



North Carolina Department of the Secretary of State

Hon. Elaine F. Marshall, Secretary

June 2016 SECURITIES NEWSLETTER • Vol. 8, No. 6

In this Issue:

Former NC Resident Wanted for Ponzi Scheme	1
SOSNC Marks WEAAD with Appeal to Report Abuse	2
Online Dating and Investment Fraud	4
How to Read a Mutual Fund Prospectus	5
Save the Date! Charlotte Consumer Protection Seminar	9
Investor Education In Your Community	10
On the Docket	13
News from the Regulators	14

NC Securities Division
Investor Protection
Hotline

1-800-688-4507



Mailing Address:

PO Box 29622
Raleigh, NC 27626-0622

www.sosnc.gov



**Ronald Earl
McCullough**

North Carolina Man Wanted by FBI in connection to Ponzi Scheme

The [FBI is offering a reward](#) of up to \$5,000 for information that leads to the arrest of a North Carolina man who has been on the lam since being charged in an alleged investment fraud scheme in 2013.

The Charlotte Division of the FBI issued an arrest warrant for Ronald Earl McCullough in July of 2013 after he was charged with conspiracy, wire fraud, mail fraud, engaging in unlawful monetary transactions, and aiding and abetting.

McCullough, along with David Christopher Mayhew, allegedly solicited victims between January 2009 and May 2012 in what they described as an exclusive foreign exchange group. McCullough and Mayhew allegedly told investors that the minimum to participate in the group was normally \$1 million. But, in a classic trait of affinity fraud, McCullough—posing as a religious leader—allegedly used victims’ faith to build their trust, offering to allow them to invest through his trading account for less because he wanted to help other Christians “build wealth.”

McCullough’s co-defendant, Mayhew, was convicted in federal court in June of 2015 of conspiracy, wire fraud, mail fraud, and money laundering.

McCullough and Mayhew allegedly told victims that their return was “guaranteed” and that the principal was safe and would be returned to them. They also allegedly promised investors high returns, often claiming victims could double their investment within 30 days.

Bank records indicate McCullough and Mayhew never successfully invested any money, but sometimes paid returns to investors for their initial investments, often encouraging them to reinvest larger sums in return. Much of the money was simply converted to their personal use to finance extravagant lifestyles, from clothes and cars to lavish homes.

McCullough previously lived in Raleigh, but may be currently living in the Atlanta area. Anyone with information to locate McCullough should call 1-800-CALL-FBI (225-5324). The investigation is being handled by the FBI, United States Postal Inspection Service, IRS Criminal Investigation, and NC Secretary of State’s Securities Division.



Secretary of State Asks Citizens to Join the Fight Against Elder Abuse



Secretary of State Elaine F. Marshall marked World Elder Abuse Awareness Day on June 15 by urging North Carolinians to keep a sharp eye out for signs of elder financial exploitation and report suspected abuse to authorities.

Secretary Marshall warns that elder abuse is rising as Baby Boomers age. “Many seniors are vulnerable,” said Marshall on Wednesday. “Seniors are more likely to have nest eggs and retirement funds from a lifetime of saving, and may be socially isolated from their family and traditional support networks. So it is vital for each of us to keep an eye out for seniors, whether it’s a neighbor, a friend, or a member of your church. Listen and watch for signs of elder financial abuse.”

Common warning signs that a senior citizen may be at high risk for financial exploitation include:

- ◆ Has a new person come into the elder’s life and shown excessive interest in their financial situation?
- ◆ Are friends and family members unable to speak directly to the senior despite repeated attempts?
- ◆ Does the senior suddenly talk more about financial worries, or begin making references to a financial windfall?

If you suspect elder financial abuse, please contact the NC Secretary of State’s Securities Division at 1-800-688-4507. Other types of elder abuse, including physical, emotional, neglect and abandonment, can be reported to your county Department of Social Services, the NC Department of Health and Human Services’ toll-free Care Line at 1-800-662-7030, or to local law enforcement authorities. You may also report abuse through the national Eldercare Locator at 1-800-677-1116.

