

# North Carolina Department of the Secretary of State

*Hon. Elaine F. Marshall, Secretary*

## March 2017 SECURITIES NEWSLETTER Vol. 9, No. 3

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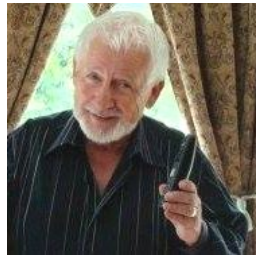
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**Alan Peter Darcy**

## Alan Peter Darcy Charged with Wire Fraud in \$800,000 Investment Fraud Scheme

A criminal indictment was returned on Friday, March 24 by a federal grand jury charging Alan Peter Darcy, 78, of Murphy with wire fraud for orchestrating an \$800,000 investment fraud scheme, announced Jill Westmoreland Rose, U.S. Attorney for the Western District of North Carolina.

North Carolina Secretary of State Elaine F. Marshall and John A. Strong, Special Agent in Charge of the Federal Bureau of Investigation (FBI), Charlotte Division, joined U.S. Attorney Rose in making the announcement.

According to allegations contained in the indictment, in or about February 2012 through at least June 2016, Darcy engaged in a scheme to defraud multiple victims of more than \$800,000 by inducing them to invest in a variety of bogus financial instruments and products, such as fraudulent "cash flow contracts," "Joint Participation Agreements," and leased "Bank Guarantees." As alleged in the indictment, Darcy claimed to provide various types of project funding and private banking services through Sceptre LLC (Sceptre), Mission 1, LLC (Mission 1), and related entities which Darcy controlled. Darcy further claimed that he had access to, and multiple successes with, specialized opportunities for obtaining private banking instruments and engaging in lucrative trading opportunities not available to the general public.

The indictment alleges that, through multiple lies and deception, Darcy stole approximately \$250,000 from a charitable foundation (Victim Foundation) by falsely representing that the Victim Foundation's money would be used "to leverage an arbitrage-styled financial investment," which would result in substantial ongoing monthly payments to the Victim Foundation. The indictment also alleges that Darcy stole approximately \$49,000 from a victim-investor by falsely promising he would use her money to create a "private, passive Trust" to generate substantial monthly distributions totaling approximately \$1,000,000.

(See "[Darcy Charged](#)" continued on page 3)

## Crowdfunding in NC

The North Carolina Secretary of State's Securities Division is now accepting filings under the State's new crowdfunding law, also known as the North Carolina Providing Access to Capital for Entrepreneurs and Small Business (PACES) Act.

Many thanks to everyone who contributed to this effort, including those who submitted comments during the public comment period of the administrative rulemaking process.

We have created a special [page](#) on our website that includes links to the statute, rules, forms and FAQs. Investors and businesses alike are ***strongly urged*** to read the information and bookmark and visit this page often as it will be updated as needed.



Benji Jones (right), a Partner at [Smith Anderson Law Firm](#), spoke at the Department's March 17 Public Hearing on Crowdfunding rules to voice her support for the proposed rules. Jones noted the Local Public Offering Exemption, which would cover offers of up to \$250,000, could change the landscape for small local companies in North Carolina seeking capital.

As Deputy Securities Administrator Kevin Harrington has noted, the law was crafted to carefully balance protection of the investing public with the need for direction and flexibility for the issuers, registered broker-dealers and Internet funding portals who will be making and handling the crowdfunding offerings.

## Marshall Addresses Conference on Aging

North Carolina Secretary of State Elaine F. Marshall gave the closing keynote address at the 2017 NC Association on Aging conference on March 17 in Winston-Salem.

Addressing the Department's role as the "Cop on the Beat" when it comes to investor protection, Secretary Marshall cautioned that no group is immune to scam artists.



Thanking the Association on Aging for its work on behalf of the State's growing population of senior citizens, Secretary Marshall offered the words of anthropologist Margaret Mead: "Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has."

Marshall also spoke of the Department's role in regulating charitable organizations and urged conference-goers to take full advantage of the wealth of information on licensed charities that is available online at [www.sosnc.gov](http://www.sosnc.gov) to assure that their charitable donations do the maximum good.

"Giving to charity is a gift of love and kindness," Marshall told conference-goers. "People asking for donations should be approaching it from that standpoint. If their pitch is to make you or client feel bad or guilty—something is wrong."

# Darcy Charged with Wire Fraud in \$800,000 Investment Fraud Scheme

(Continued from [page 1](#))

The indictment further alleges that Darcy stole approximately \$100,000 from another victim and his affiliates by falsely promising that, among other things, the money would be used to lease a “Bank Guarantee” from an international bank to obtain monthly distributions totaling over \$10 million. Similarly, Darcy fraudulently induced a victim-investor and his affiliates to send him via wire transfers approximately \$60,000 by falsely promising to generate a return of \$1.5 million using a “private bank guarantee.”

According to the charges, Darcy also induced victims to part with their money by making false and fraudulent representations about the manner in which victims’ money would be used or invested, and about when and how Darcy and his businesses would be compensated. For example, the indictment alleges that Darcy falsely told certain victims that their investments were fully refundable and that they would be placed in a safe escrow or custodial account. Darcy also told victims that his businesses would be contributing money to the proposed transactions, and that Darcy and his businesses would be compensated only out of profits from the successful completion of the proposed transactions.

As alleged in the federal indictment, contrary to his representations, Darcy did not hold the victims’ money in escrow or create trust accounts for the victims. Instead, Darcy deposited the money into bank accounts he controlled and spent more than \$400,000 of the victims’ money to fund his personal lifestyle, including through large amounts of cash withdrawals and personal expenditures such as pet care, entertainment, travel and the purchase of a used Jaguar automobile.

When questioned by victims as to why he was not able to return their money, the indictment alleges that Darcy gave a number of false excuses, including that all international banks had taken “annual holiday.”

The indictment charges Darcy with one count of wire fraud, and he has been ordered to appear in court on a summons. The maximum statutory penalty for the offense is 20 years in prison, a \$250,000 fine, or both. All the charges contained in the indictment are allegations. The defendant is presumed innocent until proven guilty beyond reasonable doubt in a court of law.

In making the announcement, U.S. Attorney Rose thanked the North Carolina Secretary of State and the FBI for leading the joint investigation. Assistant U.S. Attorneys Daniel Ryan and Daniel Bradley of the U.S. Attorney’s Office are in charge of the prosecution.



