



# North Carolina Department of the Secretary of State

*Hon. Elaine F. Marshall, Secretary*

## March 2016 SECURITIES NEWSLETTER • Vol. 8, No.3

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**NC Securities Division  
Investor Protection  
Hotline**

**1-800-688-4507**



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## NC Investor Day aims to demystify finance for North Carolinians

*NC Secretary of State Elaine F. Marshall, SEC official among speakers*

The First Annual NC Investor Day aims to shed light on the often complex world of investing, perhaps even “Making Finance Cool Again.”

Being held April 19 at the NC Biotechnology Center at 15 TW Alexander Drive in RTP, Investor Day is a day-long educational symposium for small investors, small business owners and professional investors.



The event will feature keynote addresses from Secretary of State Marshall and Kenan Institute of Private Enterprise Director Greg Brown. Expert panels throughout the day will bring together leaders from business and government to discuss topics ranging from small business finance and investing in start-ups to online lending, crowdfunding and small business lending issues.

Panelists will include Lori Schock, Director of Investor Education and Advocacy with the US Securities and Exchange Commission; Christopher Gergen, Co-Founder of HQ Raleigh; and Mariel Beasley from Duke University’s Center for Advanced Hindsight.

“The goal is to make it easier for people to understand the complicated world of investing by providing information from subject matter experts,” said Patrick Rodriguez, senior area manager for the US Small Business Administration in Raleigh.



“A better informed public leads to fewer investing problems, less fraud, a level playing field for all, and greater capital formation in North Carolina,” said Secretary Marshall.

NC Investor Day is a joint effort of the NC Secretary of State’s Securities Division, the US Small Business Administration – [Raleigh Division](#), [The Support Center](#), and the Frank Hawkins [Kenan Institute](#) of Private Enterprise.

The event begins at 8 a.m. with an hour for registration, breakfast and networking. Check out the [full agenda](#) for details. You can [register online](#) before April 10 for \$35, or after April 10 for \$45. Same day walk-in registration is also available. Breakfast and lunch are included in the registration fee. The day’s panels will conclude at 4 p.m. with a reception and networking hour from 4 p.m. to 5 p.m.

For more information contact John Maron, Director of Investor Education at the Secretary of State’s Office, at [jmaron@sosnc.gov](mailto:jmaron@sosnc.gov) or 919-807-2106; or contact Janice Rojas at The Support Center, at [jrojas@thesupportcenter-nc.org](mailto:jrojas@thesupportcenter-nc.org) or 919-803-1427 ext. 232.

# Workshop Sharpens Marines' Focus on Financial Readiness

The Secretary of State's Office teamed up with the USO of North Carolina on March 18 to offer a financial workshop in Jacksonville for Camp Lejeune Marines and their families.



Speaking to about 100 Marines who attended the workshop, NC Secretary of State Elaine F. Marshall cautioned that military families are sometimes targeted for affinity fraud by scam artists who play up their own military service or pose as military veterans in order to build bonds of trust.

Marshall pointed to the example of the "Three Hebrew Boys" Ponzi Scheme, in which scam artists stole more than \$82 million from some 7,000 victims.

"The worst part was that some of its salesmen were active military—in fact some they were serving in Afghanistan and Iraq even as they ripped off their fellow service members," Marshall said. She added, "I don't care how good you are at reading people, the odds are that the first time you meet or talk to a scam artist, you are not going to realize who they really are. But, the first time you meet or talk to one of these crooks, they will be sizing you up as a potential victim."



**SOSNC in  
the News**

Check out Time Warner Cable's coverage of the Jacksonville workshop [here](#).

Over 12 month's time between 2014 and 2015, 19 people were fined, charged, convicted or sentenced in investment crimes investigated by the Secretary of State's Office. Marshall urged military families and investors across North Carolina to join in the fight against fraud and report suspected investment scams.

"No matter how many crooks we throw in jail, we can never win that fight without the public getting more educated, more aware and more wary of the scam artists out there trying to rip them off."

The Jacksonville workshop was one in a series of financial training events for military communities across the state resulting from a partnership between the USO of NC and the NC Secretary of State's Office.

The Secretary of State Securities Division enforces and administers North Carolina's securities laws, which are designed to protect the investing public. Anyone considering a securities investment is encouraged to call the Department's Securities Hotline toll-free at 1-800-688-4507 to verify the registration or disciplinary history of a securities salesperson or the salesperson's firm.

Check out anyone pitching an investment to you before you sign over any money by calling SOSNC's Investor Hotline at 1-800-688-4507.



***Secretary Marshall with USO of  
NC staff at the Jacksonville  
Center.***



## FINRA Foundation Military Spouse Fellowship Application Now Open

### *Financial-Readiness Program Helps Military Spouses Foster Their Own Careers*

The FINRA Investor Education Foundation's Military Spouse Fellowship Program has opened the application process for its 2016 class of Military Spouse Fellows. The program provides military spouse recipients with the education and training needed to earn the Accredited Financial Counselor® (AFC®) designation.

Military spouses can [apply online](#). All applications are due by April 22, 2016 at midnight EST.

The FINRA Foundation administers the Military Spouse Fellowship in partnership with the Association for Financial Counseling and Planning Education® (AFCPE®) and the National Military Family Association, a nonprofit that works to strengthen and protect military families. The program covers the costs associated with completing the AFC certification.



