

## INVESTORS REMAIN AT RISK WITH “LOW RISK” FUNDS

*Investments marketed as low risk continue to be tied to high-risk derivatives as institutions settle cases in increasing numbers*

**SEATTLE, Aug. 11, 2009** — An increasing number of individual investors who sought safe alternatives for retirement savings and cash reserves are filing arbitration claims against brokerages for misrepresenting the actual risks of loss to their savings in investments in complicated investment products. These investments were marketed as being like “cash equivalents” offering marginally higher interest yields and low financial risk with liquidity. But for many the mix of investments included, and may still include, toxic assets, including derivatives and subprime mortgage portfolios.

New York State Attorney General Andrew Cuomo this month brought claims against Charles Schwab & Co. over its sales and marketing practices relating to these securities. The accusation claims Schwab brokers repeatedly misled investors about the risks of investing in auction rate securities. Cuomo recently announced a \$456 million settlement with TD Ameritrade on such securities. In doing so the attorney general commended the brokerage for “working with regulators to restore investor confidence and joining what has become the single largest consumer recovery in history.”

In the last year Citigroup, UBS AG, Goldman Sachs and several others have agreed to repurchase more than \$61 billion in debt to settle regulatory claims they incorrectly marketed investments as safe, liquid securities.

“Individual investors who have suffered losses in these ‘low risk’ investments may bring claims to recover these lost assets,” said John Bender, attorney with Ryan, Swanson & Cleveland. “And they might be surprised to learn that more than 80 percent of these cases settle before arbitration.”

He encourages investors to do their homework. Each fund is rated by Morningstar, a leading provider of independent investment research ([www.morningstar.com](http://www.morningstar.com)). Additionally the Financial Industry Regulatory Authority (FINRA) is dedicated to investor protection and market integrity. In June FINRA launched an enhanced investor protection and education program in five states including Washington state as an initiative to educate investors about the tricks of the trade.

“Some of the most intelligent people in the world put together these investment funds,” said Bender. “The challenge is once the investment gets marketed to the public, neither the retail brokers nor their customers fully understand the significant undisclosed risks in the investments. And regulators only get involved once the problem is identified, which is too late.”

For more than 20 years Bender has focused his practice on resolving challenging securities, franchise, banking and other complex civil cases on behalf of businesses and individuals.

### **About Ryan Swanson**

Ryan, Swanson & Cleveland, PLLC is a leader in providing legal counsel and representation for businesses—small and large, privately held and public, domestic and international. Since 1897, the firm has steadily built its reputation and success by maintaining a commitment to exceptional representation and unparalleled client service. Today, the firm’s 48 lawyers and 50 support personnel remain dedicated to a tradition of excellence. That dedication, together with a unique combination of skills, specialties and backgrounds, enables the firm to handle sophisticated transactions and complex multiparty lawsuits without ever sacrificing the personal attention clients deserve. For more information visit [www.ryanswansonlaw.com](http://www.ryanswansonlaw.com).

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