

HOW DO I "INVESTIGATE" BEFORE I INVEST?
Tennessee Securities Division - 1.800.863.9117
www.tn.gov/commerce/securities

Before giving anyone your money, always investigate *investment advisers* (sometimes called investment or financial planners), *securities salesmen* (sometimes called brokers, stockbrokers, or agents), the *firms* for which they work (dealer or brokerage firm), and the *investment* they want you to buy.

GET IT IN WRITING! Whatever an adviser or a securities salesman tells you about himself or herself, about the investment they are offering to you, or about the company or people in which you would be investing, get what you are told in writing. Anyone offering you an investment opportunity should give you an offering memorandum—a complete description of the investment and the people and risks involved with the investment. **READ THE OFFERING MEMORANDUM!** If you do not understand it, get help from an accountant, lawyer, or another independent third party who does understand how to read an offering memorandum.

ASK QUESTIONS ABOUT YOUR ADVISER OR SALESMAN. Talk to your adviser or salesman and insist that she or he answer your questions to your satisfaction. Write down the answers you are given, the name of who gives you the answers, and the date. Ask:

- Will you be receiving any benefit other than your commission or fee if I buy the investment?
- What commission or fee will you earn if I buy the investment? Who or what entity will be paying you?
- Are you related to or involved with the investment in any way other than recommending that I buy it?
- Are you registered or licensed and, if so, with whom? If you are not registered or licensed with a regulatory agency, why not?
- Have you ever been sued, disciplined, or had any complaints filed relating to your work as a salesman or adviser?

Is the investment registered with the Tennessee Securities Division? If not, why not? If the investment is exempt from registration, what is the nature of the exemption? Is a notice regarding this exempt offering on file with the SEC or the Securities Division? If not, why not?

NOTE: The fact that a particular investment is properly registered, or exempt from registration, is not a guarantee as to how that investment will perform, or that it is an appropriate investment for you. If you need assistance understanding an investment and when it is suitable to invest in that type of investment, seek assistance from an accountant, attorney, or independent adviser.

Is the investment "liquid"? Can you sell the investment if and when you want to? Is there a market—are other buyers interested in the investment? Will you be able to get your entire investment back? Do you have to hold the investment for a

specific period of time? Will you have to pay penalties if you sell the investment earlier?

What type of business are you investing in? Is it an established business with an operating history? If so, what is that history? If not, does the proposed business make sense? Is it likely to be successful?

What risks are you taking by making the investment? What factors may jeopardize the success of the business undertaking? What factors may jeopardize your ability to recover your investment and make a return on that investment?

