

ALABAMA SECURITIES COMMISSION
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FOR IMMEDIATE RELEASE

Alabamians Beware of Tax Related Investment Opportunities

MONTGOMERY, ALABAMA (January 10, 2006) With the tax season fast approaching, Joseph Borg, Director of the Alabama Securities Commission, warns investors to be cautious when attending investment seminars offering tax-saving and tax sheltered investment strategies.

This warning focuses on seminars that may offer investors an opportunity to ‘move their money’, ‘maximize tax flow’ or ‘pay less taxes’. This type of marketing tactic could be used to attract investors to a seminar where they will learn about a specific investment product or strategy that’s connected to a promised tax break. In some cases, investors are audited years later only to find that they could be assessed for additional taxes, interest, or penalties by the Internal Revenue Service.

Seven tips to help you protect your money:

1. Watch out for ads that make extravagant claims about seminar results or promise easy ways to ‘maximize your tax flow’ or ‘pay less taxes’. Remember, if it sounds too good to be true, it probably is.
2. Don’t rely on a presenter’s reputation as a ‘financial guru’. Since these seminars tend to push specific investment products or services as the ‘means’ to the promised tax break, it’s critical to investigate the presenter’s background, qualifications, and professional record. Is he/she registered to buy and sell investments? **Any person or company selling securities or offering investment advice for a fee in Alabama must be registered with the Alabama Securities Commission. Your first line of defense is to call (1-800-222-1253) to check out the person offering a product or advice for a fee and the product for registration. If a person or product is not properly registered—DON’T INVEST!**
3. Find out how the presenter and the organization holding the seminar are compensated. Many of these seminars are free to attend. In some cases, speakers may be paid a fee to push a certain product, and you may find that the investment strategy they’re promoting is closely linked to a specific product the sponsor of the seminar wants you to buy.
4. Don’t invest your money at the time of the seminar. A legitimate offer will be just as good tomorrow as it is today. You need to invest your personal time and effort to understand the offer and determine if this opportunity is for you.

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5. As with any type of investment opportunity, question anything that guarantees high returns with a low risk. If an investment promises a high return, usually the risk of losing your money is higher.

6. Don't get involved in any investment opportunity unless you fully understand it. Fraud artists are known to develop new product names that are really slight variations of mainstream investments just to convince investors the opportunities are legitimate. Make sure any products you choose match up with your risk tolerance or your investment goals. Seek an independent opinion from a third party such as a professional financial planner or attorney with expertise in tax law and estate planning.

7. Remember to base your final investment decision on the research you have gathered from credible and diverse sources. You don't need to invest your hard earned money until you are absolutely sure an investment opportunity is real, you understand the risk, and has an objective that best matches your financial goals.

"Investing your hard earned dollars should take as much or more time and effort than buying a home or a new car," says Borg. "The Commission is proud to offer anyone free materials or access to information about how to make informed investment decisions. In 2006 the Commission will offer and display on its website, additional professionally produced materials that explain stocks, mutual funds, and wise investment strategies."

The Director of the Alabama Securities Commission (ASC) cautions potential investors to thoroughly check out any investment opportunity. Contact ASC for inquiries regarding securities broker-dealers, agents, investment advisors, investment advisor representatives, financial planners, the registration status of securities, to report suspected fraud, or obtain consumer information.

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For more information contact:

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If you have questions or require more information call Dan Lord, Education and Public Affairs.