The Secretary of State’s Securities Division also offers informative workshops across the state to give citizens the tools they need to steer clear of investment scams. To arrange a workshop for your organization, please contact Investor Education Program Director John Maron at jmaron@sosnc.gov.

For more information about the North Carolina Department of the Secretary of State’s role in protecting investors, visit www.sosnc.gov. Investors should call the Secretary of State’s Securities Hotline at 1-800-688-4507 before investing their money to find out if the broker, adviser, or investment offering is registered with the State.



CLE Corner

The North Carolina Bar Association (NCBA) webcast on securities regulation and crowdfunding is now [online](#) and available to attorneys statewide.

The May 19 continuing legal education (CLE) seminar covers everything non-securities attorneys always wanted to know about securities but were too confused to ask, including the nuts and bolts of new federal crowdfunding legislation under the JOBS Act.

If you have clients asking for advice as they consider crowdfunding options for their businesses, this is a “must-see” CLE.

SOSNC on Social Media



The North Carolina Secretary of State’s Office 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.

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!

Lillington Scam Jam

Many thanks to everyone who came out for Scam Jam in Lillington this month! The Secretary of State’s Office joined the NC Department of Insurance, the NC Attorney General’s Office and other agencies in presenting information on how to avoid a wide range of scams, from Ponzi schemes to Medicare fraud and identity theft.

Don’t forget to check out the [Calendar of Upcoming Events](#) in this month’s newsletter to see when our next educational workshop will be heading to your community!



(L to R) Event organizer Kareem Strong, Aging Ombudsman with the Mid-Carolina Council on Aging; Stephanie Bias, NC Department of Insurance; and LeAnn Blackmon, Director of the Retired Senior Volunteer Program, Harnett County Division on Aging; Caroline Farmer, NC Attorney General’s Office; Lauren Benbow, Secretary of State Investor Education Legal Specialist.



Changing Domains!

The Secretary of State’s Office has officially changed its web domain from www.sosnc.com to 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!



Investment Fraud Victims Include Online Daters

Though this case occurred in another state, we are reprinting this news release from the SEC as a warning to our North Carolina readers to be alert to this issue.

The Securities and Exchange Commission on June 10 announced fraud charges and an asset freeze obtained against a Connecticut man accused of misleading people into investing in his company and then taking their money for his personal use. His victims include several women he met through an online dating website.

The SEC alleges that Thomas J. Connerton told investors that his company Safety Technologies LLC was developing a material to make surgical gloves better resistant to cuts or punctures. He claimed that several major glove manufacturers wanted the technology and Safety Technologies was on the brink of imminent deals that would result in large payouts for investors in his company. But no deals have ever been anywhere close to materializing, and Connerton has emptied the company's bank account by writing a series of checks to himself and using investor funds for his own expenses.

According to court documents filed by the SEC, among Connerton's improper spending of investor funds was \$20,000 for an engagement ring for his latest online date turned investor. There are more than 50 investors in Safety Technologies, including six women Connerton met through online dating and 14 others who are family or friends of those women.

"We charge Connerton with lying about the state of his business and exploiting personal connections to lure in investors," said Paul G. Levenson, Director of the SEC's Boston Regional Office. "Investors beware: a rosy picture of a business that's about to take off could still lead to a total loss of investment."

According to the SEC's complaint, Connerton failed to comply with the requirements for private offerings exempt from registration under the federal securities laws, such as providing investors with appropriate financial information and confirming that they have sufficient knowledge and experience to evaluate the merits and risks of the investment. Connerton also is not registered to sell investments. Investors can quickly and easily check whether people selling investments are registered by calling the NC Secretary of State's Investor Hotline at 1-800-688-4507 or using the [SEC's investor.gov website](#).

