

## ALABAMA SECURITIES COMMISSION

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### **INVESTOR ALERT: Current Internet “Phishing” Scams Target ARS Investors in Alabama**

MONTGOMERY, ALABAMA (October 26, 2009) Joseph Borg, Director of the Alabama Securities Commission (ASC) alerts Alabama investors to be wary of suspected financial scams being marketed via the internet and targeting investors especially those currently holding auction rate securities (ARS).

Internet email scammers are promising as much as \$1.5 million in compensation for owners of ARS instruments as state regulators continue to probe irregularities associated with the offer and sale of the investments by several large investment houses. Though the emails appear to originate with the Financial Industry Regulatory Authority (FINRA), a self regulatory organization (SRO) whose members are securities business firms, investors need to be aware that the emails being received don't come from FINRA, state or federal regulators and are a “phishing” scam designed to gain sensitive personal financial information from citizens.

“Citizens should NEVER provide personalized information over the internet in response to emails received claiming to be from firms, organizations, or attorneys who have access to frozen accounts, funds for victims of a scam, or offer to help you retrieve a loss or damages as part of a class-action suit. Also, legitimate insurance companies, banks and other financial institutions will not send out email requests for personal information. If you get an email from a financial institution you know or conduct business with, look up their number in the phone book or from your monthly statement and call to verify your concern. Of course, don't call the number on the email--it may be the scammer posing as a legitimate business.”

Early in 2008, state securities regulators, including Alabama, and in cooperation with the North American Securities Administrators Association (NASAA), formed a multi-state task force to investigate whether a number of prominent Wall Street firms had systematically misled investors about the long-term liquidity of ARS purchases. Although some settlements have been reached with several investment banks, not all ARS investors have been able to recover their losses. *The suspected internet email scam apparently offers to compensate investors for their unrecovered funds, but instead, con artists are using the technique to attempt to gain access to investors' personal financial information or assets.*

The ASC cautions potential investors to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC with inquiries concerning securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, registration status of securities or debt

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management programs, to report suspected fraud or to obtain consumer information. The ASC provides free investor education and fraud prevention materials in print, on our website and through educational presentations upon request.

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