

Summer tip: Be wary of “boiler rooms”

- What are boiler rooms?
- Be extremely cautious during your holidays since these entities are very active in tourist areas on the Spanish coast.
- Why is it necessary to intensify precautions?
- Remember the ten basic investor tips.
- If they contact you report this to CNMV.

What are boiler rooms?

Boiler rooms are entities that offer and provide investment services **without being registered** with the corresponding supervisor (CNMV in the case of Spain). Therefore, **they are not authorized to operate** in the market.

The risk of these entities lies in the fact that, in most cases, the apparent provision of such services is only a cover-up to allow them to take ownership of victims' capital, **with the promise that they will achieve a high return on the investment of their savings**. Although, at times, it is possible to receive positive results during the first few months, the company will then disappear and **not return the money to its clients**.

CNMV continuously engages in monitoring and controlling endeavours in conjunction with its European counterparts, issuing **national and international alerts** every week.

Be extremely cautious, because these entities are very active in tourist areas on the Spanish coast:

Be wary of them during the Summer. **Tourist areas on the Spanish coast** have historically been places chosen by some non-registered entities to deploy their fraudulent activities.

The profile of those affected is professionals and retirees with savings and willingness. The message it is focused to obtain greater benefits for their savings than those offered by the conventional market. Many are holidaymakers or residents in tourist areas on the Spanish coast such as the Costa Brava, Costa del Sol, Costa Blanca and the Balearic Islands.

*Various networks have been dismantled by the National Police in recent years. Some examples are a **boiler room** that operated from **Benidorm** which defrauded investors from Germany, Austria, Slovenia and the Netherlands; the network of **boiler rooms** in Malaga and Barcelona that defrauded 5,000 people. Also noteworthy is another case in which more than 50 people were arrested due to an investment scam in Marbella, which was under investigation by Scotland Yard, since the victims were from the United Kingdom.*

Why is it necessary to intensify precautions?

During the summer the influx of tourists in **the Spanish coast in general** increases. Precisely during this period there is a greater risk of being contacted by a boiler room, although the danger still persists throughout the year. **Phone calls and emails** are followed by increasingly **aggressive tactics** of contacting people to capture victims. They also look for their potential targets in **large hotels or in social centres** where these collectives gather.

The modus operandi is almost always the same: first they call or make contact by e-mail to sound clients out, introducing themselves as authorized entities. Then, they contact people a second time, where they offer financial products with a clear investment proposal. Once they have won a client over by using more aggressive tactics, the transaction is carried out.

Invitations to no-obligation meetings or information sessions in hotels where there are potential clients are the most recurrent methods used to close a fraudulent deal these days.

Sometimes they earn clients' trust by speaking in their language (English, French, German, Russian, etc.) and also through attractive websites with a myriad of information, which show the listed companies with whom they supposedly work.

In the event of suspicion by victims or after a warning by CNMV, those responsible for the entity will disappear without a trace.

What to do?

If they contact you, **report this to CNMV** in order for it to act as soon as possible, calling CNMV's Investor Assistance phone number **900535015** or sending an enquiry using the [form](#) that can be found in **CNMV's Investor section**. In addition, [check if the entity is registered](#) or [has been the subject of warnings](#).

In the event of a suspected case of fraud **contact CNMV and report the incident to the Police** or the corresponding Court.

Remember the 10 basic investor tips

CNMV has drawn up a [decatalogue](#) with the key issues so that investors do not fall into the trap of these networks.

You can see [the full list](#) on CNMV's website.