



Utah
Department
of Commerce
Division of Securities

PROVIDING INVESTORS WITH THE INFORMATION AND
RESOURCES THEY NEED TO MAKE INFORMED
DECISIONS ABOUT THEIR INVESTMENTS.



Investor news

Spring 2015

Golden Opportunity!?!

John was enjoying his retirement in Florida. Looking for ways to stretch his retirement savings, he attended a free seminar sponsored by an independent “financial education” firm.

During the seminar, he was encouraged to invest in a gold mining operation promising 18% to 36% annual returns. He was told there was no risk to him since all of the investments were fully backed by the company’s gold reserves.



After investing, John received dividend checks indicating that his investment was performing extremely well. Bolstered by this early success, he invested more. Several months later, he tried to get his investment back. The company stalled and stalled. Last week, John found out that the firm has been closed by the SEC, which claimed it was running a Ponzi scheme. His money is gone! So where did his money go?

It was invested in shell companies to make it appear that John was buying shares of a successful and profitable gold mining business. The money was transferred multiple times through overseas bank accounts to hide the fraud from investors and authorities. Ultimately, John’s funds were used to pay dividends promised to other investors, continuing the Ponzi scheme. Millions of dollars went into the pockets of the perpetrators who bought homes, ranches, recreational vehicles, and even a luxury fishing resort, at the expense of the investors. John wasn’t alone. The scheme lured more than 3,000 investors across the U.S. and Canada.

Lessons Learned:

- If it sounds too good to be true, it is.
- All investments carry risk.
- You should be especially wary of investments claiming large annual returns.
- Be vigilant when researching an investment. Some scam artists work hard at disguising their fraud.

Note: The above information is a fact pattern, using entirely fictional people, that illustrates a type of securities fraud.

See additional SEC case studies at:

<http://investor.gov/investing-basics/avoiding-fraud/case-studies>

Consumer Protection Alert

Hotel WiFi: Weigh the Risk

by Carol Kando-Pineda

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When you travel, have you used your hotel’s Wi-Fi – maybe to pay a few bills or catch up on a report you need to read? You may want to think twice before logging in to accounts over hotel Wi-Fi.

Hackers are using security vulnerabilities in hotel Wi-Fi to steal people’s passwords and other sensitive information. Here’s how it works: as a hotel guest, you try to get online using their Wi-Fi network and get a pop-up for a software update. But the network has been compromised. When you click to accept the download, you unknowingly load software designed to damage your computer or steal your information.



During your next hotel stay, consider whether you absolutely must share your login info over the Wi-Fi network. Weigh for yourself whether it’s worth the risk. If you decide to use a public network, take precautions.

For more information from the Federal Trade Commission about using Public WiFi Networks, visit: www.consumer.ftc.gov/articles/0014-tips-using-public-wi-fi-networks

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Retirement
Toolbox



Hot Topics *for* Savvy Investors

Prime Bank Investment Schemes

If someone approaches you about investing in a so-called "Prime Bank" program, "Prime World Bank" financial instrument, or similar high-yield security, you should know that these investments do not exist. They are all scams.

Prime Bank programs often claim investors' funds will be used to buy and trade "Prime Bank" Instruments. Promoters make the schemes seem legitimate, using complex, sophisticated and official-sounding terms. The investment may be described as debentures, standby letters of credit, bank guarantees, an offshore trading program, a high-yield investment program, or some variation.

To reassure investors, promoters may claim that the instrument is issued, traded, or guaranteed by a well-known organization such as the World Bank, the International Monetary Fund (IMF), a central bank, such as the U.S. Federal Reserve, or the International Chamber of Commerce (ICC).

Secrecy is another tip-off. Prime Bank scheme promoters frequently claim that investment opportunities of this type are by invitation only and limited to select, wealthy customers. They cite secrecy if potential investors ask for references, and sometimes ask investors to sign non-disclosure agreements.

Some promoters are audacious enough to advertise in national newspapers. They may avoid using the term "Prime Bank note," and tell prospective investors that their programs do not involve Prime Bank instruments.

Regardless of what they're called, the basic pitch remains the same, and investors should remain vigilant against offers to invest in high-yield, risk-free international finance programs.

More information about other types of securities fraud can be found at:
investor.gov/investing-basics/avoiding-fraud/types-fraud

News for Educators

Stock Market Game Update

The Division of Securities is pleased to offer the Stock Market Game™ (SMG) to elementary, middle and high schools students in the state. This curriculum enhancer is an excellent option for those teaching grades 4-12. All team fees will be paid by the Division.

National and State standards are met for subjects such as Math, English, Social Studies, Business, Technology and Consumer Science through the SMG program's lesson sequence and activities. Pre/Post tests and rubrics by unit and grade are also available.



The annual SMG teacher training will be held on August 5, 2015 from 9:00 am – 4:00 pm at the Heber M. Wells Building, 160 E. 300 S., Salt Lake City, UT. This training will provide an introduction and overview for teachers that want to implement the program into their classroom curriculum. Instruction will include an overview of the teacher support center, the process for registering teams, and strategies to play the game successfully.

The training is free, but space is limited. Register by calling the Division of Securities at (801) 530-6600. Professional Development credit is available through USOE's OnTrack Professional Learning Center.



**FOR
URS
MEMBERS**

We all need a little help with our investments and retirement planning from time to time. As a URS member, you get access to professional URS Investment Advisers at no charge.

You may also register to attend a URS seminar by logging onto your myURS account at urs.org. Reserve a seat today as seminars and counseling sessions fill up quickly.

