

CONSUMER EXPLOITATION

# Officials Warn Of Investment Scams

### AS PRICES RISE, REGULATORS OFFER TIPS ON HOW TO AVOID OIL AND GAS SCHEMES

THE ASSOCIATED PRESS

WASHINGTON — With oil prices skyrocketing amid fears of a war against Iraq, state securities regulators are warning people to be wary of oil and gas investing scams that exploit the situation with promises of easy money.

Regulators in seven states — Kansas, Kentucky, Ohio, Oklahoma, Texas, Washington and Wisconsin — recently have taken

enforcement actions against investment promoters pushing oil and gas schemes, the North American Securities Administrators Association said.

The group, which represents securities regulators in the 50 states, the District of Columbia, Puerto Rico, Canada and Mexico, said it was concerned that a desire to cash in on rising oil prices may lure investors into unsuitable or fraudulent oil and gas ventures.

Markets worry that a conflict with Iraq would halt that country's 2 million barrels in daily exports, and oil prices have approached 12-year highs recently with crude oil at around \$40 a barrel. The impact could be more severe if fighting spread beyond Iraq's borders.

"Con artists always use the headlines as a way to get into investors' wallets — and everyone knows oil prices are up because they can see

it at the gas pump and in their heating bills," said NASAA President Christine Bruenn, who is Maine's securities administrator.

Oil and gas schemes, including investments in fraudulent operations or wells that don't produce, in August joined the group's annual list of the top 10 investment frauds.

In Kentucky, regulators recently shut down a promoter for Albany, Ky.-based Vision Oil Com-

pany who claimed that God, not geology, was the key to finding oil. "God gave me a vision of three oil wells," the promoter said in a letter sent to potential investors.

NASAA advises:  
• Beware of unsolicited cold callers. High-pressure sales tactics and "once in a lifetime" opportunities are signals to hold onto your wallet.

• Read carefully any written material provided. Make sure that

what you are hearing from the promoter is consistent with what you have read.

• Before investing, call your state securities regulator to determine if the investment and the promoter are properly licensed and registered in your state. If they aren't, don't invest.

The telephone number for your state securities regulator is in the white pages of the phone directory under "government" or available online at NASAA's Web site at <http://www.nasaa.org>.

## OSHA Toughens Policies

### AGENCY TARGETS REPEAT OFFENDERS

THE ASSOCIATED PRESS

WASHINGTON — The Bush administration said Tuesday it is cracking down on employers who repeatedly defy federal workplace and safety regulations by increasing inspections of chronic violators and pursuing court-ordered compliance.

The Occupational Safety and Health Administration's policy changes were prompted by reports in The New York Times about a Birmingham, Ala., company that has one of the worst safety records in the country.

McWane Inc., which makes cast-iron sewer and water pipes, employs 5,000 workers in a dozen plants across the country. The newspaper reported that the company had been cited for more than 400 safety violations since 1995, during which nine workers were killed — three because of deliberate safety violations, OSHA inspectors found. At least 4,600 injuries occurred.

Regulators in different field offices failed to work together and did not recognize the patterns of violations or stop them.

"There are those who, despite OSHA's enforcement and outreach efforts, continually disregard their very basic obligations under the Occupational Safety and Health Act," Labor Secretary Elaine Chao said in a statement announcing the changes. "This enhanced enforcement policy is meant for them."

OSHA follow-up inspections of violators are not common. Contempt orders rarely occur and the agency doesn't regularly coordinate inspections of large corporations with multiple operations. That will change under the new policy, officials said.

"This policy will focus on the high-gravity violators and will put more tenacity and teeth into our enforcement practices," said John Henshaw, OSHA's administrator.

Follow-up inspections will occur on site at all companies that have received an OSHA citation with "high gravity willful violations," repeat violations or a serious or willful violation related to a fatality. OSHA area directors also will be encouraged to conduct repeat inspections at sites suspected of not making changes.

Record-keeping changes will help OSHA track corporations that operate facilities with different names. OSHA will send a copy of citations and penalties to corporate headquarters for serious violators.

OSHA also will require employers to report any serious injury or illness that require outside medical care and consent to inspections based on those reports.

OSHA will seek court sanctions of employers who repeatedly refuse to make changes.

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## JAPANESE STOCKS TUMBLE



THE ASSOCIATED PRESS

Japanese businessmen look at stock prices outside a brokerage house Tuesday in Tokyo.

# Tokyo Market Hits 20-Year Low

### NIKKEI CLOSES BELOW 8,000

By Natalie Obiko Pearson  
THE ASSOCIATED PRESS

TOKYO — Tokyo stock prices hit a 20-year low Tuesday amid frantic year-end selling, escalating war fears and ebbing faith in the government's assurances against a financial crisis.

