

8. Look out for trouble when retrieving your principal or cashing out profits.

If a person with whom you have invested stalls you when you want to withdraw your money, you may have uncovered someone who is cheating you. If you are not investing in a fixed-term security, such as a bond, you should be able to receive your funds within a few days.

9. Report investment fraud or abuse immediately, despite any embarrassment or fear you may feel.

If you suspect you have been victimized, call the Texas State Securities Board immediately. The sooner you report fraud, the better your chances of recovering some or all of your investments.

10. Beware of “reload” scams.

Investment losses often create a panic well-known to con artists who have developed schemes to take a “second bite” out of investors. To recoup their losses, victims some-times invest in another scheme (a “reload”) in which the con artist promises to make good the original loss--and may offer new higher returns. Often the result is only more losses.

10 Tips to Avoid Investment Fraud

FOR MORE INFORMATION:

Texas State Securities Board
P.O. Box 13167
Austin, Texas 78711-3167
(512) 305-8300
Complaint Hotline 1-888-663-0009
www.ssb.state.tx.us

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This brochure is based upon one originally created by the Nevada Securities Division, www.sos.state.nv.us/securities.



Dear Fellow Texan,

Your Securities Board protects Texas investors by:

1. Licensing investment professionals,
2. Registering securities investments,
3. Enforcing the statutes, and
4. Educating the public.

However, there is no way that investigators or prosecutors can protect you 100 percent of the time. Our files are filled with tragic examples of individuals who have been victimized, either because of fraud or because they failed to understand the nature of an investment. I am convinced that education is the key to a healthier and safer investment climate.

I hope you find the tips in this brochure helpful and urge you to share this information with your family, neighbors, and friends. For more information, visit the Board's Internet website located at: www.ssb.state.tx.us.

Very truly yours,



Denise Voigt Crawford
Securities Commissioner

10 Tips to Avoid Investment Fraud “Protecting Texas Investors”

1. Check out the person touting investment deals.

Texas law requires most securities and the people selling them to be registered by the state. Check them out with the Texas State Securities Board BEFORE YOU INVEST by calling 1-512-305-8300.

2. Beware of high-pressure tactics.

Say “no” to any person who presses you to make an immediate investment decision. You need time to do your own research. Any ethical salesperson will understand this.

3. Exercise particular caution if you lack financial experience.

It's easy to feel intimidated and overwhelmed by complicated financial jargon, but resist the impulse to turn it over to “the expert.” Ask lots of questions and insist that the salesperson explain the investment in everyday language until you understand it. Protect yourself by educating yourself.

4. Keep in mind that good manners don't indicate personal integrity.

Con artists are generally extremely polite, knowing that many of us equate courtesy with personal integrity. Swindlers are also counting on your good manners to keep you from cutting them off. Don't let your good manners land you in trouble; simply hang up if you don't like the conversation.

5. Watch out for salespeople who prey on your fears.

It is common for swindlers to pitch their schemes as a way to eliminate your financial fears for the future. Remember: fear and greed can cloud your good judgment.

6. Exercise particular caution if you are an older citizen.

The elderly, and particularly older women, are a frequent target of scam artists. Always seek the advice of a neutral party before investing.

7. Monitor your investments and ask tough questions.

Insist on regular written reports and look for signs of excessive or unauthorized trading of your account. Constant vigilance is a vital part of being an investor. If you suspect that something is amiss and you get unsatisfactory explanations, call the Securities Board and make a complaint.