

## Investment Fraud Alert



The Securities Division of the NC Department of the Secretary of State wishes to direct your attention to a story about investment frauds aimed at senior citizens that aired the week of March 10, 2008 on *The Today Show*. You may read the story or view the video clip by going to this link: <http://today.msnbc.msn.com/id/23564907/>. The segment, entitled "Beware of "free" seminar and other retirement scams," warns of over-hyped investment opportunities and offers tips on identifying the warning signs of possible fraud, including:

### **Ignore the hype**

Be suspicious of any sales pitch that promises unrealistic returns. Anyone who guarantees annual returns of 12% or higher isn't in the ballpark - that's even higher than the long-term *average* return for large-company stocks, and much higher than guaranteed investments. Be particularly wary of claims that you can retire early based on those high returns - a common pitch salespeople use when they hear that a company is making early-retirement offers.

### **Be skeptical of "free lunch" seminars**

Salespeople often make their initial contact with seniors in "free lunch" seminars. But in a sweep of these types of seminars, the Securities and Exchange Commission found unethical business practices in nearly half. And don't trust a salesperson just because he or she has a professional designation that focuses on seniors. Such credentials sometimes require little more than paying a fee and passing an easy take-home test.

### **Ask about surrender charges and guarantees**

Before buying an annuity, ask specifically about surrender charges and how much money you can withdraw each year. Many deferred annuities levy a surrender charge if you try to withdraw your money within the first seven to 10 years. Also ask about interest guarantees. Some annuities offer a bonus in the first year, after which the minimum guarantee drops to 2% or 3%. Ask for a written summary of everything you discuss with the salesperson.

The Securities Division urges every investor to call (1-800-688-4507) to check the registration status of his or her broker or investment adviser, as well as the registration status of the securities offering itself, *before* writing a check or transferring assets to anyone. A quick call could prevent you from becoming a victim of investment fraud. For more information on how to protect yourself, visit, <http://www.sosnc.com/>, and click the yellow box marked "Investment Securities".

You may also contact:

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