

➔ WHILE TALKING TO MY BROKER:

Date: _____ Time: _____ Call made Call received Meeting

Broker's Name: _____ Telephone number: _____

Broker's Firm: _____

Investment Recommendation: _____

Buy: Sell: Name of security: _____

REASON FOR BROKER'S RECOMMENDATION:

➔ How does this investment meet my financial goals?

➔ What are the risks associated with this investment?

PROPOSED TRADE:

Number of shares/units: _____ Price per share: \$ _____ Total cost: \$ _____

Agent's Commission: _____

MY INSTRUCTIONS:

Do nothing: Buy: Sell: Number of shares/units: _____ Price per share: \$ _____

I ASKED FOR WRITTEN INFORMATION ABOUT THE INVESTMENT BEFORE I MADE A DECISION. Yes: No:

BEFORE INVESTING, I WILL RECEIVE A:

Prospectus: Offering Memorandum: Most recent annual report:
Most recent quarterly report: Research report: Other info:

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Economic Affairs Committee Meeting
February 10, 2006

Exhibit #28



QUESTIONS WORKSHEET

FOR UNSOLICITED PHONE CALLS ABOUT INVESTMENTS

Knowledge is power. The following checklist is designed as a quick reference to help investors ask the right questions before making an investment. Once your questions have been answered, contact your state securities regulator, or other appropriate state agency, to verify the information.

REMEMBER: The time to ask questions is **before you invest** your hard-earned money.

SELLER/AGENT INFORMATION

- ➔ Today's Date: _____
- ➔ Seller/Agent Name: _____
- ➔ Company/Business Name: _____
- ➔ Company/Business Address: _____
- ➔ What are you offering?: _____

1. How did you get my name? _____
2. Is this investment guaranteed? yes no
3. What license(s) do you hold that authorizes you to sell this product or service?

LICENSE TYPE

LICENSE INFORMATION

- Insurance License License No: _____
- Securities License CRD No: _____
- Accountant License CPA No: _____
- Real Estate License DRE License No: _____
- Other: Explain _____

4. Is this investment registered? Montana State Auditor's Office
 Securities & Exchange Commission Other _____
5. Please send me copies of the company's financial statements. yes no
and a list of customers I can call. _____
6. What are the commissions and fees?
commissions _____
fees _____
7. Send me a prospectus or offering material. yes no
8. Your telephone number so I can call you. _____
9. Will you call my stockbroker/lawyer/banker with the same offer so I can ask
for a second opinion? yes no
10. How is my principal being used and will I have access to it?

access yes no





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QUESTIONS TO ASK...

"Don't think that just because you don't know all the ins and outs of Wall Street that you are wrong to ask questions about your investments. It's smart to check up on what is happening with your money."

State Auditor, John Morrison

- ① How did you get my name?
- ② Is this investment guaranteed? (most will not be)
- ③ Are you a licensed financial professional with the State Auditor's Office?
- ④ Is this investment registered with the Montana State Auditor's Office or SEC?
- ⑤ Would you please send me copies of the company's financial statements and a list of customers I can call?
- ⑥ What are the commissions and fees that you and your company will make during the entire time of my investment?
- ⑦ Will you send me a prospectus or offering material in the mail?
- ⑧ What is your telephone number so I can call you later?
- ⑨ Will you call my stockbroker/lawyer/banker/etc. with the same deal so I can ask them for another opinion?
- ⑩ How is my principal being used and will I have access to it?



Need answers?



1-800-603-6035

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MONTANA

Investigate before you invest

➤ INVESTIGATE BEFORE YOU INVEST

"I've worked with great financial professionals across Montana. On the whole, licensed brokers and investment advisors are honest, hard working, and knowledgeable. But there are some bad apples out there. If you plan to entrust your money to an individual or securities firm, check them out. It may save your money and your future livelihood."

State Auditor, John Morrison

Research a stockbroker:

The Central Registration Depository system (CRD) contains information regarding your stockbroker's past, including:

- Employment history for the past 10 years
- Securities examination scores
- Licensing or registration status
- Disciplinary history
- Bankruptcy history
- Criminal disclosures

Call the State Auditor's Office at 1-800-332-6148
or logon to www.ndsdr.com to obtain a CRD report.



Contact:

- Montana State Auditor's Office, Securities Department:
www.sao.mt.gov, 1-800-322-6148
- U.S. Securities and Exchange Commission: www.sec.gov
- North American Securities Administration Association: www.nasaa.org
- National Association of Securities Dealers Regulation (NASDR):
1-800-289-9999, www.nasdr.com or www.nasd.com

1-800-603-6035



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➔ 7 STEPS TO INVESTING

"InvestSmart Montana is designed to help Montanans become more informed investors. All investments involve risk, but information can help avoid the unnecessary risk of fraud. It won't prevent every case of fraud, but knowledge is an investor's best defense."