"FINRA Foundation Military Spouse Fellows pay it forward," said Gerri Walsh, President of the FINRA Investor Education Foundation. "Our Fellows gain expertise and skills, and have credibility with other service members and their spouses because they 'speak military' and live the lifestyle. We're proud to offer Fellowships that impact the financial well-being of so many service members, and appreciate the Fellows' contributions to the military community."

Since the inception of the fellowship in 2006, nearly 500 military spouses have earned the AFC certification and logged more than 418,000 hours helping military families reach their financial goals. Upon completion of the program, Military Spouse Fellows continue to support the military community as financial counselors at family readiness and support centers, credit counseling and tax centers, financial aid offices, and credit unions throughout the U.S. and abroad.

"These organizations are in need of well-trained specialists who understand the unique financial needs of military families," says Rebecca Wiggins, AFCPE Executive Director. "AFC certification sets the standard in financial counseling and education. The program allows military spouses to give back to the military community but also supports them in building a portable and rewarding career."

"NMFA is proud to work with FINRA Foundation and AFCPE to help make military spouses more aware of this opportunity to receive the AFC certification," said Joyce Wessel Raezer, NMFA Executive Director. "Helping military spouses gain this certification creates a financial education multiplier effect in military communities at a time when more and more families struggle to make smart decisions about their family finances."

Profiles of selected Fellows are available at [www.SaveandInvest.org/MilitaryCenter](http://www.SaveandInvest.org/MilitaryCenter).

The Fellowship Program is open to current or surviving spouses of active duty or retired Army, Navy, Air Force, Marine Corps, Coast Guard, National Guard or Reserve service members, as well as spouses of members of the U.S. Public Health Service Commissioned Corps and the National Oceanic and Atmospheric Administration Commissioned Officer Corps.

# Older Americans are not alone in the fight to stop financial abuse

By Naomi Karp and Stacy Canan

Recent studies suggest that financial exploitation—the illegal or improper use of an older American’s funds, property or assets—is the most common form of elder abuse. This abuse is costing older Americans billions of dollars a year, with as many as 17 percent of Americans 65 and older reporting that they have been the victim of financial exploitation. Worse, it is estimated that only one in 44 cases ever comes to the attention of protective services. This abuse is robbing older Americans of their resources, dignity and quality of life which many will never recover.

## What are we doing to help?

Banks and credit unions are in a unique position to prevent financial exploitation of older Americans and to intervene effectively when older account holders are targeted or victimized. That is why today we are releasing an [advisory](#) and [report](#) for banks and credit unions on how they can better protect older consumers from financial abuse. After talking with banks, credit unions, police, prosecutors, service providers and government agencies, we’re offering recommendations that financial institutions can put in place to help better protect against the victimization of older Americans.

## How can you work with your bank or credit union to protect yourself?

- ◆ **Immediately report abuse** —Regularly monitor your account for suspicious activity. Promptly contact local law enforcement and your bank or credit union if you suspect that you have been a victim of financial exploitation.
- ◆ **Consider giving a trusted relative or friend access to monitor transactions** —Allow someone you trust to monitor your account for things that don’t look right—without giving that person the right to access your funds.
- ◆ **Ask about “convenience” or “agency” accounts** —These accounts are set up so that your money is used for your benefit but they allow a relative or friend to assist with writing checks, paying bills and other account business. Make sure you select someone trustworthy to be your helper.
- ◆ **Create a power of attorney or other advance plan** — Plan ahead by giving a trusted person the legal authority to make financial decisions for you if you cannot. Make sure your bank or credit union has a record of who can manage your money if you become unable to do so.
- ◆ **Ask financial institutions about educational materials and events** — Many banks and credit unions have numerous resources on how you can protect yourself and your loved ones from scams and exploitation.

If you think that a family member or friend has been exploited, call the NC Secretary of State’s Securities Division at 1-800-688-4507 or your local adult protective services agency to report it. You can visit [eldercare.gov](http://eldercare.gov) to find your local adult protective care services agency and other service providers that can help. You can also [download a printer-friendly version](#) of this information to share with friends, family or clients.





## Investor Bulletin: Zika Crisis May Give Rise to Investment Scams

*The SEC's Office of Investor Education and Advocacy is issuing this Investor Alert to warn investors about potential investment scams involving companies that claim their products or services relate to the Zika virus.*

Investment scam artists often exploit the latest crisis to line their own pockets and Zika is no exception. The SEC staff is aware of increased stock promotion of companies that claim to be developing products or services relating to the Zika virus.



### Beware of Zika-Related Investment Scams

As with any investment, watch out for these red flags of potential investment fraud:

- ◆ **Unregistered investment professionals.** Many Fraudulent investment schemes involve unlicensed individuals or unregistered firms. Use the SEC's Investment Adviser Public Disclosure (IAPD) database, which is available on [Investor.gov](http://Investor.gov), to check the registration status of anyone recommending or selling an investment.
- ◆ **Promises or guarantees of high investment returns with little or no risk.** Every investment carries some degree of risk, and the potential for greater returns often comes with greater risk. Be skeptical of any investment that guarantees a high rate of return on your investment or does not disclose risk.
- ◆ **Unsolicited offers, including through social media.** A new post on your wall, a tweet mentioning you, a direct message, an e-mail, a text, a phone call, or any other unsolicited – meaning you didn't ask for it and don't know the sender – communication regarding an investment "opportunity" may be part of a scam. Be especially suspicious if you are told that the promotion is based on "inside" information or if you are asked to keep the investment opportunity confidential.



