



ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

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NEWS RELEASE

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KENTUCKY OFFICE OF FINANCIAL INSTITUTIONS RELEASES 2006 LIST OF INVESTOR TRAPS

Agency cautions investors about potential investment scams

FRANKFORT, Ky. (Feb. 16, 2006) – The Kentucky Office of Financial Institutions (OFI) today outlined 13 common scams it considers likely to be used against investors in 2006.

“Investment scams can be devastating for the investor who falls victim, both financially and emotionally,” said Cordell Lawrence, executive director of OFI.

“Scams come in many disguises, but they all share a common goal of separating victims from their money. As regulators, we are especially concerned that as the first of the Baby Boomers turn 60 this year they not become trapped in bad investments as their retirement nears,” Lawrence said.

OFI urges investors to ask the following questions before making any investment: Are the seller and investment licensed and registered in your state? Has the seller given you written information that fully explains the investment? Are claims made for the investment realistic? Does the investment meet your personal investment goals?

Lawrence urged investors to contact OFI with questions about an investment product, broker or adviser, before making an investment. “One phone call can save a lot of money and misery,” he said.

The investment traps are listed below. For more information, contact OFI at 1-800-223-2579 or visit the OFI Web site at www.kfi.ky.gov and click on publications.

- Affinity fraud
- Churning
- Equity indexed certificates of deposit
- Oil and gas investment fraud

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- Personal information scams
- Prime bank schemes
- Pump and dump schemes
- Recovery rooms
- Registered high-interest promissory notes publicly advertised
- Sale and leaseback contracts
- Self-directed pension plans
- Unsuitable recommendations
- Variable annuities

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