

THE FSMA WARNS AGAINST RECOVERY ROOM FRAUD

WARNINGS

28/09/2020



The FSMA warns the people of Belgium against recovery room fraud. In recent months, the FSMA has observed an increase in the number of reports by consumers about what are known as ‘recovery rooms’.

Recovery room fraud is a practice whereby fraudsters offer to help **victims of investment fraud** to obtain compensation for their losses or to **recover their lost assets**. This may, for example, take the form of offering to buy the victims’ worthless shares or to initiate legal proceedings on their behalf.

Generally, the fraudsters contact their victims by phone or by e-mail. The FSMA has noted, however, that victims sometimes come into contact with the so-called ‘recovery rooms’ while conducting internet searches or via social media. When introducing themselves, fraudsters and their companies pass themselves off as law firms or accountants, and sometimes as police services or financial supervisors. The fraudsters do not hesitate to misuse the identity information of existing companies or official institutions in order to appear trustworthy. In addition, they sometimes claim that victims should not inform anyone of this offer in order not to hinder their investigation.

The fraudsters always charge a **fee** for their services. Victims of investment fraud must **pay the fee in advance**. This is a clear indication that it is a recovery room. The payment is demanded, for example, allegedly to cover certain administrative or legal costs or to pay taxes. These are purely **fictitious costs**, however. Once the fraudsters have received the fees, they disappear without a trace and it is almost impossible to recover the amounts paid.

The FSMA thus advises absolutely against responding to such offers.

Companies operating unlawfully and against which the FSMA warns the public are the following:

- **Payback Ltd (cloned firm) (www.payback-ltd.com)**
- **Funds Recovery Ltd (cloned firm) (www.funds-recovery.com)**

- **Lewis & Wright Advocates** (*www.lewiswrightadvocates.com*)
- **Main Trading Center / MTC Institute**
- **LCT Capital, LLC (cloned firm)** (*www.lctcapitalllc.com*)
- **South Texas Securities, Co. (cloned firm)** (*www.southtexassecuritiesco.com*)

Victims of investment fraud are often targeted twice by the same fraudsters: first the latter perpetrate investment fraud, and thereafter, recovery room fraud. The persons behind the investment fraud may also sell their victims' contact information on to other fraudsters. **Anyone who has ever been a victim of investment fraud needs to be aware that fraudsters may target their victims again or sell their personal data on to others.**

How can you recognize and avoid recovery room fraud?

- If you have been a victim of investment fraud, we advise you always to **file a complaint** with the local police.
- Be extremely careful if you find an advertisement on **social media or the internet** which offers to recover funds you have lost.
- If you receive **unsolicited phone calls** with an offer to recover funds you have lost, be sure to ask how that person found out that you have lost money. Reports of fraud are shared only with the judicial authorities and not with private companies.
- If you are asked to **pay a set fee in advance**, don't respond but terminate all contact.
- **Financial supervisors** such as the FSMA are not authorized to recover lost money and would therefore not take the initiative to contact victims of investment fraud.