# NASAA Announces Federal Legislative Priorities for 2017

The [North American Securities Administrators Association \(NASAA\)](#), which represents state and provincial securities regulators, has released its [recommendations](#) to Congress regarding ways to strengthen investor protection and facilitate healthy capital formation.

“Our legislative priorities are designed to help members of the 115th Congress protect their constituents in the fight against investment fraud; ensure honest and transparent markets; and allow responsible capital formation, for even the smallest of companies, without undermining investor protection,” said Mike Rothman, NASAA President and Minnesota Commissioner of Commerce.

Rothman outlined five priorities that state securities regulators will support in legislation introduced in the 115th Congress, including those designed to:

- Preserve and promote protections for retail investors;
- Strengthen laws to prevent financial exploitation of America’s growing senior population;
- Protect the integrity of securities markets;
- Enhance collaboration between securities regulators; and
- Maintain state authority to act as laboratories to grow jobs through capital formation.



“Preserving the integrity of our nation’s financial markets through a responsible regulatory framework that ensures the rules are enforced, encourages financial innovation, and provides essential protections for investors is an integral responsibility of government at both the federal and state levels,” Rothman said.

“We encourage Congress and the Administration to promote financial regulatory policies that hold true to our shared responsibility to look out for investors and preserve the integrity of our capital markets.”

Read NASAA’s 2017 legislative priorities in their entirety [here](#).

## Happy Trails!

We're bidding a fond farewell to NC Securities Division Legal and Business Outreach Specialist Leo John this month.

"Leo has been a valuable member of our educational outreach team," said John Maron, Director of the Investor Protection & Education Services Program. "Leo brought knowledge, enthusiasm and an entrepreneurial attitude to his work. We will miss him, but wish him well as he heads into private practice!"

For groups interested in arranging investor education or business outreach workshops, please contact John Maron at [jmaron@sosnc.gov](mailto:jmaron@sosnc.gov).



### FINRA Podcast

Check out this recent [podcast](#) from FINRA highlighting the importance of setting appropriate and realistic timeframes for your investment goals.



### Sign up for Our RSS Feed!

You can now sign up for SOSNC's RSS (Really Simple Syndication) feed to receive our monthly Securities newsletter direct to your computer.

No checking your email inbox—just the latest securities and investor education updates from SOSNC each month, direct to your computer. Just click on the orange RSS icon above to sign up!

And follow SOSNC on Twitter, Facebook, LinkedIn and YouTube for more frequent updates on everything from investor education to trademarks enforcement and charitable solicitation regulation.

Click on the icons below to go to SOSNC's social media accounts!



## Is "Ponzi: The Musical" Next?



Fraudster Crooner - A Fraud Warning Song  
15,794 views

Hats off to the British Columbia Securities Commission (BCSC) for getting pretty creative to educate people about investment fraud.

What better way to get across the message to not fall for a scam artist's song and dance than with an actual song and dance from a fictional scam artist?

The BCSC released this [music video](#) to mark Fraud Prevention Month. The entertaining video packs a real punch though, as the "Fraudster Crooner" breezily ticks off many of the top traits of investment scams and drives home the importance of investors doing their homework.

Always remember to call the NC Securities Hotline at 1-800-688-4507 to make sure the person pitching you an investment opportunity—and the investment opportunity itself—are properly registered.

And yes, we're secretly hoping Lin-Manuel Miranda is working on "Ponzi: The Musical"!



### SOSNC on YouTube

Have questions about filing those annual reports for your LLC that are due in April? A series of informative videos available now on [SOSNC's YouTube channel](#) has you covered!

The Department's videos include step-by-step tutorials on how to file annual reports for LLCs and business corporations.



# Investor Bulletin: Robo-Advisers

*The last few years have seen the growth in availability and popularity of automated digital investment advisory programs (often called “robo-advisers”). These programs allow individual investors to create and manage their investment accounts through a web portal or mobile application, sometimes with little or no interaction with a human being with the potential benefit of lower costs than traditional investment advisory programs. The SEC’s Office of Investor Education and Advocacy is issuing this [Investor Bulletin](#) to educate investors about these programs, and to help investors using robo-advisers to make informed decisions in meeting their investment goals.*

## ***What is a Robo-Adviser?***

The term “robo-adviser” generally refers to an automated digital investment advisory program. In most cases, the robo-adviser collects information regarding your financial goals, investment horizon, income and other assets, and risk tolerance by asking you to complete an online questionnaire. Based on that information, it creates and manages an investment portfolio for you. Robo-advisers often seek to offer investment advice for lower costs and fees than traditional advisory programs, and in some cases require lower account minimums than traditional investment advisers. The services provided, approaches to investing, and features of robo-advisers vary widely. You can find information about these topics in the adviser’s Form ADV Part 1 and Part 2 brochure.



While robo-advisers have similarities to traditional investment advisory programs, there are also differences. Before making a decision about whether to invest through a robo-adviser, or in deciding which robo-adviser might be best for you, you should do your own research. Make sure the robo-adviser and the investment portfolio it puts together for you are a good match for your investment needs and goals, and that you understand the potential costs, risks, and benefits of using that particular robo-adviser. Below we’ve highlighted some issues you may want to consider in making these important decisions.

## ***What Level of Interaction with a Person is Important to You?***



The amount of human interaction available to you may vary from one robo-adviser to another. Some robo-advisers may offer the opportunity to contact an investment professional to discuss your investment needs (this hybrid of both automated and personal advice is sometimes referred to as “bionic” advice). Other robo-advisers may only make technical support staff available, which will limit you to relying on the information on their websites or other sources you find to address your questions about investing.

If a robo-adviser does make an investment professional available to you, the format and amount of the interaction may also vary. For example, a person may be available by email but not by phone, or available only for a limited number of in-person meetings. In some cases, a robo-adviser may offer access to a person only for accounts that meet a certain minimum account size. Still other robo-advisers may offer limited, if any, involvement of an investment professional in the creation and management of a client’s account.

Unlike a traditional investment adviser, there may be no initial or subsequent conversation with a person to gather information about you and your personal financial needs. However, the robo-adviser may be able to offer you lower costs and fees by limiting the expense associated with a human adviser's time.