The SEC has obtained a court order freezing the assets of Connerton and Safety Technologies. The SEC's complaint seeks a permanent injunction as well as the return of allegedly ill-gotten gains plus interest and a penalty.

The SEC's investigation was conducted by Jonathan R. Allen, Sofia Hussain, Alfred Day, and Amy Gwiazda of the Boston office.



How to Read a Mutual Fund Prospectus

The SEC's Office of Investor Education and Advocacy recently issued a series of three Investor Bulletins to help inform investors of key information in a prospectus. We're including highlights from those bulletins here, but please click on the headers for each section to read each bulletin in its entirety.

[Investment Objective, Strategies, and Risks](#)

Mutual funds use a document called a prospectus to disclose information about the fund to investors. The SEC requires mutual funds to include important information in the prospectus, such as the fund's investment goals, strategies for reaching those goals, the principal risks of investing in the fund, the fund's fees and expenses, and the fund's past performance.

SEC rules require mutual funds to provide a copy of the fund's prospectus before or with the delivery of fund shares to investors, but you can - and should - also request and read a prospectus before making an investment decision. You can obtain prospectuses from the SEC's [Electronic Data Gathering, Analysis, and Retrieval \("EDGAR"\) database](#) or directly from the fund (most funds provide their prospectus on their websites and also have toll free numbers where you can request a copy). Funds also may provide a "summary prospectus," which is generally just a few pages long, but indicates where you can obtain the full prospectus.

Investment Objective

The investment objective of a fund frequently will be: capital appreciation; income; or a combination of the two.

Generally, funds that seek capital appreciation are considered a more aggressive investment strategy (*i.e.*, have the potential for greater returns, but also the possibility of greater losses), while funds that seek income are considered a more conservative investment strategy.

Principal Strategies

The principal strategies of the fund tell you how the fund intends to achieve its investment objective. These strategies indicate the approach the fund's adviser takes in deciding which securities to buy or sell.

Risks

All investments in funds involve risk of financial loss. The reward for taking on risk is the potential for a greater investment return. An investor with a high-risk tolerance is generally willing to risk losing money in order to seek larger investment gains than those typically achieved by a lower-risk investment. On the other hand, an investor with a low-risk tolerance may favor investments in funds that are generally more stable in value.

When reading a fund prospectus, it is important to determine if the fund satisfies your investment objective and matches your risk tolerance, as well as the risks in your overall portfolio. Your risk tolerance depends upon several factors, including your financial situation, age, and family obligations.

The types of risks to which a fund is subject vary considerably with the nature of its investments. Some of the more common risks for funds include:

- ◆ **Market risk.** The fund may incur losses due to declines in the markets in which it invests.
- ◆ **Business or Issuer risk.** The fund may invest in a company that goes out of business, suffers financial problems, or otherwise does not perform as expected, especially if the fund primarily invests in companies without an established record.
- ◆ **Credit risk.** The fund may invest in bonds or other debt instruments from an issuer who is unable to pay interest payments as scheduled or repay the principal.
- ◆ **Interest rate risk.** The value of the fund's investments in bonds or other debt instruments may decrease if interest rates rise.
- ◆ **Inflation risk.** The value of the fund's investments in bonds or other debt instruments also may not keep track with price increases from inflation.
- ◆ **Concentration risk.** The fund may concentrate its investments in a particular industry, sector or geographical area, which can result in a less diversified portfolio that may be subject to greater volatility in performance than a fund that does not concentrate its investments.

[Fee Table and Performance](#)

Fees and expenses are an important factor to take into account when considering investing in a fund. Even small differences in fees can add up to substantial differences in your investment returns over time. Prospectuses are required to present fees and expenses in a standardized format to help investors compare them across different funds.

The prospectus will include: shareholder transaction expenses, which are charges you pay directly, such as sales charges that might be charged when you buy and sell shares in the fund; annual fund operating expenses, which are ongoing charges that are paid by the fund but that you pay indirectly each year you are invested in the fund; and a hypothetical example that shows the estimated expenses that you will pay for investing in the fund over different time periods.

