North Carolina
Department of the Secretary of State
Hon. Elaine F. Marshall, Secretary
Securities Division

PO Box 29622 | Raleigh NC | 27626-0622 | (919) 733-3924 | (800) 688-4507 | www.sosnc.com or www.sos.nc.gov

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NC Man to Pay $5.2 Million for Role in Ponzi Scheme


Michael Anthony Jenkins

On February 11, 2014, the U.S. Commodity Futures Trading Commission (CFTC) announced that Judge James C. Fox of the U.S. District Court for the Eastern District of North Carolina entered an Order for a permanent injunction against Defendants Harbor Light Asset Management, LLC (HLAM) and its President and owner, Michael Anthony Jenkins, both of Raleigh, North Carolina.

The Order requires HLAM and Jenkins jointly to pay restitution totaling $1,301,406.60 and a civil monetary penalty of $3,904,219.80. The Order also imposes permanent trading and registration bans against the Defendants and prohibits them from violating the Commodity Exchange Act and CFTC Regulations, as charged.

The Order stems from a CFTC Complaint filed on November 20, 2012 (see CFTC Press Release 6422-12, November 23, 2012), charging HLAM and Jenkins with operating a Ponzi scheme and fraudulently soliciting at least $1.79 million from approximately 377 persons, primarily in North Carolina, in connection with the scheme.

The Order finds that the Defendants made use of an HLAM Investment Agreement to falsely represent to HLAM investors that their investment funds were used solely for investment in E-mini futures and that the funds would be wired to a specific trading account. ***[Editor's Note: Investopedia.com defines "E-mini futures" as electronically traded futures contracts that represent a percentage of a corresponding standard futures contract.]*** To cover up and further the fraud, Jenkins sent spreadsheets and statements that reported false trades, profits, and inflated the value of HLAM's investments. In addition, the Order finds that Jenkins acted within the scope of his employment by HLAM and committed embezzlement and failed to register with the CFTC as a Futures Commission Merchant.

The CFTC thanked the Securities Division of the North Carolina Department of the Secretary of State for its cooperation and assistance.

While the CFTC has been proceeding with its civil action, the Securities Division has been pursuing a criminal case against Jenkins. On August 17, 2012, law enforcement agents with the Securities Division served Jenkins with three felony arrest warrants for securities fraud. He has been in Wake County Jail ever since under a secured bond awaiting trial.

Secretary of State Securities Investigators allege that Jenkins told investors he would use their funds to trade E-mini futures through HLAM. Investigators allege Jenkins instead converted funds to his personal use and used money from later investors to pay earlier investors, in what is commonly referred to as a "Ponzi Scheme."

Jenkins also was never registered with the NC Secretary of State's Office to sell securities, or with the National Futures Association to act as a commodities trader.

NC Secretary of State
Elaine F. Marshall

Secretary Marshall Warns of "Sweetheart Swindles" When Investing in 2014

With spring just around the corner, many a North Carolinian's thoughts turn to…***investing***! But how can an investor make sure that very attractive sounding deal being offered is really "the one" versus a sweetheart of a swindle?

"Educating yourself before you invest, before you write that check is the key," North Carolina Secretary of State Elaine F. Marshall said recently.

"Unfortunately, there are real crooks out there trying to pretend they are cupids with sweetheart investment deals. But their real goal is to swindle the investing public," Secretary Marshall said.

"Plus there are many other investments that while real, contain very high risk factors that make them unsuitable investments for most people — and sometimes they are pitched as being more secure financial products than they really are."

Marshall offered that advice as the Secretary of State's Office announced the Top Ten investor traps North Carolina investors should be looking to avoid in 2014.

Secretary Marshall said she is particularly concerned this year about the recent lifting of an 80-year-old ban on the advertising of private offerings, mandated by the federal JOBS Act. "Lifting the ban opens the door to greater abuse by unscrupulous promoters," Marshall said.

The implementation of the JOBS Act also has created opportunities for parties outside of the regulated stockbroker and investment adviser sectors to provide additional financial services. "That means it is more important than ever to still do your due diligence whether you are talking about a new internet crowdfunding portal or an entity that pools accredited investors for private securities offerings, Marshall said. "Ask yourself before you invest 'how is this going to make money and why does it have real value?'

"If in the end, you truly don't understand how that offering will work for you or why it is a sound investment, then reconsider putting your money in it," Marshall said.

Marshall also advised investors to always independently verify any investment opportunity as well as the background of the person and company offering the investment.

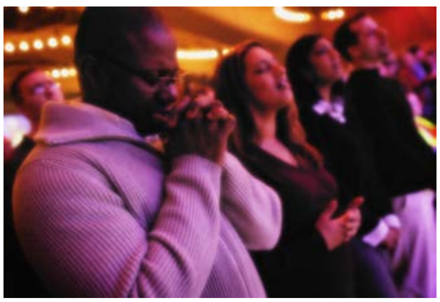
She reminded investors that the Secretary of State's Division of Securities can provide background information about those who sell securities or give investment advice, and about the products being offered. "You wouldn't trust your health to an unlicensed doctor, so why jeopardize your financial health by trusting your money to an unlicensed broker or investment adviser?" Marshall said. "You should all check with us about the person offering you an investment before you transfer any funds into it."

Here are the Top 10 financial products and practices that threaten to trap unwary investors and small business owners during 2014 as compiled by the North American Securities Administrators Association of which the N.C. Secretary of State's Office is a member:

1. Private Offerings: These offerings commonly are referred to as Reg D/Rule 506 offerings, named for the federal exemption that allows private placements to be sold to investors without registration. These are limited investment offerings that have little regulatory oversight. While Reg D/Rule 506 offerings are used by many legitimate companies to raise capital, they carry high risks. With the passage of the JOBS Act and recent adoption of rules implementing certain aspects of the Act, restrictions on how Reg D/Rule 506 offerings can be marketed to the general public have been relaxed. Investors soon will begin to see advertisements for private placement offerings, even though only a very small percentage of the population will be eligible to invest. Scam artists are likely to use this legally permissible avenue of outreach to their advantage. (Download a copy of a two-page Investor Alert to learn more about private placement offerings and how you can protect yourself from fraud.

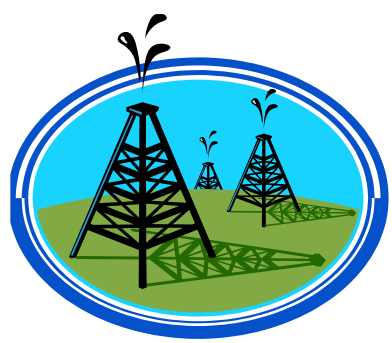
2. Real Estate Investment Schemes:. Investors should be aware that schemes related to new real estate development projects or buying, renovating, flipping or pooling distressed properties are popular with con artists. While legitimate real estate investments can be an important part of an investment portfolio, there are substantial risks with many types of real estate investments. As with all investments, careful vetting and due diligence is a must with real estate investments.

3. Ponzi Schemes: Small retail investors are the people most likely to encounter Ponzi schemes promising unbelievably high rates of return. Whether a typical Ponzi scheme or a high-yield investment program, many of the characteristics are the same – promise of incredibly high return coupled with low risk; a reasonably plausible explanation of why the investment is so good; a scam artist with credibility often based on claims of holding false credentials. Initial investors are paid a return and help spread the word by promoting the investment to others. Ultimately the scam will collapse leaving later investors with nothing to show for their trust in the scheme. (Download a copy of our brochure to learn how to avoid becoming a victim of a Ponzi Scheme.)