As with any adviser, it is very important you take the time to learn about the robo-adviser's services, including the level of interaction with a person, and find out answers to any questions you may have. Here are a few questions to consider:

*How much human interaction is important to you? Would you like to be able to ask a person questions about your investments, the investment strategy being used, and potential risks? Would you like to be able to speak with a person during market events, such as periods of exceptional volatility or downturns? Do you prefer being able to talk in person or on a phone, or is electronic communication fine with you?*



*What is your level of financial literacy, especially when it comes to investing? Your ability to ask a person questions about investing (for example, about the robo-adviser's investment strategy) may be limited and you may need to rely almost entirely on the robo-adviser's online disclosures or other sources of information that you find on your own. Are you comfortable using online resources?*

*As with a traditional adviser, you may be interested in how often you will have contact with the robo-adviser. For example, how often does the robo-adviser follow-up with clients to confirm any changes that would affect their investment choices? Would you have to contact the robo-adviser with any updates to your financial situation?*

### ***What Information is the Robo-Adviser Using to Create a Recommendation?***

A robo-adviser uses information you provide to create a recommendation. As a result, a robo-adviser's recommendation is limited by the information it requests and receives from you, typically through an online questionnaire. It is important to keep in mind that some robo-advisers may obtain and consider only limited information about you. In addition, as with traditional advisers, in many cases the burden to update this information will fall on you. Here are a few questions to consider:

*Would you use the robo-adviser for a specific financial goal (for example, retirement, buying a home, or investing for your children's education), or to meet your overall financial needs more broadly? Does the robo-adviser's recommendation take into account your purpose in using the robo-adviser?*

*Does the robo-adviser's recommendation take into account relevant personal financial information, given your goal? For example, does the robo-adviser ask for information about high interest credit card debt or student loans you may have? Does it take into account your bank and savings accounts? Does it take into account your real estate holdings, such as your home, or other investments such as retirement accounts? Does it take into account other assets that you have?*

*How does the robo-adviser take into account your tolerance for risk? How you respond to the robo-adviser's questions about risk can affect what portfolio the robo-adviser recommends. In addition to the initial makeup of your portfolio, how does your risk tolerance impact how the robo-adviser might rebalance your portfolio (for example, in the event of a market decline)?*

### ***What is the Robo-Adviser's Approach to Investing?***

Different robo-advisers have different approaches to investing, including different investment styles and different products offered. Some have several pre-determined portfolios of investments that they will recommend for you that you may or may not be able to customize. Some robo-advisers focus solely on a limited range of investment products, such as broad-based exchange-traded funds, or ETFs.

### ***Exchange-Traded Funds***

Many robo-advisers utilize ETFs. ETFs have unique characteristics that may make them more suitable for certain investors and less suitable for others. To learn more about ETFs, including how they differ from mutual funds, read our *Investor Bulletin: Exchange-Traded Funds (ETFs)*. Also, certain robo-advisers may use hypothetical performance for newer ETFs in their marketing materials. To learn more about performance claims, read our *Investor Bulletin: Performance Claims*

Some robo-advisers may recommend emerging market funds or invest in smaller companies, which could be more volatile or potentially less liquid. The investment style of the robo-adviser can make a big difference in the asset allocation of your portfolio. In addition, some robo-advisers have additional features that can affect returns on your investment. Also, in some cases robo-advisers may not have been tested under stressed market conditions.

You should take the time to understand how the robo-adviser develops a portfolio recommendation, and what pieces of information it uses – or does not use – in developing the portfolio. Here are a few questions to consider:

*Does the robo-adviser offer a limited range of investment products, such as only ETFs? Are the investment products utilized by the robo-adviser appropriate for your goals?*

*Does the robo-adviser only offer certain limited portfolios within those investment products? How many different portfolios could your money possibly be invested in? What portfolio does the robo-adviser recommend for you and why?*

*What type of accounts does the robo-adviser manage? For example, does the robo-adviser manage individual retirement accounts (IRAs)? Taxable accounts? 401(k) accounts or college savings plans?*

*How does the robo-adviser handle volatility? For example, does the robo-adviser have the ability to freeze sales (not let you sell your investments for cash for a certain period of time)?*

*How often is your account rebalanced? Rebalancing can have tax implications, depending on the type of account. What would trigger a change in the asset allocation or investment categories of your portfolio?*

### ***Tax Loss Harvesting***

*Does the robo-adviser utilize tax loss harvesting? Tax loss harvesting involves selling investments that have experienced losses in your account, which may result in tax implications. The value of tax loss harvesting can depend on your particular tax situation in a given year. It also may implicate rules against wash sales. Make sure you understand the tax implications of any sales, and consider whether you may wish to consult a tax adviser. For more information about wash sales, read IRS*

### ***What Fees and Costs will the Robo-Adviser Charge?***

Fees and other costs can greatly impact your return on investment. One of the main benefits of a robo-adviser can be lower fees and costs – so it is very important that you understand what you would be charged. A robo-adviser may offer lower-cost investment advice, but if the robo-adviser utilizes investment products with high costs, your total overall costs could still be high. It's important to understand your *total* costs.



Also, in some cases, a robo-adviser may offer services that are not significantly different from services you could obtain through a traditional investment advisory program or through investing in a product such as a target date retirement fund. It is worth considering whether one product or service can offer what you need at a lower overall cost than another. Here are a few questions to consider:

*What fees would you be charged directly by the robo-adviser? Are there any other costs (e.g., brokerage fees, management fees for ETFs purchased for your account) that you would pay directly or indirectly?*



*How is the robo-adviser compensated? Does the way it is compensated create any conflicts of interest with you, the investor? For example, is the robo-adviser paid to offer particular products or does it offer only products with which it is affiliated (e.g., mutual funds sponsored by the robo-adviser or its affiliates)?*

*Are there penalties or fees if you want to withdraw your investment, or transfer or close your account? Liquidating an account may have tax implications for you as well.*

*Are there penalties or fees if you want to withdraw your investment, or transfer or close your account? Liquidating an account may have tax implications for you as well.*

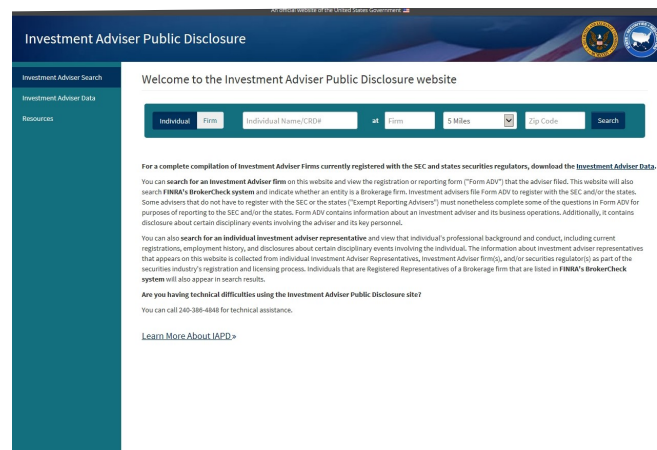
*Does the amount you are charged depend on how much money you invest?*