Funds will often offer different share classes that invest in the same "pool" or investment portfolio of securities but have different sales charges and operating expenses. Consider your personal situation when deciding which share class is right for you.

For more information about fees and expenses, please refer to [Investor Bulletin: Mutual Fund Fees and Expenses](#).

Performance

When you consider investing in a fund, its investment performance is another factor to consider. However, past performance is no guarantee of future results.

The prospectus will include: a bar chart displaying the fund's investment performance for the past ten years (or since the fund's creation if the fund has less than ten years of performance history); a table comparing the fund's performance over the past ten years relative to a broad-based securities market index; and the fund's performance for its best and worst calendar quarters.

Management, Shareholder Information, and Statement of Additional Information

Management

The management of the fund is an important element in determining its investment success. The prospectus will describe: the investment adviser (and any sub-advisers the investment adviser may hire) and the individual portfolio manager(s) employed by the investment adviser.

The investment adviser is generally the company that provides portfolio management services to the fund, essentially managing the fund's investments according to the fund's objectives and policies. The portfolio managers are the individuals who work for the investment adviser and make the day-to-day decisions about what investments to buy and sell.

Shareholder Information

The prospectus will contain other information for shareholders, including information about: buying and selling fund shares; distributing dividends; and exchanging shares between funds.

Typically, funds permit investors to buy and sell shares by check, wire transfer, telephone, or by contacting a broker. Funds usually offer several options for payments of dividends from the fund's portfolio holdings, including allowing investors to withdraw their dividends by having them deposited into a bank account. Many funds are offered within a family of funds, allowing investors to exchange shares in one fund with shares of another fund within the same "family." Such exchanges might be subject to a small fee, or may be taxed.

Statement of Additional Information

Although the prospectus provides much information needed to make an informed investment decision, the statement of additional information ("SAI") provides more detailed disclosures if you want more information. The SAI generally includes information about: the history and description of the fund; fund officers and directors; and other topics.

The fund description will include information about the fund's investment strategies and policies. Fundamental policies may not be changed without shareholder approval. The disclosure about fund officers and directors includes their names, positions, length of service to the fund and work history for the past five years. It will also include the amount of equity securities owned by each director in the fund and in funds in the fund family overseen by that director. Other disclosures include information about service providers such as the investment adviser and underwriter, brokerage commissions, tax matters and financial statements.

Funds must provide you the SAI without charge if you request it. You can obtain an SAI by calling the toll-free number that appears on the back cover page of the prospectus, or by searching the SEC's [Electronic Data Gathering, Analysis, and Retrieval \("EDGAR"\) database](#).

Conclusion

Mutual fund prospectuses provide you with important information so you understand how the fund works and can easily compare it with other funds. If you wish to make an informed investment decision, you should read the prospectus before buying or selling shares in a mutual fund. If you would like additional information, you can obtain an SAI free of charge from the fund or from the SEC's EDGAR database.



It's Your Money: Investigate Before You Invest

When it comes to investing your hard-earned money, the only bad questions are the ones you don't ask. If someone is offering you an investment opportunity, here are a few questions you should ask the promoter before handing over your money:

- ◆ Are you—and the investment opportunity you are marketing—registered with the NC Securities Division?
- ◆ Have you ever been disciplined by a regulator?
- ◆ What financial training do you have?
- ◆ Are you paid by commission or by the amount of assets under your management? Which method would be most beneficial to me given my specific circumstances?

Before you sign over any of your money, please call the NC Secretary of State's Investor Hotline at 1-800-688-4507 to confirm whether the people offering you an investment opportunity—and the investment opportunity itself—are registered to sell securities in North Carolina and whether they have a disciplinary history.

Registration in and of itself is not a guarantee against fraud, but not being registered should be considered a very big red warning flag.

Also remember that it's always a good idea to check your investment professional's background and disciplinary history once a year even if you've been working with him or her for years.