4. Affinity Fraud: Scamming members of an identifiable group continues to be one of the most often used forms of Ponzi schemes. Fraudsters know that people tend to trust someone who appears to share common interests or backgrounds as themselves. The most commonly exploited are the elderly, religious and ethnic groups. People often find it hard to believe that "one of their own" could be scamming them. Consequently, cases of affinity fraud can go unreported for long periods of time. Investors should keep in mind that investment decisions should be made solely on the merits of the offer and not on similarities they may share with the promoter. (Download a copy of our brochure to learn more about Affinity Fraud.)

5. Scam Artists Using Self-Directed IRAs to Mask Fraud: Scam artists can use self-directed individual retirement accounts (IRAs) to increase the appeal of their fraudulent schemes. While self-directed IRAs can be a safe way to invest retirement funds, investors should be mindful of potential fraudulent schemes when considering a self-directed IRA. Custodians and trustees of self-directed IRAs may have limited duties to investors, and may not evaluate the quality or legitimacy of a given investment. Fraud promoters pushing a Ponzi scheme or other investment fraud can misrepresent the duties of self-directed IRA custodians in order to trick investors into believing an investment is legitimate or protected against losses. In some cases, fraud promoters may try to convince investors to move assets from an existing self-directed or traditional IRA into a fake self-directed IRA held by a custodian created and owned by the scam artist. (Click here to read an Investor Alert about Self-Directed IRAs issued jointly by the North American Securities Administrators Association and the Securities and Exchange Commission.)



6. Risky Oil and Gas Drilling Programs: Many people today are considering alternative investments including oil and gas drilling investments as opposed to traditional stocks, bonds and mutual funds. Unfortunately, energy investments can prove to be a poor substitute for traditional retirement planning. Oil and gas drilling programs typically involve a high degree of risk and are suitable only for investors who could take the loss of their principal. Some promoters will conceal risks, using high pressure sales tactics and deceptive marketing to peddle bad or risky investments in oil to the investing public. Investors should conduct thorough due diligence and assess their tolerance for steep risk when considering investing in oil and gas programs. (Download a copy of a two-page Investor Alert to learn more about Energy Investments and how you can protect yourself from fraud.)

7. Proxy Trading Accounts: Investors should be wary of individuals who claim to have trading expertise and offer to set up or manage a trading account on an investor's behalf. Allowing an unlicensed individual to have access to the username and password for your brokerage account or worse, allowing an unlicensed individual to set up a brokerage account in your name, is a recipe for disaster. Allowing someone without the legally-required safeguards of proper registration and bonding to control your account can lead to substantial trading losses or the loss of investment funds through improper withdrawals from the account including theft.

8. Digital Currency: Virtual reality may exist only in science fiction, but consumers now are able to purchase goods and services with virtual money such as Bitcoin, PP Coin and other digital currencies. Unlike traditional coinage, these alternatives typically are not backed by tangible assets, are not issued by a governmental authority and are subject to little or no regulation. The value of digital currencies is also highly volatile. Investors should be aware that investments that incorporate abstract money systems present very real risks.

9. Capital-raising Pitfalls: Recent law changes and newly available capital from investors including "angels" – affluent individuals who provide capital for a business startup – have changed the business funding landscape. The new and enhanced opportunities to raise capital through crowdfunding, public advertising for investors under JOBS Act regulations and angel funding "solutions" also carry risks for unwary entrepreneurs. Securities offerings either must be exempt from registration requirements or properly registered, even under the new laws. Remember a security can be a stock, note, agreement, financial instrument or anything else that provides an investor with an expectation of participating in the profits the entrepreneur generates. (Download a copy of a two-page Investor Alert to learn more about Crowdfunding and how you can protect yourself from fraud.).

10. Unregulated Third Party Service Providers: The implementation of the JOBS Act has created opportunities for unregulated third parties to provide ancillary services. Whether a crowdfunding portal or an accredited investor aggregator, it remains important to do your due diligence. Not only should a small business or other entrepreneur make sure they are dealing with a legitimate service provider, they should also make sure that the service being offered is in full compliance with all federal and state requirements. Use of crowdfunding portals, while subject to some regulation, also opens the door to scams. Businesses should be very careful to verify the legitimacy of a portal before engaging their services. (Download a copy of a two-page Small Business Advisory to learn more about Crowdfunding and how you can protect yourself and your business from fraud.)

"This list gives the investing public our best guess about the main scams and riskiest investments they are likely to encounter in 2014," Marshall said. "But the bottom line is always that if it sounds too good to be true, it probably is!" Marshall said, "Don't fall for a 'sweetheart' deal!"

Five Dos and Don'ts That Can Help You Achieve Greater Financial Security

With the unemployment rate slowly falling, many Americans are facing a healthier job market and trying to get their financial lives back on track. Drawing on the findings of the FINRA Investor Education Foundation's National Financial Capability Study of more than 25,000 Americans, the FINRA Foundation has developed five tips to help consumers both manage their day-to-day financial challenges and build a brighter financial future in 2014.

1. Do Take Advantage of Tax Breaks When Saving for College and Retirement. If you have financially dependent children, try to save for college using tax-advantaged savings accounts such as a 529 plan or Coverdell Education Savings Account. The FINRA Foundation's Study revealed that only 34 percent of respondents with financially dependent children are setting aside money for their children's college education.

While many Americans are not prepared for retirement, and only 54 percent of non-retired respondents have some kind of retirement account, workers should use tax advantaged savings accounts like 401(k)s to save money on taxes and boost their retirement security. Contributions to a traditional 401(k) are not subject to income tax withholding and are not included in your taxable wages—and earnings on Roth 401(k) contributions are tax-free. In 2014, you can contribute up to $17,500 to your 401(k)—and if you're aged 50 or over, you can contribute an additional $5,500 for a total of $23,000. FINRA tools and resources help consumers save for college or retirement.

2. Do Your Best to Bust Your Debt. More than two out of five Americans (42 percent) we surveyed felt that they have too much debt—regardless of their income. The best way to avoid an endless cycle of credit card debt is to try to pay your credit cards in full and on time. If you have racked up credit card debt, pay it off as quickly as possible. Even if you are unable to pay your whole monthly bill, always pay more than the minimum due, which will reduce the amount of interest you will pay. Millennials should take extra care when using credit cards. The FINRA Foundation's Study found that 52 percent of Americans aged 18-34 reported engaging in expensive credit card behaviors, compared with the national average of 41 percent. FINRA Foundation resources can help you avoid the debt trap.

3. Don't Chase Yield. Investors face a difficult investing environment, with low yields on fixed-income investments and an economy on the mend. Some investors may opt to "chase return," meaning they put their assets into riskier and sometimes esoteric products that promise higher yields and returns than they can obtain in more traditional investments. Investors should realize that they could be taking on more risk if they invest in products with higher returns. FINRA helps investors make smarter investing decisions.

4. Don't be Part of the 39%. We asked Americans if they would be able to come up with $2,000 if an unexpected need arose in the next month, and nearly two in five respondents (39 percent) said they probably or certainly could not. If your finances are unable to withstand an unexpected challenge (if the transmission in your car fails, for example, or a tree limb crashes through your roof) you are financially fragile. The best way to avoid being financially fragile is to build up rainy day savings in a federally insured savings account. Even if you have no savings at all, if you can set aside $40 every week in an account you otherwise do not touch, then by this time next year you will have saved over $2,000 and won't be a part of the 39 percent.

