

Recovery rooms

'Recovery room' fraud is a practice that consists of contacting victims of an earlier fraud, unsolicited and often by telephone, to offer assistance in obtaining compensation or recovering the losses incurred. Despite the promises of those making these offers, the fees charged do not result in victims being able to recover the sums lost, and furthermore, the amount paid in fees for the so-called assistance are thus lost as well.

When introducing themselves, such people use various false names or pass themselves off as professionals such as lawyers, financial analysts, accountants, financial advisors, etc. They go after investors who have already been victims of fraud. Generally, they contact the fraud victims by phone. Various possibilities are offered: help in recovering the lost money, repayment of the sums invested after the investor has paid a certain further amount of money or opened an account on a trading platform, etc.

In each case, these fraudsters ask for a financial contribution before they provide the service proposed. That is a clear indication that this is a 'recovery room' operation. The victim is asked to pay a 'fee' or tax up front or to invest in new shares so as to be able allegedly to recover the original investment.

The persons behind a recovery room are often the original swindlers or other fraudsters who have acquired lists of victims of fraud. Any investor who has ever been the victim of an investment fraud needs to be aware that the swindlers may target him or her again or may sell his or her coordinates.

In many cases, fraudsters misuse the identity of existing persons or companies such as a lawyer, a listed company, etc. or they claim to have the permission of a supervisory authority. Identity theft is typical of '**cloned firm**' fraud: fraudsters steal the identity of existing persons or firms in order to gain credibility or even legitimacy, and thus to convince investors.

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