*Can the costs and fees change over time?*

*Does the robo-adviser pay a referral or marketing fee, or other incentives for finding new clients? Robo-advisers may use different marketing techniques, such as paying money to others or providing discounted fees for making client referrals. You should understand if a robo-adviser has that kind of feature, even if you are not paying a fee yourself.*

### **Licensing and Registration – How Do You Find More Information?**

Firms that provide advisory services in the U.S. are typically registered as investment advisers with either the SEC or one or more state securities authorities. Although the services that they provide are automated, robo-advisers in the U.S. must comply with the securities laws applicable to SEC or state-registered investment advisers. Use the SEC’s Investment Adviser Public Disclosure (IAPD) database, which is available on Investor.gov, to research the background, including registration or license status and disciplinary history, of any individual or firm recommending an investment. In addition, a firm that provides robo-adviser services may be affiliated with a broker that can execute the robo-adviser’s recommendations by buying and selling specific securities for your account. You can research that broker using the Investment Adviser Public Disclosure (IAPD) database as well, which is again available on Investor.gov.



Finally, like traditional investment advisers, robo-advisers are also required to file a Form ADV. Robo-advisers may also offer certain information about their advisory business on their websites or in communications with clients. Check the robo-adviser’s website regularly to see if there is any updated information.



## Binary Options Follow-Up Schemes: Don't Lose Money Twice

*This [Investor Alert](#) was originally published by FINRA.*

We've [said it before](#): Binary options trading can be risky. What's more, some scammers are targeting binary options customers with follow-up frauds, such as [recovery scams](#) and [IRS impersonation scams](#).

FINRA is issuing this alert to warn anyone involved in binary options trading—specifically through unregistered non-U.S. companies offering binary options trading platforms or services—to be on guard for potential follow-up frauds.

### What Are Binary Options?

A conventional option is an agreement that gives you the right to buy or sell a security for a fixed price during a set period of time, at which point the option expires. In contrast, a binary option is an "all-or-nothing" proposition that does not bestow any such rights. When a binary option expires, it makes either a pre-specified amount of money or nothing at all—and if the latter happens, you lose your entire investment.



Some binary options are listed on registered exchanges (regulated by the Securities and Exchange Commission) or traded on a designated contract market (overseen by the Commodity Future Trading Commission). However, as FINRA, the SEC and the CFTC have warned, an increasing number are sold through online platforms that do not comply with US regulations and can be fraudulent.

### Types of Potential Follow-Up Frauds

Investors with binary options accounts on suspect platforms may be targets for the following follow-up frauds.



**Advance Fee:** FINRA is aware of instances in which a customer of a binary options platform hears from individuals who claim they can help the customer get back lost money—but an [advance fee applies](#). The tactics can vary, but hallmarks of these schemes generally include:

- Urgent correspondence and high-pressure calls that specifically refer to your binary options accounts.
- Claims that the caller is with, or acting at the behest of, a U.S. government agency.

Subsequent communications with official-looking documents presented as "proof" that money is available for investors to recover—albeit for a fee.

The upshot is that you should be wary of **any** person or organization claiming to know about your binary options accounts and offering to help return money to you.

**IRS Impersonator:** Another scam involves phone calls purportedly from an [IRS representative](#). In its most basic form:

The IRS imposter claims that you owe money in taxes because of your binary options trading, and may threaten to bring in police or other government agencies if you do not pay up immediately.



The IRS imposter asks for your debit or credit card number, or may pressure you to pay with a prepaid debit card.

There can be twists to the standard IRS impersonator scam. In one instance, an investor who called FINRA described speaking with a man who identified himself as "a representative from the IRS" and told her she must pay a fee for an "indemnity letter." He claimed the indemnity letter was required because the financial institution she was dealing with in conjunction with her binary options account was not registered with the Securities and Exchange Commission. While it was true the financial institution was not registered with the SEC, the caller completely fabricated the need for such a letter. He further threatened that if the investor didn't pay for the indemnity letter, the IRS would levy a heavy fine.

In all of these cases, the bottom line is that you are asked to send money. But if you do, you most likely will never see it again so it is important that you not offer your credit or debit card, or make other forms of payment, during the call. If you are contacted by someone purporting to be from the IRS, or if the IRS is mentioned by the caller, you can call the IRS at 1-800-366-4484 to determine whether the call is legitimate. As the IRS makes clear, it never calls taxpayers and demands that they wire or send money—instead the IRS sends a written notification of any tax due through the U.S. mail.

### Investor Checklist

Follow-up scams tend to target investors who may be unwittingly involved in "shady" binary options businesses. Before getting involved in binary options trading—and before you send any money:



- Check the [CFTC's website](#) to see if the binary options trading platform is a **designated** contract market. If it is not registered, do not do business with the organization or individuals associated with it.
- Check the [SEC's EDGAR system](#) to see if the binary options trading platform has registered the offer and sale of the product with the SEC.
- Check the [SEC's website regarding exchanges](#) to determine if the binary options trading platform is registered as an exchange.
- Check [FINRA BrokerCheck®](#) and the National Futures Association's [Background Affiliation Status Information Center \(BASIC\)](#) to determine the registration status and background of any firm or financial professional that you are considering.

If you are involved with a binary options firm and are not sure it is legitimate—or think you are the target of a binary options fraud or follow-up scam—you can contact [FINRA](#) at (240) 386-4357. You can also share that complaint or tip with the FBI's Internet Crime Complaint Center at [www.IC3.gov](#)—or call the [CFTC](#) at 1-866-366-2382 or the [SEC](#) at 1-800-732-0330.



# FINRA Military Spouse Fellowship Application Period Now Open

FINRA has [announced](#) that its Investor Education Foundation Military Spouse Fellowship Program is now accepting applications for its 2017 class of financial fellows — a unique program designed to increase the financial capability of U.S. service members and their families.

The national program offers military spouses the opportunity to earn a career-enhancing credential — the AFC<sup>®</sup> (Accredited Financial Counselor<sup>®</sup>) — while providing financial counseling and education to the military community.

