



New Mexico Regulation and Licensing Department

OFFICE OF THE SUPERINTENDENT

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Securities Regulators Warn Against Con Artists Exploiting Economic Uncertainty, Turmoil in Energy and Real Estate Markets

Santa Fe, June 17, 2008 – Soaring energy costs, falling real estate prices and a turbulent stock market add up to opportunity for crooks peddling fraudulent investments, according to Bruce R. Kohl, director of the New Mexico Regulation and Licensing Department Securities Division.

Kohl today joined with other securities watchdogs nationwide in warning investors to beware of scams disguised as oil and gas partnerships, alternative energy projects and real estate participations.

“Criminals often follow the headlines in an effort to lend their schemes a cloak of legitimacy,” Kohl said. “Rapidly rising prices at the gas pump foster the perception there is big money to be made investing either in traditional oil and gas projects, or in such alternative energy projects as wind farms, ethanol plants and solar power producers.”

At the same time, weakness in stocks, bonds and real estate has led some investors to look for better opportunities elsewhere, Kohl added. He cautioned investors to beware of hot energy-related tips, speculative real estate promotions, unsolicited invitations from new online “friends,” and complex, opaque investment products that fail to offer clear disclosures of their risks and costs.

With the turmoil in the home mortgage market, schemes promising large returns from various types of real estate-related investments also are increasing nationwide, Kohl said.

“Some of these offers are actually worthless real estate investments that promoters are trying to dump off on unsuspecting retail investors,” Kohl said.

Whatever the investment vehicle, investors should be suspicious of any hard-sell sales pitch that promotes complex investment products accompanied by deficient disclosures

“The key to avoid getting burned by any investment is to make sure you understand the product being offered and check out both the salesperson and the offering,” Kohl said. “Any salesperson offering an investment in New Mexico must be licensed by the Securities Division, and any securities offering must be registered either with the state or the federal Securities and Exchange Commission.”

Investors can call the N.M. Securities Division toll-free at 800-704-5533.

Alcohol and Gaming Division
(505) 476-4875

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The Regulation and Licensing Department Securities Division protects New Mexicans from fraud and financial abuse by licensing investment professionals, registering securities offerings made in the state, and investigating financial fraud and other violations of the state securities law.

The Securities Division is a member of the North America Securities Administrators Association, the oldest international organization devoted to investor protection. NASAA's membership consists of the securities administrators in the 50 states, the District of Columbia, Puerto Rico, the US Virgin Islands, the provinces and territories of Canada, and Mexico.

To learn more about investor traps, please visit the NASAA Fraud Center on the NASAA website at www.nasaa.org. NASAA is the oldest international organization devoted to investor protection. NASAA's membership consists of the securities administrators in the 50 states, the District of Columbia, the U.S. Virgin Islands, Canada, Mexico and Puerto Rico.

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