

**DEPARTMENT OF BUSINESS REGULATION
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**CON ARTISTS FIND PROFIT IN GET-RICH SCHEMES TIED TO
ECONOMIC UNCERTAINTY**

(August 29, 2011) The North American Securities Administrators Association (NASAA) released identified schemes and practices that can easily trap unwary investors, many by taking advantage of the lingering economic uncertainty and volatile stock markets.

Con artists follow the news exploiting the headlines to their advantage but leaving investors with broken promises. Among the many investor complaints received by state securities regulators are questionable investment claims, including the safety and appreciation in gold, the prospect of harnessing wave energy to power our homes, the development of synthetic fuels to take the sting out of oil prices and investing in home mortgage foreclosures to help others while making a profit.

These schemes emphasize that investors can get in on the "ground floor" of new technology or programs to realize a significant economic return while at the same time helping others. Unsuspecting investors are lured into these schemes, especially if they have a familiar ring to them. "These offerings require careful research and a strong reminder that if it sounds too good to be true, it probably is not true, nor will it be profitable to anyone but the promoter," NASAA warns.

The state securities regulators in NASAA's Enforcement Section compiled the following listing of the Top 10 Financial Products and Practices used to prey upon unwary investors.

- **PRODUCTS:** distressed real estate schemes, energy investments, gold and precious metal investments, promissory notes, and securitized life settlement contracts.
- **PRACTICES:** affinity fraud, bogus or exaggerated credentials, mirror trading, private placements, and securities and investment advice offered by unlicensed agents.

Investors should learn and be alert to the warning signs of investment fraud. Each investment opportunity should be independently verified as well as the background of the person and company offering the investment. The **Securities Division** is equipped to assist investors with obtaining background information about persons who sell securities or give investment advice, as well as about the investments being offered.

Investors should only do business with licensed brokers and investment advisers and should promptly report any suspicion of investment fraud to the **Securities Division** at the number listed above.