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ARKANSAS SECURITIES DEPARTMENT

ARKANSAS SECURITIES DEPARTMENT CAUTIONS INVESTORS NOT TO STUMBLE WHEN INTEREST RATES FALL FLAT

Little Rock –Following the Federal Reserve’s announcement that interest rates are expected to remain low until at least late 2014, the Arkansas Securities Department today cautioned investors to beware of risky or outright fraudulent investments promising higher yield or returns.

“Investors running away from low yields on fixed investment products risk stumbling into the arms of unscrupulous salespeople promising low risk and high returns,” said Arkansas Securities Commissioner, A. Heath Abshure. “Don’t chase the offer of high yield or returns into a dead-end investment.”

Commissioner Abshure said the Securities Department is concerned that individuals who depend on fixed income investments, particularly seniors, may be tempted to turn away from their slower growing but safe investments to alternative investments without understanding the risks and terms.

All investments carry a degree of risk. The level of risk usually is related to the return that investors can expect to receive. Investments with higher yields or returns carry a higher risk to investors; the lower the risk, the lower the yield or return.

“When evaluating any investment, it pays to remember that risk and reward go together,” Abshure said. “Anyone promising high yield or high returns with little or no risk should be approached with a high degree of skepticism.”

The Commissioner noted that yield-starved investors may be more easily enticed into fraudulent schemes that can be cloaked as private placement offerings, promissory notes, securitized life settlement contracts and investments in energy, precious metals and distressed real estate, all of which are contained in the Arkansas Securities Department’s current list of Top Investor Traps.

Before purchasing any investment, the Securities Department reminds investors to ask the following questions:

- Are claims made for the investment realistic? Use common sense and get a professional, third-party opinion when presented with investment opportunities that seem to offer unusually high returns in comparison to other investment options.

- Has the seller given you written information that fully explains the investment? Request written information that fully explains the investment, such as a prospectus or offering circular. The documentation should contain enough clear and accurate information to allow you or your investment adviser to evaluate and verify the particulars of the investment.
- Are the seller and investment licensed and registered in Arkansas? The Securities Department can tell you if they are. If they are not, they may be operating illegally.

For more information, contact the Arkansas Securities Department at 501-324-9260 or, 800-981-4429.

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