

OFFERS OF INVESTMENT IN DIAMONDS: THE FSMA WARNS THE PUBLIC AGAINST FRAUD!

The FSMA receives an ever increasing number of complaints from consumers who have responded to offers of investment in diamonds. Those offers involve companies proposing, through their website but also by phone or e-mail, that you buy diamonds, explaining that their value will undoubtedly increase and that they are much more profitable investments than those offered nowadays by banks. The truth, however, is quite the contrary: once it is paid, consumers never see the colour of their money again.

In the complaints brought to the FSMA, consumers often mention the following:

- being unable to resell the diamonds acquired;
- being unable to recover the amounts from the sale of their diamonds;
- simply hearing nothing further from the company.

In cases where diamonds are actually delivered, their worth is significantly lower than the price paid.

Here are some testimonies by victims:

"I invested in diamonds with a company named XXX. Since last week, I have found it impossible to contact them by phone (...) at the usual number. I also tried to contact their offices in Brussels. The telephone number is that of a cleaning company (...), which of course has nothing to do with an investment firm."

"I have been in touch with that company since June 2017, my goal being to build up long-term savings. In September, they slightly forced my hand by asking me to invest more money in order to increase the return on the portfolio. (...) In the words of the manager, both diamonds were to be resold by the end of September. Since then, however, they have not answered my telephone calls or my e-mails."

"I invested € XXX with XXX, a company based in London, after one of their advisors approached me by telephone. Today, it is completely impossible to contact them, they do not answer anymore and I do not know where my money is."

"[I] purportedly have an account linked to a safe and indicating the fluctuations in the value of my diamonds and how much my safe contains. I invested about € 30,000 and today I supposedly own almost € 40,000 in reliable investments. I am attempting to get in touch with a certain Mr XXX whom I last contacted on 7 September 2017 (...), but in vain. Today, 8 November 2017, no one answers anymore, there is nobody at the end of the line!"

"Meanwhile, I received the diamond [although it had always been agreed that it would be kept in a safe]. I sought the advice of a trustworthy jeweller. He told me that the diamond was worth much less than what I had paid, only half as much, or less."

Those are cases of investment fraud, pure and simple.

For a list of the websites about which the FSMA has received questions/complaints, please click on the link "[List of websites offering investments in diamonds reported by consumers](#)". Important notice: this list is based solely on the findings of the FSMA, in particular as a result of consumers' reports. As such, it does not include all the companies which might be operating unlawfully in Belgium in the diamond investment industry.

To avoid such cases of fraud, the FSMA also wishes to remind the public of some of its customary recommendations. For example:

- be wary of (promises of) completely disproportionate returns. It is frequently the case that fraudsters present significant earnings at the beginning, until the day when the investor asks to withdraw the funds invested.
- beware of unsolicited phone calls/e-mails ("cold calling"), that is, any contacts that you did not request. They are often at the source of fraud. Be careful as well of insistent salespeople who want to persuade you to sign quickly.
- always verify the identity of the company (company identity, home country, etc.). If the company cannot be clearly identified, it should not be trusted. Also beware if the company / website does not have a long track record.



- insist that your interlocutor provide clear and comprehensible information. Try to find out how it is possible to achieve the returns promised and what exactly the modalities are for reselling the product and the time period proposed. Do not invest if you do not understand precisely what is being offered.
- also be sure to read all the documentation, including any fine print; very often the text there is far from the sales pitch you were given !
- do not take for granted the information provided by such companies: be especially careful about any claimed assurances about your investments or promises of repurchase/resale that may resemble a capital guarantee: if an offer is fraudulent, the guarantee given is equally so; the same goes for promises of repurchase/resale.
- consider also doing a general search for the company using the customary search engines. You may find some testimonials by persons who have had contacts with the company. But beware that there may be some falsely positive testimonials, posted by the company itself and intended solely to elicit the confidence of investors.

For more information, please consult the earlier [warning](#) concerning offers of investment in diamonds issued by the FSMA on 22 June 2017.

More than ever, then, prudence is necessary. In case of doubt, feel free to contact the FSMA directly via the [electronic contact form](#) on the FSMA's website.

If you have unfortunately fallen victim to such an act of fraud, we advise you to file a report with your local police or with the judicial authorities.

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