



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
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REGULATORS WARN OF OPPORTUNISTIC INVESTMENT SCAMS FOLLOWING TERRORIST ATTACKS

PHOENIX – In the wake of terrorist attacks at the World Trade Center and Pentagon, the Arizona Corporation Commission’s Securities Division is warning investors to be on the lookout for opportunistic scams similar to those associated with the Year 2000 computer bug.

Cold-calling telephone salespeople, advertisements or Internet postings that tout commodities, exotic financial products, or supposed anti-terrorist technologies should be a red flag for investors, Arizona regulators said. Investors should be especially wary of enticements to send their money offshore to so-called “safe havens,” they added.

“In times of tragedy, confusion, fear and uncertainty, there are always those who will attempt to prey on the investing public,” said Arizona Corporation Commission Chairman Bill Mundell. “In the wake of last week’s tragedies, investors should resist the temptation to make hasty decisions about their finances. Our economy is the most diverse and productive in the world – and the United States is, and will remain, the world’s financial capital.”

Just as many con artists exploited fears about the Y2K threat, scammers may seek to capitalize on fears of a market downturn. Investors should be wary of precious metals pitches, emergency preparedness scams and investments in the futures markets. Mark Sendrow, director of the Securities Division, urged investors to:

- Hang up on aggressive cold callers promoting “safe” investments such as precious metals, oil, or gas and ignore unsolicited e-mail or Internet chat room talk about small companies with new anti-terrorist

technologies or products. Investments in precious metals, oil and gas are extremely volatile and stocks promoted through telemarketers and e-mails are highly risky.

- If you are interested in making changes to your investment portfolio, contact the Commission's Securities Division to check that both the seller and the investment are licensed and registered. If they are not, they may be operating illegally. The phone number for the Securities Division is 602-542-4242 or, outside Maricopa County, call 1-877-811-3878.
- Request written information that fully explains the investment, such as a prospectus or offering circular. The documentation should contain enough clear and accurate information to allow you or your financial adviser to evaluate and verify the particulars of the investment.
- Use common sense. Some things really are too good to be true. Get a professional, third party opinion when presented with investment opportunities that seem to offer unusually high returns in comparison to other investment options. Pie-in-the-sky promises often signal investment fraud.

The Arizona Corporation Commission's Securities Division has many helpful brochures on specific categories of investments. The Securities Division staff is available to help you investigate any investment proposals or the people offering those investments. Just call 602-542-4242, toll free at 1-877-811-3878, or visit the website at www.ccsd.cc.state.az.us.

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