5.* Do Check Your Credit Report *and* Score.** You need to do both. Only 42 percent of survey respondents stated that they had obtained a copy of their credit report and only 41 percent had checked their credit score within the past 12 months. With credit hard to obtain and identity theft a continuing problem, it is critical to verify whether your credit history is accurate and correct any discrepancies immediately. Learn more about how your credit score affects you and what helps and hurts your credit score. For your free credit report, call (877) 322-8228 or visit www.AnnualCreditReport.com. ***[Editor's Note: For additional information on how to conduct a credit check, please visit the NC Attorney General's website at: http://www.ncdoj.gov/Protect-Yourself.aspx.]

NASAA Leadership Letter to SEC Objecting to State Preemption of Reg A+ Offerings

The leadership of the North American Securities Administrators Association (NASAA) has reached out directly to the leadership of the Securities and Exchange Commission (SEC) in response to the Commission's unprecedented move to preempt state authority over small corporate offerings through its proposed rule regarding Regulation A+. The February 19, 2014, letter, signed by 18 past and present Officers, Directors, and Organizational Chairs of NASAA, including David S. Massey, Deputy Securities Administrator and Director of the North Carolina Department of the Secretary of State Securities Division, said, in part:

> ***"We cannot do our job – protect investors or help small businesses access capital and grow their companies – where the Commission attempts to prohibit our review as contemplated in the Regulation A+ Proposal. As the Commission is aware, NASAA already has developed a new coordinated, streamlined multi-state review program that will ease regulatory burdens for filers without sacrificing investor protection. . . . The states also question the legal sufficiency of the proposal. . . . There is no doubt in our minds that the Commission and the states, standing together, will be much more effective in protecting our citizens and making Regulation A+ a success for small business filers than we could ever hope to be standing apart."***

NASAA leaders signing the letter included state securities regulators from Alabama, Arkansas, California, Illinois, Maine, Maryland, Massachusetts, Minnesota, Montana, Nebraska, North Carolina, Ohio, Tennessee, Texas, Utah, Virginia, Washington, and Wisconsin.

The full text of the letter is available on the NASAA website here.

Why Do I Need to Know This?

Background

The fundamental premise underlying both federal and state securities law is that investors are entitled to full, complete and accurate information about an investment so that they can make an informed decision as to whether it's right for them. As a result, companies selling securities to the general public typically must first register their offerings with the SEC, a state (or states), or both. There are, however, exemptions from the registration requirements that have long been available to companies if their offerings meet certain conditions.

Under one of these exemptions, known as "***Regulation A***" and which has been in place since the 1930s, companies may raise up to $5 million in a twelve-month period without having to register their securities offerings with the SEC. Title IV of the Jumpstart Our Business Startups (JOBS) Act of 2012 increased the Regulation A offering exemption to $50 million in a twelve-month period. Under its proposed rule, the SEC has suggested expanding Regulation A into two tiers: Tier 1, for offerings of up to $5 million; and Tier 2, for offerings of up to $50 million. Although the exemption would still be known as "Regulation A", with the two tiers of offerings, some are now referring to the exemption as "Regulation A-Plus", or "Reg A+" for short.

The JOBS Act recognized the strong investor protection role provided by state securities regulators in reviewing Regulation A offerings as part of the registration process. Yet in its proposed rule implementing Regulation A, the SEC ignored Congressional intent by ending a state's ability to review these offerings before they are sold to the public. Unless reversed, the SEC's proposed rule stands to harm investors as well as small and local businesses.

Four Reasons Why the SEC's Regulation A Proposal to Preempt State Authority is Harmful to Investors and Small Businesses Alike

1. The Commission's December 18 proposal disregards the important role of the states in regulating Regulation A offerings.

State regulators have particular strengths that uniquely qualify them to effectively oversee Regulation A offerings. Because they are geographically close and accessible to investors, states are in a better position than the SEC to communicate with both small business issuers and investors to ensure that this exemption is not abused. Moreover, the states will be most familiar with the local economic factors that affect small business and states have a strong interest in protecting investors in these types of offerings.

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2. The Commission's arbitrary decision to prohibit the states from performing an important oversight role could have negative implications for retail investors.

Given the risky nature of such investments, a collaborative and complementary system of policing small size offerings would contribute to the success of the public marketplace and provide what is best for investors. Unfortunately, the SEC's failure to recognize the essential role of the states in reviewing these offerings exacerbates the potential for fraud and abuse and undermines the investor confidence necessary to ensure that this market achieves its fullest potential.

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3. States question the legal sufficiency of the proposal.

The Commission's proposed reliance on the "qualified purchaser" definition as a means for achieving preemption is in direct conflict with Congress' intention that "qualified purchasers" be experienced and "sophisticated" investors who can protect themselves in the financial markets. The SEC's proposed rule disregards Congressional intent as it bases sophistication on the type of investment rather than the qualification of the purchaser. During extensive debate of the JOBS Act, Congress considered and rejected calls to preempt states from review of Regulation A offerings.

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4. The states have already developed a new coordinated review system that will ease regulatory burdens without sacrificing investor protection.

NASAA has developed a streamlined multi-state review protocols for Regulation A+ offerings to ease regulatory compliance costs on small companies seeking to raise capital. With the new program, Regulation A+ filings will be made in one place and distributed electronically to all states. Lead examiners will be appointed as the primary point of contact for a filer and each state will be given 10 business days for review. The lead examiners alone will interact with the issuer to resolve any deficiencies and once they determine an application should be cleared, the decision is binding on all participating states. On January 30, the NASAA Board of Directors approved the Proposed Coordinated Review Program for membership vote by electronic ballot with a March 7 deadline. Illustrated Guide to NASAA's Coordinated Review Program

For additional information, please see the "**Resources**" section on the NASAA website.

