

# Investor Education and Assistance

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*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 contacts, produces and distributes educational materials, and organizes educational events.*

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## What We Did

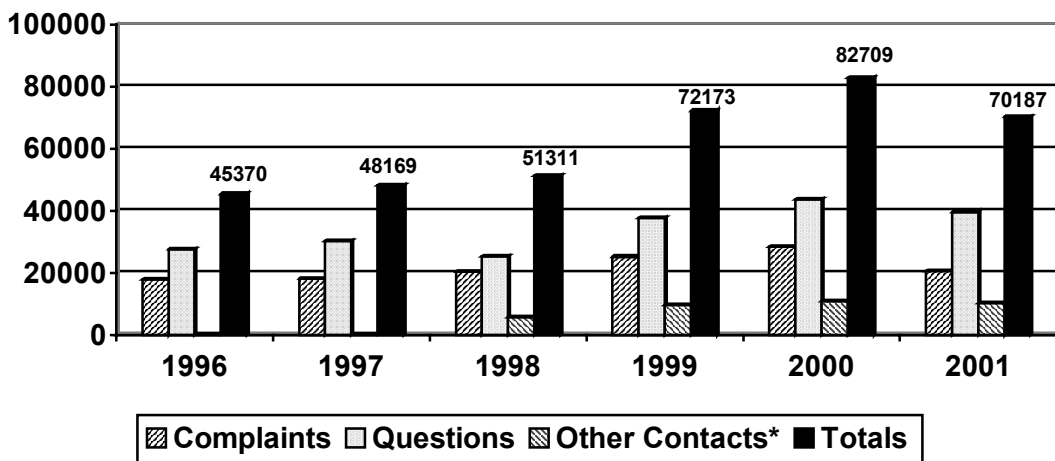
- Received 70,187 complaints and questions.
  - Launched 2 new interactive, web-based tools for investors, released 5 new publications, and substantially revised 4 existing brochures for investors.
  - Organized or participated in 73 investor education events, including seminars, town meetings, and panel discussions.
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## Investor Complaints and Questions

### Continuing Rise in Electronic Contacts

During the year, the SEC's investor assistance staff received 70,187 complaints and questions. Nearly 39% of these contacts came in electronically through our online investor complaint form or email--compared with 33% the previous year. Approximately 40% of investor complaints and questions came in over the telephone, and the remainder included letters, faxes, and personal visits.

## *SEC Total Investor Contacts by Fiscal Year*



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

Although the number of complaints and questions declined 15% from 2000 to 2001, the overall number of investor contacts has increased by almost 55% over the past 5 years.

### Complaint Trends

The SEC received 20,431 complaints during 2000. Of these, nearly half--a total of 9,735--involved broker-dealers. For the first time, complaints concerning administrative and other fees became one of the leading complaint types. While complaints in most categories generally declined, complaints concerning misrepresentations rose by 22%.

The ten most common complaints against broker-dealers included:

<b>2001 Ranking</b>	<b>Complaint Type</b>	<b>Total</b>	<b>Last Year's Ranking</b>	<b>Change</b>
1	Misrepresentations	865	4	Up 22%
2	Unauthorized transactions	718	3	Down 20%
3	Failures to process/delays in executing orders	685	2	Down 44%
4	Transfer of account problems	679	1	Down 46%
5	Fees, including commissions and administrative costs	577	N/A	N/A
6	Unsuitable recommendations	558	N/A	N/A
7	Errors/omissions in account records	368	7	Down 38%
8	Margin position sellouts	359	8	Down 25%
9	Failure to follow customer's instructions	331	5	Down 48%
10	Errors in processing orders	260	10	Down 58%

Nearly one-quarter--24%--of all broker-dealer complaints received during the year concerned online brokerage firms, compared with 15% of all broker-dealer complaints received last year. The total number of online broker-dealer complaints fell to 2,320 during 2001, down approximately 45% from the 4,258 complaints we received in 2000 and almost 30% from the 3,313 complaints we received in year 1999. The top five types of online broker-dealer complaints for 2001 included:

1. failure to process/delays in executing orders (353),
2. fees (267),
3. margin position sellouts (213),
4. errors in processing orders (129), and
5. best execution problems (120).

## **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 follows.

### Redesigned Website

In February 2001, the SEC launched a newly redesigned website, which features streamlined graphics for quicker downloads, two new search engines, and an improved layout that speeds navigation.

### New Interactive Tools

In April 2001, the SEC introduced the following tools for investors:

- *“Fast Answers” Database.* This is a pilot program using new interactive software to answer commonly asked questions through the SEC’s website. By matching incoming questions against a pre-loaded database of questions and answers, the new software allows users to receive instant answers. This new service dramatically increased the number of hits the SEC received on its “Investor Information” and “Fast Answers” web pages--from approximately 575,000 in 2000 to more than 1.4 million in 2001.

- *Margin Tutorial.* This new Internet-based tool helps individual investors estimate their likelihood--based on their actual securities holdings--of getting a margin call within the next month, quarter, or year. The free tutorial and calculators also explain how margin accounts work.

## New Publications for Investors

We released the following publications for investors:

Title of Publication	What It Covers
Analyzing Analyst Recommendations	Describes the role analysts play in the capital formation process and advises investors not to rely solely on analyst recommendations when deciding whether to buy, hold, or sell a security.
Ask Questions! (revised)	Provides tips for checking out both brokers and investments and tells investors where to turn for help.
Check Out Brokers and Advisers (revised)	A comprehensive web page that tells investors how to research the background of financial professionals and provides links to helpful resources.
Execution Quality Statistics: How to Find Information on Order Execution and Routing Practices	Guidance on new rules that require brokers to disclose their order execution and routing practices and tips for finding order execution data.
Investment Advisers: What You Need to Know Before Choosing One (revised)	A Q&A primer on investment advisers.
Investor Alert: Stock Market Fraud "Survivor" Checklist	Six simple steps to help investors survive stock market fraud and avoid becoming a victim of Internet scams.
¡Pregunte! (folleto en Español)	A Spanish-language version of one of our most popular brochures, "Ask Questions."
Promissory Notes: Promises, Promises	A joint effort by the SEC, Securities Industry Association, and the North American Securities Administrators Association to educate the public about promissory note fraud.
Securities Investor Protection Corporation (SIPC) (revised)	Explains what happens when brokerage firms go out of business and links to helpful information about SIPC coverage.

## Investor Education Events

Senior SEC officials participated in 49 investor education events, including investors' town meetings in the following cities:

- Fort Lauderdale, Florida;
- Atlanta, Georgia;
- Philadelphia, Pennsylvania;
- Norfolk, Virginia; and
- Arlington, Virginia.

In addition, as part of the town meeting program, the SEC and its partners--including industry associations, consumer groups, and state and federal agencies--held 24 educational seminars for beginning and advanced investors.