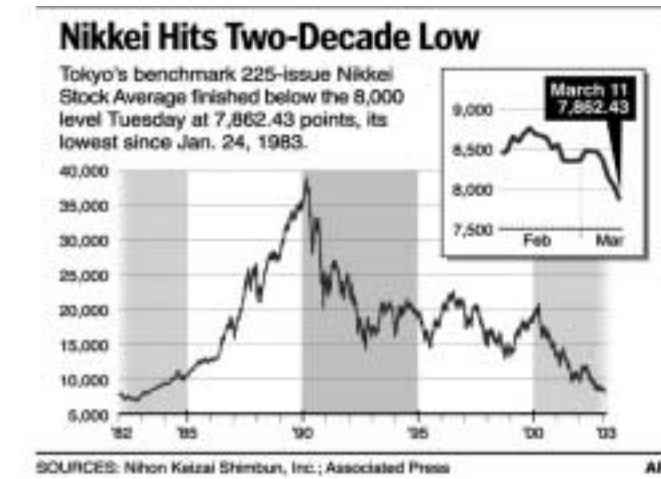
The Nikkei Stock Average, the main barometer for the Tokyo stock market, closed below the psychologically important 8,000-mark for the first time in two decades on worries that a war in Iraq would create upheaval in the U.S. economy.

Officials have called for calm and said they are ready to step in to support the market. Japan's top spokesman Yasuo Fukuda

hinted early Tuesday at massive currency intervention later in the month, while the Bank of Japan injected extra funds into the money market, pumping \$13 billion more into the system.

But nervous investors paid little heed as they watched the drop in Japan's major banks and life insurance companies, which hold a large portion of their assets in Japanese stocks and whose vulnerability could jeopardize the fragile financial system.

The Bank of Japan has slashed interest rates to near zero and has been flooding the banking system with cash to encourage lending to struggling companies. But analysts agree that pumping more money into the financial sector will do little without fixing commercial banks' bad-loan problems, streamlining government regulations to encourage



SOURCES: Nihon Keizai Shimbun, Inc.; Associated Press AP

new businesses and wiping out waste in government.

Exporters such as Canon, Honda, Sony, and Toshiba, which make a large part of their sales in the United States, helped drive the 225-issue Nikkei Stock Av-

erage down 179.83 points, or 2.24 percent, to 7,862.43 — its lowest finish since Jan. 24, 1983, when it ended at 7,833.99. The broader Tokyo Stock Price Index plunged 13.90 points, or 1.77 percent, to finish at 770.62 points Tuesday.

## EARNINGS ROUNDUP

### Kroger Earnings Rise In Fourth Quarter

CINCINNATI — The Kroger Co.'s earnings increased 8.9 percent in the fourth quarter, despite sluggish holiday sales and aggressive competition.

The nationwide supermarket operator reported Tuesday it earned \$381 million, or 50 cents per share, in the quarter ended Feb. 1 compared with \$350 million, or 43 cents, reported a year earlier.

Excluding one-time items, Kroger earned 49 cents per share. Fourth-quarter sales were up 2.8 percent to \$12.5 billion from \$12.13 billion a year ago.

Kroger shares rose 53 cents, or 4.4 percent, to close Tuesday at \$12.66 on the New York Stock Exchange.

For all of fiscal 2002, Kroger earned \$1.2 billion, or \$1.52 per share, compared with \$1 billion, or \$1.26 per share, in 2001. Sales totaled \$51.8 billion, up from \$50.1 billion.

### Heinz Profit Falls 24.8 Percent

PITTSBURGH — Food giant H.J. Heinz's profit fell 24.8 percent in its third quarter, mainly because of charges related to the spinoff of its tuna, pet food and domestic baby food brands.

The Pittsburgh-based ketchup maker reported Tuesday that earnings fell to \$151.6 million, or 43 cents per share, in the three months ending Jan. 29, compared with \$201.7 million, or 57 cents per share, in the same period a year ago.

Excluding one-time costs, Heinz earned \$191.5 million, or 54 cents per share, in the latest quarter, beating analysts' expectations by 2 cents a share.

Shares of Heinz rose 26 cents to close Tuesday at \$29.70 on the New York Stock Exchange.

Heinz took \$81.5 million in charges in the third quarter, including \$72 million from the \$1.2 billion sale of its StarKist tuna, 9-Lives cat food and Kibbles 'n Bits dog food brands to Del Monte Foods Co.

— THE ASSOCIATED PRESS

## Maytag Outlook Dingy

THE ASSOCIATED PRESS

NEWTON, Iowa — Maytag Corp.'s first-quarter sales and earnings will fall short of expectations, the appliance maker said Tuesday. Its shares tumbled.

The company cited weak sales for Hoover floor care products and a deteriorating sales mix,

with consumers at key retailers shifting to lower priced models.

Depressed consumer confidence is also to blame, chairman and chief executive Ralph Hake said in a statement.

Maytag shares dropped \$3.57, or 15.9 percent, to close Tuesday at \$18.87 on the New York Stock Exchange.

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