You can also check your investment professional's background through FINRA's [BrokerCheck](#) and the Investment Adviser Public Disclosure [website](#). Remember, when it comes to your money it is never rude to ask questions, so do your homework.

Resources for Caregivers

The Consumer Financial Protection Bureau and the Federal Trade Commission offer a wealth of information for yourself and your loved ones from elder financial abuse. Whether you work with aging clients or are acting as a financial caregiver for an older person who is unable to handle their finances on their own, there are tools to help:

Learn how to prevent elder financial exploitation using the "Money Smart for Older Adults" curriculum, developed in coordination with the Federal Deposit Insurance Corporation (FDIC). Download the [resource guide](#) for consumers.

Serving as a financial caregiver is a great responsibility, and you may be thrust into the role with little time to plan ahead. The "[Managing Someone Else's Money](#)" guides for agents under [powers of attorney](#), [court-appointed guardians](#), [trustees](#) and [government fiduciaries](#) (such as Social Security representative payees and VA fiduciaries) can help you better understand your duties and responsibilities in this new role. These guides also contain helpful information about the common signs of financial exploitation.

Financial Fraud & Exploitation include:

- Misuse of Bank Accounts and Credit Cards
- Sweepstakes
- Investment Scams
- Improper Property Transfers
- Phony Charities
- Telephone and Internet Scams
- Wire Transfer and Check Cashing Scams

SEVENTH ANNUAL FINANCIAL FRAUD & EXPLOITATION SUMMIT

WHAT YOU AND YOUR CUSTOMERS NEED TO KNOW

AUDIENCE: Financial and Elder Law Professionals, Business Managers, Staff Trainers from banks, business and human resource organizations

LEARNING OBJECTIVES: Increase your organization's ability to protect older adults and people with disabilities from financial exploitation.

KEYNOTE SPEAKERS: **Elaine Marshall**, NC Secretary of State & **David Kirkman**, NC Attorney General's Office

Wednesday, June 29, 2016 • 9:00 am - 12:30 pm
Land of Sky Regional Council
339 New Leicester Hwy., Suite 140, Asheville

Seating limited, register early!

Event is provided through in-kind support collaborative partners:



Attendees will learn how to increase your organization's ability to protect older adults and people with disabilities from financial exploitation.

Who Should Attend?

- ◆ Financial, legal and retail professionals
- ◆ Business managers and staff trainers from banks
- ◆ Anyone in the front lines in the battle against financial exploitation

[**REGISTER BY CLICKING HERE**](#)

Make plans to attend BBB's

Consumer Protection Seminar



Tuesday, August 23, 2016

University City United Methodist Church - Fellowship Hall
3835 West W.T. Harris Blvd. • Charlotte, NC 28269

Registration & Exhibits Open: 8:15am | Program: 9am - 12:30pm

KEYNOTE SPEAKER:

**Elaine F. Marshall,
N.C. Secretary of State**

Joining Secretary Marshall are representatives from the N.C. Department of Insurance, the banking industry and law enforcement



TOPICS: Medicare fraud, investment scams and schemes, financial exploitation, online banking and shopping - is it safe? What is a "skimmer" and why should I care? and much more....

Light Refreshments Provided!

This event is FREE, but registration is requested.

TO REGISTER: Email - info@transitiontamers.com or
Call - 704-927-8623

(simply leave your name and the number attending)

