



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

10 G Street, NE, Suite 710

Washington, D.C. 20002

202/737-0900

Fax: 202/783-3571

E-mail: info@nasaa.org

Web Address: <http://www.nasaa.org>

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Contact:

Jerry Munk

202-737-0900

War, terror fears could be exploited by con artists, securities regulators warn

WASHINGTON (March 18, 2003) -- With the U.S. on the brink of war with Iraq and heightened warnings of terrorism at home, investors should not make panicky financial decisions, state securities regulators advised Tuesday. They also repeated warnings, issued in the wake of the September 11 attacks and at the height of concerns about Year 2000 computer glitches, to beware of con artists seeking to capitalize on fear and uncertainty.

“Our economy is the world’s largest and most productive, our markets the most open, transparent and best regulated,” said Christine Bruenn, president of the North American Securities Administrators Association (NASAA) and Maine’s securities administrator. “Beware of high-pressure pitches for non-traditional investments such as strategic metals, foreign currency, oil and gas investments or tiny companies that supposedly have products or technology to combat chemical or biological terrorism or whatever else is in the headlines.”

In the wake of the September 11 attacks, state and federal securities regulators warned about and took action against promoters of companies touting anthrax detectors and “revolutionary” security-enhancing technologies. In the run-up to Y2K, state regulators said hucksters tried to exploit fears to sell investments in precious metals, emergency preparedness scams and phony technology companies.

Bruenn urged investors to:

- Hang up on aggressive cold callers promoting “safe” investments such as precious metals, oil and gas schemes and to ignore tips about tiny companies with new anti-terrorist technologies or products.
- Contact their state securities regulator to check that both the seller and the investment are licensed and registered. If they aren’t, don’t invest.
- Request written information about any investment; carefully review it or ask your financial adviser to evaluate it.
- Use common sense. Pie-in-the-sky promises are usually signs of investment fraud.

To contact your state securities regulator, visit www.nasaa.org or look in the white pages of your telephone directory under “Government.”

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