

Investor tips

- Never send cash through the mail or give it to a messenger sent by the salesperson, and never give a credit card number over the phone.
- Keep all correspondence and take notes of all conversations regarding an investment.
- Do not be pressured into buying by "tomorrow will be too late" tactics. No legitimate broker will rush you into an investment. High pressure is a good indicator of fraudulent operations.
- Beware of testimonials. Fraudulent companies sometimes hire people to claim that the firm's investments brought them wealth. Other con artists exploit the trust that members of churches and fraternal organizations have for one another: When one member of a group invests, the promoter uses that person as an unwitting accomplice by citing his/her investment to convince other group members to invest.
- If in doubt, do not invest. It is better to be safe than sorry. If you become suspicious, get out of the investment. Stop payment on your check or demand your money back.
- If, after careful consideration, you decide to invest, keep your initial investment small. Pressure to put all your savings into a single investment is a sign of a scam. Most reputable stockbrokers believe that diversification is a wise safeguard. Also, **never invest more than you can afford to lose.**

For more information:

Secretary of State Securities Department

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Telemarketing Fraud

JESSE WHITE
Secretary of State

Illinois Securities
Department



The Illinois Securities Department, under the direction of the Office of the Secretary of State, regulates the securities industry and helps protect the investing public by enforcing compliance with securities laws.

Telefraud threatens people of all ages, incomes and walks of life. Anyone with a telephone can become a victim of fraudulent schemes. This brochure provides information that can help you protect yourself against fraud.

The Securities Department takes an aggressive stance in enforcing the state's securities laws. My office will vigorously pursue and help prosecute those accused of securities fraud. But I firmly believe that the best protection against fraud is an informed investing public.

If you have any questions or concerns, please contact the Illinois Securities Department at 1-800-628-7937.

Jesse White

JESSE WHITE
Secretary of State

Protect Yourself From Telefraud

What is telemarketing?

The heart of a telefraud operation is an office filled with desks, telephones and salespeople who spend their days calling hundreds of people all over the country.

You may be contacted by a telemarketer if you respond to a newspaper ad or fill out a card asking for more information about an investment. Or, you might be called "cold," your name taken from the phone book or a list of credit card holders.

Telemarketers often spend years going from fraud to fraud. Their years of experience and natural selling ability make them very good at what they do. They use persuasive sales pitches that weave together facts and half-truths for added credibility. For example, they may offer a "hot deal" regarding products that have recently been in the news.

To close a deal, a seller might also offer you phony statistics, certificates of authenticity or money-back guarantees. The basic sales pitch, however, almost always contains three elements: a promise of **large and rapid profits**, at virtually **no risk**, *if you invest today*.

Ask questions

When you receive a telephone call about investments, ask the caller these questions:

1. **"How did you get my name?"**
If they say you were recommended, ask by whom. If they say they got your name from a list, ask which list.
2. **"What, exactly, is involved in this investment?"**
Investment schemes usually involve exotic investments that few people are familiar with. Whenever you invest, stick to businesses you understand and feel comfortable with.
3. **"How much risk is involved?"**
All investments involve some degree of risk; usually, the higher the return, the greater the risk.
4. **"Are you, your firm and the security you are offering all registered with the Illinois Securities Department?"**
If the answer is "yes," call us to verify the registration before investing. If the answer is "no," DO NOT INVEST — and then call the Securities Department.
5. **"What happens if I decide I want to sell later?"**
Make sure you can get your money back and that you understand the terms. If you cannot get a straight answer, be suspicious.
6. **"Can you send me a written explanation of your proposal? Can we meet to discuss this further? Would you explain this investment to my lawyer or accountant?"**
A legitimate salesperson will be happy to do any or all of these things for you. A swindler will not. If you do not receive satisfactory answers to any questions you ask, DO NOT INVEST.