EVENT QUESTIONS? Email: khenderson@charlotte.bbb.org

all about
Seniors
RESOURCE & REFERRAL DIRECTORY OF GREATER CHARLOTTE

North Carolina
ASMP
Empowering Seniors To
Prevent Healthcare Fraud



transition
Tamers
simplifying lives one move at a time

AARP
Real Possibilities



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

Date	City	Details
6/27/2016	Wilmington	Investor Protection and Education Presentation to the NC Society of Accountants. This event is free, but open only to members of the NC Society of Accountants. Location: McAlister's Deli. 740 S College Road. Time: 6:00 PM — 7:30 PM.
6/28/2016	Durham	Triangle Caregivers Conference. Location: Durham Convention Center, 301 W Morgan Street. Time: 8:00 AM -- 3:30 PM. This event is open to family and professional caregivers; registration and fee are required. Please visit www.trianglegivers.org/ for more information. A representative from the NC Secretary of State, Securities Division will be at The Triangle Caregivers Conference as one of the Conference Exhibitors. This conference will be a full day of practical solutions designed for caregivers, focusing on exploring various techniques and strategies that caregivers can use to care for their loved ones and themselves.
6/29/2016	Asheville	Annual Elder Fraud Summit. NC Secretary of State Elaine F. Marshall will deliver the keynote address at The 7th Annual Elder Fraud Summit in Asheville, NC. The Summit targets professionals from banks, business and human service organizations who want to increase their ability to protect older adults and people with disabilities from financial exploitation. The signs and indications of financial exploitation will be covered as well as ways in which local banks and other organizations can respond to protect their customers while still respecting confidentiality. Location: Land-of-Sky Regional Council, 339 New Leicester Hwy., Suite 140, Asheville, NC 28806 Time: 9:00 AM—12:30 PM. To register, or for more information, please click here .
7/11/2016	Roxboro	“Guarding Your Assets in a Scary World.” A representative of the Secretary of State’s Securities Division will give a presentation on investment fraud aimed at the elderly as well as on the Advance Health Care Directive Registry maintained by the Secretary of State’s Office. Location: Clarksville Station, 4080 Durham Road. Time: 6 PM—7 PM. This event is free, but open only to members and guests of the Roxboro Kiwanis Club. For more information please contact David Turner at (336) 599-7409 or Julie@heritagecircleapts.com .

7/21/2016	Pine Knoll Shores	A representative of the Secretary of State Securities Division will explore the signs of abuse among the elderly and make appropriate referrals, either to community resources or to Adult Protective Services, when abuse is discovered or suspected. Participants will learn about elder abuse and how to encourage providers to build questions into their admissions process to determine whether an elder may be experiencing some form of financial abuse. This event is free and open to the public. Location: 100 Municipal Circle, Pine Knoll Shores. Time: 4 PM—5 PM. For more information, contact Tonya Cedars at tcedars@eccog.org .
7/29/2016	Asheville	NC Secretary of State Elaine F. Marshall will deliver the keynote address at the 7th Annual Elder Fraud Summit in Asheville. The Summit targets professionals from banks, business and human service organizations who want to increase their ability to protect older adults and people with disabilities from financial exploitation. The signs and indications of financial exploitation will be covered as well as ways in which local banks and other organizations can respond to protect their customers while still respecting confidentiality. Speakers include state and local experts from the Attorney General's Office, the Secretary of State's Office, the Better Business Bureau, DSS/Adult Protective Services, and representatives from law enforcement. This event is free and open to the public, but registration is requested. Location: Land of Sky Regional Council, 339 New Leicester Hwy. Time: 9:00 AM—12:30 PM.
8/12/2016	Cary	A representative of the Secretary of State's Office will speak about the Elder Investment Fraud & Financial Exploitation (EIFFE) Prevention program. Information will include the signs of financial elder abuse and community resources available if you suspect elder abuse. Location: Cary Senior Center, 120 Maury Odell Place. Time: 9:30 AM—10:30 AM. This event is open to the public, but registration and fee may be required. For more information, go to www.townofcary.org .
8/18/2016	Oxford	"Scam Jam" anti-fraud workshop. Representatives of the NC Secretary of State's Office, the NC Department of Justice Consumer Protection Division, and the NC Department of Insurance Senior Health Insurance Information Program will present information to help you steer clear of a wide range of financial scams. Topics covered will range from identity theft and investment scams to Medicare fraud. Location: Granville County Senior Services, 107 Lanier Street. Time: 1 PM — 4 PM. For more information, contact Sheila Brown at sbrown@kerrtarcoq.org .
8/23/2016	Charlotte	Secretary of State Elaine F. Marshall will join speakers from the NC Attorney General's Office, the NC Department of Insurance, and Wells Fargo at the Charlotte BBB Consumer Foundation's Consumer Protection Seminar. Learn how to steer clear of a wide range of scams, from Ponzi schemes to Medicare fraud, as well as important tips to keep your personal information safe when shopping and banking online. This event is free and open to the public, but registration is requested. To register, email info@transitiontamers.com or call 704-927-8623. Location: University City United Methodist Church, 3835 West WT Harris Blvd. Time: 9:00 AM—12:30 PM. For more information, contact Kim Henderson at khenderson@charlotte.bbb.org .

