



North Carolina

Department of the Secretary of State

Securities Division

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SEPTEMBER 2009 NEWSLETTER



DON'T *FALL* VICTIM TO INVESTMENT FRAUD

It's time to get schooled about fraud - all kinds of fraud. The Securities Division of the North Carolina Department of the Secretary of State is responsible for administering and enforcing the state's securities laws. The intent of these laws is to protect the investing public by requiring the people who offer securities as investments to disclose certain information about themselves and of the securities they are offering. The Securities Division also addresses investor complaints concerning securities brokers and dealers, investment advisers and commodity dealers as well as complaints about offerings of particular investments. All investors are strongly encouraged to contact the Securities Division at (919) 733-3924 or toll-free at (800) 688-4507 to check that their investment professional is properly registered ***before*** transferring any assets to that person's control. One five-minute telephone call to the Securities Division could protect your entire life's savings from being stolen from you.

Over the next couple of months, representatives from the Securities Division will be appearing at many different venues across the state in an effort to inform investors about the resources available through the Division to help them determine if the promoters of various investment opportunities – as well as the actual investment products themselves -- are fraudulent or not. Below is our current calendar of events through the end of 2009. **Please help us publicize these educational events by forwarding this mailing to your contacts around the state.** We hope to add more events to this list. If you or your group or organization would like to schedule a speaker for an event in your community, please contact **John Maron**, Director of the Investor Education Program, at **(919) 715-1067** or toll-free at **(800) 688-4507** or via email at jmaron@sosnc.com. For additional investor education materials, please visit our Web site, www.sosnc.com. Click the yellow box entitled **"Investment Securities"** for a wealth of information.

Kenansville **Sept. 18th** – Scam Jam* at the Lois G. Britt Agricultural Center, 165 Agricultural Drive. Registration begins at 8:30 a.m. and the Scam Jam runs from 9:00 a.m. - noon. Free and open to the public, but please call toll-free (877) 926-8300 to register.

Raleigh **Sept. 21st** – McKimmon Conference and Training Center, 1101 Gorman Street. "*Outsmarting Investment Fraud*" forum featuring Secretary of State Elaine F. Marshall. This program is being jointly sponsored with the FINRA Investor Education Foundation and AARP. Registration and lunch begin at 11:15 a.m. with the program from noon to 2 p.m. Seating is limited at this free event, so reserve your place by calling toll-free (866) 862-0110 or by [registering online](#).

Statewide **Sept. 22nd** – OPEN/net TV show. Televised Scam Jam - go to <http://www.ncapt.tv/opennet.html> and click on the “Local Cable Channels” link on the left-hand side of the page to find the channel in your county that will air the show from 9:00 – 10:00 p.m.

Rocky Mount **Sept. 23rd** – Scam Jam* at Nash Community College, Brown Auditorium, 522 N. Old Carriage Road. Registration begins at 8:30 a.m. and the Scam Jam runs from 9:00 a.m. - 1:00 p.m. Free, but please call (877) 926-8300 to register.

Lenoir **Sept. 24th** – Scam Jam* at J.E. Broyhill Civic Center, 1912 Hickory Blvd. Registration begins at 8:30 a.m. and the Scam Jam runs from 9:00 a.m. - noon. Free, but please call (828) 485-4266 to register.

Lillington **Sept. 24th** – Harnett Agency on Aging Senior Workshop on Fraud and Safety, 309 W. Cornelius-Harnett Blvd. Several presenters will provide valuable information from 9 a.m. – 11 a.m. There will be a free light breakfast and door prizes. Free, but please register by calling (910) 893-7578.

Sanford **Sept. 29th** – Sanford Rotary Club, The Flame Restaurant, 109 Carbonton Road., Sanford. 12 – 1p.m. Open only to Rotary members and their guests.

Durham **Oct. 3rd** – “*Invest Your Best: Beyond the Basics*” program at Durham Public Library, Main Branch, 300 N. Roxboro St. 2:30 p.m. – 3:30 p.m. Free, but please [register online](#) or by calling Bill Nesmith at (919) 560-0204.

Durham **Oct. 6th** – “*Invest Your Best: Beyond the Basics*” program at Durham Public Library, East Regional, 211 Lick Creek Lane 6:30 p.m. – 7:30 p.m. Free, but please [register online](#) or by calling Bill Nesmith at (919) 560-0204.