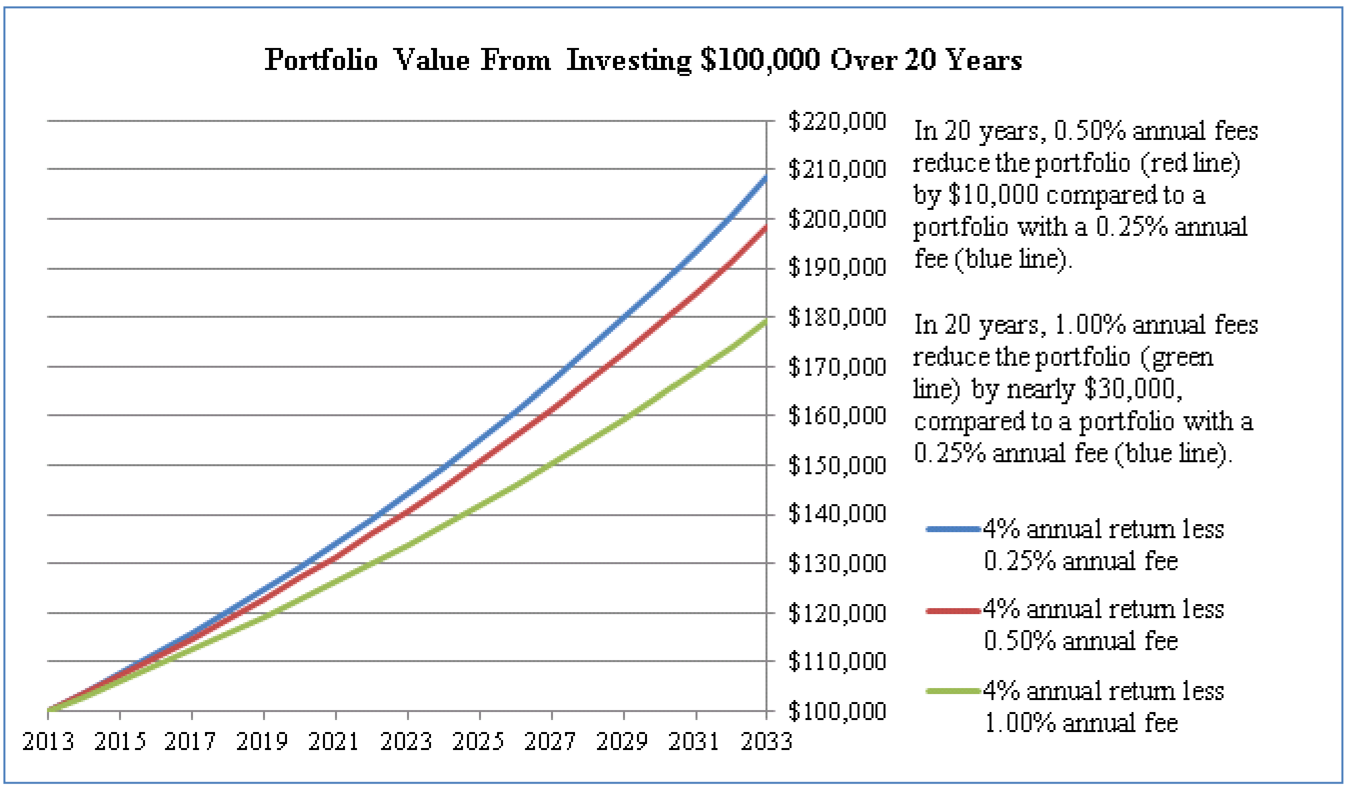
The public is invited to comment on the proposed rule through March 24, 2014 by using the SEC's Internet comment form or by sending an e-mail to rule-comments@sec.gov. Please include **File Number S7-11-13** on the subject line.

The SEC's Office of Investor Education and Advocacy is issuing this bulletin to educate investors about how fees can impact the value of an investment portfolio.

Investor.gov
U.S. Securities and Exchange Commission

Investor Bulletin: How Fees and Expenses Affect Your Investment Portfolio

As with anything you buy, there are fees and costs associated with investment products and services. ***These fees may seem small, but over time they can have a major impact on your investment portfolio.*** The following chart shows an investment portfolio with a 4% annual return over 20 years when the investment either has an ongoing fee of 0.25%, 0.50% or 1%. Notice how the fees affect the investment portfolio over 20 years.



Along with the other factors you think about when choosing either a financial professional or a particular investment, be sure you understand and compare the fees you'll be charged. It could save you a lot of money in the long run.

How Do I Know What I'm Being Charged?

- **Get informed.** Find out what you may be charged by reading what your financial professional provides you. For example, look at your account opening documents, account statements, confirmations and any product-specific documents to see the types and amount of fees you are paying. ***Fees impact your investment, so it's important you understand them.***
- **Ask questions so that you understand what you will be charged, when and why. Questions might include:**
    - What are all the fees relating to this account? Do you have a fee schedule that lists *all* of the fees that will be charged for investments and maintenance of this account?
    - What fees will I pay to purchase, hold and sell this investment? Will those fees appear clearly on my account statement or my confirmation? If those fees don't appear on my account statement or my confirmation, how will I know about them?
    - How can I reduce or eliminate some of the fees I'll pay? For example, can I buy the investment directly without paying a financial professional? Can I pay lower fees if I open a different type of account?
    - Do I need to keep a minimum account balance to avoid certain fees?
    - Are there any other transaction or advisory fees? Account transfer, account inactivity, wire transfer fees or any other fees?
    - How do the fees and expenses of the product compare to other products that can help me meet my objectives?
    - How much does the investment have to increase in value before I break even?
- **Ask questions about your financial professional's compensation. Questions might include:**
    - How do you get paid? By commission? How are commissions determined? Do they vary depending on the amount of assets you manage?
    - Do you get paid through means other than through commissions and amount of assets you manage and, if yes, how?
    - Do I have any choice on how to pay you?
- **Check your statements.** Review confirmation and account statements to be sure you're being charged correctly and ask your financial professional to break the fees down for you if it's unclear.

What Types Of Fees Are There?

Fees typically come in two types—*transaction fees* and *ongoing fees*. Transaction fees are charged each time you enter into a transaction, for example, when you buy a stock or mutual fund. In contrast, ongoing fees or expenses are charges you incur regularly, such as an annual account maintenance fee.

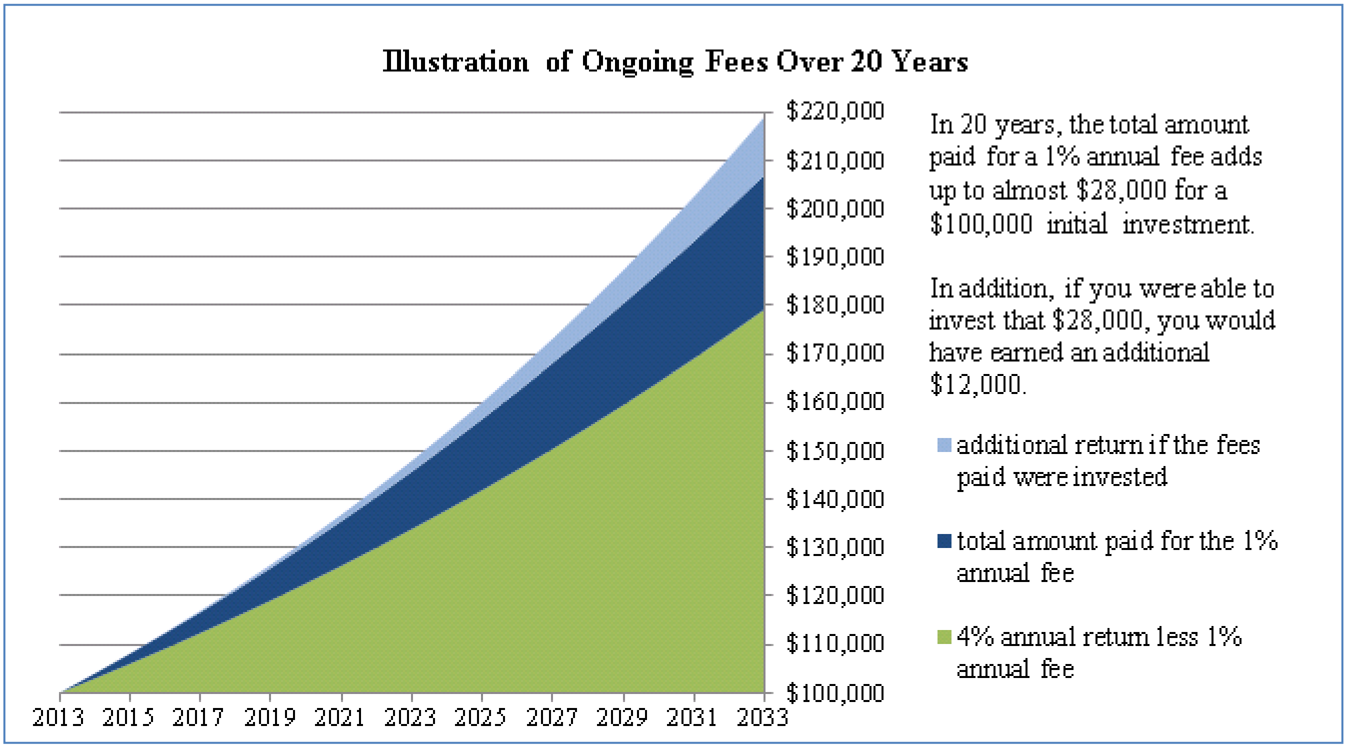
How Do Transaction Fees Affect Your Investment Portfolio?

