



Wine Investment Fraud – Don't Let Your Investment Go Sour

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WINE INVESTMENT FRAUD – DON'T LET YOUR INVESTMENT GO SOUR

The information contained within this alert is based on the results of research carried out by the National Fraud Intelligence Bureau (NFIB). One of the key objectives of sharing fraud data between the NFIB and police forces is to prevent and detect fraud.

The purpose of this alert is to inform the public of a current fraud targeting members of the public who wish to sell their wine investment.

ALERT CONTENT

Summary

A new investment fraud trend is targeting members of the public who are seeking to sell their wine investment. Fraudsters agree to purchase the victims wine, but instead transfer the stock into their own account without paying the victim. The fraudulently obtained wine is then believed to be sold on to other, unsuspecting victims.

How does it work?

Fraudsters set up fake companies and websites as well as exploit the names of legitimate, established companies to facilitate this fraud. They cold-call the victims and offer to purchase their wine for significantly more than the actual market value.

Fraudulent documents, such as purchase agreements, are used to facilitate the fraud and are sent to the victims via post and email. Some fraudsters have gone as far as setting up fake escrow services in order to fool the potential sellers that the payments have been transferred.

The fraudsters send the victims instructions to transfer their wine into storage accounts held within legitimate bonded warehouses. The victims are informed that upon doing this they will be paid the agreed amount. The use of storage accounts held within legitimate bonded warehouses adds an air of legitimacy to the process but in actual fact these storage accounts are controlled by the fraudsters.

Once the wine is transferred into the new storage accounts the suspects break off all contact with the victims. The wine is then moved again, normally within days and often abroad, and, needless to say, the victim never receives the money from the agreed sale.

PROTECTION / PREVENTION ADVICE

- Never respond to unsolicited phone calls – if in doubt, hang up
- Always check that the details of the organisation or company contacting you (such as website, address and phone number) are correct – the fraudsters may be masquerading as a legitimate organisation
- Never sign over your wine (or any other investment) to another party without first checking they are authentic
- Don't be fooled by a professional looking website, as the cost of creating a professional website is easily affordable
- Escrow services are regulated by the FCA under the Payment Services Directive 2009. Only deal with a registered Authorised Payment Institution. You can check the FCA register online at www.fca.org.uk/register
- Consider seeking independent legal and/or financial advice before making a decision
- If you 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

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