Investment scams exploiting the Zika crisis may include "[pump-and-dump](#)" schemes, where promoters "pump" up the stock price of a company by spreading positive rumors that incite a buying frenzy and then they quickly "dump" their own shares before the hype ends. Typically, after the promoters profit from their sales, the stock price drops and the remaining investors lose money.

[Microcap stocks](#) (low-priced stocks issued by the smallest of companies that trade in the "over-the-counter" (also called OTC) market), including [penny stocks](#) (the very lowest priced stocks), are particularly susceptible to pump-and-dump schemes. Publicly-available information about microcap companies often is scarce, making it easier for fraudsters to spread false information. In addition, it is often easier for fraudsters to manipulate the price of microcap stocks because microcap stocks historically have been less liquid than the stock of larger companies ("liquid" investments are those that can be sold easily).

Be aware of these microcap fraud warning signs:

- ◆ **SEC trading suspension:** [Check](#) if the SEC suspended trading of the company's stock.
- ◆ **Frequent changes in company name or type of business**
- ◆ **Unsolicited stock recommendation or heavy stock promotion**

Even in the absence of fraud, microcap stocks are among the most risky. For more information, read [Microcap Stock: A Guide for Investors](#).

### Research the Investment



Check whether an offering is [registered](#) with the SEC by using the SEC's [EDGAR](#) database. If an offering is not registered with the SEC, call the NC Securities Division at 1-800-688-4507 to find out if it's registered with the state. If a company has not registered its securities, read our Investor Alert, [10 Red Flags That an Unregistered Offering May Be a Scam](#).

Read recent [reports](#) that the company has filed with the SEC. If there are no reports, ask your broker for the "Rule 15c2-11" file, which may contain information about the company (the federal securities laws may require your broker to collect certain information).

Before investing in a company that claims its products or services relate to the Zika virus, carefully review all information you receive about the investment. For more information about the Zika virus, including vaccine and treatment research, visit the websites of the [Centers for Disease Control and Prevention \(CDC\)](#), [National Institute of Allergy and Infectious Diseases \(NIAID\)](#), [National Institutes of Health \(NIH\)](#), and [U.S. Food and Drug Administration \(FDA\)](#).

Protect your money from fraudulent investment schemes using the Zika crisis as a hook.

## Five Minutes Could Save Your Life Savings



Regular readers of this newsletter know that investors have a lot of potential pitfalls when investing their money, from legitimate but risky or inappropriate investments to outright scams.

One simple tip that can catch a scam artist is to check their registration. With a few limited exceptions, anyone who sells or promotes an investment – or who is paid to provide individualized investment advice – has to be registered with the NC Securities Division in order to lawfully do business in North Carolina.

While registration in and of itself is no guarantee against fraud, not being registered is a very big red warning flag. **We urge you to call our NC Securities Hotline at 1-800-688-4507** to see if the person you have been dealing with – perhaps even for years – is properly registered and/or has a disciplinary history. You owe it to yourself and your family to check.

## Changing Domains!



The Secretary of State's Office has officially changed its web domain from [www.sosnc.com](http://www.sosnc.com) to [www.sosnc.gov](http://www.sosnc.gov). All SOSNC email addresses have also changed from .com to .gov.

We still have all the same useful information, just with a new domain name, so please don't forget to update your bookmarks!

## Scammers phish for mortgage closing costs

From the FTC's [Consumer Blog](#)

The Federal Trade Commission and the National Association of Realtors® are warning home buyers about an email and money wiring scam. Hackers have been breaking into some consumers' and real estate professionals' email accounts to get information about upcoming real estate transactions.

After figuring out the closing dates, the hacker sends an email to the buyer, posing as the real estate professional or title company. The bogus email says there has been a last minute change to the wiring instructions, and tells the buyer to wire closing costs to a different account. But it's the scammer's account. If the buyer takes the bait, their bank account could be cleared out in a matter of minutes. Often, that's money the buyer will never see again.

If you're buying a home and get an email with money-wiring instructions, STOP. Email is not a secure way to send financial information, and your real estate professional or title company should know that. If it's a phishing email, [report it to the FTC](#).

## Follow SOSNC on Social Media!



The North Carolina Secretary of State's Office now has accounts on several popular social media platforms to make it easier than ever for the investing public and regulated communities to keep up with important news you need to know.

You can now follow SOSNC on Twitter, Facebook, LinkedIn and YouTube for updates on everything from investor education to trademarks enforcement and charitable solicitation regulation.

Click on the platform icons above to go to SOSNC's social media accounts!

## SOSNC Rules Open for Comment

Public comments will be accepted through April 25 for the initial classification of administrative rules for the NC Secretary of State's Securities Division (18 NCAC 06).

The public comment period is also open for Notary Public and E-Notary rules (18 NCAC 07) until April 15, 2016, and for E-Commerce rules (18 NCAC 10) until April 20, 2016.