Transaction fees are charged at the time you buy, sell or exchange an investment. As with any fee, transaction fees will reduce the overall amount of your investment portfolio.

How Do Ongoing Fees Affect Your Investment Portfolio?

Ongoing fees can also reduce the value of your investment portfolio. This is particularly true over time, because not only is your investment balance reduced by the fee, but you also lose any return you would have earned *on* that fee. ***Over time, even ongoing fees that are small can have a big impact on your investment portfolio.*** The chart above illustrates the effect of different ongoing fees on a $100,000 investment portfolio with a 4% annual return over 20 years.

The chart below illustrates the impact of a 1% ongoing fee on a $100,000 investment portfolio that grows 4% annually over 20 years. As the investment portfolio grows over time, so does the total amount of fees you pay. Because of the fees you pay, you have a smaller amount invested that is earning a return.



What Is An Example Of A Transaction Fee?

Commissions. You will likely pay a commission when you buy or sell a stock through a financial professional. The commission compensates the financial professional and his or her firm when it is acting as *agent* for you in your securities transaction.

Markups. When a broker-dealer sells you securities out of its inventory, the broker-dealer acts as a principal in the transaction (that is, selling to you directly the securities it holds). When acting in a principal capacity the broker-dealer generally will be compensated by selling the security to you at a price that is higher than the market price (the difference is called a *markup*), or by buying the security from you at a price that is lower than the market price (the difference is called a *markdown*).

Sales loads. Some mutual funds charge a fee called a sales load. Sales loads serve a similar purpose to commissions by compensating the financial professional for selling the mutual fund to you. Sales loads can be *front-end* in that they are assessed at the time you make your investment or *back-end* in that you are assessed the charge if you sell the mutual fund usually within a specified timeframe.

Surrender charges. Early withdrawal from a variable annuity investment (typically within six to eight years, but sometimes as long as 10 years) will usually result in a surrender charge. This charge compensates your financial professional for selling the variable annuity to you. Generally, the surrender charge is a percentage of the amount withdrawn, and declines gradually over a period of several years.

What Is An Example Of An Ongoing Fee?

Investment advisory fees. If you use an investment adviser to manage your investment portfolio, your adviser may charge you an ongoing annual fee based on the value of your portfolio.

Annual operating expenses. Mutual funds and exchange-traded funds, or ETFs, are essentially investment products created and managed by investment professionals. The management and marketing of these investment products result in expenses and costs that are often passed on to you—the investor—in the form of fees deducted from the fund's assets. These annual ongoing fees can include management fees, 12b-1 or distribution (and/or service) fees, and other expenses. These fees are often shown as a percentage of the fund's assets (the fund's "*expense ratio"*), and are identified in the fund's prospectus as the "*total annual fund operating expenses*."

401(k) fees. The expenses for operating and administering 401(k) plans may be passed along to its participants. This is in addition to the annual operating expenses of the mutual fund investments that you may hold in your plan.

Annual variable annuity fees. If you invest in a variable annuity, you may be charged fees to cover the expenses of administering the variable annuity. You also may pay fees such as insurance fees and fees for optional features (often called *riders*). You will also be subject to the annual operating expenses of any mutual funds or other investments that the variable annuity holds.

What Are Some Examples Of Products With Combined Transaction And Ongoing Fees?

Some investment products or services, including mutual funds, ETFs and variable annuities, commonly include both transaction and ongoing fees as part of the structure of the product or service. For example, an ETF is bought and sold like stock, so you may be charged a commission when you use a financial professional to purchase an ETF. An ETF also typically has ongoing fees in the form of its expense ratio, referred to in the ETF's prospectus as the *total annual fund operating expenses*. You can use FINRA's Fund Analyzer to compare the cost of various types of securities, including mutual funds and ETFs.

What Other Fees Might I Pay?

In addition to commissions, a broker-dealer may also charge certain additional fees such as fees for not maintaining a minimum balance, account maintenance, account transfer, account inactivity, wire transfer or other fees. These fees may not always be obvious to you from your account statement or confirmation statement. You should obtain information about all the fees you are charged and why they are charged. Ask your broker-dealer to explain the fees if you do not understand them.

What Can I Do If I Think My Fees Are Too High?

- **Follow up.** If your fees seem too high, ask questions. Consider following up in writing if you are not satisfied.
- **Negotiate.** In some cases, fees are negotiable, so you can talk to your financial professional about reducing them.
- **Shop around before you invest.** Just like shopping around for the best price on any other product or service, you should consider how much you are paying for investing services. However, to the extent you decide to move to a new firm, you should think about any tax consequences and fees for closing or transferring your account, for example, if you have to sell some or all of your current holdings in order to transfer.

When researching brokers, you can visit FINRA's BrokerCheck or call FINRA's toll-free BrokerCheck hotline at (800) 289-9999 to obtain information about a broker, including any regulatory actions taken by FINRA against the broker. If your broker also is registered with the SEC as an investment adviser, or you are working with an investment adviser, you may use our Investment Adviser Public Disclosure (IAPD) website to research your broker or investment adviser. If you feel the fees charged to you are excessive, contact FINRA to report your concern.

Additional Information

To check the registration status and/or disciplinary record of your stockbroker or investment adviser, contact the NC Securities Division at (919) 733-3924 or toll-free at (800) 688-4507. To read, download or order free copies of any of our investor education brochures, please visit the Securities Division's website at http://www.secretary.state.nc.us/sec/brochures.aspx.

For more information about understanding fees, visit investor.gov/investing-basics/guiding-principles/understanding-fees.

For the SEC's brochure on questions to ask, visit investor.gov/sites/default/files/sec-questions-investors-should-ask.pdf.

For the SEC's Investor Bulletin on choosing a financial professional, visit sec.gov/investor/alerts/ib_top_tips.pdf.

For more information on mutual funds, visit sec.gov/investor/pubs/beginmutual.htm.

For the SEC's Investor Bulletin on ETFs, visit sec.gov/investor/alerts/etfs.pdf.

For the SEC's Fast Answer on mutual fund fees, visit sec.gov/answers/mffees.htm.

For more information on variable annuities, visit investor.gov/news-alerts/investor-bulletins/investor-bulletin-variable-annuities-introduction.

For the SEC's Fast Answer on index funds, visit sec.gov/answers/indexf.htm.

For FINRA's Fund Analyzer, visit apps.finra.org/fundanalyzer/1/fa.aspx.

For the SEC's Investor Bulletin on mutual fund shareholder reports, visit sec.gov/investor/alerts/ib_readmfreport.pdf.

For the SEC's Investor Bulletin on confirmation statements, visit sec.gov/investor/alerts/ib_confirmations.pdf.

For FINRA's investor bulletin on brokerage account statements and confirmations, visit finra.org/investors/protectyourself/investoralerts/tradingsecurities/p125631.

