



ARIZONA CORPORATION COMMISSION

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INVESTOR ALERT: Commission Urges Caution for Gold Investors

PHOENIX, AZ— With gold prices reaching record highs, investors may be increasingly attracted by gold-related investments, but the Arizona Corporation Commission today reminds investors to be cautious about jumping onto the gold bandwagon.

With the multiple ways to invest in gold, including buying actual gold or making gold-related market investments in mutual funds, exchange-traded funds and futures, as well as shares of gold mining companies, the Commission recommends that investors understand the following risks:

- Gold is a commodity where prices can fluctuate dramatically, sometimes even more than the general stock market;
- Gold often moves in reverse of stocks and bonds, so when stocks are down, gold may seem like a very tempting investment;
- Gold may not provide long-term investment returns; and
- Gold is a high-risk, speculative investment.

While the soaring price of gold may have sparked a modern-day gold rush among investors eager to recover stock market losses, the Commission warns that it's still a Wild West out there with plenty of scam artists prospecting for investors. Beware of "exploration" companies. Some may offer official-looking geological surveys or financial statements, when in reality there is little or no current production.

In one typical scenario, the promoter claims to have exclusive mining rights to profitable mines, but in actuality, the company does not have any mineral rights to the land or is defunct. In many instances, the amount of ore in the soil is so miniscule that extraction is not economically feasible. In another typical scenario, the promoter, while touting a geology degree and decades of industry experience, points to a revolutionary process to extract precious metals from anything from volcanic cinders to sediment clay used to make kitty litter. Investors are encouraged to cash out of their poor-performing investments and switch to the new gold investment, which may be nothing more than "fool's gold."

Before investing in any gold-related security, the Commission urges investors to verify the registration of sellers and investment opportunities and investigate disciplinary histories by contacting the Commission's Securities Division at 602-542-4242 or toll free in Arizona, 1-866-VERIFY-9 (837-4399), or by e-mail, SecuritiesDiv@azcc.gov. Additionally, a complimentary brochure on mining investments is available at the Investor Info Center of the Division's investor education web site, www.azinvestor.gov.

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