To view the initial classifications go to [bit.ly/1LCJGuA](http://bit.ly/1LCJGuA). Public comments can be emailed to [rules@sosnc.gov](mailto:rules@sosnc.gov).

# Investor Alert: Beware of Government Impersonators Targeting Fraud Victims

*The SEC's Office of Investor Education and Advocacy (OIEA) is issuing this Investor Alert because we are aware of communications, including official looking documents, that falsely claim to be issued by the Securities and Exchange Commission and seek money from investors who have already been victims of fraud.*

The SEC staff is aware of government impersonators targeting investors who have already been victims of fraud. Often, the impersonators will claim to help investors recover their investment-related losses for a fee. This fee may be disguised as some type of tax, deposit, or refundable insurance bond. Or the government impersonators may claim to offer legal services for a fee to help investors receive compensation or a settlement payout relating to a SEC enforcement action or a class action lawsuit. For example, we are aware of communications pretending to be from the SEC that claim to offer legal services to investors with regard to the SEC's enforcement action against [Banc de Binary](#).

**Avoid becoming a victim twice.** Be aware that:

- Impersonators may copy or imitate the official SEC seal without authorization.
- Fake documents may include forged signatures of SEC officials.
- Fake documents may look authentic and include a link to the SEC's website, [www.sec.gov](http://www.sec.gov).
- Impersonators may send email messages that appear to come from SEC email accounts.
- Impersonators may use email addresses that contain ".gov" as part of the domain address, but that do not end in ".gov".
- If you receive an email message claiming to be from a U.S. government agency and the sender's email address **does not end** in ".gov", ".mil", or ".fed.us", you should be particularly skeptical.

*If you are unsure whether correspondence claiming to be from the SEC is authentic, call the SEC's toll-free investor assistance line at (800) 732-0330 (or 1-202-551-6551 from outside of the U.S.), or submit a [question online](#) to the SEC.*

*If you have been contacted by someone pretending to be from the SEC, submit a [Complaint Form](#) to the SEC. You may also report the incident to the Federal Bureau of Investigation (FBI) at [www.ic3.gov](http://www.ic3.gov).*

In some cases, investors harmed by securities fraud or other securities law violations may be eligible to receive money recovered by the SEC. To learn more, read [Investor Bulletin: How Harmed Investors May Recover Money](#). For information about SEC enforcement actions and any specific investor claims funds, you can call the SEC's toll-free investor assistance line at (800) 732-0330 (or 1-202-551-6551 from outside of the U.S.).





TUESDAY, APRIL 19, 2016

# NORTH CAROLINA INVESTOR DAY 2016

NORTH CAROLINA BIOTECHNOLOGY CENTER  
15 TW ALEXANDER DR., DURHAM, NC 27703

## NORTH CAROLINA INVESTOR DAY

Making Finance Cool Again

Join us for a day of learning, networking and engaging take-away panels from finance and business professionals.

9 AM - 4 PM

WORKSHOPS, KEYNOTES, PANELS; LUNCH INCLUDED

### PANELISTS WILL COVER TOPICS INCLUDING:

- Investing 101
- Traditional Small Business & Franchise Investing
- Crowdfunding and New Investment Opportunities
- Changing World of Small Business Finance

## REGISTER NOW!

SPACE IS LIMITED TO 175 ATTENDEES

VENUE PROVIDED BY:



**North Carolina  
Biotechnology Center**

PRESENTED BY:



**UNC**  
FRANK HAWKINS KENAN  
INSTITUTE OF  
PRIVATE ENTERPRISE

Technology Commercialization CAROLINA



**The  
SUPPORT CENTER**  
Your Partner in Small Business Growth



N.C. Department of Secretary of State,  
Securities Division

FOR MORE INFORMATION ABOUT THIS EVENT, PLEASE CONTACT

Janice Rojas at [vrojas@thesupportcenter-nc.org](mailto:vrojas@thesupportcenter-nc.org)  
or call at 919.803.1437 ext. 232.

Register at: <https://www.eventbrite.com/e/nc-investor-day-tickets-22127907166>

For more information, visit: <https://www.facebook.com/events/594521140700624/>



## 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](#), [Leo John](#) or [Lauren Benbow](#) at (800) 688-4507. For a complete list of all upcoming events, please check out our online [calendar](#).

