Key Topics:

- "Phishing" scam
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- Unsolicited email
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Beware of Auction Rate Securities Settlement "Phishing" Scam

FINRA is issuing this Alert to warn the public about a recent auction rate securities (ARS) "phishing" scam that promises compensation from ARS settlements in exchange for personal information. The email looks like it originated from FINRA—although it did not. It purports to inform the recipient of regulatory actions, including fines imposed by FINRA related to ARS, and states that the recipient is due $1.5 million regardless of the amount of their ARS investment or loss. The email then "phishes" for personal information including occupation, address and phone number.

Real Life Example

Here is a version of the ARS phishing email obtained by FINRA:

Subject **Dear Investor,**
From: [redacted]
Sent: [redacted]
To: [redacted]
Reply-To: [redacted]

Dear Investor,

The Financial Industry Regulatory Authority (FINRA) has entered into final settlements with three additional firms to settle charges relating to the sale of auction rate securities (ARS) that became illiquid when auctions froze in February 2008. To date, FINRA has concluded final settlements with 12 firms, imposing a total of $3.2 million in fines and guaranteeing the return of more than $1.3 billion to investors. Investigations continue at a number of additional firms.

The settlements announced today are with [redacted]
Also customers of Failed banks,Failed or overpriced mortage contract, Employement Agencies,Brokerage Firms,HealthH insurance and other such extortions will be compensated.

Your name was on the list of one of the failed financial institutions/Mortage company and you are due for compensation. You are required to furnish us with your Full names,Old address,Present address,phone Number,Age,Occupation. Please do not delay as there are so many people to share from this settlement. We have agreed that $1.5mUSD will be used to settle each person not withstanding their investment or loss and as a result only few will benefit till we get the next money from our investigations

Regards.
Mark Henry
Financial Industry Regulatory Authority (FINRA)

Settlement Procedures Related to Auction Rate Securities

FINRA—along with the Securities and Exchange Commission and state securities regulators—recently has announced final settlements with numerous brokerage firms relating to the sale of ARS. Contrary to the "phishing" email, FINRA does not contact investors directly to advise them of the settlements or settlement procedures.

Instead, firms that enter into settlements with FINRA typically send eligible investors offers to repurchase ARS that the firm sold to them. This buyback offer generally takes the form of a physical letter, not an email.

For information related to regulatory actions and procedures for investors involved in auction rate securities regulatory settlements, see FINRA's Auction Rate Securities information. In addition, the SEC has published ARS information, including a list of toll free numbers that investors may call if they have settlement inquiries.

"Phishing"—Fraudulent Emails That Steal Your Personal Information

This "phishing" fraud is the latest in a long line of online scams that typically claim to be from a brokerage firm, bank, credit card company, government agency or other service you use or organization you trust. To appear genuine, these emails may use:

- The names of real people.
- Legitimate looking email addresses, such as "*support@[name of your financial institution].com*".
- Authentic looking logos and graphics.
- Links to pages of a bona fide Web site or information pulled directly from an organization's Web site.
- Official looking fine print and references to laws.

Most of these emails attempt to lure you into providing sensitive personal information by requesting that you provide it in a reply email or by clicking on a link to a Web site that mimics a legitimate Web site and asks you to provide the information. Various "urgent" messages are also used to coax you to provide information. In the email above, recipients were admonished: "Please do not delay as there are so many people to share from this settlement."

How to Protect Yourself

What should you do if you receive a "phishing" email? Do not respond. And do not click through to any links that might be provided in the email. If you receive a "phishing" email related to an ARS settlement, you are encouraged to notify FINRA by forwarding the email to FINRA's Office of the Whistleblower at *whistleblower@finra.org*. You may also call the Whistleblower's Office at 1-866-96-FINRA (1-866-963-4672).

For additional information about "phishing" scams, including tips to protect yourself from online identity theft, see FINRA's Investor Alert, "Phishing" and Other Online Identity Theft Scams: Don't Take the Bait.

Resources

- FINRA's Web page, Auction Rate Securities *www.finra.org/ars*
- SEC's Web page, Auction Rate Securities *www.sec.gov/investor/ars.htm*
- North American Securities Administrators Association, ARS Arbitration Information Center *www.nasaa.org/Issues___Answers/Auction_Rate_Securities/*

Investor Resources

FINRA Investor Information—Investor Alerts, tools and much more to help you invest smarter and safer.

Web site: *www.finra.org/investor*
Phone: (202) 728-6964

FINRA BrokerCheck—Check the background of a broker or brokerage firm.

Web site:
www.finra.org/brokercheck
Toll Free: (800) 289-9999

FINRA Investor Complaint Center—If you feel you've been treated unfairly.

FINRA Investor Complaint Center
9509 Key West Avenue
Rockville, MD 20850-3329

Web site: *www.finra.org/complaint*
Fax: (866) 397-3290

FINRA

FINRA, the Financial Industry Regulatory Authority, is an independent regulatory organization empowered by the federal government to ensure that America's 90 million investors are protected. Our independent regulation plays a critical role in America's financial system—at no cost to taxpayers. We register brokers and brokerage firms, write and enforce rules governing their activities, examine firms for compliance, and foster market transparency and educate investors. For more information, visit ***www.finra.org***.

1735 K Street, NW
Washington, DC 20006-1506
www.finra.org

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