For FINRA's BrokerCheck resource, visit finra.org/Investors/ToolsCalculators/BrokerCheck/.

For the SEC's Investment Adviser Public Disclosure (IAPD) website, visit adviserinfo.sec.gov.

For additional investor educational information, see the SEC's website for individual investors, investor.gov.

The Office of Investor Education and Advocacy has provided this information as a service to investors. It is neither a legal interpretation nor a statement of SEC policy. If you have questions concerning the meaning or application of a particular law or rule, please consult with an attorney who specializes in securities law.

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SEC
OFFICE of INVESTOR EDUCATION and ADVOCACY

Investor Bulletin:

Variable Annuities—An Introduction

This SEC Office of Investor Education and Advocacy Investor Bulletin provides some basic facts about variable annuities and how they work. Variable annuities are complex products, and this Investor Bulletin focuses solely on the basics. For more in-depth information about variable annuities, see our companion publication, Variable Annuities: What You Should Know.

What Is a Variable Annuity?

A variable annuity is an investment product with insurance features. It allows you to select from a menu of investment choices, typically mutual funds, within the variable annuity and, at a later date—such as retirement—allows you to receive a stream of payments over time. The value of your variable annuity will depend on how your investment choices perform.

What Should I Do Before I Invest in a Variable Annuity?

- **Know how they work**. Before you buy a variable annuity, know how it works, look up key terms you might not be familiar with, figure out how you'll be charged, and be prepared to ask your financial professional questions about whether the product is right for you.

- **Get the details—read the variable annuity prospectus.** Different products have different features. Ask your financial professional for the variable annuity prospectus, which will describe the product you're considering in detail. Read the prospectus carefully, and ask questions about what you don't understand. The prospectus—which should be available free of charge—contains important information about much of what's described in this Investor Bulletin, including charges, investment choices, death benefits, payout options, and other features.

- **Understand that they are not appropriate for short-term investors.** Variable annuities are longterm investments for retirement savings purposes and other long-range goals. They are not a good choice for short-term investing. If you take out your money too early from the variable annuity, substantial taxes and insurance company charges, among other things, may apply.

- **Realize that you could lose money.** Variable annuities involve investment risks, just like mutual funds do. If the investment choices you selected for the variable annuity perform poorly, you could lose money.

What's Different about a Variable Annuity?

Although variable annuities usually are invested in mutual funds, they are different from mutual funds in important ways:

- **Variable annuities allow you to receive periodic payments.** A variable annuity allows you to receive **periodic payments** for the rest of your life or for the life of your spouse.

- **They offer a range of features, but be prepared to pay extra for them.** For example, most variable annuities offer a death benefit, which means that if you die before the insurer has started making payments to you, a person you have named as a beneficiary will receive a specified amount. But you'll pay for this feature during the time you own the product. Same with other features such as optional "riders," including so-called "guarantees," which are discussed in more detail below. Consider whether these features are right for you and are worth what you're paying for them.

- **Earnings are tax-deferred, but there are penalties for early withdrawal.** You pay no taxes on any income and investment gains on the investments that you hold in the variable annuity until you withdraw your money. But when you take your money out, you will be taxed on the earnings at **ordinary income tax rates** rather than at lower capital gains tax rates associated with other investments, like mutual funds. In addition, you may face a 10% federal income **tax penalty** if you withdraw the money before you are 59½ years old. Finally, if you're putting a variable annuity into a tax-advantaged account, like an IRA or other retirement account (*e.g.*, a 401(k) plan), you'll get no extra tax advantage. The tax rules that apply to variable annuities can be complicated—before investing, you may want to consult a tax adviser about the tax consequences to you of investing in a variable annuity.

How Is My Money in a Variable Annuity Invested?

You allocate your payments (during what's called the "**accumulation phase**") to the investment choices available through the variable annuity. For example, you might direct 40% of your payments to a bond fund, 40% to a U.S. stock fund, and 20% to an international stock fund.

The money you direct to each mutual fund investment choice will increase or decrease over time, depending on the mutual fund's performance. In addition, variable annuities often allow you to direct part of your purchase payments to a **fixed account run by the insurance company**.

A fixed account, unlike a mutual fund, pays a fixed or minimum rate of interest. Ask your financial professional for the prospectuses of the investment choices available through the variable annuity before you decide how to invest your money. Consider these important questions for each investment choice you are thinking about: (1) investment objectives, (2) fees and expenses, (3) risks and volatility, and (4) how the fund fits into your overall investment strategy.

How Do I Get My Money out of the Variable Annuity?

When you begin to take money out of the variable annuity, that's called the "**payout phase**." At the beginning of the payout phase, you can elect to receive the value of your variable annuity all at once. Or, you can choose to receive a stream of payments—for example, for a period that you select (say, 20 years) or for a specified person's lifetime (such as your lifetime or the lifetime of you and your spouse).

What Are Living Benefits?

Many variable annuities offer features designed to provide some protection from investment losses. These features are sometimes called "living benefits." They may also have names such as "guaranteed minimum income," "guaranteed minimum withdrawal," "guaranteed lifetime withdrawal," or "guaranteed minimum accumulation" benefits. Some such features provide that you will be able to receive a specified level of payments, regardless of the performance of your investment choices.

Caution!

You should consider the financial strength of the insurance company selling the variable annuity. This could affect the company's ability to meet its obligations to you under a living benefit, or to meet other obligations, such as a death benefit or a fixed account obligation. Living benefits are complex and often have limitations and conditions. For example:

- You may be forced to select only certain investment choices, which may limit the return on your investment.
- Withdrawals can reduce the amount that would otherwise be paid under the living benefit.

You pay extra for these features, so be sure what you choose is right for you, and worth what you're paying for it. Our variable annuity publication—*Variable Annuities: What You Should Know*—has more information about these features generally, and the product prospectus will have more information on how the particular living benefit you are considering works.

What Will I Pay to Invest in a Variable Annuity?

You pay charges when you invest in a variable annuity. Be sure you understand all the charges before you invest. **These charges will reduce the value of your account and the return on your investment.** Often, they will include:

- **Surrender charges**—Withdrawals made within a certain period after your purchase payment (usually within six to eight years, but sometimes 10 years or longer) will usually have a "surrender" charge deducted from the amount you withdraw.
- **Mortality and expense risk charge**—This charge is based on the value of your account—usually around 1.25% of the value of your account *per year*. It pays for the death benefit, and is sometimes used to pay the insurance company's costs to sell the contract—like commissions.
- **Investment option expenses**—Expenses for the investment choices you select.
- **Charges for other features**—Special features, such as a living benefit, an enhancement to the basic death benefit, or long-term care insurance, often cost extra.

Read the variable annuity prospectus and ask your financial professional to explain the charges that may apply. **We've highlighted some of the key ones in this Investor Alert.**

What Are Tax-Free Exchanges?

Under U.S. tax law, you can exchange a variable annuity contract for a new annuity contract without paying any tax on any income and investment gains in your current variable annuity. These exchanges might be useful to you if you own a variable annuity but another annuity has features that you prefer, such as a larger death benefit, different annuity payout options, or different living benefits.

Exchanging your original variable annuity for a new one may have drawbacks. For example, when you surrender the old variable annuity, you may have to pay surrender charges. (Remember—exchanging your original variable annuity contract for a new annuity contract ***generally is considered a withdrawal***.) Also, a new surrender charge period generally begins when you exchange into the new variable annuity. This means that, for a significant number of years, you typically will have to pay a surrender charge if you withdraw funds from the new variable annuity. In addition, features under the original contract, such as the death benefit and living benefits, might be better than you might have under the new contract. And the new variable annuity may have higher fees and charges than the old variable annuity, which will reduce your returns.

