



CONSUMER ALERT

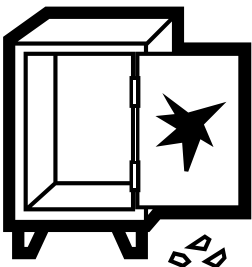
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Don't Get Ripped Off!

PROTECT YOURSELF AGAINST SECURITIES FRAUD

Investment fraud continues to be a problem in the District of Columbia. It can only be solved by the united action of our neighbors, our leaders and by us. Investment fraud is slowing, yet it persists in endangering the property of individuals, destroying retirement accounts and tarnishing the public pride of the District of Columbia. Be skeptical. Don't throw your money away. Remember, if it sounds too good to be true, it probably is!

How Can Investment Losses Be Avoided?



Step 1: Know Your Investment Goals and Objectives

The first step toward making a sound, well-researched investment decision is to identify your investment objectives based upon your financial needs. This is not always a simple process, but it is the foundation of any investment decision. Your goal may be to establish a safe, secure nest egg that you can depend on for your retirement or you may speculate to seek a high rate of return. Decide how you want your money to work for you. Clearly defined objectives will make the decision-making process easier by ruling out inappropriate types of investments.

Protect Your Money

When making your decision, remember that you are parting with money that you have worked hard to earn. Once you invest it, the money may be hard to retrieve. Use common sense when reviewing investment alternatives. Remember the basic investment rule: the higher the expected return, the higher the risk. Don't be fooled by a sales agent who promises ridiculously high yields while boasting about the safety of the investment. Ask yourself, "Do I know what my investment goals and objectives are?" If you do not know, just say, NO!

Step 2: Know the Product

The second step in the investment process is to select a security or other investment product, which is consistent with your financial goals and objectives. The key element is RESEARCH. Have you narrowed the range of investment opportunities to those suited to your individual needs? Do you fully understand the nature and the characteristics of a particular security or investment? Have you compared alternatives from different firms to obtain the highest return for the same level of risk?

Seek Outside Advice

Learn about the investment you are considering. Magazines, newspapers and other sources of financial information are available from bookstores, newsstands and public libraries. Reputable professionals such as accountants, attorneys and licensed stockbrokers can help you select the product that is right for you. With the wide range of investment opportunities available today, a wise investor should learn as much as possible about different investment opportunities before choosing a specific product. Be sure you understand the investment you select. Ask yourself, "Do I know exactly what I am buying?" If you do not know, just say, NO!

Step 3: Know the Seller

The third step in the investment process is to learn as much as possible about the firm and individuals with whom you may conduct business. The District of Columbia Department of Insurance, Securities and Banking (DISB) can answer your questions about insurance, securities, banking and finance.

Call the Securities Bureau at (202)727-8000

Before you invest, call DISB to inquire whether a firm is registered with the District of Columbia Securities Bureau. You may file a formal complaint against an investment company. DISB will not provide investment advice. Nor can the staff advise you on whether you should conduct business with a particular firm.

Research

Research the background of the firm and individuals with whom you may conduct business, as well as check their registration. Take a good, hard look at the person offering you the investment. Is the sales agent making promises that seem too good to be true? Is he pressuring you to invest immediately before you have the opportunity to review the prospectus or financial statement? Is the salesperson asking you to invest more money than you can reasonably afford? Are you dealing with someone whom you are not familiar, perhaps someone you have only spoken to on the telephone? All of these questions should signal "caution," not GO!"

Avoid Haste

Remember, there will always be investment opportunities. Allowing yourself to be hurried into an investment decision before you have fully completed the three basic aforementioned steps can be hazardous to your financial health. Ask yourself, "Do I really know this firm? Do I really know this salesperson?" If you do not know, just say, NO!

✓ Consumer Checklist for the Prevention of Securities Fraud

The Enforcement and Investigation Bureau emphasizes that public awareness is a vital part of securities regulation and law enforcement. Investors should keep in mind the following checklist when considering the purchase of securities:

- ✓ **Call the Securities Bureau** to determine if the firm is registered with the D.C. Department of Insurance, Securities and Banking at (202) 727-8000.
- ✓ **Review the company's track record** to check references, especially former customers, if possible.
- ✓ **Insist on written information** about the investment, such as a prospectus or circular with a financial statement.
- ✓ **Ensure that the investment is consistent with your investment objectives.** Your investments should suit your particular needs and objectives.
- ✓ **Weigh all investment risks** against your own financial position and needs. You should not speculate with your last dollar.
- ✓ **Inquire whether state or federal authorities have ever cited the company** or any of its principals for illegal or questionable investment activities.
- ✓ **Be skeptical** of any suggestions of spectacular profits and resist the pressure to make a hurried, uninformed investment decision.
- ✓ **Be suspicious** of unsolicited telephone calls from strangers offering investments. If you get such a call, hang up!
- ✓ **Educate yourself as much as possible** about the investment you are considering. **RESEARCH, RESEARCH, RESEARCH!** Is there a safer way to invest the money for equal returns?
- ✓ **Don't get involved in an investment program** that you do not understand.
- ✓ **Study the soundness of the investment.** Consult professionals who understand your particular needs.

CONTACT US!

You can ask questions or report alleged fraud to the Enforcement and Investigation Bureau of the Government of the District of Columbia Department of Insurance, Securities and Banking by using the following:

Telephone: (202) 727-1565 **Facsimile:** (202) 727-1290 **E-mail:** stephen.perry@dc.gov