



Contact: Marilyn Chastain  
Bureau Chief  
Securities Bureau  
(208) 332-8004

## INVESTOR ALERT

For Immediate Release

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### Top 10 Threats to Your Financial Future

BOISE, Idaho—April 22, 2005—As part of its ongoing efforts to educate Idahoans in conjunction with Financial Literacy Month, the Idaho Department of Finance (Department) today identified the most common ploys being used to cheat Idahoans out of millions of dollars, and a warning to all Idahoans to investigate new investment opportunities before handing over your money.

“Investors should be wary of any investment opportunity that promises high returns and low risk, or that you don’t fully understand” said Idaho Department of Finance Director, Gavin Gee. “Many fraudulent investments are represented as “guaranteed” or “risk free”. If an investment sounds too good to be true, it probably is” Gee added.

The Department advises all Idaho investors to protect themselves from becoming victims of fraud. Investors can contact the Department before they invest to check on the standing of any investment they are considering, and/or the registration status of any person selling it by contacting the Department through its Idaho toll-free number, 1-888-346-3378.

The following is the Department’s list of the Top 10 Threats to Your Financial Future:

1. **Phishing:** Phishing occurs when an unsolicited e-mail or pop-up message is sent to deceive the recipient into disclosing private financial information for purposes of identity theft. The most common phishing scam is an e-mail or pop up message that appears to be from a legitimate company with which the recipient may or may not do business. Several large companies, including financial institutions, credit card companies and internet auction companies, have had their logos used fraudulently in this scheme. Scammers frequently use a sense of urgency in their quest to steal potential victims’ private information. *Be aware: the scammers are thieves - their goal is identity theft.*

**SECURITIES BUREAU**

Bureau Chief – Marilyn T. Chastain  
700 West State Street, 2nd Floor, Boise, ID 83702  
Mail To: P.O. Box 83720, Boise ID 83720-0031  
Phone: (208) 332-8004 Fax: (208) 332-8099  
<http://finance.idaho.gov>

## INVESTOR ALERT

April 22, 2005

Page 2 of 3

2. **Seminars:** Many Idahoans have seen advertisements for seminars touting advice on any number of topics. Estate planning, living trusts, or other financial planning are just some of the subjects being targeted toward seniors in particular. The initial approach is typically to solicit seniors at “seminars” purportedly designed to educate participants about these topics. The actual business of the sales representative and the true purpose of the solicitation are misrepresented. The real goal of the sales agent is to obtain detailed personal financial information, which will then be used to sell the senior an unsuitable or unlawful financial or investment product.
3. **Identity Theft:** As one of the fastest growing frauds in the United States, identity theft occurs when someone uses your personal information, such as your name, Social Security number, credit card number or other identifying information, without your permission to commit fraud or other crimes. The Federal Trade Commission’s (FTC) Consumer Sentinel complaint center received more than 246,000 reports of identity theft in 2004 alone. This comprises 39% of the total complaints received by the FTC last year. At least 600 of these complaints came from Idahoans. Those whose identities have been stolen can spend years clearing up their good name and credit. In Idaho, identity theft is a criminal act. In addition, Idaho has implemented civil remedies for victims of this crime.
4. **Wrong Numbers and Stock Tip Scams:** Some Idahoans are finding messages from con artists who pretend to have “mis-dialed” their phone number. The messages left by these con artists typically are a “hot investment tip” for a fictitious friend, all in an effort to fraudulently “pump” an investment in a questionable company.
5. **Variable Annuity /Indexed Annuities Sales Practices:** As sales of variable and indexed annuities have risen, so have complaints from investors. In particular, investors complain of misrepresentations and/or omissions of disclosure of costly surrender charges and steep sales commissions. These surrender charges and high fees combine with other factors to make variable and indexed annuities inappropriate for many investors, particularly for purchases in retirement accounts or by senior citizens.
6. **Senior Investment Fraud:** Because they have built a lifetime of savings and equity in their homes, seniors are particularly targeted by con artists peddling so called “risk free” investments that offer attractive returns. Even seemingly legitimate investments are often unsuitable for the senior’s particular financial needs.
7. **Internet Fraud-Stock Touting Spam:** Stock promoters are using online “boiler rooms”, instant messaging, and fake websites to lure investors into “pump-and-dump” stock schemes. Often times the online messages contain fraudulent and misleading information about the next “high flying” stock. Idahoans are also

## INVESTOR ALERT

April 22, 2005

Page 3 of 3

receiving Spam emails touting low-priced securities, and in some cases are receiving “mis-addressed” emails, supposedly intended for someone else, touting a questionable stock.

8. **Charity Scams:** Con artists often try to make money out of a tragedy. The recent tsunami tragedy is a good example. There are con artists stealing money under the guise of helping tsunami victims or financing the reconstruction of the affected area. Donors should check out the charity carefully, and beware of high pressure tactics. Solicitations for help are quite often appearing in email inboxes around the state and country. Those who unwittingly open these emails and click on links in the documents are then taken advantage of by the scammer who attempts to steal financial and other information.
9. **Bait and Switch Schemes:** Investors should be wary of advertisements touting investments yielding spectacular profits, or returns that are higher than would be expected. Once an investor calls or visits the office in response to these misleading advertisements, the salesperson attempts to discourage the investor from purchasing the advertised investment. The unscrupulous salesperson then tries to sell them another investment that is often high risk.
10. **Post War-Time Rebuilding:** Often referred to as “repatriation schemes”, con artists attract investors with a seemingly credible story of access to a secret market, contractor, or government contact that will guarantee or ensure a high return with little or no risk. Idahoans have previously been solicited to invest in defunct antique railroad bonds, international bank debenture programs, Gulf War investment schemes, and frauds associated with the Marshall Plan from World War II rebuilding efforts. The Department anticipates that similar pitches will be seen concerning the Iraq war and rebuilding efforts in that area.



*The Idaho Department of Finance is devoted to the regulation of Idaho's financial markets and to the financial education of all Idaho citizens. For further information, please visit our website at [www.finance.idaho.gov](http://www.finance.idaho.gov) or call Idaho toll free at (888) 346-3378.*