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INVESTOR ALERT

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Regulators Urge Investors to Carefully Check Credentials of 'Senior Specialists'

BOISE, ID – Gavin Gee, Director of the Idaho Department of Finance, today urged seniors to carefully check the credentials of individuals holding themselves out as “senior specialists.”

“Individuals may call themselves a ‘senior specialist’ to create a false level of comfort among seniors by implying a certain level of training on issues important to the elderly. But the training they receive is often nothing more than marketing and selling techniques targeting the elderly,” said Gee.

“These sales people and the alphabet soup of letters after their names can be confusing, and in some cases, may even be deceptive to seniors,” Gee said.

Gee said that the North American Securities Administrators Association (NASAA) has observed a significant increase in designations claiming to provide the holder with expertise in providing services to investors 55 years and older. Gee said securities regulators have opened 26 cases in the past year involving “senior specialists” in the eastern half of the United States alone. Most of the cases involve securities recommendations by individuals who are not properly licensed by state securities regulators.

Gee said bogus senior specialists commonly target senior investors through seminars where the specialist reviews seniors’ assets, including securities portfolios and typically recommends liquidating securities positions and using the proceeds to purchase indexed or variable annuities products or other investments the specialist offers.

In many jurisdictions, including Idaho, these recommendations may be viewed as providing investment advice for compensation. “The senior specialist would be offering investment advice as an unregistered investment adviser and, therefore, be subject to enforcement action by regulatory agencies,” Gee said.

Although there are legitimate organizations whose members must complete rigorous programs of study, pass extensive examinations, and have practical experience in order to receive their designations, a number of entities

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formed in the last few years have created designations with much less stringent requirements, Gee said. Without reviewing the course material for each of these designations, it is difficult to verify the claims made by the promoters.

“Before doing business with any investment professional, all investors, especially senior investors, should check with their state securities regulator to determine whether the individual is properly licensed and if there have been any complaints or disciplinary problems involving the individual or his or her firm,” Gee said.

For more information, visit the Senior Investor Resource Center on the NASAA website at www.nasaa.org for additional investor education and protection tips for seniors.

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