

THE ASC MISSION  
IS TO PROTECT  
INVESTORS FROM  
SECURITIES FRAUD  
AND PRESERVE  
LEGITIMATE CAPITAL  
MARKETS  
IN ALABAMA



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## Facts on Saving and Investing Campaign



Joseph P. Borg the Director of the Alabama Securities Commission and the President of NASAA<sup>1</sup> announced that Alabama is joining state securities regulators from Alaska to Florida to kick off an investor education campaign in the month of April aimed at raising financial IQs and helping residents recognize and avoid securities fraud. As part of the fifth annual Facts on Saving and Investing Campaign ASC will be promoting awareness through all types of media to include newspaper columns and radio. Also, ASC staff will visit high schools, when invited, and give free educational presentations about saving and investing wisely or fraud prevention to students or groups of teachers.

"The goal of this campaign is to help investors improve their financial literacy," said Borg. "One of our key messages is this: risk and reward always go hand in hand. We're in a time of economic uncertainty and volatility, and con artists try to capitalize on that by telling people they can get high returns without taking big risks. Don't buy it! Investors, all too often, let a desire for above market returns cloud their judgment."

While volumes of investment expertise are now available at the click of a mouse, state securities regulators remain investors' first line of defense against fraud. They investigate complaints, bring enforcement actions, register brokers and educate investors at the grass-roots level.

**IT'S THE LAW!** Ed Reed, Registration Manager for the Commission wants everyone to know that to sell securities in the state of Alabama everyone must be registered (licensed). Ed said, "Over 112,000 registrations and exemptions were issued last year." Also, citizens need to know all products classified as securities must be registered with the Commission before sold in Alabama, unless exempt. One of the greatest free services offered by the Alabama Securities Commission is for citizens to check out the background of anyone selling securities and if the security being sold is registered.

## ASC LAUNCHES NEW WEBSITE: [www.asc.state.al.us](http://www.asc.state.al.us)

David Gilmore, the Commission's Data Systems Manager, invites everyone to visit the new ASC website. Dave said, "We are proud to have this up and running because it is such a great avenue for citizens of Alabama to read about the legal statutes that govern the securities industry in Alabama. Also, people can read current news releases and track enforcement actions. One of the greatest assets of this website is that it provides links to an unbelievable amount of saving and investing information. This is just the beginning and we plan to add many more features to this site in the future."

<sup>1</sup> The Alabama Securities Commission is a member of the North American Securities Administrator Association (NASAA), an organization of the 56 state, provincial and territorial securities administrators in the U.S., Canada, Mexico and Puerto Rico.



## TOP STORIES *(Courtesy of ASC & NASAA)*

### States move to register investment adviser representatives online starting March 18

WASHINGTON (March 11, 2002) – Beginning March 18, investment adviser representatives will be able to register with regulators online, saving both time and money by eliminating paper filings.

Online filings will become part of the Investment Adviser Registration Depository (IARD) program, developed jointly by the North American Securities Administrators Association (NASAA)<sup>1</sup> and the Securities and Exchange Commission. The IARD system is operated and maintained by the National Association of Securities Dealers, Inc. under contract with NASAA and the SEC.

### NASAA President Joe Borg's Statement on SEC Funding

WASHINGTON (March 7, 2002) – “Not giving securities regulators the money they need to police our growing markets is penny-wise and pound-foolish, and a bad investment,” said Joseph Borg, president of the North American Securities Administrators Association and director of the Alabama Securities Commission. “As the attention surrounding Enron’s collapse has shown, we’re a nation of investors. In order to protect those investors, the Securities and Exchange Commission must recruit and retain highly skilled staff. Pay parity and a budget that mirrors the growth in our securities markets are absolutely essential.”

### Risky ‘death futures’ draw warning from state securities regulators

MONTGOMERY ALABAMA (February 26, 2002) – Citing deceptive marketing practices and numerous instances of fraud, Joseph P. Borg, President of the North American Securities Administrators Association (NASAA) and Director of the Alabama Securities Commission, warned Tuesday that investors should not be misled by claims that viatical settlements – interests in the death benefits of terminally ill or older Americans – offer safe, guaranteed returns like certificates of deposit.

“Viatical contracts are legitimate products in most cases, but state securities regulators have two concerns,” says Borg. “First, we’re concerned that the inherent risk of viatical investments – gambling on when someone will die – aren’t being adequately disclosed, and second, many investors have been outright defrauded by some viatical companies or their sales agents.”

In Alabama, William Bryan Kash a former stock broker from Pell City collected money from investors seeking profit in the investment of viaticals. He was indicted by a St. Clair County, Alabama, Grand Jury for misrepresentation, failure to register to sell securities and for selling unregistered securities in Alabama. Kash pled guilty to the offense of selling unregistered securities in violation of *Ala. Code* §8-6-4 (1975), September 26, 2001. At a restitution hearing Kash was ordered to pay \$1,375,433.24 to victims.

INVESTOR ADVICE, by Joseph Borg: “Make Money the Old Fashioned Way.” use a tried and true formula to find your way to investment success. The formula is R+P=SI or Research plus Patience equals Investment Success! With the recent demise of high-flying .com stocks, the era of ... “any tech stock will do” short-term trading (not investing) is over – now let’s get back to tried and true basics. R+P = SI is a simple formula [R]esearch + [P]atience = [S]uccessful [I]nvesting. Careful evaluation of companies, a diversified portfolio, plus time has historically yielded investors the best returns. And what better time than now to review and clean out the old and look forward to the new.

Many people use a very simple approach – sell the losers and keep the winners. Maybe what’s best for your wealth isn’t quite that easy. But first, how did you get here? Why did you buy that loser in the first place? What industries do you have in your portfolio? Too much tech or dot.com in 2001? Then it’s time to rebalance smartly. And that takes research—an excellent starting point is at the ASC website: [www.asc.state.al.us](http://www.asc.state.al.us).

For newbies to the investment universe, start with basic information. Consider some new publications by the Securities Industry Association (SIA), at [www.sia.com](http://www.sia.com). For some intermediate level information, try [www.thomsoninvest.net](http://www.thomsoninvest.net) with articles on portfolio evaluation, time/value calculators, divestitures and spin-offs. For those interested in starting or joining an investment club, check out the National Association of Investors at [www.better-investing.org](http://www.better-investing.org). NAIC has many unique products, services and professional support with 540,000 investor members, including 35,800 investment clubs, and 116 regional chapters.

With so many Internet sites for investor information, finding your favorites will take a little time – but it’s your money. A little research time – and patience – could pay off in big dividends.

Contact ASC for inquiries regarding securities broker-dealers, agents, investment advisors, and investment advisor representatives, the registration status of securities, to report suspected fraud, or obtain consumer information:

Call: 1-800-222-1253; Fax: 1-334-242-0240; Email: [asc@asc.state.al.us](mailto:asc@asc.state.al.us).

Write: Alabama Securities Commission, 770 Washington Ave., Suite 570, Montgomery, Alabama 36130-4700.