



Consumer Alert

Washington, D.C., Aug. 19, 2004

The Securities and Exchange Commission today issued an investor alert designed to warn Americans about a new scam sweeping the country—answering machine "wrong number" stock touts. Voice mail messages are appearing on home answering machines from coast to coast saying that the stock price of certain small, thinly traded companies will soon shoot up. The breezy, intimate messages sound as if a female caller mistakenly believes she has dialed a girlfriend and is confiding inside information she has learned from "that hot stock exchange guy I'm dating."

Regulators believe these voice mails are part of a "pump and dump" stock manipulation scheme, whereby the people behind the messages intend to profit by driving up the price of their targeted stocks, then selling, and leaving victims with losses. The SEC has received hundreds of complaints from investors across the country about these misdirected voice mails in recent days.

"Investors should never buy stocks on the basis of 'hot' tips from strangers," said SEC Investor Education Director Susan Wyderko. "We are concerned because the stock prices of companies mentioned in these calls have gone up, presumably as people listen to the messages and buy. But in all 'pump and dump' schemes, as soon as the promoter stops touting a stock, the price plummets and other investors lose their money."

The SEC is asking investors who receive these kinds of calls to let them know the company being touted, the exact date and time the call was received, the number called, and the number from which the call was made, if available.

E-mail the information to

Enforcement@sec.gov <<mailto:Enforcement@sec.gov>>, or call the SEC at 1-800-SEC-0330.