



PROTECT YOURSELF FROM INVESTMENT FRAUD

by Texas Attorney General Greg Abbott

CONSUMERS OFTEN CONTACT THE Office of the Attorney General about the authenticity of certain investment opportunities. When shopping for investments, education and awareness are the keys to making wise decisions.

Keep in mind that any investment involves some degree of risk. Before considering an investment, determine what degree of risk you are willing to take in order to meet your financial goals and objectives. If you lack financial experience, enlist the help of a knowledgeable and neutral third party, like a certified public accountant or a licensed attorney.

Check with the Texas State Securities Board (SSB) to see if your salesperson is licensed to sell the investment product, even if the recommendation comes from someone that you have known or done business with for many years. Be skeptical of telephone pitches. It is highly unlikely that a legitimate investment opportunity will come to you in a telephone call from someone you don't know or in an unsolicited e-mail.

Ask questions and request written materials on the investment product from your sales representative. Evaluate recommendations by conducting your own research. Securities regulations require companies to disclose valuable information to investors by registering and filing certain documents with the SSB in order for you to make sound financial decisions about products and funds.

Information filed on an investment with the SSB may include a prospectus or other research reports. These disclosure documents may offer background on the company and the risks associated with the investment. They are not intended to predict future performance of an investment product. Remember that companies are not required to repay you for any losses you incur from investing in their shares.

Take your time when considering an investment product. Be wary of high-pressure sales pitches, promises of "high rates of return" or "no-risk guarantees." These tactics are commonly used by con artists to get your money before

you have a chance to fully look into a product or fund. Legitimate investments are not guaranteed against loss. The SSB protects investors by ensuring that companies and sales representatives comply with securities laws and rules, but the SSB does not insure investments.

Monitor your investments carefully. If you do experience a loss on an investment, be extremely cautious of "reload" scams. Investors often panic after a loss, and con artists prey on this fear by making promises to recoup those losses by offering a new higher return on your money. If you become involved in this kind of scheme, you may end up losing even more money.

Con artists often attempt to exploit the complexity of financial investments. They may use flashy advertisements, technical language, false testimonials, or swanky offices to entice investors and lend credibility to their schemes.

The best way for you to avoid an investment scam is to do your homework, call your securities regulator before you invest, and seek the advice of an independent third party.

POINTS TO REMEMBER



CONSIDERING INVESTMENT OPPORTUNITIES

- Determine how much financial risk you are willing to take.
- Contact the **Texas State Securities Board** before making an investment.
- Do your own independent research on investment products or funds.
- Enlist the help of a trusted, knowledgeable and neutral third party.
- Beware of high-pressure sales tactics and "reload" schemes.

To determine whether your sales representative is licensed and whether a securities investment is registered with the State of Texas, or to report investment fraud, contact:

Texas State Securities Board

P. O. Box 13167

Austin, TX 78711-3167

(512) 305-8300

www.ssb.state.tx.us

For more information on this or other consumer topics, visit the Texas Attorney General's Web page at **www.oag.state.tx.us**



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