

## NASAA News

For Immediate Release

### **NASAA Cautions Investors Mining for Golden Opportunities**

***Massey: "It is a myth to say that gold is a safe investment."***

WASHINGTON (October 20, 2010) – With gold prices reaching record highs, investors are increasingly turning to gold-related investments. The North American Securities Administrators Association (NASAA) today reminded investors to be cautious about jumping onto the gold bandwagon.

"The soaring price of gold has sparked a modern-day gold rush among investors eager to recover stock market losses. But it's still a Wild West out there and dangers abound for prospective gold investors," said David Massey, NASAA President and North Carolina Deputy Securities Administrator.

State and provincial securities regulators have issued an alert to help investors spot the risks of gold investments.

"It is a myth to say that gold is a safe investment. An investment in gold is not foolproof," Massey said. "An investor needs to know his or her investment objectives. Gold may not provide long-term investment returns. Gold is a commodity, and, like other commodities, its price can fluctuate dramatically."

Historically speaking, the value of gold-related investments fluctuates even more than the stock market. Gold often moves in reverse of stocks and bonds, so when stocks are down, gold may seem like a very tempting investment.

There are many 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. NASAA's investor alert examines each of these options and explains what investors need to know about each before deciding to invest.

NASAA also advises investors to beware of gold investment scams. For example, in one typical scheme, a seller offers to sell actual gold bullion and then retain the investor's gold in a "secure" vault with a promise to sell the gold for the investor as it gains in value. In many instances, the gold does not exist. In another typical scenario, a company encourages investors to cash out of their poor-performing investments to purchase gold, which may be nothing more than "fool's gold."

"Remember, if you are advised to cash out investments and roll funds into a different type of investment, make sure the person advising this is licensed by your state securities regulator," Massey said.

*NASAA is the oldest international organization devoted to investor protection. Its membership consists of the securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada and Mexico.*

#### **Download: Informed Investor Alert – Gold**

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