Date	City	Details
3/28/16	Charlotte	“Starting and Financing a Business Venture in NC.” A representative of the NC Secretary of State Securities Division will discuss things that all new startups need to know when starting and financing a new business, and how the Secretary of State’s Office can help. This event is free and open to the public. Location: HQ Charlotte, Packard Place, 222 S Church Street. Time: 12:30 PM - 2:30 PM. For more information, contact Chelsea Barrett at <a href="mailto:cbarrett@packardplace.us">cbarrett@packardplace.us</a> .
3/31/16	Elizabeth City	A representative of the NC Department of the Secretary of State Securities Division will give a presentation on the Elder Investment Fraud & Financial Exploitation (EIFFE) Prevention program. The program is designed to train medical professionals and others who work with senior citizens to spot the signs that a senior may have fallen prey to investment fraud, or may be particularly vulnerable to investment scams. This event is free, but <a href="#">registration</a> is required. Location: Elizabeth City State University’s Pharmacy and Health Professions Complex, 1704 Weeksville Road. Time: 8:30 AM—11:30 AM. For more information, contact Lauren Benbow at <a href="mailto:lbenbow@sosnc.gov">lbenbow@sosnc.gov</a> .
4/2/16	Greensboro	“Starting and Financing a Business in NC.” A representative of the NC Secretary of State Securities Division will disc things all new startups need to know when starting and financing a new business, and how the Secretary of State’s Office can help. This event is open to the public. Location: ArtsRevolution at Revolution Mill, 1200 Revolution Mill Drive. Time: 9 AM —1 PM. For more information, contact Susanna Sechler at <a href="mailto:sgschle@uncg.edu">sgschle@uncg.edu</a> .
4/4/16	Durham	A representative of the NC Department of the Secretary of State Securities Division will give a presentation on the Elder Investment Fraud & Financial Exploitation (EIFFE) Prevention program. This event is free and open to the public. Location: The RTP Rotary Club The Frontier at RTP, 800 Park Offices Drive. Time: 12 PM—1 PM. For more information, contact Lauren Benbow at <a href="mailto:lbenbow@sosnc.gov">lbenbow@sosnc.gov</a> .

- 4/6/16 Jacksonville “Guarding Your Assets in a Scary World” anti-fraud presentation. A representative of the NC Secretary of State’s Securities Division will Give a presentation on investment fraud targeting senior citizens, a as well as information about the secure, online Advance Health Care Directive Registry maintained by the Secretary of State’s Office. This event is free and open to the public. Location: Onslow County Senior Services, 4024 Richlands Hwy. Time: 10:30 AM — 11:30 AM. For more information, contact Denise Leyva at [Denise.Leyva@onslowcountync.gov](mailto:Denise.Leyva@onslowcountync.gov).
- 4/6/16 Williamston “Guarding Your Assets in a Scary World” anti-fraud presentation. A representative of the NC Secretary of State’s Securities Division will Give a presentation on investment fraud targeting senior citizens, a as well as information about the secure, online Advance Health Care Directive Registry maintained by the Secretary of State’s Office. This event is free, but open only to Vintage Inn of Williamston residents and their guests. Location: Vintage Inn of Williamston, 826 East Blvd. Time: 3 PM — 4 PM. For more information, contact Shaugnessy Sutton at Victorian Senior Care.
- 4/12/16 Greenville A representative of the NC Department of the Secretary of State will give a presentation on crowdfunding and securities regulation at the 2016 Business Leadership Conference. This event is open to the public, but registration is required by April 1. Location: Mendenhall Student Center, 1001 E 5th Street. Time: 8 AM — 4 PM. For more information, please visit [www.ecu.edu/cs-bus/conference](http://www.ecu.edu/cs-bus/conference).
- 4/12/16 Mooresville “Targeting Investing Fraud” training seminar. Secretary of State Elaine F. Marshall will be among the speakers in this one-day law enforcement training seminar focused on the growing problem of investment fraud. Law enforcement personnel will learn some of the fine points to assist them in pursuing investment fraud cases. This seminar is free and open to all law enforcement officers. Location: The Charles Mack Citizen Center, 215 N Main Street. Time: 8 AM— 4 PM. Register at [www.nw3c.org/training/financial-crimes/71](http://www.nw3c.org/training/financial-crimes/71).
- 4/12/16 Cary Elder Investment Fraud & Financial Exploitation Prevention Webcast for Paralegals. A representative of the Secretary of State’s Securities Division will explore the signs of abuse among the elderly and community resources that are available when abuse is discovered or suspected. Participants will explore the scope and reach of elder financial abuse and learn the consequences of its emotional, mental and physical effects. We also discuss how to recognize the warning signs and red flags, identify ways to incorporate routine screening and identify the resources available for reporting elder fraud and financial abuse. Trusted advisors like paralegals are perfectly positioned to spot elder investment fraud and financial abuse and we discuss ways to avoid scams with clients and tips to protect their client’s financial and legal interests. Location: Schley Grange Hall, 8000 Weston Parkway. Time: 12 PM — 1 PM. Registration and fee required. Click [here](#) for more information.

