



Physicians Facing Increased Risk as Investment Fraud Targets

By Ike Devji | February 15, 2011

The amount of fraud targeting doctors is increasing daily as they, like everyone else, are feeling the pinch of current economic conditions, decreasing compensation and stalled or negative investment momentum.

Those of us in legal and financial professions know that markets are primarily motivated by fear and greed, meaning fear of loss and the desire for gain. Given the rather dismal performance of many real estate and investment portfolios, the timing of these con game operators could not be any better to take advantage of your perceived need for huge financial gains in what is perversely marketed as a “safe and predictable” way.

In uncertain times people derive a false sense of comfort doing in business with a personal or social contact or a member of their own religious or ethnic community. That comfort level is unfortunately replacing required standards of due diligence and often intentionally sidesteps the professional advisor relationships that a physician may have in place, often with financially fatal results.

Many of these schemes are dressed under broad terms such as private offerings, hedge funds or are related to purchasing intangibles, like deeds of trust. Others, like the currently in vogue Iraqi Dinar trading scheme that we and many other professionals generally consider to be a scam, play upon the desire we all have to not be the last one on board or in the know and are increasingly marketed through churches.

One of my professional due diligence resources, Greg George of GTI Advisors, has stopped recent clients from investing in 14 apparent Forex frauds during the past six months alone. Those perpetrating these schemes don't want your team involved and asking the tough questions they are trained to ask.

Common Reasons Con Men Provide for Exclusion of the Doctor's Advisors Include:

- We need you to make a decision and fund immediately because we have other investors waiting for this opportunity;
- They won't know how this works;
- This is a special private deal for friends and family only; your friends are all in the deal and all had

their people check it out;

- They will say no because we will compete with them;
- We have an NDA (non-disclosure agreement) you will need to sign and keep this offering confidential;
- We have our team and they have checked this out with our own high dollar lawyers;
- We have the “support” of such and such big bank and they already checked us out. They wouldn’t be involved if we were crooks;
- General (Insert name) and Senator (Insert Name) are part of this as well, they joined us through their church.

Any one or two of these elements might be true on nearly any private investment offering, but my associates and I have *never* seen a legitimate offering where the promoter used multiple tricks on this list. If they really have a deal that is worth being part of they will allow you and your advisors to ask due diligence questions and do your homework. If confidentiality is required, your professional advisors typically have no issue signing an NDA on your behalf.

This is the age of buyer beware and due diligence; take responsibility and proactive steps to protect yourself and your wealth. Like with preventative medicine, it’s cheaper and more effective to avoid the harm than to try and fix it.

Greg’s specific recommendations on protecting your business operations and investment activities:

- Do a little [deeper vetting](#) of key players in any deal that is offered on the several thousand Mr.BackgroundScreening.com’s out there — same with suppliers and any private equity placements or business acquisitions you’re planning;
- Always have trusted, outside subject matter experts like your own lawyers and CPA assist you with concerns and evaluations;
- Trust, but verify, claims of licensing or expertise and look for regulatory sanctions and disciplinary actions regarding professional licensing.
- If you’re seeking funding, beware of brokers requiring “*up front*” fees and remember that fraud works both ways. Most want your money, but some want to launder theirs. If you’re offered equity funding, financing, a joint venture or other partnership, “*verify the ‘character’*” of the guy who is making the offering, and the source of the money.