—State Auditor, John Morrison

- ① Make a financial plan—what are the things you want to save for?
 - Know your current financial status—what you own vs. what you owe. You are making a net worth statement with your liabilities.
 - Keep track of your income and expenses for every month.
 - Figure how much you will need for such basic needs as shelter, food, clothing, healthcare and transportation. Don't forget to factor in optional expenses such as entertainment and vacations. Then calculate how much you can comfortably afford to save on a monthly basis for emergencies and future expenses.
- ② Based on your financial plan and positive net worth, determine the amount you can invest.
 - Do not invest money that you will need in one or two years unless the investment matures in one or two years.
- ③ Determine what your investment objectives are: income, growth or a mix.
- ④ Find a broker that fits your needs and comfort level. You can check out your broker by calling the State Auditor's Office or at nasdr.com.
 - A discount brokerage charges lower fees and commissions for its services than what you'd pay at a full-service brokerage. But generally you have to research and choose investments by yourself.
 - A full-service brokerage generally costs more, but the higher fees and commissions pay for a broker's investment advice based on the firm's research.
 - An investment advisor usually charges a percentage of your portfolio to manage your entire account.
 - Get references. Ask friends, relatives, and co-workers for the names of the brokers or investment advisors who have served them well.
 - Conduct interviews with at least two brokers or investment advisors, ask for customer references and follow-up.
 - Ask about fees and commissions; fully understand these costs before opening an account.
- ⑤ Contribute regularly and increase your contributions proportionately as your income rises from pay increases and promotions. Where possible, contribute to your employer-sponsored retirement plan via payroll reduction, which not only automatically invests a pre-set amount in your account, but also helps to reduce current income taxes.
- ⑥ Stay focused on your long-term goals, even as your life changes. Don't be lured off course by changes in the financial markets or by short-term frills and extravagant purchases.
- ⑦ For more information, go to sao.mt.gov and check out the State Auditor's website.
 - Contact the the Montana Securities Department at **1-800-322-6148**, or U.S. Securities and Exchange Commission www.sec.gov, or the North American Securities Administration Association at www.nasaa.org, or the National Association of Securities Dealers Regulation (NASDR) at **1-800-289-9999**

INVESTOR BILL OF RIGHTS

➔ When you invest, you have the right to:

- ① Ask for and receive information from a firm about the work history and background of the person handling your account, as well as information about the firm.
- ② Receive complete information about the risks, obligations and costs of any investment before investing.
- ③ Receive recommendations consistent with your financial needs and investment objectives.
- ④ Receive a copy of all completed account forms and agreements.
- ⑤ Receive account statements that are accurate and understandable.
- ⑥ Understand the terms and conditions of transactions you make.
- ⑦ Access your funds in a timely manner and receive information about any restrictions or limitations on access.
- ⑧ Discuss account problems with the branch manager or a member of the firm's compliance department and receive prompt attention to and fair consideration of your concerns.
- ⑨ Receive complete information about commissions, sales charges, maintenance or service charges, transaction or redemption fees and penalties.
- ⑩ Contact the Montana Securities Department at 1-800-332-6148 to verify the employment and disciplinary history of a securities salesperson and the salesperson's firm; find out if the investment is permitted to be sold; or file a complaint.

➔ RESOURCES

Monitor your investments and ask tough questions. Insist on regular written reports and look for signs of excessive or unauthorized trading in your account.

➔ **Research a stockbroker:**

The Central Registration Depository system (CRD) contains information regarding your stockbroker's past, including:

- Employment history for the past 10 years
- Securities examination scores
- Licensing or registration status
- Disciplinary history
- Bankruptcy history
- Criminal disclosures

Check out your broker at the Central Registration Depository (CRD): at the Securities Dept. of the Montana State Auditor's office: www.sao.mt.gov, 1-800-332-6148. Or at the National Assoc. of Securities Dealers Regulation (NASDR): www.nasdr.com, 1-800-289-9999.

➔ **To report investment fraud call:**

The Montana State Auditor's office at 1-800-332-6148 or logon to sao.mt.gov.

➔ **Contact us:**

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investSmartmt.org
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1-800-603-6035



MONTANA STATE AUDITOR
JOHN MORRISON
COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

Protecting Montana's Consumers
400 Helena Ave. • Helena, MT 59601 • 406-442-2240 • 800-332-6148 • www.sao.mt.gov

➔ **AVOIDING FRAUD**

➔ AVOIDING FRAUD

Investigate before you invest

"The best way to stop fraud is to prevent it. We work hard every day to catch and punish white-collar criminals and to get restitution for their victims. But we can't solve every crime. Protect yourself by stopping the scam before the swindler has your money."

—State Auditor, John Morrison

- ➔ Remember, if it sounds too good to be true, it probably is.
- ➔ A high return almost always means high risk.
- ➔ Never send money to purchase an investment based solely on a telephone sales pitch.
- ➔ Do not give out personal information over the phone (social security number, bank references, financial condition, credit card numbers, etc.).
- ➔ Never make a check payable to an investment representative.
- ➔ Never send a check to an address different from that of the brokerage firm or designated address.
- ➔ Do not accept computer or clerical errors: verify correction of problems on the next statement.
- ➔ Never allow your transaction confirmations to be delivered or mailed to your investment representative.
- ➔ Talk with your attorney or family before investing.

Beware of:

- High pressure sales tactics.
- Offers good for today only.
- Very high profits with little or no risk.
- Inside or secret information.
- Unusual arrangements for collecting funds from investors.
- Delayed delivery of products.
- Preying on your fears.

➔ PROTECTING OTHERS

"Investment fraud happens every day, to anyone. It happens to the rich and to the struggling. To the bachelor and the widow. The newlywed and the retiree, the family of five and the single mom. It happens in communities across Montana. We're here to help."

—State Auditor, John Morrison

➔ **Signs of exploitation:**

- ➔ Person never has any spending money and appears to be living well below their means.
- ➔ Person seems depressed, withdrawn, or isolated.
- ➔ Person seems to have too many household accidents.
- ➔ Unusual activity in bank and credit card accounts.
- ➔ Unpaid and overdue bills that a caregiver or advisor should be paying.
- ➔ Recent changes to the title of a house, vehicle, or bank accounts—in favor of caregiver.
- ➔ Power of Attorney is given when the person is incompetent or in distress.
- ➔ Victim reports signing "legal" papers, but does not remember or comprehend their contents.
- ➔ Procrastinates going to the doctor.
- ➔ Person accompanied everywhere by new, usually younger, "friend."

