



Jesse White

SECRETARY OF STATE

NEWS

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Secretary of State Jesse White Investigates Auction Rate Securities Complaints

Secretary of State Jesse White announced that the Securities Department of his office is coordinating with other state securities regulators in an investigation of auction rate securities (ARS). White's office received complaints from investors who are unable to access the ARS funds that their brokers claimed were the equivalent of cash or money market accounts.

Secretary White echoed the statements of Karen Tyler, the president of the North American Securities Administrators Association (NASAA), in calling for a nationwide investigation of the sales practices and supervisory issues related to auction rate securities.

"Investors are entitled to the truth and if an investment product cannot be liquidated for a long, long time, investors should not be told that the product is good as cash." White said.

Some of the investors who turned to White's office were senior citizens who needed access to their monies for expenses, while others had income tax payments due. When the investors attempted to withdraw their funds, the brokers told them they were frozen and not available due to failures in the auction rate market. Many investors are now left in a bind because they relied on their brokers' assurances that the funds were liquid.

Secretary White's securities department is one of nine states that have taken the lead in a nationwide investigation of brokers who were involved in auction rate securities sales. The other states are Massachusetts, Florida, Georgia, Missouri, New Hampshire, New Jersey, Texas and Washington.

White urges investors to contact his office if they have had difficulty with their auction rate securities or are unable to access their investment funds as promised. The Securities Department may be reached at 312-793-3384. For additional information about investment fraud and the department, visit www.avoidthescam.net.

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