

# ALABAMA SECURITIES COMMISSION

## SENIORS-BEWARE OF INVESTMENT SEMINARS

### NO “FREE LUNCH”

Increasingly, seniors are targeted by financial con artists through invitations to attend “educational workshops” where “nothing will be sold.” Such events are often advertised in local newspapers, through mass-mailings or mass e-mails and on web sites. Usually, they are held at upscale hotels, restaurants, retirement communities or golf courses. Along with the free meal, the firms and individuals that sponsor these seminars often use attractive incentives, such as door prizes, free books and vacation deals to encourage attendance. If you or a family member receives such an invitation, the **Alabama Securities Commission** cautions you to be aware of the following:

#### **INVESTMENT SEMINARS-DESIGNED TO SELL**

If you have been invited to attend an “educational” program or investment “workshop,” also known as a “free lunch” seminar, do not forget that the sponsors of these events usually have a single goal in mind: to sell investment products to customers. Don’t be fooled by vague claims of “urgency” or “can’t miss” opportunities. The “free lunch” seminar may be designed to get you in the door where a salesperson may make unfounded claims about your financial future and later steer you into a one-on-one visit in your home where the pressure to purchase a financial product can be ratcheted-up.

#### **ADVERTISING AND SALES MATERIALS COULD BE MISLEADING**

Advertising and sales materials associated with some investment seminars may include exaggerated or deceptive statements about the safety, liquidity, anticipated rates of return and suitability of financial products offered. In some cases, sponsors may fail to disclose to seminar attendees that they have paid for positive testimonials from other customers.

#### **SEMINAR SPEAKERS’ PRODUCT RECOMMENDATIONS MAY BE BIASED**

Seminar solicitations generally focus on the speakers and they may not disclose the name of the firm or product sponsors, who typically have a financial interest in products offered and sold to seminar attendees. Always obtain disclosure information about any financial product you are considering purchasing, including information on fees paid by the product sponsor.

## **“EXPERTS” MAY MISREPRESENT THEIR QUALIFICATIONS**

The education, experience and continued training required to receive and maintain “senior” or other special credentials vary greatly; and, in some cases, can be used as a marketing tool. When used by unscrupulous salespersons, misleading labels are an easy way to gain an older investor’s trust, which is usually the first step in a fraud or in selling unsuitable financial products. Always thoroughly evaluate the background and credentials of any person claiming to possess special expertise in addressing financial issues crucial to older Americans.

## **BE ALERT FOR POSSIBLE SCAMS**

Investment seminars can be legitimate sales events. However, some seminars may involve fraudulent sales practices such as the sale of fictitious or non-existent products, misrepresentations of risk and return and “guarantees” of quick financial rewards for those who act “right now.” You should always thoroughly investigate any financial product before investing.

## **PRODUCT RECOMMENDATIONS MUST BE SUITABLE FOR YOU**

Suitability, especially regarding financial products, tends to be personal. Products vary widely in complexity and there is no “one size fits all.” Suitable investment opportunities address specific circumstances based on the investor’s assets, income, investment objectives, financial liabilities and tolerance for risk. Make certain that any investment you make meets *your* investment goals over the long-term.

## **BEWARE OF “BAIT AND SWITCH” TACTICS**

Unfortunately, too many seniors have been convinced to replace existing investments with other unproven and unsuitable investments that hide steep sales commissions, high surrender charges or tax consequences. Seniors should be especially skeptical of any recommendation to radically change or liquidate well-structured, diversified investment plans to fund the purchase of alternative investment products.

# **INVESTIGATE *BEFORE* YOU INVEST!**

Contact the ASC to research any investment opportunity or offer or with inquiries concerning securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, registration status of securities or debt management programs, to report suspected fraud or to obtain consumer information. **You can help the ASC protect the public by sending us a copy of advertisements or invitations to investment seminars.**

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