

Paris, 4 April 2006

### **The AMF warns the public against false investment tips concerning US companies**

#### **What is the scheme?**

You receive an email in English urging you to buy shares that will supposedly increase sharply in price following the release of excellent news about the issuing company, thereby generating substantial gains.

#### **How does it work?**

In most cases, the shares are traded on an over-the-counter market in the United States, such as the OTC Bulletin Board or the Pink Sheets, which have relaxed listing rules. Furthermore, the number of shares quoted is usually small and trading volume is thin. This makes it easier to manipulate prices.

The perpetrators of the scam expect gullible investors to react to the mass emailing of investment advice by buying the shares and "pumping up" the price. Once the price has reached the desired level, the scheme's promoters sell their shares at a gain. Thereafter, with no further information available, the price drops back to its initial level and the victims of the scam find themselves holding shares on which they have made a substantial capital loss.

To set the scheme in motion, the fraudsters sometimes start out by selling the shares to each other in order to give the impression that the market is truly active.

The scam sometimes has a follow-up. Adopting a new identity, the fraudsters contact investors who acquired the shares in good faith and offer to exchange them for shares in reputable listed companies or for secured bonds. They then ask for an administrative fee to be paid upfront. Naturally, the shares are never exchanged and the upfront fee vanishes.

#### **Read this before you invest**

In general, the AMF warns French investors of the need to exercise the greatest care when confronted with financial products and services that purportedly offer high returns without risk.