

Red Flag 6

No Exit Strategy



When it comes to unregulated investments, this is one of the most important red flags of all: the lack of an exit strategy.

The problem isn't just whether the asset goes up or down in value. The real issue is whether you can actually sell it at all. And with things like whisky casks, fine wine, rare art, stamps, vintage cars, and countless other "alternative investments," the answer is usually no.

The Market Illusion

In regulated markets, everything has a price. Shares are listed on exchanges like the London Stock Exchange or the New York Stock Exchange. Bonds are traded in deep, liquid markets. Even property, while slower, has an established legal system for transfer.

With unregulated investments, there is no such system. There's no transparent market price. There's no exchange. There's no central clearing house. You don't just "sell" your whisky cask or your rare painting. You have to find another buyer — and that's where the trouble begins.

The Grey Market Trap

When you try to sell an unregulated investment, you're pushed into what's called the "grey market."

In regulated finance, this is sometimes referred to as over-the-counter (OTC) trading, where institutions deal directly with each other. But in the unregulated world, the grey market is murkier. It's not an exchange. It's not audited. It's not transparent.

Put simply, it means this: you own something nobody else wants, and you have no way of shifting it.

It's like holding a ticking time bomb. The glossy brochure made it look attractive, the salesperson wrapped it up in promises, and you thought you were buying a treasure. But in reality, you're holding a liability. The bomb will eventually go off, but when it does, it's in your hands — not theirs.

The Gold Example

Even with legitimate, widely recognised assets like gold, the exit can be a trap.

Take the example of my ex-partner. She bought gold coins from a very well-known gold broker in central London. The office was in a prestigious building, surrounded by five-star hotels, all designed to give an air of credibility.

Gold itself had risen by 50% over the period she held it. You'd expect a handsome profit. But when she went to sell the coins back to the very same broker, the fees and buyback spread completely wiped out her gains. She actually walked away with a small loss.

This was with gold — one of the most liquid, globally recognised commodities in the world. Now imagine trying to sell whisky casks. No exchange. No recognised pricing system. No global demand. It makes gold look simple.

The Whisky Problem

Whisky is a niche product. There's no transparent market where you can look up the daily price of a 10-year-old cask from a specific distillery. Each cask is unique. Condition varies. Demand fluctuates. And most of all, buyers don't want second-hand casks from unknown sources. They'd rather buy directly from distilleries or established traders.

So while a salesperson might make it sound like whisky is a booming investment, the reality is stark: once you've bought it, you can't sell it. The cask might sit in a warehouse, looking prestigious on paper, but as an investor you have no practical way to turn that back into cash.

Why Firms Push the “Long-Term” Line

Scam firms know this. That's why they often pitch these investments as "long term." They'll say things like:

- "Whisky only matures over 10 years."
- "Fine art is a legacy investment."
- "Wine grows in value the longer you hold it."

What they're really doing is pushing complaints down the road. If they can get you to think of the investment as something you'll pass to your grandchildren, then you won't try to sell it next year. By the time you do try, the firm will likely have disappeared, and your money will be gone.

Some have even flipped the pitch entirely: instead of selling the idea of profit, they sell the idea of legacy. "Leave a legacy for your children." It sounds noble. But in practice, all you're doing is leaving your family a worthless piece of paper.

Playing on Patriotism

Another clever trick is appealing to emotion — especially patriotism.

With whisky, firms will say things like:



- "Own a piece of Scotland."
- "Support Scottish distilleries."
- "Be part of whisky heritage."

The reality? You're not supporting Scotland. You're not helping the distilleries. You're just putting money into the pockets of brokers who dress up scams as cultural pride.

The same tactic is used with fine art. Investors are told they're "supporting the arts." In reality, they're supporting scammers.

With stamps, collectors are told they're "preserving history." With vintage cars, they're told they're "keeping motoring heritage alive."

All emotional hooks. None of them translate into real financial returns.

The Exit is Everything

When you make a financial investment, the most important question isn't "How much could I make?"

It's "How do I get my money back?"



In regulated markets, the answer is simple. You sell. You might lose money, you might make money, but there's always a market.

In unregulated markets, there often is no exit. You're trapped. The firm that sold it to you may promise a buyback, but even that is a trick. They'll buy it back on their terms, at their prices, often after charging so many fees that you lose money no matter what.

Why Investors Fall For It

Investors fall for this trap because they confuse ownership with value.

Owning a cask of whisky feels tangible. Owning a painting feels prestigious. Owning a piece of gold feels secure. But the real measure of value isn't whether you own it — it's whether someone else will pay you for it.

And in unregulated investments, that second part is where it all falls apart.

The Bottom Line

If there's no clear, regulated exit strategy, it's not an investment. It's a gamble.



Scammers love illiquid products because they can dress them up with glossy brochures, patriotic language, and the promise of legacy. But the truth is simple: if you can't sell it easily, you shouldn't buy it at all.

So, before you put money into anything, ask yourself one question: How do I get out? If the answer isn't clear, walk away.

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In "8 Red Flag 6 - No Exit Strategy," uncover the hidden dangers of unregulated investments that promise returns but offer no clear path to cashing out. From whisky casks to fine art, discover how the allure of ownership can blind investors to the stark reality of illiquid assets and the risks of the grey market. Before you invest, ask yourself: how do I get out?