Applications must be received no later than midnight, EDT, April 21, 2017. The program is open to current or surviving spouses of active duty or retired Army, Navy, Air Force, Marine Corps, Coast Guard, National Guard or Reserve service members, as well as spouses of members of the U.S. Public Health Service Commissioned Corps and the National Oceanic and Atmospheric Administration Commissioned Officer Corps. Prospective candidates can apply online at <http://www.militaryspouseafcpe.org/application/>.

Since 2006, the FINRA Foundation has accepted more than 1,400 military spouses as Fellows. Earning the AFC<sup>®</sup> designation, Fellows have provided financial counseling and education to more than 170,000 service members and spent more than 440,000 hours helping military families reach their financial goals. Upon completion of the AFC certification program, Fellows continue to support the military community as financial counselors at family readiness and support centers, credit counseling and tax centers, financial aid offices, and credit unions throughout the U.S. and abroad.

The program is provided by the FINRA Foundation, in partnership with the Association for Financial Counseling and Planning Education<sup>®</sup> (AFCPE<sup>®</sup>), which administers the certification, and the National Military Family Association (NMFA), which assists with the selection process. The FINRA Foundation covers the costs associated with the program's self-study course and exam.

"FINRA Foundation Military Spouse Fellows have delivered hundreds of thousands of hours of service to the military community by counseling service members and their families to take charge of their personal finances," said Gerri Walsh, President of the FINRA Foundation. "They have changed people's lives by teaching them how to reverse cycles of debt, live within their means and actively plan for their financial future."

"Because of the transient lifestyle of many military families, regular employment can be challenging for military spouses," said Rebecca Wiggins, AFCPE Executive Director. "The AFC certification provides the education and experience to earn the highest standard in financial counseling and education – the AFC certification. The program opens doors for a portable and rewarding career, while allowing military spouses to give back to the military community."

"NMFA is proud to work with the FINRA Foundation and AFCPE to help make military spouses more aware of this opportunity to receive the AFC certification," said Joyce Wessel Raezer, NMFA Executive Director. "Helping military spouses gain this certification creates a financial education multiplier effect in military communities at a time when more and more families struggle to make smart decisions about their family finances."

## About the FINRA Investor Education Foundation

The FINRA Investor Education Foundation supports innovative research and educational projects that give underserved Americans the knowledge, skills and tools necessary for financial success throughout life. In 2006, the Foundation launched a multifaceted program to expand the saving and investing knowledge of military service members and their spouses, including a free, unbiased resource, [www.SaveAndInvest.org/Military](http://www.SaveAndInvest.org/Military). A proud partner in the Department of Defense Financial Readiness Campaign, the Foundation also presents financial education forums at military installations worldwide.

## About AFCPE

**Association for Financial Counseling and Planning Education® (AFCPE®)** ensures the highest integrity of the financial counseling profession by certifying, connecting, and supporting diverse professionals. Our comprehensive certification programs represent the gold standard for financial counseling, coaching and education, including the AFC® (Accredited Financial Counselor®) and FFC (Financial Fitness Coach) certifications. The AFC certification is accredited by NCCA and nationally recognized by both the CFPB and DoD. AFCPE supports their professionals by providing career advancement and professional development opportunities, including exceptional financial education trainings, the Journal for Financial Counseling & Planning and Annual AFCPE Research & Training Symposium. To learn more visit, [www.afcpe.org](http://www.afcpe.org).

## About the National Military Family Association

The National Military Family Association is the leading non-profit dedicated to serving the families who stand behind the uniform. Since 1969, NMFA has worked to strengthen and protect millions of families through its advocacy and programs. They provide spouse scholarships, camps for military kids, and retreats for families reconnecting after deployment and for the families of the wounded, ill, or injured. NMFA serves the families of the currently serving, retired, wounded or fallen members of the Army, Navy, Marine Corps, Air Force, Coast Guard, and Commissioned Corps of the USPHS and NOAA. To get involved or to learn more, visit [www.MilitaryFamily.org](http://www.MilitaryFamily.org).

## North Carolina Fellows

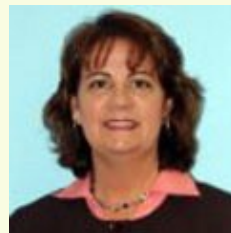
Below are some of our North Carolina-based spouse fellows with links to their full biographies. You can find biographies of more selected accredited spouse fellows at [www.SaveAndInvest.org/Spouse](http://www.SaveAndInvest.org/Spouse).

### **Kimberly Eng** (Ft. Bragg, NC)



Kimberly is a financial readiness specialist/counselor with Army Community Service at Fort Bragg in North Carolina. She believes a program like the Military Spouse Fellowship Program can provide military spouses with accreditation that will always be in demand in the military and civilian world. She uses the budget techniques she learned through the program to manage her family's finances. "When you are a military spouse, you're constantly moving, constantly changing," Kimberly said. "This certification is invaluable—you can take it with you anywhere and use it wherever you go."

### **Deanna Henderson** (Ft. Bragg, NC)



Deanna is a Financial Planning Counselor for the Soldier for Life – Transition Assistance Program at Fort Bragg, where she teaches financial planning workshops and provides one-on-one financial counseling services for military personnel transitioning from active duty service. She is working on an M.S. degree in Family Financial Planning and Counseling.

### **Katie Leiva** (Durham, NC)



Katie was working at a Military Saves event at the Pentagon in 2007 when representatives from FINRA and NMFA who told her about the Spouse Fellowship. She applied for and received the fellowship later that year. At that time she was the project coordinator for BBB Military Line, a grant-funded program at the Council of Better Business Bureaus that provides consumer education and advocacy for servicemembers and their families. There she developed course curricula and materials on financial education and consumer awareness for teens and adults to be used by BBB trainers at military bases throughout the US. "I thought [the Military Spouse Fellowship Program] would augment my knowledge and give me a leg up in developing new curricula. The certification certainly gives me more credibility."



# Investor Bulletin:

## 10 Ways to Use Investor.gov

*Whether you are investing on your own, working with a financial professional, planning your retirement, or just interested in learning more about investing generally, this [Investor Bulletin](#) lists ten ways you can use [Investor.gov](#) to become a more informed investor and avoid fraud.*

### 1. CHECK THE BACKGROUND OF YOUR INVESTMENT PROFESSIONAL

[Investor.gov](#) has a free and simple search tool that allows you to find out if your investment professional is licensed and registered, and if he or she has a disciplinary history or customer complaints. In North Carolina, you can call the NC Secretary of State's Investor Hotline at 1-800-688-4507 to check the registration of your investment professional and any investment opportunity you're being offered. It's a great first step toward protecting your money.

