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Staying Cool When the Market's Blowing Hot and Cold

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The Securities Division of the New Mexico Regulation and Licensing Department is cautioning investors to avoid making impulsive and uninformed decisions about their long-term financial holdings in response to the unprecedented volatility on Wall Street.

“Investors should resist the temptation to make hasty decisions about their investments or finances,” division director Bruce Kohl said. “And now is the time to be especially wary of unsolicited financial advice offering new investment opportunities. We know from past experience that con artists follow the headlines to exploit the worries of everyday investors. In times of confusion and uncertainty, there are always those who will try to prey on the investing public.”

Turmoil in the home-mortgage market creates opportunities for crooks to peddle phony real-estate investments that promise enormous returns, Kohl said, and soaring energy costs have inspired scams disguised as oil and gas partnerships and alternative-energy projects. The Internet has given a global grasp to con artists who disguise themselves as online “friends” eager for your partnership in money-making ventures.

Whatever the offer, Kohl said, investors should be suspicious of any sales pitch for complex investment products that fails to offer clear disclosures of associated risks and costs. They should always seek the advice of a trusted investment adviser or financial planner before investing.

But when even the nation's top economists can offer little reassurance about today's financial markets, it's natural for some people to panic and make reactive, emotional decisions rather than anticipatory, rational ones. Here are some ways the Securities Division can help you keep your wits about you:

Before giving your money to a salesperson or company with which you've never done business, contact the New Mexico Securities Division at 800-704-5533 to verify that the investment firm or salesperson is licensed in the state of New Mexico and that the investment product being offered is registered with the state. The Securities Division also keeps a record of companies and salespeople fined or disciplined for violating security regulations or targeted by consumer complaints.

Request written information, such as a prospectus or offering circular, that fully explains the

investment being offered. The documentation should contain enough clear and accurate information to allow you or your financial adviser to evaluate and verify investment details.

Get a professional, trusted third-party opinion when presented with investment opportunities that seem to offer unusually high returns in comparison to other investment options.

If you participate in an employer-sponsored retirement plan, such as a 401(k), get unbiased advice and guidance before making any significant changes to your long-term savings and investment strategy.

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 laws. Its Savvy Investor program offers free seminars on how to avoid investment scams and identity theft and how to make the most of investment dollars.

To report suspected fraud or financial abuse, or for more information about keeping your money secure in insecure times, contact the Securities Division at 505-984-0617 (toll-free 800-704-5533) or www.securities.state.nm.us.

Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC), New Mexico Small Business Development Center (NMSBDC), Empowering Business Spirit (EBS), the New Mexico Venture Capital Association (NMVCA) and other partners to assist individuals and businesses in obtaining skills and funding resources for their business or idea. To learn more about resources available to New Mexicans, go to www.FinanceNewMexico.org.