- 8/24/2016 Clinton A representative of the Secretary of State Securities Division will give two presentations at Sampson Regional Medical Center, exploring the signs of abuse among the elderly and discuss what resources are available when abuse is discovered or suspected. Participants will learn about elder abuse and how to encourage providers to build questions into their admissions process to determine whether an elder may be experiencing some form of financial abuse. Also discussed will be the services provided by the Advance Health Care Directive Registry, which the Department maintains, and how these services can be of assistance. Location: Sampson Regional Medical Center, 607 Beaman St. These events are free, but open only to guests of Sampson Regional Medical Center. Time: The first workshop will be held from 12 PM -- 1 PM. And the second workshop will run from 1:30 PM—2:30 PM. For more information, please contact Jill Cairney at gcairney@sampsonrmc.org.
- 9/10/2016 Cary Guarding Your Assets in a Scary World workshop. A representative of the NC Department of the Secretary of State Securities Division will give a presentation on investment frauds aimed at the elderly as well as on the Advance Health Care Directive Registry which the Department maintains. This event is free, but open to members of White Plains United Methodist Church and their guests. Meeting will take place in the Christian Life Center behind the main building. Location: White Plains United Methodist Church, 313 SE Maynard Road. Time: 8 AM—9AM.
- 9/21/2016 Cary NC LAMP (Legal Assistance for Military Personnel) CLE. A representative of the NC Department of the Secretary of State Securities Division will present at the 2016 Military and Veteran's Affairs Committee (MVAC) CLE on Legal Assistance for Military Personnel (LAMP) to discuss the signs of abuse among the elderly as well as what resources are available when abuse is discovered or suspected. Also discussed will be the services provided by the Advance Health Care Directive Registry, which the Department maintains, and how these services can be of assistance. Location: NC Bar Association Conference Center, 8000 Weston Pkwy. Time: 1PM—2PM.
- 9/22/2016 Wilmington Modern Times, Modern Crimes workshop. . Come learn from the experts how to protect yourself and your loved ones from falling victim to a variety of scams and frauds. A representative of the NC Secretary of State's office will be among the many speakers during this anti-fraud workshop. For more information, contact Jane S. Jones, Director, Area Agency on Aging, Cape Fear Council of Governments, at (910) 395-4553 ext 209. This event is free and open to the public. Location: Carolina Bay at Autumn Hall, 5553 Old Garden Road. Time: 8:30 AM—2:00 PM.



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, pleaded guilty on April 12 in federal court to one count of securities fraud. A sentencing hearing has not yet been set. Fackrell is still facing trial in state court on charges of obtaining property by false pretenses. He is currently in the custody of the U.S. Marshals Service under a \$2.25 million bond.



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.

[FINRA Announces CEO Transition](#)

Taps Former SEC Director of the Division of Trading and Markets

June 13, 2016--The Financial Industry Regulatory Authority (FINRA) announced that its Board of Governors has concluded the CEO search, and appointed Robert W. Cook as President and Chief Executive Officer, effective the second half of 2016. Mr. Cook will succeed Richard G. Ketchum, who has served as Chairman and CEO since 2009. The Board intends to name a new Chairman in the coming months. Mr. Cook will join FINRA from Cleary Gottlieb Steen & Hamilton LLP, where he has served as a partner in the firm's Washington, DC, office since June 2013. While at Cleary Gottlieb, he has focused on the regulation of securities markets and market intermediaries, including broker-dealers, exchanges, alternative trading systems and clearing agencies.

