

Check your Financial Advisor

- 1 Always verify** that the person is properly licensed. Dealing with an unlicensed individual is a huge risk. Insurance agents must be licensed with their state insurance department. Those who sell investments or who provide investment advice must be licensed with their state securities agency and with the NASD.
- 2 Always verify** whether regulatory authorities or professional associations have taken any disciplinary actions against the person.
- 3 Always verify** that your advisor's product recommendations are legitimate. For insurance policies, check to see that the policy and insurer is approved by your state insurance department. For an investment offering, make sure it is registered with an appropriate regulator (state securities agency or SEC).

About The NEB

The National Ethics Bureau™ (NEB) is an independent organization that promotes consumer confidence by providing a one-stop source to verify the business ethics of insurance and financial advisors. All of its approved advisors have successfully passed the Ethics Check System™ a series of comprehensive background checks for criminal, civil, and business violations.

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Information Sources

- 1. National Ethics Bureau**, a one-stop source for verifying your advisor.
(800) 282-1831 | www.ethicscheck.com
- 2. NASD**
(800) 289-9999 | www.nasd.com
- 3. Securities and Exchange Commission**
(800) SEC-0330 | www.sec.gov
- 4. Your State Securities Agency**
Please See:
www.ethicscheck.com/regcontact
- 5. Your State Insurance Department**
Please See:
www.ethicscheck.com/regcontact



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Seniors Guide to...

Investment Scam Prevention



NATIONAL ETHICS BUREAU™

Investment Scams on the Rise

Investment scam artists are targeting America's seniors. According to the North American Securities Administrators Association, older investors have been cheated out of their life savings, insurance payments, and even the equity of their homes. Don't let this happen to you. Protect yourself by becoming skeptical and informed. Reading this information is a great first step.

Top Five Investment Scams

1. Ponzi Schemes

These investment pyramids promise rich rewards. They use money from later investors to pay early investors. In time, they collapse, leaving everyone connected with them except their promoters a lot poorer.

2. Promissory Notes

Promissory notes are a promise to repay debt. Typically, they "guarantee" above-market, fixed interest rates, while "preserving" principal. But they can be worthless if the borrower has no intention or ability to repay.

3. Prime Bank Schemes

Fraudsters tell investors they have special access to programs reserved for top Wall Street financiers. Despite having impressive names such as "bank debentures," "bank guarantees," and "offshore trading programs," these investments simply don't exist.



4. Affinity Fraud

Con artists use their victim's religious or ethnic background to gain their trust and access to their life's savings. Be aware that no affinity group is immune from this type of fraud.

5. Unregistered Securities

Legitimate investment products, except for stocks and certain other funds sold on national exchanges, must be registered with a state securities agency. Registration protects consumers from dubious instruments promising limited or no risk and high returns.

Top Ten Scam-Prevention Tips

- ✓ **Don't rush to make decisions.**
Good insurance and investment products will be available next week, month, or year.
- ✓ **Beware of unusual deals.**
If an investment proposal sounds strange, run in the opposite direction.
- ✓ **Know the deal.**
Don't take anything on faith. Demand written materials, study them, and ask questions. Get a second opinion.
- ✓ **Don't fall for appearances.**
A friendly, authoritative voice or impressive-looking brochure can mask a worthless investment.
- ✓ **Don't fall prey to fear or greed.**
Scam artists often appeal to emotions. Use your head to evaluate your options.

- ✓ **Don't make decisions at vulnerable times.**
Investing just after a spouse gets sick or dies is not a good idea.
- ✓ **Keep tabs on your insurance and investments.**
Make sure you receive timely reports. Look for excessive or unauthorized trading.
- ✓ **Watch for trouble getting access to your money.**
A reputable financial professional will never stall your withdrawal request.
- ✓ **Never make out a check directly to an advisor.**
Instead, make it out to the insurance or investment company providing the product.
- ✓ **Do your due diligence.**
Always check out your insurance and financial advisor before doing business. Ask if the advisor is registered with the National Ethics Bureau.

