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VANCOUVER - Half of the people who lose money in investment scams are introduced to the fraud through someone they trust, a study by the Canadian Securities Administrators suggests.

"The ways most frauds work is they use their initial victims to find more victims, so we become pawns and anyone can become pawns," said Greg Lyle, the author of the report.

"Anyone could be a pawn and that is one of the really striking things. There is really no demographic profile, it could be someone who has a lot of money or someone who doesn't ... Because this comes to us as a tip from our friends, we let our guard down."

The report, released Tuesday, found the first casualties of fraud include a loss of trust between the victims and those close to them and a loss of confidence in the system as a whole.

The report said 68 per cent of fraud victims reported they were less likely to trust people in general and 63 per cent were less willing to make future investments.

But Lyle said the breach of trust goes beyond the money lost and future investment decisions.

"The trust that is impacted the most is general trust," Lyle said.

"It's not specific to the investment sector. There are some clear findings on the investment sector as well, but the single biggest impact is on your general willingness to trust others."

The study also found that people who don't trust investment professionals, those who say you have to bend the rules to get ahead and people who feel that every investment is a gamble are two or three times more likely to become a victim.

The report also suggested that investment scams, particularly among victims with losses over $10,000, also affect emotional health and stress levels among the victims.

One in five victims also reported depression or feelings of extreme loss or isolation.

However, despite the effects of the scams, the report found few people actually report investment fraud, with just 17 per cent having reported to authorities their most recent experience with attempted fraud.

The report suggested some attempted frauds may not be reported because they seem too common or it may not have been clear they were fraudulent, while reasons for not reporting actual frauds included embarrassment and a feeling that they were a waste of time or too much trouble.

"As regulators, we are concerned when investors lack the trust to invest again in our financial markets," Canadian Securities Administrators chairman Jean St-Gelais.

"We must continue to educate people on how to recognize, avoid and report investment fraud."