### 2. EDUCATE YOURSELF ABOUT INVESTMENT PRODUCTS

Understand common investment products, such as [stocks](#), [bonds](#), and [mutual funds](#), or find out more about the risks and unique characteristics of a wide variety of [investment products](#).

### 3. USE ONLINE TOOLS TO MAKE INVESTING SIMPLER

Investor.gov has one of the most popular [compound interest calculators](#) on the web, which includes a mobile-friendly calculator as well as a savings goal tool that can help you determine how much money you need to contribute each month in order to arrive at a specific financial goal. The site also provides access to a wide range of other [free financial planning tools](#).



### 4. LEARN HOW TO AVOID INVESTMENT FRAUD

Learn about [common types of investment fraud](#), including those found [online and in social media](#), [pyramid schemes](#), penny stock or "[microcap fraud](#)," and [binary options fraud](#), among others. Take these [simple steps to avoid these scams](#).



### 5. STAY CURRENT WITH SEC RESOURCES

Investor.gov features timely and topical [Investor Alerts and Bulletins](#), and links to [Twitter](#) and [Facebook](#) posts that describe a wide variety of investing-related topics and news. Sign up for [updates](#).

### 6. START RESEARCHING PUBLIC COMPANIES

Companies that offer stocks, bonds, or other securities for sale to the public must provide information to investors periodically. For tips on how to read public company filings, including the annual report on [Form 10-K](#) and the Current Report on [Form 8-K](#), read [Using EDGAR – Researching Public Companies](#).

## 7. CONSIDER THE FEES ASSOCIATED WITH ANY INVESTMENT

All investments have fees and they can add up in a hurry. Investor.gov will help you [understand the fees](#) of any investment you are considering.



## 8. UNDERSTAND HOW MARKETS WORK

Get the basics on how stocks are traded, including information on [types of orders](#), [types of brokerage accounts](#), and [executing an order](#). Investor.gov has a page devoted to [how stock markets work](#).



## 9. PLAN FOR RETIREMENT

Explore a wealth of information about retirement topics such as [employer-sponsored plans](#), [managing lifetime income](#), [avoiding retirement fraud](#) and [understanding senior specialists' designations](#). Use Investor.gov's [401\(k\) and IRA Required Minimum Distribution Calculator](#) to determine how much you are required by IRS regulations to withdraw from your retirement fund at various ages.

## 10. FIND CONTACT INFORMATION FOR THE SEC

If you have questions about investing, call the SEC's investor assistance line (800) 732-0330 or email [Help@SEC.gov](mailto:Help@SEC.gov). You can also [report a problem](#) concerning your investments or [report possible securities fraud](#) to the SEC. Investors in North Carolina can also [file a complaint](#) with the NC Secretary of State's Securities Division.

## Five Minutes Could Save Your Life Savings!



Is that individual offering you an investment opportunity licensed to sell securities in North Carolina? Is the investment opportunity itself registered? Know before you sign!

While registration in and of itself is no guarantee against fraud, not being registered is a very big red warning flag. We urge you to take five minutes to call our NC Securities Hotline at 1-800-688-4507 to see if the person you have been dealing with – perhaps even for years – is properly registered and/or has a disciplinary history.

Pick up the phone and call us. You owe it to yourself and your family to check.



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

- |         |              |   |
|---------|--------------|---|
| 4/4/17  | Charlotte    | Fraud Prevention 101 Panel at Charlotte-Mecklenburg Public Library, Beatties Ford Road Branch, 2412 Beatties Ford Road. Registration begins at 8:30 AM. Open only to Mecklenburg County librarians. The Charlotte-Mecklenburg Public Library is hosting a day of Financial Literacy Training for Charlotte-Mecklenburg County Librarians. A representative of the NC Securities Division will be participating in the 1:30 PM - 2:30 PM panel, Fraud Prevention 101. This professional development training is offered only to Mecklenburg County librarians. For more information, please contact: Ken McDonnell at <a href="mailto:Kenneth.McDonnell@cfpb.gov">Kenneth.McDonnell@cfpb.gov</a> . |
| 4/5/17  | Durham       | "Investment Fraud: Guarding Your Assets in a Scary World" presentation to Money Matter\$ Women's Group, Croasdaile Country Club, 3800 Farm Gate Ave. Time: 5:30 PM - 7:00 PM. 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 presentation is offered only to group members. For more information, please contact Lisa Gabriel at <a href="mailto:lgabriel@pinaforewealth.com">lgabriel@pinaforewealth.com</a> .   |
| 4/6/17  | Wilmington   | Fraud Prevention 101 Panel at New Hanover County Public Library Main Branch, 201 Chestnut Street, Wilmington. Registration begins at 8:30 AM Open only to New Hanover County librarians. The New Hanover County Public Library is hosting a day of Financial Literacy Training for New Hanover County Librarians. A representative of the NC Securities Division will be participating in the 1:30 PM - 2:30 PM panel, Fraud Prevention 101. This professional development training is offered only to New Hanover County librarians. For more information, please contact: Ken McDonnell at <a href="mailto:Kenneth.McDonnell@cfpb.gov">Kenneth.McDonnell@cfpb.gov</a> .                         |
| 4/6/17  | Clinton      | "Investment Fraud: Guarding Your Assets in a Scary World" presentation to the Western Union Missionary Baptist Church Association at: Lisbon Street Missionary Baptist Church, 401 Lisbon Street in Clinton. Time: 8:00 PM -- 9:00 PM. 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 presentation is open to Association members and their guests only. For more information, please contact Rev. Patricia Boykin-Moore at <a href="mailto:cbench@yahoo.com">cbench@yahoo.com</a>          |
| 4/20/17 | Fayetteville | "Understanding Crowdfunding – The New Option for Local Financing in N.C." at the Women's Business Center for Economic Empowerment and Development, 230 Hay Street. Time: 5:30 PM -- 7:30 PM. Free, but registration is requested. To register, please go to <a href="https://www.facebook.com/events/121059365100259/">https://www.facebook.com/events/121059365100259/</a> or contact Lexi Hasapis at (910) 323-3377.  |



