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NEWS RELEASE

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STATE WARNS SENIORS: 'TIS THE SEASON TO BE WARY'

Boise, Idaho... Gavin Gee, Director of the Idaho Department of Finance, is alerting consumers, especially seniors, that wintertime brings more than snow – it also lends itself to certain types of frauds. “Seasonal demand” frauds often use radio or television ads or infomercials to pitch commodity investments (such as heating oil or gasoline) to unwary investors. For example, a sales pitch may claim that by purchasing commodity futures or options, consumers can reap big profits with little risk by taking advantage of changes in the demand for heating oil brought on by the cold weather.

These scams may have particular appeal this year, Gee warns, because of the unsteady stock markets, record low interest rates, rising health care costs and the instability in the Middle East. In addition to seasonal demand frauds, Gee says older Idaho investors are being targeted with increasingly complex investments, many of them scams, involving promissory notes, brokered CDs and viatical settlements, all promising inflated returns. Viatical settlements are beneficiary death benefits associated with insurance policies owned by elderly or ill individuals. Viatical or “life settlement” death-benefit investments can be very complex transactions that involve multiple parties, while the risks associated with these investments are often improperly disclosed.

“Behind all of these schemes are opportunists who know that seniors and others living on fixed incomes are being squeezed in the current financial environment,” Gee said. “Their products and pitches sound tempting to many seniors who have seen their retirement accounts dwindle in recent years – and who don’t have the benefit of time to recoup their losses.”

Seniors also can learn more about the dangers of investment fraud by visiting the online Senior Investor Resource Center (www.nasaa.org), which has been developed specifically for senior audiences and offers a variety of important information and resources, including information about the top frauds targeting seniors. The web site also includes a fraud awareness quiz and links to a variety of investor education publications, as well as programs offered by state securities regulators and others to help seniors fight investment fraud.

“It is never too late to learn,” Gee said and offered the following tips to help seniors protect their retirement assets.

Banks & Savings Banks (208) 332-8005
Credit Unions (208) 332-8003
Securities (208) 332-8004
Money Transmitters (208) 332-8004

PHONE: (208) 332-8000
FAX: (208) 332-8098
Director’s Fax: (208) 332-8097
Securities Fax: (208) 332-8099

Supporting Services (208) 332-8001
Mortgage Companies (208) 332-8002
Finance Companies (208) 332-8002
Collection Agencies (208) 332-8002

EQUAL OPPORTUNITY EMPLOYER

- **Don't be a courtesy victim.** Con artists will not hesitate to exploit your good manners. Save your good manners for friends and family members, not strangers looking for a quick buck!
- **Check out strangers touting strange deals.** Trusting strangers is a mistake too many make when it comes to their personal finances. Extensive background information on investment salespeople and firms is available from the Central Registration Depository (CRD) files at the Idaho Department of Finance Securities Bureau.
- **Always stay in charge of your money.** Beware of anyone who suggests putting your money into something you don't understand or who urges that you leave everything in his or her hands.
- **Don't judge a book by its cover.** Successful con artists sound and look extremely professional and have the ability to make even the flimsiest investment deal sound as safe and sound as putting money in the bank. The sound of a voice, particularly on the phone, has no bearing on the soundness of an investment opportunity.
- **Watch out for salespeople who prey on your fears.** Con artists know that you worry about outliving your savings. Fear can cloud your good judgment. An investment that is right for you will make sense because you understand it and feel comfortable with the risk involved.
- **Don't make a tragedy worse with rash financial decisions.** The death or hospitalization of a spouse has many sad consequences – financial fraud shouldn't be one of them. If you find yourself suddenly in charge of your own finances, get the facts before you make any decisions. Arm yourself with information and your confidence will send con artists running.
- **Monitor your investments and ask tough questions.** Don't compound the mistake of trusting an unscrupulous investment professional or outright con artist by failing to keep an eye on the progress of your investment. Insist on regular written and oral reports. Look for signs of excessive or unauthorized trading of your funds. Finally, if you are given excuses and questionable explanations when you want to pull out your principal or profits from an investment, you have likely uncovered someone who wants to cheat you.
- **Don't rely solely on the investment information that is provided to you.** Whether it is a long distance telemarketer or a local agent, you should conduct some independent research regarding the investment that is being touted. For example, viatical investments have routinely been marketed as "risk free" with very high yields. In fact, viatical investments can be very complex transactions, with significant risk of loss, reduced returns, and the possibility that the investor may be asked to provide additional funds at a later date to keep the underlying insurance policy in force.
- **Don't let embarrassment or fear keep you from reporting investment fraud or abuse.** Con artists know that you might hesitate to report that you have been victimized in financial schemes out of embarrassment or fear. Con artists prey on your sensitivities and, in fact, count on these fears preventing or delaying the point at which authorities are notified of a scam. Every day that you delay reporting fraud is one more day that the con artist is spending your money and finding new victims.

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Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at www.idahofinance.com and may be obtained by contacting the Department at (208) 332-8080 or Idaho toll-free at 1-888-346-3378.