Caution!

Before you exchange one variable annuity product for another, compare both carefully. If you decide to do an exchange, you should first consult your financial professional or tax adviser to make sure that the exchange will be tax-free. See our variable annuity publication—*Variable Annuities: What You Should Know*—for more information about what you should think about, including a checklist of questions to ask yourself before you make your investment decision.

Caution!

Variable annuities with bonus credits may have a downside—like higher expenses, higher surrender charges, and longer surrender charge periods—that can outweigh the benefit.

Also, some products take back the bonus under certain conditions, for example, if a death benefit is paid, or if you make a withdrawal.

What Are Bonus Credits?

Some insurance companies give you a credit that is added to your variable annuity contract value based on a percentage (typically from 1% to 5%) of your purchase payments. Sometimes the bonus is limited to money you put in initially or during the first year of owning the contract.

Ask Questions Before You Invest—In Anything!

Don't be afraid to ask the financial professionals who are trying to sell you a variable annuity whether the product is right for you. Keep asking them questions until you are satisfied with their answers. And write down their answers, so there won't be any confusion later as to who said what.

Remember: ***Before purchasing a variable annuity, learn as much as possible about how it works, the benefits it provides, and the charges you will pay.***

Other SEC Online Resources (available at *http://www.sec.gov*)

Variable Annuities: What You Should Know—Contains more detailed information on topics like expenses, exchanges, tax treatment, and living benefits than what's in this bulletin.

Invest Wisely: An Introduction to Mutual Funds—Basic information about investing in mutual funds. Much of this information applies to variable annuities as well.

Mutual Fund Investing: Look at More Than a Fund's Past Performance—Describes some of the factors you should consider in choosing a mutual fund.

The NC Department of Insurance offers a free booklet entitled ***"A Consumer's Guide to Annuities"*** and is available at www.ncdoi.com.

Calendar of Upcoming Events

A representative from the Securities Division will be giving an anti-fraud presentation on the following dates and locations. Dates and times are subject to cancellation (although cancellations are rare), so please call the contact number listed to confirm the event is still on before leaving for it. All presentations are free and open to the public unless otherwise indicated. If you would like to schedule a speaker for your church, business, group or organization, please contact John Maron or Barbara Bennett at (800) 688-4507.

Date	City	Details
3/14/14	Hickory	"Financial Fraud Abuse Prevention for Older Adults – A Statewide Initiative". Crowne Plaza-Hickory, 1385 Lenoir Rhyne Blvd SE. Sponsored by North Carolina State University Department of 4-H Youth Development and Family & Consumer Sciences. Time: 8:30 AM -- Noon. Registration required. For more information, contact Dr. Carolyn Bird at (919) 513-7793.
3/15/14	Raleigh	Anti-fraud presentation to attendees of the couples ministry at Juniper Level Missionary Baptist Church, 9104 Sauls Road. Noon-12:30. Open to church members and their guests only.
3/18/14	Charlotte	Financial Planners Association-Charlotte monthly lunch. Myers Park Country Club, 2415 Roswell Avenue. Time: Noon – 1:00 PM. Open to FPA members and their guests only. For more information, contact Harry Greyard at (704) 553-7220.

Date	City	Details
3/18/14	Pinehurst	"Business Essentials" presentation by NC Department of Revenue, NC Secretary of State and NC Industrial Commission at Sandhills Community College, Van Dusen Hall, Room 103, 3395 Airport Road. Each agency will cover basic requirements to help businesses in North Carolina understand the laws and obligations necessary to be a compliant business. Free, but registration is requested. Time: 6:00 PM -- 9:00 PM. For more information, contact Marilyn Neely at (910) 695-3938). Course #1459.
3/19/14	Greenville	Financial Fraud Abuse Prevention for Older Adults – A Statewide Initiative". City Hotel & Bistro, 203 Greenville Blvd SW. Sponsored by North Carolina State University Department of 4-H Youth Development and Family & Consumer Sciences. Time: 8:30 AM -- Noon. Registration required. For more information, contact Dr. Carolyn Bird at (919) 513-7793.
3/19/14	Kinston	Anti-fraud presentation at the George T. Skinner Center, 112 E. Blount Street. Sponsored by the Lenoir County Council on Aging. Time: 10:00 AM -- 11:00 AM. Free. For more information, contact Mineko Holloway at (252) 527-1545, Ext. 223.
3/26/14	Candler	"Business Essentials" presentation at A-B Technical Community College, Hayes Conference Center - 2nd Floor, 1465 Sand Hill Road. Co-presented by the NC Department of Revenue, NC Secretary of State and NC Industrial Commission. Each agency will cover basic requirements to help businesses in North Carolina understand the laws and obligations necessary to be a compliant business. Time: 9:00 AM -- 11:30 AM. Free, but registration is requested.
3/26/14	Apex	7th Annual Health & Resource Fair, Apex Community Center, 53 Hunter Street. Time: 9:00 AM – Noon. For more information, contact Jessica Puckett at (919) 249-3402.
3/31/14	Hildebran	East Burke Senior Center, 202 S. Center Street. Time: 9:30 AM -- 10:30 AM. Free. For more information, contact Jason May at (828) 430-4147.
3/31/14	Morganton	Morganton-Burke Senior Center, 501 N. Green St. Time: 11:00 – Noon. Free. For more information, contact Jason May at (828) 430-4147.
4/7/14	Jacksonville	Onslow County Senior Services, 4024 Richlands Hwy. Time: 10:00 AM –11:00 AM. Free. For more information, contact Denise Leyva at (910) 989-3106.
4/14/14	Mocksville	Davie County Senior Services, 278 Meroney Street. Time: 10:45 AM -- 11:45 AM. Free. For more information, contact Kim Shuskey at (336) 753-6230.
4/15/14	Cary	"Introduction to Securities for Entrepreneurs Seeking to Raise Business Capital" presentation at Wake Tech, Western Campus, 3434 Kildaire Farm Road. Organized by the NC Institute of Minority Economic Development. Time: 6:45 PM -- 9:00 PM. Free. For more information, contact Alyssa Mako at (919) 956-889.
4/22/14	Charlotte	"Financial Exploitation Prevention", Tyvola Senior Center, 2225 Tyvola Road. Time: 10:00 AM -- 11:00 AM. Free. For more information, contact April Pinkney at (704) 817-5462.
4/23/14	Fayetteville	Ft. Bragg Marriage Money Matters, ACS, Building 4-2843, 3rd Floor Soldier Support Ctr, 2843 Normandy Drive. Time: 1:30 PM -- 4:30 PM. For military personnel and their families only. Free. For more information, contact Lynn Olavarria at (910) 907-3670.
4/29/14	Arden	Western Chapter of the NC Society of Accountants. Beef O'Brady's, 2625 Hendersonville Road. Time: 6:30 PM – 8:00 PM. Open to members and their guests only. For more information, contact Carole B. Owenby at (828) 298-0753.
4/30/14	Yadkinville	Yadkin County Senior Center, 207 E. Hemlock Street Time: 10:30 AM -- 11:30 AM. Free. For more information, contact Lavania Gilliam at (336) 679-3596.
4/30/14	Statesville	Kick Off for Older Americans Month, Iredell Senior Center, 344 East Front Street. Time: 2:00 PM -- 3:30 PM. Free. For more information, contact Debbie Preston at (704) 873-8568.