- 4/12/16 Hillsborough A representative from the NC Secretary of State's Office will give a explore the signs of financial elder abuse and how to address it. This event is free and open to the public. Location: Schley Grange Hall, 3416 Schley Road. Time: 6:00 — 7:30 PM. For more information, contact Dr. Dick White at [rwhite@duke.edu](mailto:rwhite@duke.edu).
- 4/19/16 Rocky Mount Area L AHEC Aging Symposium. A representative of the NC Secretary of State's Office will present information during the symposium. Location: David M Webbs Learning Institute, 1631 S Wesleyan Blvd. Time: 9 AM—4 PM. Please contact Patty Collins at [Patty.Collins@AreaLAHEC.org](mailto:Patty.Collins@AreaLAHEC.org) for more information.
- 4/19/16 RTP The First Annual NC Investor Day is coming up on April 19! Join us at the NC Biotechnology Center in RTP for a day of expert panels aimed at demystifying the world of finance. The event will also feature keynote addresses from Secretary of State Elaine F. Marshall and Kenan Institute of Private Enterprise Director Greg Brown. Location: NC Biotech Center, 15 TW Alexander Drive. Time: 8 AM — 5 PM. Check out the [full agenda](#) for details. You can [register online](#) before April 10 for \$35, or after April 10 for \$45.
- 4/19/16 Cary A representative of the NC Department of the Secretary of State Securities Division will give a presentation on the Elder Investment Fraud & Financial Exploitation (EIFFE) Prevention program. This event is free and open to the public. Location: WakeTech Western Wake Campus, Room 212 3434 Kildaire Farm Road. Time: 6:30 PM -- 7:30 PM. For more information contact Beth Donner at [Beth@diversifiedplanning.com](mailto:Beth@diversifiedplanning.com).
- 4/20/16 Asheboro A representative of the NC Secretary of State's Office will discuss Advance Health Care Directives and the secure, online Advance Directive Registry maintained by the Secretary of State's Office. This presentation is free and open to the public. Location: Home Health Services—Randolph Hospital, 341 N Fayetteville Street. Time: 8 AM -- 9 AM. For more information, contact Lauren Benbow at [lbenbow@sosnc.gov](mailto:lbenbow@sosnc.gov).
- 4/21/16 Kinston A representative of the NC Department of the Secretary of State Securities Division will give a presentation on the Elder Investment Fraud & Financial Exploitation (EIFFE) Prevention program. The program is designed to train medical professionals and others who work with senior citizens to spot the signs that a senior may have fallen prey to investment fraud, or may be particularly vulnerable to investment scams. This presentation is free and open to the public. Location: Rotary Club of Kinston, King's Restaurant, 405 E New Bern Road. Time: 1 PM -- 2 PM. For more information contact Lauren Benbow at [lbenbow@sosnc.gov](mailto:lbenbow@sosnc.gov).
- 4/22/16 Wilmington "Modern Times, Modern Crimes" anti-fraud event. Secretary of State Elaine F. Marshall will be among the speakers at this event, designed to give you the tools you need to protect yourself and your loved ones from a variety of financial scams. This event is free and open to the public. Location: Brightmore of Wilmington, 2324 South 41st Street. Time: 8:30 AM — 2:00 PM. For more information contact Jane S. Jones, Director, Area Agency on Aging, Cape Fear Council of Government, at (910) 395-4553 ext 209.



- 4/26/16 Fayetteville “Scam Jam” anti-fraud event. Representatives of the Secretary of State’s Office, the NC Dept. of Justice Consumer Protection Division, and the NC Dept. of Insurance Senior Health Insurance Information Program will provide information on how you can protect yourself from falling victim to a wide range of scams. Topics will include identity theft, investment scams, charitable giving fraud and medical/medicare fraud. Learn how to spot scam calls and emails and how to protect yourself from Ponzi schemes and other investment fraud. Location: Kiwanis Recreation Center at Honeycutt Park, 352 Devers Street. Time: 9 AM — 12 PM. This event is open to the public, but please call (910) 484-0111 by April 22 to RSVP. For more information call the Cumberland County Council on Older Adults at (910) 484-0111.
- 4/26/16 Wilson A representative of the Secretary of State’s Office will join the NC Department of Revenue in a program at Wilson Community College to discuss crowdfunding and securities regulation. This event is free and open to the public, but registration is required. Location: Wilson Community College Small Business Center, 902 Herring Avenue E. Time: 12 PM — 5 PM. For more information contact Melissa S. Evans at [msevans@wilsoncc.edu](mailto:msevans@wilsoncc.edu).
- 4/27/16 Raleigh Business Resources Alliance Seminar. The NC Secretary of State’s Securities Division is hosting the Business Resources Alliance for a seminar. Location: 4701 Atlantic Avenue, Suite 116. Time: 11 AM — 2 PM. For more information, contact Barry Ryan at the NC Rural Center at (919) 250-4314.
- 5/2/16 Brevard A representative of the NC Department of the Secretary of State Securities Division will give a presentation on the Elder Investment Fraud & Financial Exploitation (EIFFE) Prevention program. This event is free, but open only to College Walk Retirement Community residents and their guests. Location: College Walk Retirement Community, 100 College View Court. Time: 3:00 PM — 4:30 PM. For more information, please contact Valerie Tilson at (828) 884-5800.
- 5/2/16 Hendersonville A representative of the NC Department of the Secretary of State Securities Division will give a presentation on the Elder Investment Fraud & Financial Exploitation (EIFFE) Prevention program. This event is free, but open only to Lake Pointe Landing residents and their guests. Location: Lake Pointe Landing Retirement Community, 333 Thompson St. Time: 7:00 PM — 8:30 PM. For more information, please contact Amy Towery at [aptowery@centuryapa.com](mailto:aptowery@centuryapa.com).
- 5/3/16 Asheville A representative of the NC Secretary of State’s Office will discuss advance health care directive and the Secretary of State’s secure, online registry for advance directives in a presentation on the MAHEC Biltmore Campus. This presentation is open to the public, but registration and a fee is required. Location: 121 Hendersonville Road. Time: 9:30 AM—12:00 PM. For more information, please contact Jennifer Stuart at [jennifer.stuart@mahec.net](mailto:jennifer.stuart@mahec.net).



