



Barry Glennon  
Director

# State of New Hampshire

## Department of State Bureau of Securities Regulation

107 North Main Street, State House Rm. 204  
Concord, NH 03301-4989  
Telephone: (603) 271-1463  
Fax: (603) 271-7933

**FOR IMMEDIATE RELEASE**

**CONTACT: Kevin Moquin**  
**Senior Staff Attorney**  
**(603) 271-1463**

### **NH BUREAU OF SECURITIES REGULATION, WARNS OF THREAT OF FRAUD TO ELDERLY AND OTHER INVESTORS**

**Concord, NH (December 3, 2012)** – The New Hampshire Bureau of Securities Regulation today warned investors of threats from fraud and financial exploitation. The warning follows the release of a national survey reporting that seniors continue to be targeted for financial exploitation. In addition, the Bureau noted that all investors are vulnerable to fraud from certain products and schemes that play on the current economic uncertainty.

The survey of over 750 experts in senior issues, conducted by Investor Protection Trust (IPT), found a majority reported they have dealt with elderly victims of investment fraud and financial exploitation. The survey showed that the most common abuses are theft and diversion of funds by family members and caregivers, as well as financial scams perpetrated by strangers. It also noted that seniors often lack good information to select advisors. About 75% of the experts said swindles are a very serious problem and that older Americans are very vulnerable to investment fraud and financial exploitation. Barry Glennon, Director of the Bureau, stated, "New Hampshire seniors continue to be targeted by unscrupulous salespeople and scam artists. As the survey states, the best defense against fraud is a better-educated investor." Glennon noted that the Bureau can provide important background information regarding financial professionals and investments.

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[www.sos.state.nh.us/securities](http://www.sos.state.nh.us/securities)

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In addition to the results of the survey, Glennon warned that certain products and schemes create a higher risk of fraud for all investors. He stated that the volatility of the stock market and low interest rates have combined to make certain products more appealing. According to the Bureau, the most frequent threats to investors include:

**Gold and Precious Metals.** While hyped for their rising prices, these investments are just as subject to risk as others. Scams are common. Like any risky investment, there are no guarantees.

**Risky Oil and Gas Drilling Programs.** Investors are often sold on lucrative returns from oil and gas drilling programs. Yet these investments typically involve high risk and are suitable only for investors who can bear the loss of all their principal. Due diligence and a tolerance for risk should be considered before investing.

**Promissory Notes.** These are promoted as a safe way for investors to earn high returns compared to standard investments. Investors must be wary of promises of security and liquidity on promissory notes, which are often false or overstated. These investments are often highly speculative and the risk of total loss is high. In addition, New Hampshire and other regulators warn that Ponzi schemes often rely on the sales of promissory notes.

**Real Estate Investment Schemes.** The potential recovery of the U.S. housing market has increased the popularity of investments in distressed real estate. Legitimate real estate investments can be an important part of a diversified portfolio, but there can be sizeable risks with properties that are bank-owned, pending short sale, or in foreclosure. Schemes related to buying, renovating, flipping or pooling distressed properties are also popular with con artists. Potential investors must be careful and conduct extensive due diligence.

**Private Offerings.** In a recent survey of regulators, private placement offerings, also known as Regulation D Rule 506 offerings, were ranked as the most common product or scheme leading to investigations and enforcement actions. These are limited investment offerings that are highly illiquid, generally lack transparency and have little regulatory

oversight. Recent rule changes now allow these private offerings to be marketed to the public. While often legitimate, they are high risk and are not suitable for most investors.

**Unlicensed Salesmen.** The liquidation of securities by insurance-licensed firms or agents who are not registered to sell securities, often to fund the purchase of annuities, is a significant source of complaints that have resulted in several enforcement actions.

Insurance agents who are not securities licensed and who recommend liquidation of securities lack the training and expertise to determine the suitability of such transactions. Insurance agents recommending the sale or purchase of securities must have a securities license. Insurance licenses are not enough.

The Bureau encourages citizens to do their due diligence, ask questions and check with the New Hampshire Bureau of Securities Regulation to review the backgrounds of individuals and companies promoting financial product or to determine if the product is appropriately registered. This information can be checked by calling the Bureau at 271-1463 or its 24 hour Hotline at 1-800-994-4200, or by visiting the Bureau's website at [www.sos.nh/gov/securities](http://www.sos.nh/gov/securities).