On The Docket

The following cases are ones in which the Securities Division has had some involvement, either as the lead investigative agency or in a supporting role.

Walter Ray Reinhardt, of Durham, NC, was served with 62 felony arrest warrants for securities violations on November 17, 2010. He is alleged to have defrauded 16 victims in Durham County out of more than $1 million. Reinhardt had his first appearance in Durham County District Court on November 18, 2010 on 38 felony counts of securities fraud, 12 felony counts of common law forgery, and 12 felony counts of common law uttering. He is currently being held in the Durham County Jail under a $4 million bond.

Darren Joseph Capote, of Patterson, NY, was indicted on July 11, 2011, in Ashe County Superior Court on three Class C felony counts of securities fraud. He is alleged to have defrauded an elderly victim in Ashe County. He was released from custody on a $100,000 secured bond. His next court appearance in Ashe County has not been scheduled.

Michael Anthony Jenkins, of Raleigh, NC, was served on August 17, 2012, with three felony arrest warrants for securities fraud. Investigators with the Secretary of State Securities Division allege that Jenkins told investors he would use their funds to trade commodities futures or "E-mini futures" through his company, Harbor Light Asset Management, LLC. Investigators allege Jenkins instead converted funds to his personal use and used money from later investors to pay earlier investors in what is commonly referred to as a Ponzi scheme. Jenkins is in the Wake County Jail under $500,000 secured bond. During his first hearing on August 20, 2012, the prosecutor told the court that there are 377 known victims of Jenkins' approximately $1.79 million Ponzi scheme. The Securities Division's investigation is continuing. Anyone who has made investments with Harbor Light Asset Management, LLC is asked to contact the Securities Division at (800) 688-4507 or (919) 733-3924.

Recent Enforcement Actions

(For prior administrative and criminal actions, click on the badge to the right.)

News from the Regulators

(The following are selected public notices issued by one or more securities regulator. Click the links to view the full notices. These are offered for informational purposes only.)

SEC Announces Initiative Directed at Never-Before Examined Registered Investment Advisers

Feb. 20, 2014 -- The Securities and Exchange Commission has announced that its Office of Compliance Inspections and Examinations (OCIE) is launching an initiative directed at investment advisers that have never been examined, focusing on those that have been registered with the SEC for three or more years. OCIE previously announced that examining these advisers is a priority in 2014.

CFTC Charges Ron Earl McCullough and David Christopher Mayhew with Fraudulent Solicitation, False Statements, and Misappropriation of More than $1.6 Million of Customer Funds

Feb. 19, 2014 -- The U.S. Commodity Futures Trading Commission (CFTC) filed an enforcement action in the U.S. District Court, Eastern District of North Carolina, charging **Ron Earl McCullough** and **David Christopher Mayhew**, both of Raleigh, with fraudulently soliciting, directly and through others, approximately $2.3 million from at least 11 individuals to trade leveraged or margined off-exchange foreign currency contracts. In a separate action, the CFTC issued an Administrative Order against **Travis Maurice Cox**, also of Raleigh. According to the CFTC administrative Order, from about August 2009 through December 2011, Cox fraudulently solicited approximately $1.3 million from at least five individuals to trade forex through Cox and his partners. The Order also finds that Cox falsely told his customers that his partners had made money for Cox through forex trading, and that they could be trusted. Cox also represented that all of his customers' funds would be traded, but failed to transfer all such funds to his partners for trading. Further, according to the Order, Cox misappropriated approximately $114,000 of his customers' funds by either failing to deposit that money into forex trading accounts or transferring it to his partners for trading. The Order requires Cox to make restitution of $1,306,010.95 to his defrauded customers and to pay a $330,000 civil monetary penalty. The Order also requires Cox to cease and desist from further violations of the Act and a CFTC regulation, as charged, and imposes permanent bans on trading, registration, and certain other commodity-related activities. For more information, click the links above.

SEC Names Rick Fleming As Investor Advocate

Feb. 12, 2014 — The Securities and Exchange Commission today announced that Rick A. Fleming has been named as the first head of the agency's Office of the Investor Advocate. As the Investor Advocate, Mr. Fleming will lead an office charged with assisting retail investors in interactions with the Commission and with self-regulatory organizations (SROs), identifying areas where investors would benefit from changes in, and analyzing the impact of, the rules and regulations of the Commission and SROs, identifying problems that investors have with financial service providers and investment products and proposing related changes to promote the interests of investors. For more information, click the link above.

SEC Publishes Draft Strategic Plan For Public Comment

Feb. 3, 2014 -- The Securities and Exchange Commission has published for public comment its Draft Strategic Plan that outlines the agency's strategic goals for fiscal years 2014 to 2018. The draft plan was prepared in accordance with the Government Performance and Results Modernization Act of 2010, which requires federal agencies to outline their missions, planned initiatives, and performance goals for a five-year period. The SEC's draft plan surveys the forces shaping its environment and outlines more than 70 initiatives designed to support its primary strategic goals. To comment on the 2014-2018 Draft Strategic Plan, send an e-mail to PerformancePlanning@sec.gov by March 10, 2014.

SEC Continues Microcap Fraud Crackdown, Proactively Suspends Trading in 255 Dormant Shell Companies

Feb. 3, 2014 -- The Securities and Exchange Commission has announced the latest actions in its microcap fraud-fighting initiative known as ***Operation Shell-Expel***, suspending trading in 255 dormant shell companies ripe for abuse in the over-the-counter market. Pump-and-dump schemes are among the most common types of fraud involving microcap companies. Perpetrators will tout a thinly-traded microcap stock through false and misleading statements about the company to the marketplace. After purchasing low and pumping the stock price higher by creating the appearance of market activity, they dump the stock to make huge profits by selling it into the market at the higher price. For more information, click the link above.

SEC Issues Risk Alert on Investment Advisers' Due Diligence Processes for Selecting Alternative Investments

Jan. 28, 2014 — The Securities and Exchange Commission's Office of Compliance Inspections and Examinations (OCIE) has issued a Risk Alert on the due diligence processes that investment advisers use when they recommend or place clients' assets in alternative investments such as hedge funds, private equity funds, or funds of private funds. The alert describes current industry trends and practices in advisers' due diligence. To read the Risk Alert, click the link above.

New CFPB Report: "Rigorous Evaluation of Financial Capability Strategies: Why, When, and How"

Jan. 24, 2014 – The Consumer Financial Protection Bureau (CFPB) has issued a report presenting insights that can be helpful to researchers, practitioners, and funders undertaking or contemplating rigorous research into the effectiveness of different financial capability approaches. It summarizes the successful strategies and pitfalls of conducting rigorous evaluation of financial capability interventions, shared during a roundtable discussion with Urban Institute and CFPB staff, as well as evaluators, funders, and program staff. To read the report, click the links above.

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. For a wealth of investor education information, please visit our Web site, www.sosnc.com. Click on the yellow box entitled "Investment Securities".

This newsletter is produced by the Investor Education Program of the Securities Division of the North Carolina Department of the Secretary of State. If you have questions or comments about this publication, or would like to schedule an investor education presentation with your group or organization, please email John Maron, Director of the Investor Education Program, or call (919) 807-2106.

Please help us publicize the educational information in this mailing by forwarding it to your contacts around the state. 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.

Remember that if an investment sounds too good to be true, it *probably* is!