

prey upon is the faithful. (For more information, please see our brochure entitled *Affinity Fraud.*)

- **Ignore claims that religion-based investments are not subject to regulation.** This is a lie. State and federal securities or commodities laws regulate almost all investments, including church bonds.
- **Check out the promoter and the investment.** It's easy. Just call the Securities Division of the North Carolina Secretary of State at 1-800-688-4507 and ask if the person is registered to sell securities in the state and if the investment is being sold legally. With a few limited exceptions, state law requires both the person selling the investment and the investment itself to be registered with the Securities Division. If neither is registered, you should inquire further before investing. Your local Better Business Bureau may also have records of complaints about the promoter. Finally, you can also call the National Association of Securities Dealers' (NASD) BrokerCheck Hotline at 1-800-289-9999.

FINAL WORD

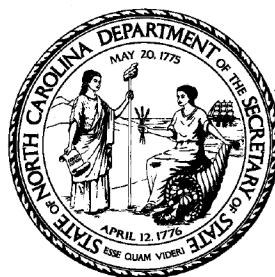
While very little of the money lost to investment fraud is recovered, the sooner you recognize you have been victimized and speak up promptly, the more likely it is that you might recover some or all of your funds. You will surely help keep other seniors from becoming victimized, too.

Don't think you can become a victim of fraud?

Every week there are new reports of victims being cheated out of their money. To read some of these stories, visit our web site at:
<http://www.secretary.state.nc.us/sec/nasaa.aspx>.

North Carolina Department of the Secretary of State

Hon. Elaine F. Marshall
Secretary of State



*For more information,
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NORTH CAROLINA DEPARTMENT OF THE SECRETARY OF STATE SECURITIES DIVISION

FRAUDS AIMED AT SENIOR CITIZENS



SENIOR CITIZENS ARE THE NUMBER ONE TARGET OF CON ARTISTS! Why? In part it's because older Americans tend to save better than their younger counterparts and are therefore more likely to have ready access to cash.

Fraudsters do not want to waste their time trying to scam someone who can only offer them mountains of debt. They seek out the people with the money!

The Securities Division of the North Carolina Department of the Secretary of State has files filled with tragic examples of seniors who have been cheated out of savings, windfall insurance payments, and even equity in their homes, by crooks promising them “safe, risk-free investments.”

HOW TO PROTECT YOURSELF

- **It's OK to say “No.”** Don't be a courtesy victim. It is not impolite to tell callers that you are not interested and hang up. Likewise, say “no” to anybody who presses you to make an immediate decision, or who won't give you written information about the investment..
- **Be careful of people with fancy titles.** Simply having the word “Certified” in his/her title doesn't mean the person is legally able to sell you an investment product or provide investment advice. Contact the Securities Division (1-800-688-4507) if you want to know if your investment professional is exempt from state examination requirements.
- **Always stay in charge of your money.**

“It is not impolite to tell callers that you are not interested and hang up.”

If you understand little of the investment world, educate yourself or involve a family member or a professional, such

as your banker or lawyer, before trusting a stranger. The Securities Division's web site (www.secretary.state.nc.us/sec/links.aspx) has dozens of links to good sources of investment advice.

- **Watch out for salespeople who prey on your fears.** Con artists know that many seniors worry about outliving their savings or losing their financial resources to a catastrophic event, such as hospitalization. Swindlers commonly pitch their schemes as ways to build up life savings to the point where fears aren't necessary. An appeal directed at your fears is a sign of a scam.
- **Monitor your investments and ask tough questions.** Approach investing in a business-like manner. Exercise the same caution and skepticism that you would with any other transaction. Insist on regular written and oral reports. Look for signs of excessive or unauthorized trading of your funds. Don't be swayed by an assurance that such practices are routine or in your best interests.

“Fraudsters rely on group members to bring more people into the scam, perhaps unknowingly. One group scam artists like to prey upon is the faithful.”

- **Look out for any trouble retrieving principal or cashing out profits.** Because unscrupulous promoters pocket the funds of their victims, they often go to great lengths to explain why an investor's savings are not readily accessible. In many cases, they pressure the investor to roll over non-existent profits into new and even more alluring investments, further delaying the point at which the fraud will be uncovered. This is a stalling tactic, designed to keep the victim from learning that the investment is nothing but a scam.
- **Don't let embarrassment or fear keep you from reporting investment fraud or abuse.**



Older Americans who have been victimized often hesitate to contact law enforcement authorities out of embarrassment or fear that they will be judged incapable of handling their own affairs. Con artists count on these fears to prevent or delay the point at which authorities will be notified of a scam. The Securities Division focuses on the crooks and is not judgmental about the abilities of the victims.

- **Beware of “reload” scams.** Most older Americans deal with a finite amount of money that is unlikely to be replenished in the event of fraud or abuse. Faced with the loss of funds, some seniors will go along with another scheme – a “reload” – in which the con artist promises to make good on the original funds that were lost. Too often, the result is that unwary seniors lose whatever savings they have left in the wake of the original scam. If you cannot recover your funds from the first investment, you should not believe that the same promoter is going to rescue you by selling you yet another investment.
- **Don't be lulled into a misplaced trust based on the advice of others.** Many seniors fall victim to affinity group fraud, in which perpetrators attempt to relate to or exploit characteristics common to a group. Fraudsters rely on group members to bring more people into the scam, perhaps unknowingly. One group scam artists like to