“Robert has a deep understanding of the securities markets, and investors will greatly benefit from his broad regulatory expertise developed as Director of the SEC’s Division of Trading and Markets, where he led the organization in establishing and maintaining standards for fair, orderly and efficient markets,” said FINRA Lead Governor Jack Brennan, former CEO of Vanguard Group. “We thank Rick for his terrific leadership as FINRA’s Chairman and CEO, and express our gratitude on behalf of all investors for his decades of service.”

[CFTC Approves Final Rule to Amend Swap Data Recordkeeping and Reporting Requirements for Cleared Swaps](#)

June 14, 2016—The U.S. Commodity Futures Trading Commission (CFTC) has approved a final rule (the Final Rule) that amends existing swaps reporting regulations in order to provide additional clarity to swap counterparties and registered entities regarding their reporting obligations for cleared swap transactions; and to improve the efficiency of data collection and maintenance associated with the reporting of the swaps involved in a cleared swap transaction. The Final Rule adopts as proposed changes to Part 45 proposed in the Federal Register on August 31, 2015 (80 F.R. 52544). The Final Rule will become effective 180 days following publication in the Federal Register.

The Final Rule modifies Part 45 of the CFTC’s regulations, which the CFTC adopted on December 20, 2011. Part 45 implements the requirements of Section 21 of the Commodity Exchange Act by establishing the manner and contents of reporting to swap data repositories (SDRs). As part of the CFTC’s ongoing efforts to improve swap data quality, CFTC staff has continued to evaluate the operation of Part 45, including reporting issues involving cleared swaps. The Final Rule removes uncertainty as to which counterparty to a swap is responsible for reporting creation and continuation data for each of the various components of a cleared swap transaction, including to further clarify whose obligation it is to report the extinguishment of a swap upon its acceptance by a derivatives clearing organization (DCO) for clearing. The CFTC anticipates that the Final Rule will have a number of other benefits, including a reduced likelihood of double counting notional exposures and an improved ability to trace the history of a cleared swap transaction from execution between the original counterparties to clearing novation.

[SEC to Permit Voluntary Filing Using Inline XBRL](#)

June 13, 2016--The Securities and Exchange Commission today announced that it will allow companies to voluntarily file structured financial statement data in a format known as Inline XBRL. This initiative represents another step in the SEC's continuing efforts to modernize and enhance its requirements to facilitate transparency of, and access to, companies' disclosures. The Commission's rules require operating companies to structure financial statement data in their filings, including annual and quarterly reports, using eXtensible Business Reporting Language (XBRL), which is a machine-readable format. Companies currently are required to provide this XBRL structured data as an exhibit to these filings. Since these requirements were first adopted, technology has evolved and now enables filers to integrate XBRL structured data within their HTML filings through a format known as Inline XBRL.

[CFTC Requests Public Comment on a Rule Amendment Certification Filing by ICE Futures U.S.](#)

June 14, 2016— The U.S. Commodity Futures Trading Commission (CFTC) is requesting public comment on a rule amendment certification filing by ICE Futures U.S. which would clarify that parties to a block trade may engage in pre-hedging or anticipatory hedging of the position that they believe in good faith will result from the consummation of the block trade, except for an intermediary that takes the opposite side of its own customer order. Comments must be submitted on or before July 14, 2016.

Comments may be submitted electronically through the [CFTC's Comments Online Process](#). All comments will be posted on the CFTC's website. The ICE Futures U.S. submission is available under [Industry Filing](#).

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. 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.gov), 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.gov with "Remove from mailing list" in the subject line.

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