- 4/24/17      Weldon      "Understanding Crowdfunding – The New Option for Local Financing in N.C." at: Halifax County Community College Small Business Center, located at 100 College Drive, Building 400 in Weldon. Time: 1:00 PM -- 3:00 PM. Small businesses in North Carolina may now raise up to \$2 million from average investors with certain limits. This presentation is planned as an overview of investment crowdfunding for businesses that may want to utilize this option. A representative of the N.C. Secretary of State, Securities Division, will cover the following: a regulatory overview and how crowdfunding fits within securities laws; the legal do's and don'ts of a crowdfunding offering; the marketing aspects – what you can say and how to reach investors; and utilizing a web site intermediary – picking one and connecting with investors. Free, but please register at <https://www.ncsbc.net/workshop.aspx?ekey=240360053>. For more information, please contact Jerry Edmonds at [jedmonds080@halifaxcc.edu](mailto:jedmonds080@halifaxcc.edu).
- 4/24/17      Asheboro      CPE Training - "Investment Fraud: Guarding Your (Clients') Assets in a Scary World" - [Central Chapter of the NC Society of Accountants](#). Sagebrush Restaurant, 1505 E Dixie Drive. Time: 6:00 PM -- 8:00 PM. Open to NC Society of Accountants members and their guests. During tax season, millions of citizens will file their taxes. In many instances, they will rely on a trusted tax professional for assistance. Tax preparation presents an important opportunity to stop fraud and abuse in its tracks – especially scams that target senior citizens. The NC Department of the Secretary of State Securities Division wants to develop a mutually beneficial relationship with accountants in order to spot and stop investment fraud. A representative of the Securities Division will provide an overview of investment fraud and how we can help you help protect your clients. Also, information will also be presented about the Advance Health Care Directive Registry which the Department manages for the State. This is another valuable resource accountants can direct their clients to when making plans for their future.
- 4/25/17      Pittsboro      "State Trademarks" presentation at Central Carolina Community College - Pittsboro Main Campus, Building 1, Room 224, 764 West Street in Pittsboro. Time: 6:00 PM -- 8:00 PM. An official from the North Carolina Securities Division will be conducting a presentation on the process of filing a trademark application in North Carolina. For more information, please contact Jon Spoon at [jspoo035@cccc.edu](mailto:jspoo035@cccc.edu).
- 4/29/17      Clinton      "Investment Fraud: Guarding Your Assets in a Scary World" at Little Piney Grove Baptist Church, 1285 Bell Woods Road, Clinton. Time: 10:00 AM -- 11:00 PM. 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. For more information, please contact Roger Culbreth at [rculbreth@burchfarmsnc.com](mailto:rculbreth@burchfarmsnc.com).

- 5/2/17                      Pittsboro                      "Understanding Crowdfunding – The New Option for Local Financing in N.C." at Chatham County Community College, Pittsboro Campus, 764 West Street in Pittsboro. Time: 6:00 PM -- 8:00 PM. Small businesses in North Carolina will soon be permitted to raise up to \$2 million from average investors with certain limits. This presentation is planned as an overview of investment crowdfunding for businesses that may want to utilize this option. A representative of the N.C. Secretary of State, Securities Division, will cover the following: a regulatory overview and how crowdfunding fits within securities laws; the legal do's and don'ts of a crowdfunding offering; the marketing aspects – what you can say and how to reach investors; and utilizing a web site intermediary – picking one and connecting with investors. Free, but please register at <https://www.ncsbc.net/reg.aspx?mode=event&event=110370005> registration requested. For more information, please contact Jon Spoon at [jspoo035@cccc.edu](mailto:jspoo035@cccc.edu).
- 5/16/17                      Fayetteville                      "Combating Frauds Against the Elderly: A Partnership Working Together" presentation during Day 1 of the 2nd Annual Patient Centered Care for the Older Adult Conference at Southern Regional AHEC Conference, Holiday Inn Fayetteville, 1944 Cedar Creek Road. Time: 1:00 PM -- 2:00 PM. For registration, please visit <http://www.aheconnect.com/ncahec/eventdetail.aspx?EventID=50751> Older adults are the number one victims of fraud. Medical professionals are among the most highly trained observers. This seminar seeks to enlist your help in fighting fraud against your patients while at the same time helping you learn how to recognize and avoid possible investment scams, how to do your due diligence, and the questions to ask your investment professional. This seminar will help you to understand what to do if you or your patient becomes a victim of an investment scam. Information will also be presented about the Advance Health Care Directive Registry which the Secretary of State's office maintains. For more information, please contact Andrea Novak at [andrea.novak@sr-ahec.org](mailto:andrea.novak@sr-ahec.org)
- 5/16/17                      Clayton                      Investor protection & crowdfunding presentation at Johnston Community College Workforce Development Center, Classroom #1032, 135 Best Wood Drive in Clayton. Time: 6:00 PM -- 8:00 PM. 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 presentation will also include an overview of investment crowdfunding for businesses that may want to utilize this option. Topics covered will encompass: a regulatory overview and how crowdfunding fits within securities laws; the legal do's and don'ts of a crowdfunding offering; the marketing aspects – what you can say and how to reach investors; and utilizing a web site intermediary – picking one and connecting with investors. For more information, please contact Pat Killelte at [pwkillelte@johnstoncc.edu](mailto:pwkillelte@johnstoncc.edu)