- 5/3/16      Brevard      A representative of the NC Department of the Secretary of State Securities Division will give a presentation to the Rotary Club of Brevard about the Elder Investment Fraud & Financial Exploitation (EIFFE) Prevention program. The program is designed to train medical professionals and others who work with senior citizens to spot the signs that a senior may have fallen prey to investment fraud, or may be particularly vulnerable to investment scams. This presentation is free and open to the public. Location: Jaime's Creole Brasserie, 44 E Main Street. Time: 12 PM — 1 PM. For more information contact Lauren Benbow at [lbenbow@sosnc.gov](mailto:lbenbow@sosnc.gov).
- 5/4/16      Flat Rock      Healthcare issues and financial fitness will share top billing in two information presentations from the Secretary of State's Office at the Blue Ridge Community Center. A morning workshop from 10 AM to 11:30 AM will focus on the Elder Investment Fraud & Financial Exploitation (EIFFE) Prevention program and its role in helping caregivers, medical professionals and senior citizens spot the signs that a senior may have been targeted by an investment scam. An afternoon workshop from 1 PM—2:30 PM will focus on advance health care directives and the Secretary of State's secure, online registry for advance directives. Location: Blue Ridge Community Center Life Long Learning Program., 180 W Campus Drive. This event is open to the public, but a registration fee is required. For more details visit [www.brcll.com](http://www.brcll.com). Call J.R. Mason at (828) 694-1740 if you have questions.
- 5/6/16      Edenton      "Investment Fraud: Guarding Your Assets in a Scary World." A representative of the NC Secretary of State's Securities Division will present a workshop on investment fraud aimed at older Americans. This workshop will also include information about advance health care directives and a secure, online registry maintained by the Secretary of State's Office for advance directives. This presentation is free but open only to Edenton Primetime residents and their guests. Location: Edenton Primetime, 106 Mark Drive. Time: 2:30 PM — 3:30 PM. For more information contact Shaughnessy Sutton at Victorian Senior Care.
- 5/11/16      Raleigh      The NC Secretary of State's Office will have an exhibition booth at the "State Employees 2016 Wellness & Safety Expo." Location: The Jim Graham Building, NC State Fairgrounds, 1025 Blue Ridge Blvd. Time: 9:00 AM — 4:00 PM.
- 5/14/16      Cary      "Guarding Your Assets in a Scary World" anti-fraud presentation. A representative of the NC Secretary of State's Securities Division will Give a presentation on investment fraud targeting senior citizens, a as well as information about the secure, online Advance Health Care Directive Registry maintained by the Secretary of State's Office. Location: Jordan Oaks Retirement Community. Time: 11:00 AM — 12 PM. This event is free, but open only to Jordan Oaks Retirement Community residents and their guests. For more information, contact Sheila Bullock at (919) 387-8250 or [Sheila.bullock@holidaytouch.com](mailto:Sheila.bullock@holidaytouch.com).



## 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.**

**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 hearing is set for September 26, 2016.

**David Alan Topping**, of Oak Island, NC, was arrested by law enforcement agents with the NC Secretary of State Securities Division on November 4, 2014 and charged with one felony count of securities fraud. The Brunswick County Sheriff's Office also charged Topping with one felony count of obtaining property by false pretenses and one misdemeanor charge for solicitation to obtain property by false pretenses. A Brunswick County Grand Jury has indicted Topping on the felony charges, which are now pending in Superior Court. Topping is alleged to have defrauded multiple victims out of more than \$100,000. He is currently out of jail on a \$250,000 unsecured bond.

**Charles Caleb Fackrell**, of Booneville, NC, was arrested by the Yadkinville Police Department in December, 2014 and to date has been charged with seven felony counts of obtaining more than \$500,000 in by false pretense. On Monday, August 31 in Yadkin County Superior Court his case was continued until January 25, 2016. Fackrell remains in custody in the Yadkin County Detention Center under a \$2.25 million bond.

To assist in the NC Securities Division's ongoing criminal investigation into Fackrell, we ask that any person who may have invested with Fackrell or his company, Fackrell Trivette Wealth Management, LLC, **please contact the Division immediately at 1-800-688-4507**. The Division would be interested in receiving **copies – not originals** – of any and all correspondence anyone may have had with Fackrell relating to the offer, sale or purchase of any investments. Anyone wishing to file a complaint against Fackrell or his company may do so by submitting a complaint form, located on the NC Secretary of State's [website](#).

# Recent Enforcement Actions



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

On **May 15, 2015**, the Securities Division of the North Carolina Department of Secretary of State issued a **Final Order of Revocation (Order) against Aegis Capital, LLC (Aegis)**. The Order revoked Aegis's registration to operate as an Investment Adviser in North Carolina. The Order found that Aegis had violated provisions of the Investment Advisers Act. Click [here](#) to view the Final Order Revocation.

On **May 4, 2015**, the Securities Division of the North Carolina Department of Secretary of State issued a **Final Order to Cease and Desist to CAUSwave, Inc.** CAUSwave, Inc. This Order made permanent the terms of the Temporary Order to Cease and Desist issued on March 12, 2015. The Final Order found that CAUSwave, Inc. has violated the North Carolina Securities Act. The Order directs CAUSwave, Inc. and any person, employee, officer, director, entity or independent contractor under the direction or control of CAUSwave, Inc. to cease and desist from offering for sale, soliciting offers to purchase or selling, in or from North Carolina, any securities unless and until: (1) such securities have been registered under the provisions of the North Carolina Securities Act, and (2) CAUSwave, Inc. and any person or entity under the direction or control of CAUSwave, Inc. is properly registered as a securities dealer or salesman under the provisions of the North Carolina Securities Act. Click [here](#) to view the Final Order.

