liberation-scam>  
<http://www.fca.org.uk/your-fca/documents/protect-your-pension-pot>

If you have been contacted by a suspicious firm or have been affected by this, or any other scam, report it to Action Fraud by calling **0300 123 2040**, or visiting [www.actionfraud.police.uk](http://www.actionfraud.police.uk)

## FEEDBACK

The NFIB needs feedback from our readers to evaluate the quality of our products and to inform our priorities. Please would you complete the following NFIB feedback survey through: <https://www.surveymonkey.com/r/FeedbackSDU>. This should take you no more than 2 minutes to complete. If you have other feedback or additional information that you would prefer to provide by email please send to [NFIBfeedback@cityoflondon.pnn.police.uk](mailto:NFIBfeedback@cityoflondon.pnn.police.uk).