- 5/18/17 Wake Forest "Scam Jam" anti-fraud presentation sponsored by Triangle Family Services at Wake Forest Renaissance Centre, 405 Brooks Street, Wake Forest. Time: 11:00 AM -- 1:00 PM. Representatives of the NC Department of the Secretary of State Securities Division, NC Department of Justice Consumer Protection Division, and the NC Department of Insurance Senior Health Insurance Information Program will provide information on how you can protect yourself from falling victim to a wide range of scams. Secretary of State Elaine F. Marshall will deliver a message at 11:45 AM. Topics will include how to protect oneself from being taken in by Ponzi schemes and other illegitimate investment come-ons, how to protect oneself against being taken advantage of by donation scams during times of national or international disaster and how to help reduce the more than 62 billion dollars in fraud that occurs each year in the Medicare program alone. Do not miss this important workshop! Bring your friends and family members! Free, but please register at <https://tfsnc.org/event/senior-scam-jam/>. For more information, please contact Alice Lutz at [Alutz@tfsnc.org](mailto:Alutz@tfsnc.org) or Cari Boram at [cboram@tfsnc.org](mailto:cboram@tfsnc.org).
- 5/18/17 Fayetteville Financial Literacy and Vocational Job Fair at Headquarters Library 300 Maiden Lane in Fayetteville. Time: 5:30 PM -- 7:30 PM. Free and open to the public. The North Carolina Securities Division will be among those participating in the Financial Literacy and Vocational Job Fair hosted by the Cumberland County Public Library and Information Center. The fair includes a financial literacy element and aims to provide guidance to teens and young adults on topics such as budgeting, staying out of debt, building good credit, "want versus need" and other related issues. Community agencies and businesses will be on hand to assist attendees and provide information. For more information, please contact Jennifer Hatcher at [jhatcher@cumberland.lib.nc.us](mailto:jhatcher@cumberland.lib.nc.us).
- 5/23/17 Concord "Scam Jam" anti-fraud presentation at Cabarrus Senior Center, 331 Corban Ave SE in Concord. Time: 8:30 AM -- 12:30 PM. Representatives of the NC Department of the Secretary of State Securities Division, NC Department of Justice Consumer Protection Division, and the NC Department of Insurance Senior Health Insurance Information Program will provide information on how you can protect yourself from falling victim to a wide range of scams. For more information, please contact Kim Henderson at 704-582-9776.
- 5/23/17 Lumberton "Scam Jam" anti-fraud presentation at Pine Street Senior Center, 801 N Pine Street in Lumberton. Time: 10:00 AM -- 1:30 PM. Representatives of the NC Department of the Secretary of State Securities Division, NC Department of Justice Consumer Protection Division, and the NC Department of Insurance Senior Health Insurance Information Program will provide information on how you can protect yourself from falling victim to a wide range of scams. For more information, please contact Rachell Hodnett at [rachell.hodnett@lrcog.org](mailto:rachell.hodnett@lrcog.org).
- 5/24/17 Cary "Investment Fraud: Guarding Your Assets in a Scary World" at SearStone Retirement Community, 17001 Searstone Drive, Cary. Time: 10:00 AM -- 11:00 PM. 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. Free, but open to SearStone residents and their guests only. For more information, please contact Shannon Hoffman at [shoffman@searstone.com](mailto:shoffman@searstone.com).



## 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 court appearance is scheduled for May 30, 2017.

**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, was sentenced in federal court on December 6 to 63 months in prison for one count of securities fraud. Fackrell is still facing trial in state court on charges of obtaining property by false pretenses. He is currently in custody awaiting assignment to federal prison.

## Recent Enforcement Actions

*(For prior administrative actions, click on the badge to the right.)*



On **October 24, 2016**, the North Carolina Secretary of State's Securities Division entered into a **Consent Order** with **Palmetto Premier Advisors, LLC**. The Consent Order ordered that the Respondents immediately cease and desist from transacting business in this State in violation of the provisions of the North Carolina Investment Advisers Act or the rules thereunder. Click [here](#) to see the Order.

On **October 18, 2016**, the Securities Division of the North Carolina Department of the Secretary of State issued a **Final Order** against **Daniel P. Sexton**. The Order obligates Mr. Sexton to cease and desist from violating the N.C. Securities Act (G.S. Ch. 78A) and also to accurately report information on Form U-4. Mr. Sexton further agreed to amend his Form U-4 in a timely manner. In addition, the Order required a monetary payment of \$1,000.00 in settlement of the Securities Division's investigation. The Order found Mr. Sexton had failed to disclose business activities outside the scope of his employment with his securities dealer and, consequently, had filed an incomplete application for registration under the N.C. Securities Act. Click [here](#) to view the Order.

On **July 14, 2016**, the North Carolina Secretary of State's Securities Division issued an **Order of Summary Postponement** to **Palmetto Premier Advisors, LLC**. The Order of Summary Postponement ordered pursuant to the authority contained in N.C.G.S. §78C-19(c) and 78C-19(f), that, pending a hearing and a final determination of this matter, the North Carolina registration of **Palmetto Premier Advisors, LLC** as an investment adviser be postponed. Click [here](#) to see the Order.



## 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 Seeks Comment on Its Engagement Programs](#)

**March 21, 2017**—The Financial Industry Regulatory Authority (FINRA) has issued a Special Notice seeking comment on how to enhance its programs for engagement with its members and other stakeholders, with particular focus on FINRA’s advisory and ad hoc committees, rulemaking process, member relations programs, and the information it provides regarding its programs and operations.

“Being an effective self-regulatory organization that protects investors while promoting vibrant capital markets requires that FINRA engage member firms and the public in meaningful dialogue,” said FINRA President and CEO Robert W. Cook. “FINRA invests significant resources in its current engagement programs, and we are exploring how these programs can be made more effective without compromising our regulatory responsibilities. Requesting comment is an important part of that evaluation.” The Notice summarizes FINRA’s extensive engagement programs and requests comment on potential enhancements to those programs by May 5, 2017.

### [Investor Bulletin: New “T+2” Settlement Cycle – What Investors Need To Know](#)

**March 23, 2017** —On March 22, 2017, the Securities and Exchange Commission amended Exchange Act Rule 15c6-1 to shorten the standard settlement cycle for broker-dealers transaction from “T+3” to “T+2,” subject to certain exceptions. The SEC’s Office of Investor Education and Advocacy (OIEA) is issuing this investor bulletin to explain the new “T+2” settlement cycle and how it will affect certain transactions you place with your full-service or online brokerage firm.

### [New Securities Industry Essentials Exam Expands Entry Opportunities to the Securities Industry](#)

**March 8, 2017**— The Financial Industry Regulatory Authority (FINRA) has announced that it has [filed a proposal](#) with the Securities and Exchange Commission (SEC) to streamline competency exams and facilitate opportunities for professionals seeking to enter or re-enter the securities industry. “This new approach would give individuals seeking to enter the securities industry the opportunity to demonstrate a fundamental knowledge of regulatory requirements prior to joining a firm, potentially providing firms a larger pool of qualified candidates,” said FINRA President and CEO Robert W. Cook. “It would also provide enhanced flexibility and efficiency in our qualifications programs, while maintaining important standards and investor protections.”

### Updated: Duration—What an Interest Rate Hike Could Do to Your Bond Portfolio

If you own bonds or have money in a bond fund, there is a number you should know. It is called duration. Although stated in years, duration is not simply a measure of time. Instead, duration signals how much the price of your bond investment is likely to fluctuate when there is an up or down movement in interest rates. The higher the duration number, the more sensitive your bond investment will be to changes in interest rates. If you hold outstanding bonds, particularly those with a low interest rate and high duration, you may experience price drops as interest rates rise along the way. If you have money in a bond fund that holds primarily long-term bonds, expect the value of that fund to decline, perhaps significantly, when interest rates rise.



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](http://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:John.Maron), 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](mailto: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!**