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War, Terror Fears Target of Con Artists

LINCOLN – [Con artists could capitalize on fears surrounding the U.S. war with Iraq and heightened warnings of terrorism, warned state securities regulators Friday.

Investors are encouraged to proceed with caution and not make financial decisions in a panic.

“Our economy is the world’s largest and most productive, our markets the most open, transparent and best regulated,” said Samuel P. Baird, Director of the Nebraska Department of Banking and Finance. “Beware of high-pressure pitches for non-traditional investments such as oil and gas ventures, strategic metals, foreign currency, or supposedly new products or technology to combat chemical or biological terrorism. Investment frauds tend to highlight whatever topic is currently in the headlines.”

Baird urged investors to:

- Hang up on aggressive cold callers promoting “safe” investments such as precious metals and oil and gas ventures.
- Ignore tips and sales pitches about tiny companies with new anti-terrorist technologies or products.
- Contact the Department to check that both the seller and the investment are licensed and registered. If they aren’t, don’t invest.
- Request written information about any investment; carefully review it or ask your financial adviser to evaluate it.
- Use common sense. Promises of high return with little or no risk are usually signs of investment fraud.

The Department of Banking and Finance also issued similar warnings in the wake of the September 11 attacks and during heightened instances of concern regarding Y2K. In the wake of the September 11, state and federal securities regulators warned about and took action against promoters of companies touting anthrax detectors and "revolutionary" security-enhancing technologies. In the run-up to Y2K, state regulators said investment frauds tried to exploit fears to sell investments in precious metals, emergency preparedness scams and phony technology companies.

Investors with questions should contact the Department at 402-471-2171 or toll-free at 877-471-3445.

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