

ALABAMA SECURITIES COMMISSION

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FOR IMMEDIATE RELEASE

The Alabama Securities Commissions Warns Investors to Beware of Phony Regulators *Foreign investors getting a bad deal, in any language*

(Montgomery, Alabama) July 28, 2005 – Want to check out a hot stock tip before you invest? Make sure you aren't getting bad advice from con artists posing as regulators, warns Joseph Borg, Director of the Alabama Securities Commission.

Borg warned that several fake "regulators" have been brought to the attention of the Alabama Securities Commission. These "regulators" claim to be based in the United States and often target overseas investors.

"Our securities markets are known around the world for being among the safest and most fair, due in no small part to the rigorous and efficient regulatory systems in place here. Con artists are trying to cash in on our good name abroad to lure unsuspecting investors into risky penny stocks and advance fee schemes," Borg said.

Borg identified a number of imitation "regulators," including: the Regulatory Compliance Commission, the International Regulatory Commission, the International Compliance Commission, the International Shareholder Protection Division and the International Exchange Regulatory Commission. Each of these entities had websites and listed addresses and telephone numbers in the United States and none have any relation to real regulatory agencies or organizations.

"Some of these websites may look very legitimate but all successful scams do, at first. These websites offer nothing more than fancy window-dressing to lure investors into buying worthless securities from unlicensed stockbrokers," Borg said, adding that these brokers and their offers are often "verified" by the phony regulators.

Borg said, "Recently we partnered with state securities regulators from Louisiana and Mississippi to issue a Tri-State investor alert to watch out for offers from Liberty Assets, Inc. (LAI) and Foreign Shareholder Protection Department (FSPD). This alert was issued because of numerous complaints from people in the United Kingdom, Singapore, Australia and New Zealand, who had been solicited by agents of LAI. The complainants stated that LAI offered to purchase shares of old stock and shares issued by defunct companies on behalf of groups of investors for as much as four times the market price of the securities. However, prior to purchasing the securities LAI requires its participants to deposit what LAI calls a "penalty restriction bond" for 10% of the total purchase price with one of its affiliated companies. **This is just one example of where companies used a legitimate and professional looking website to reach people all over the world.** Neither LAI nor FSPD are registered to sell securities in Alabama. When you see an investment offer on a website, or any type of offer that asks you to

pay money to recoup a loss on investments, call on the Alabama Securities Commission to check out the company **before you conduct business with them.**”

Borg said investors lose billions of dollars a year to securities fraud and warned, “There are probably many more fake regulators with websites and shell offices like these. The Internet is a big place, making it difficult to police, and sometimes dangerous for investors.” To help investors determine if they are dealing with a bogus regulator, the Alabama Securities Commission has issued the following warning signs:

Top 5 Signs That You Are Dealing with A Fake Regulator:

1. You cannot find references to them on any other regulatory websites. If you can’t find information about the “regulator” on the site of the International Organization of Securities Commissions, www.iosco.org, they probably are not a legitimate regulator.
2. They endorse or approve any investment opportunity, stock, or company. Legitimate regulators are not in the business of promoting any deal, only enforcing securities laws and ensuring fair dealing.
3. They say that paying a fee to “release restricted shares” is anything other than an attempt to steal your savings. This is a common ploy, and a recent twist on age-old advance fee schemes.
4. Little or no information about the “regulator” appears in Internet search engines. Any legitimate regulator should generate hundreds of entries in any Internet search engine.
5. If you talk to other regulators, and they say they have “never heard of them,” you are most likely dealing with a fake regulator.

The Director of the Alabama Securities Commission (ASC) cautions potential investors to thoroughly check out any investment opportunity. Contact ASC for inquiries regarding securities broker-dealers, agents, investment advisors, investment advisor representatives, financial planners, the registration status of securities, to report suspected fraud, or obtain consumer information:

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This release was a joint effort between ASC and NASAA (ASC is a member of NASAA). The North American Securities Administrators Association (NASAA) was organized in 1919 and is the oldest international organization devoted to investor protection. NASAA is a voluntary association whose membership consists of 67 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico.

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