

Investor Education and Assistance

Our investor education and assistance staff serves investors who complain to the SEC about investment fraud or the mishandling of their investments by securities professionals. The staff responds to a broad range of investor inquiries, produces and distributes educational materials, and organizes town meetings and seminars.

What We Did

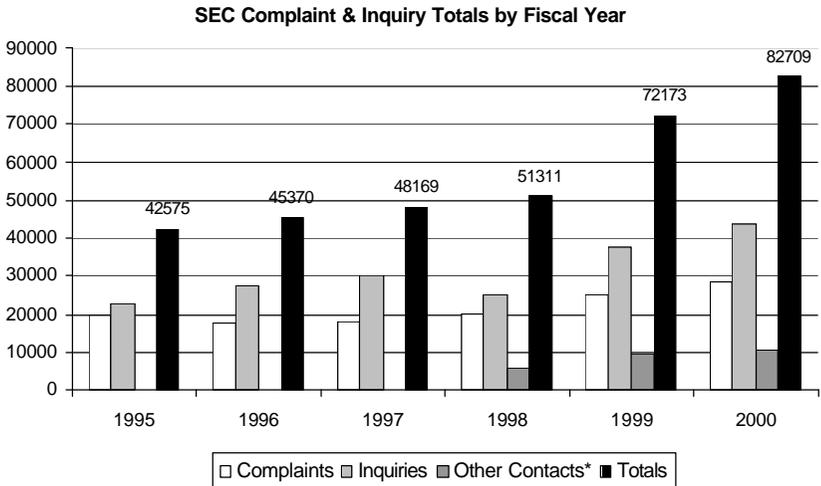
- Received 82,709 complaints and inquiries, up nearly 15 percent from last year.
 - Led in 8 investors' town meetings.
 - Organized 44 education seminars.
 - Released 10 new publications and substantially revised 2 existing brochures for investors.
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Investor Complaints and Inquiries

Continuing Increase in Investor Contacts

The SEC's investor assistance staff received a record 82,709 complaints and inquiries, up 15 percent from 1999. The volume of investor contacts agency-wide has nearly

doubled in the past five years, rising more than 94% since 1995. To better handle the increased volume of investor contacts, we launched a new online investor complaint form in December 1999. During the year, one-third of our total investor contacts came through this new tool or through e-mail. Nearly half—approximately 49%—of these contacts came in over the telephone.



* Other contacts includes repeat contacts, contacts with insufficient information to process, and contacts not within our jurisdiction.

Complaint Trends

The SEC received a total of 28,345 complaints during 2000. Of these, 14,028—nearly half of all complaints—involved broker-dealers. The ten most common complaints against broker-dealers were:

Complaint Type		Total
1	Transfer of account problems	1262
2	Failures to process/delays in executing orders	1228
3	Unauthorized transactions	894
4	Misrepresentations	707
5	Failure to follow customer's instructions	637
6	Errors in processing orders	621
7	Errors/omissions in account records	594
8	Margin position sellouts	477
9	Difficulty in contacting broker	438
10	Receipt/delivery of funds following purchase/sale	414

Approximately 15% of all complaints received during the year concerned online broker-dealers. Online broker-dealer complaints rose to 4,258, up more than 28% over the 3,313 complaints we received in fiscal 1999 and more than 282% over the 1,114 complaints we received in fiscal 1998. The top five types of online broker-dealer complaints for fiscal 2000 included:

- Failure to process/delays in executing orders (716);
- Difficulty in accessing account/contacting broker (293);
- Margin position sellouts (289);
- Errors in processing orders (265); and
- Best execution problems (254).

Educating Investors

Because a well-educated investor provides one of the most important defenses against securities fraud, we continued

our efforts to educate investors. A sampling of our significant accomplishments is as follows:

- *Investor Awareness Campaign on Brokered Certificates of Deposit.* We saw a dramatic rise in the number of complaints concerning long-term certificates of deposit sold by brokers. We discovered that increasing numbers of elderly investors have mistakenly purchased 20- and 30-year CDs from their brokers, intending only to obtain a 12-month CD. As a result, working with the banking regulators we mounted a nationwide investor education campaign, using extensive media coverage to ensure that investors are not misled.
- *Investors' Town Meetings and Seminars.* We led in investors' town meetings in the following cities:

Albuquerque, New Mexico
Boston, Massachusetts
Cleveland, Ohio
Los Angeles, California
Milwaukee, Wisconsin
New York, New York
St. Louis, Missouri
Washington, D.C.

In connection with these town meetings, we and our partners—including industry associations, consumer groups, and state and federal agencies—held 44 educational seminars for beginning and advanced investors.

- *Toll-free Information Service.* Our toll-free information service (800-SEC-0330) provides investor protection information and allows investors to order educational materials. During the year, we received approximately 63,000 calls to this service.
- *New Publications.* We released the publications on the following page for investors:

Title of Publication	What It Covers
Affinity Fraud: How To Avoid Investment Scams That Target Groups	How to spot affinity fraud and what to do if you have been lured into a scam
Broken Promises: Promissory Note Fraud	How investors-especially the elderly-can avoid promissory note scams
Certificates of Deposit: Tips for Investors	The risks of investing in brokered CDs, especially those with high-yields and long terms
Holding Your Securities: Get the Facts	The different ways securities can be held or registered and the advantages and disadvantages of each
Internet Fraud: How to Avoid Internet Investment Scams (revised)	How to spot different types of Internet fraud, what the SEC is doing to fight Internet investment scams, and how to use the Internet to invest wisely
Investment Advisers: What You Need to Know Before Choosing One	Frequently asked questions and answers investors should read before deciding on an investment adviser
Margin Trading	How margin works, the upsides and downsides of trading on margin, and the risks involved
Mini-Tender Offers: Tips for Investors (revised)	The potential risks of surrendering shares in a mini-tender offer
Risky Business: "Pre-IPO" Investing	How to avoid fraudulent and illegal "pre-IPO" scams
Rule 144: Selling Restricted and Control Securities	What investors need to know to sell their restricted or control securities and how to get a restrictive legend removed
Trade Execution: What Every Investor Should Know	The basics of where and how brokerage firms execute orders, including order routing, payment-for-order-flow, and internalization
Variable Annuities: What You Should Know	Important information to help investors better understand the benefits, risks, and costs of variable annuities