On **February 12, 2015**, the Securities Division of the North Carolina Department of the Secretary of State issued a **Final Order to Cease and Desist to Respondents Stark Innovations, L.L.C., and David Alan Topping**, doing business as "Stark Investments, Inc." This Order made permanent the terms of the Temporary Order to Cease and Desist issued on November 5, 2014 in this matter. Respondents failed to object to the issuance of the Final Order or to seek any hearing in this matter. Respondents are prevented and restrained from offering to sell, or selling, securities interests in Stark Innovations, L.L.C., or any other security, in North Carolina without first complying with the North Carolina Securities Act. Click [here](#) to see the Order.

On **January 27, 2015**, the Securities Division of the North Carolina Department of the Secretary of State entered into a **Final Consent Order** with Respondent, **McGrath & Associates, Inc.** McGrath & Associates, Inc. is a registered investment adviser in the State of North Carolina. McGrath & Associates, Inc. violated the registration provisions of the North Carolina Investment Advisers Act by employing an unregistered investment adviser representative. The unregistered investment adviser representative was fully qualified for registration. The registration violation came to the Securities Division's attention through a routine audit of the investment adviser. McGrath & Associates, Inc. properly registered the investment adviser representative on May 13, 2014. Click [here](#) to view the Final Order.



## News from the Regulators

*The following are links to 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 Creates Office of Risk and Strategy for its National Exam Program](#)

**March 8, 2016** — The Securities and Exchange Commission has announced the creation of the Office of Risk and Strategy within its Office of Compliance Inspections and Examinations (OCIE). The new office will consolidate and streamline OCIE's risk assessment, market surveillance, and quantitative analysis teams and provide operational risk management and organizational strategy for OCIE.

Peter B. Driscoll will lead the office and has been named as its first Chief Risk and Strategy Officer. In this role, Mr. Driscoll will manage the new office and the Investment Adviser/Investment Company examination staff based in Washington, D.C.

"The Office of Risk and Strategy will lead our exam program's risk-based, data-driven, and transparent approach to protecting investors," said OCIE Director Marc Wyatt. "Pete brings exceptional industry and operational knowledge, strategic leadership, and a track record of innovation to his new role."

OCIE conducts the SEC's National Examination Program through examinations of SEC-registered investment advisers, investment companies, broker-dealers, municipal advisers, self-regulatory organizations, clearing agencies, and transfer agents. It uses a risk-based approach to examinations to fulfill its mission to promote compliance with U.S. securities laws, prevent fraud, monitor risk, and inform SEC policy.

### [FINRA Reports on Effective Practices for Digital Investment Advice](#)

**March 15, 2016** — Financial services firms' offerings of digital investment advice need sound governance and supervision, including effective means of overseeing suitability of recommendations, conflicts of interest, customer risk profiles and portfolio rebalancing, according to a [new report](#) from the Financial Industry Regulatory Authority (FINRA). The report also outlines lessons for investors and says training and education are crucial for financial professionals who use digital investment advice tools.

FINRA issued the report to share effective practices related to digital investment advice services and remind member firms of their obligations under FINRA rules. The report notes that global spending on digital wealth management services is expected to increase significantly.

"We trust that the report will provide information and guidance for FINRA member firms and investors about key aspects of the rapidly growing arena of digital investment advice," said Richard Ketchum, Chairman and CEO of FINRA. "As these services develop, firms need to ensure that the core principles of investor protection – such as understanding and responding to customers' needs and objectives – serve as the foundation of these new tools as well."

The report outlines regulatory principles and effective practices in five key areas:

- Governance and supervision of algorithms, including initially assessing the methodology of digital tools and the quality and reliability of data inputs, as well as ongoing evaluation such as testing the tools to ensure they are performing as expected, and determining whether models used by a tool remain appropriate as market conditions change;
- Customer profiling, including assessing both a customers' risk capacity and risk willingness, and addressing contradictory or inconsistent responses in customer-provided information;
- Governance and supervision of portfolios and conflicts of interest, including determining the risk, return and diversification characteristics of a portfolio that is suitable for a given investor profile, and mitigating – through avoidance or disclosure – conflicts that can arise through the selection of securities for a portfolio;
- Rebalancing, including providing descriptions of how the rebalancing works and procedures that define how the tools will act in the event of a major market movement;
- Training that enables financial professionals to understand the key assumptions and limitations of individual digital investment advice tools, and determine when use of a tool may not be appropriate for a client.

The report also suggests that investors evaluate whether their financial services firm is gathering enough information to understand their needs and risk tolerance. Investors should be aware that conflicts of interest can exist even with digital investment advice, and that the advice they receive depends on the investment approach and underlying assumptions used in the digital tool. In addition, the report recommends that investors understand the fees they are paying and services they are receiving, including such features as portfolio rebalancing.

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.gov](http://www.sosnc.gov). 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](mailto:jmaron@sosnc.com), Director of the Investor Education Program, or call (919) 807-2106.

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