

# Consumer alert regarding gold investment programs

The State Division of Banking & Securities has warned Alaskan investors to be wary of telephone solicitations offering gold investment programs.

Julius J. Brecht, division di-

rector, explained the offers involved high-pressure telephone solicitations from the "Lower 48" offering gold sales using two to six month contract or certificate programs. He stated that

these programs are structured like the commodity options programs banned earlier this year by the U.S. Commodity Futures Trading Commission because the commission determined that they were "fraught with fraud and other illegal and unsound practices and represent substantial risks to the investing public."

This consumer alert coincides with the issuance by Brecht of a Temporary Cease and Desist Order against Metals Depository Corporation of New York City. The order prohibits Metals Depository from offering its gold contract program to Alaskan investors without proper registration under the Alaska Securities Act. First National Bullion Corporation also of New York City, was the subject of a similar order in October of this year.

Mr. Brecht warned Alaskans to be cautious in responding to any telephone solicitations regarding gold investment programs. Many of the parties now selling these programs are the same people formerly engaged in the questionable commodity option "boiler room" type of operation.

Brecht explained that telephone solicitors do not point out the extraordinary high risks involved in the transactions. "They make little effort to determine the suitability of the investment in light of the prospect's economic position, but rather talk mainly of fantastic profits to be made," Brecht said.

Brecht urged Alaskans receiving such telephone offers to contact the Division of Banking and Securities in Juneau at 465-2521.