



# ***DCCA NEWS RELEASE***

BUSINESS REGISTRATION DIVISION

RYAN S. USHIJIMA

Commissioner of Securities

Telephone: 586-2744 FAX: 586-2733

FOR IMMEDIATE RELEASE

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## **CALLABLE CDs**

Honolulu, Hawaii (August 30, 2001) - While the volatile stock market can make certificates of deposit appealing to investors; some CDs are not what they seem. That is the message behind a handy checklist now available from Hawaii securities regulators.

With many elderly investors complaining they've been misled into buying "callable" CDs with 10- to 30 -year maturities, state securities regulators hope investors will use the checklist to avoid getting stuck with something they don't want.

"Not all CDs are created equal, so investors need to ask questions and understand exactly what they're buying," cautioned Commissioner Ryan Ushijima. "Callable CDs often have higher yields than traditional bank-issued CDs because they require a 10-, 20- or even 30-year commitment. Investors should be careful and ask the questions on the checklist to make sure they know what they're getting into and whether it meets their investment objectives," said Commissioner Ushijima.

The fill-in-the-blank checklist consists of 13 questions designed to help investors distinguish between traditional bank-issued CDs and callable CDs. While usually offering higher returns, there are substantial penalties for cashing callable CDs before their maturity date.

According to Commissioner Ushijima, many investors do not realize that with callable CDs only the issuer, not the investor, can "call" or redeem the CD. Investors who want their money before a callable CD matures risk a substantial loss - as high as 30 percent - regulators warn.

Callable CDs are being marketed via newspaper ads, high-pressure telephone solicitations and direct mail, according to Commissioner Ushijima. In many print ads, regulators note, the CD's interest rate is trumpeted in large print while its maturity date is buried in small type and technical jargon.

DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS

BENJAMIN J. CAYETANO, Governor

KATHRYN S. MATAYOSHI, Director

NOE NOE TOM, Deputy Director

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Before purchasing any CD, the checklist prompts investors to learn its maturity date, where the money will be deposited, the penalties for early withdrawal, any costs associated with selling before maturity and whether the interest rate is fixed or variable.

The Hawaii Department of Commerce and Consumer Affairs can also provide answers to questions about investments as well as the stockbroker or brokerage firm selling them. Contact the Securities Enforcement Branch of the Department of Commerce and Consumer Affairs at 586-2740 on Oahu. The toll free numbers for the neighbor islands are as follows:

Big Island:	947-4000, then enter 62740 and hit #
Kauai:	274-3141, then enter 62740 and hit #
Maui:	984-2400, then enter 62740 and hit #
Molokai & Lanai:	1-800-468-47644, the enter 62740 and

hit #

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