Asheville **Oct. 14th** – Crowne Plaza Resort, 1 Resort Dr. “*Outsmarting Investment Fraud*” forum. This program is being jointly sponsored with the FINRA Investor Education Foundation and AARP. Registration and lunch begin at 11:15 a.m. with the program from noon to 2 p.m. Seating is limited at this free event, so reserve your place (after September 18) by calling toll-free (866) 862-0110.

Raleigh **Oct. 16th** – “*Pre-Retirement Planning in the Workplace Symposium*,” organized by the NC State University College of Management. Raleigh Marriott City Center, 500 Fayetteville Street, Raleigh. 9:00 am – 5:00 pm. Speakers include Secretary of State Elaine F. Marshall. Designed for human resource professionals, participants will learn about and discuss research-based best practices in workplace-based financial education, program assessment and other related topics from leading practitioners and academic experts in the field. Registration fee: \$250/person, although discounts are available. For more information and to register, go [online](#) or contact Vicki Burrows at (919) 515-0391.

Apex **Oct. 28th** – Apex Senior Health Fair, 53 Hunter St, Apex. 9:00 am – noon. There will be no presentations, but many free handouts, drawings and great information.

Greensboro **Nov. 3rd** – “*Outsmarting Investment Fraud*” forum. This program is being jointly sponsored with the FINRA Investor Education Foundation and AARP. Registration and lunch begin at 11:15 a.m. with the program from noon to 2 p.m. Seating is limited at this free event, so reserve your place by calling toll-free (866) 862-0110 (after October 5) or by [registering online](#).

*A **Scam Jam** includes presenters from all or several of the following offices: Secretary of State Securities Division, Attorney General, Dept. of Insurance (Medicare), local Better Business Bureau and local law enforcement.



Secretary of State Urges Investors to Watch for the Top 10 Investment Traps of 2009

The Secretary of State's Office reminds investors to arm themselves with the knowledge to sidestep this year's Top Ten Investor Traps. NC Secretary of State Elaine F. Marshall said that investors under pressure from the struggling economy need to resist the lure of slick sales pitches as they seek sound investments. "Investors should be alert at all times, but especially when money is tight. Falling into an investment trap makes it extremely difficult to get back on solid financial ground," Secretary of State Marshall said.

Many of the traps identified by the Enforcement Trends Project Group of the [North American Securities Administrators Association](#) (NASAA), of which the North Carolina Secretary of State's Office is a member, promise high returns to cash-strapped investors but provide little if any disclosure of risks and offer high commissions to aggressive sales forces. Secretary Marshall explains, "Education and information are the investor's best defense against investment fraud. We can give people who contact us background information about those who sell securities as well as about legitimate products being offered. I hope North Carolina investors will always be wary in particular of unsolicited financial advice or investment pitches."

1. **The Ponzi Scheme** is #1 in frequency, variations & notoriety. It pays high returns to initial investors with money solicited from later investors.
2. **Real Estate Investment Schemes** offer to help homeowners avoid foreclosure - for a pre-paid fee. Seniors are being conned into using reverse mortgage proceeds on worthless investments.
3. **Private Placement Offerings**, can raise business capital, but can also rob millions from investors through false & misleading representations.
4. **Gold Bullion & Currency Scams** include non-existent gold deals & complex foreign currency exchanges.
5. **Natural Resource Investments** create energy schemes from oil & natural gas finds to wind & solar energy, to technology development.
6. **Entertainment Investment** cons involve movies, infomercials & internet gambling sites.
7. **Leveraged Exchange-Traded Funds** use exotic financial instruments & promise high returns.
8. **Life Settlements and Viaticals** need careful scrutiny. Investors buyout another's life insurance to provide funds for medical or other expenses.
9. **Short-term Commercial Promissory Notes** claim to be insured or guaranteed, but insurers may not exist, be outside the US, or not licensed here & can't provide guarantees.
10. **Speculative Inventions & New Products** are unsuitable for retirement funds despite promises of high returns.

Remember that if an investment sounds too good to be true, it probably is. Always contact the Securities Division at (919) 733-3924 or toll-free at (800) 688-4507 for information about securities sellers and their products. Or visit our website: www.sosnc.com. When it comes to investing, verify everything and everyone before you give them one cent.

This newsletter is produced by the Investor Education Program of the Securities Division of the North Carolina Department of the Secretary of State. Questions or comments may be directed to [John Maron](#), Director of the Investor Education Program, or by calling (919) 715-1067. If you no longer wish to receive mailings from the Securities Division, please send an email to: jmaron@sosnc.com with "Remove from mailing list" in the subject line.