

ALABAMA SECURITIES COMMISSION

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov

Alabama Veterans Face a Serious Threat: Financial Scammers

MONTGOMERY, ALABAMA (August 29, 2017) After valiantly serving and protecting our country, Alabama veterans, like their counterparts throughout the United States, are facing a damaging threat from a dangerous enemy. Increasingly, Alabama veterans are prominent targets for unscrupulous salespersons or con artists who use aggressive and often illegal sales practices to entice the veteran to spend their pensions or hard-earned savings.

A recent AARP study confirmed that one in three victims of financial fraud in America are military veterans. Another disturbing statistic from the U.S. Federal Trade Commission's Consumer Sentinel notes that there has been a 65 percent increase in fraud complaints from vets over the past five years.

There are many instances involving retirees from different areas of the military who have used their past armed services associations to scam fellow veterans out of their life savings. This type of scam is referred to as "affinity fraud." Military affinity fraud occurs when people manipulate the close connection between veterans, including active-duty personnel, to promote and sell unsuitable or fraudulent investment products. Regardless of the depth of the relationship or bond, always check to see if that person, as well as the product being offered, is properly registered with the ASC. Even if you fought beside another soldier, sailor or airman in a combat circumstance that was life-threatening, in the future, you should check if that person, as well as the product being offered, is properly registered with the ASC.

Alabama veterans have not been immune to fraudsters' efforts, as cases investigated and prosecuted by the Alabama Securities Commission (ASC) can attest. An 86 year-old retired U.S. Air Force pilot and a 91 year-old retired World War II U.S. Navy veteran lost several hundred thousand dollars in a bogus investment opportunity offered by a former North Alabama attorney. An ASC investigation revealed that both veterans were offered promissory notes in exchange for their money which was to be invested in real estate and medical technology ventures with returns to be paid at a specified time. The veterans were also promised returns from 8-12 percent on their investments. However, the financial analysis concluded that the culprit used the majority of investor funds to pay previous investors in a Ponzi-type scheme and for his personal benefit. Upon investigation by the ASC's Enforcement Division and subsequent prosecution by the agency's Legal Division, the defendant pled guilty to three counts of Securities Fraud, was sentenced to 20 years imprisonment, split to serve five years in the state penitentiary, and ordered to pay more than \$4 million in restitution to multiple victims.

ASC Director, Joseph Borg said, "Alabama's military veterans and their dependents have sacrificed so much in the defense of our freedoms and deserve the highest level of protection that can be brought to bear on their behalf. This Commission is honored to be able to offer the knowledge and tools they require to help safeguard their financial futures and to keep financial criminals and corrupt salespeople away from their assets."

The ASC offers Alabama vets and their dependents a splendid learning tool and information-based resource, accessible on the Commission's web page, www.asc.alabama.gov. "Protect Alabama Troops" (PATS) consists of appropriate, practical news, tips and advice for Alabama's active-duty Guard and reserve military personnel, as well as retired military and veterans. The PATS site is specifically designed to assist vets and their dependents to make informed investment decisions and avoid being victimized by financial fraud before, during and after deployment and in the transition to military retired or civilian life. Active and/or retired service men and women can use PATS to learn valuable information about inappropriate sales practices, affinity fraud, and unsuitable financial products, among many other relevant topics.

Vets and their families can also use PATS to learn about free services offered by the ASC, tips for making sound investment decisions, red-flags of possible investment fraud and the Commission's annual list of trending investment scams. All materials on the ASC website are free of charge and may be reprinted and used to educate citizens about wise and safe investing.

Borg said, "We fully support our state's military personnel, especially our retired veterans. Our vets should rest assured that should they need our services or have concerns, we will promptly help provide information or investigate complaints and concerns whenever called upon."

Alabama veterans, military personnel and their dependents who may be considering investment opportunities can contact the ASC, toll-free, 1-800-222-1253, with inquiries about the registration status of financial products, licensing requirements for those individuals or companies offering and selling financial products or services to military families, to lodge a complaint, to report suspected fraud or to receive consumer information.

For further information contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

###

ALABAMA SECURITIES COMMISSION

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov