



## **FSA and Police launch 'Operation WARN' to prevent thousands of people from becoming victims of share fraud.**

Source: <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/019.shtml>

FSA/PN/019/2010  
1 February 2010

The Financial Services Authority (FSA) and City of London Police have this week written to 6,500 homes across the UK to warn people that their details are on a 'master' list being used by share fraudsters to target people and sell them worthless shares.

The master list contains the names of about 10,000 people, some with addresses and phone numbers. The list was discovered by the FSA and City of London Police who launched Operation WARN because of serious concerns that it was currently being circulated among fraudsters.

The letter, which is the first stage of Operation WARN, explains what people on the list can do to protect themselves from the fraud. As well as acting quickly to alert those on the list, the FSA and City of London Police have launched a new secure consumer helpline 0845 602 2185 so people who have received the letter can call in for further information.

Boiler room fraudsters usually contact people by telephone and use high pressure sales tactics to con investors into buying non-tradable, overpriced or even non-existent shares. Boiler rooms are unauthorised, overseas-based companies with bogus UK addresses and phone lines routed abroad. Dealing with an unauthorised firm means you do not have access to the financial complaints and compensation schemes.

Jonathan Phelan, head of the unauthorised business department at the FSA, said:

"By writing to people now, we can raise awareness of this type of fraud and help protect people from losing money to these criminals. Legitimate companies should not normally call you out of the blue offering to buy or sell shares. If you get such calls, just hang up and report it. These fraudsters will sound authentic and have legitimate looking websites but they just want to steal your money with little hope of you getting it back.

"If you have already been contacted by a boiler room, do not give them any money or information. Let us know so that we can do everything possible to stop them preying on people in the UK."

Det Chief Supt Steve Head, head of the City of London Police's Economic Crime Directorate, said:

"We are all potential victims for fraudsters and need to be aware of the heartless way they operate.

"Intelligence suggests that this list of people from across the UK is currently being shared amongst boiler rooms. I would urge those people who receive a letter from us in the next few days to contact the FSA and City of London Police on the Operation WARN helpline. All the information the public gives us as a result of Operation WARN will help in the fight against boiler room fraudsters."

Shareholders and other consumers can avoid becoming victims of share fraud by:

- Hanging up the telephone if they get an 'out of the blue' call offering them shares;
- Checking that anyone offering to sell them shares is registered with the FSA;
- Calling the company back using the details in the FSA register to verify their authorisation; and
- Reporting any company that cold calls them to sell shares, to the FSA or the Police.

People can find further information on protecting themselves from fraud on the FSA consumer website [Moneymadeclear](#) and The City of London Police [Operation Archway](#) website.

### **Notes for editors**

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1. The letter being sent to the 6,500 UK households can be found on the FSA and City of London Police websites. In November 2008, the FSA wrote to [11,000 shareholders](#) warning them that their details might be on a share fraudsters' database. A copy of the letter is available on both FSA and City of London Police websites.
2. Share fraud is estimated by the FSA to cost the UK around £200m a year. Last year the FSA received calls from over 3,100 people who had been contacted by boiler rooms. Of these, 734 had become victims, losing an average of £24,000 each. Based on these figures, total losses reported are about £17m annually. The FSA and the Police believe that only about 10% of victims report this type of crime.
3. The FSA regulates the financial services industry and has four objectives under the Financial Services and Markets Act 2000: maintaining market confidence; promoting public understanding of the financial system; securing the appropriate degree of protection for consumers; and fighting financial crime.
4. Operation Archway is a national reporting system set up by the City of London Police to co-ordinate intelligence-gathering around boiler room fraud: a crime where investors are cold-called by bogus stockbrokers and persuaded to either buy worthless or non-existent shares, or to buy genuine shares at vastly inflated prices.
5. Those who think they have been a victim of boiler room fraud should report the crime to their local police station. To assist with intelligence gathering, Operation Archway would also like people to complete a boiler room fraud questionnaire.