

## Once a Complaint is Received by the Division:

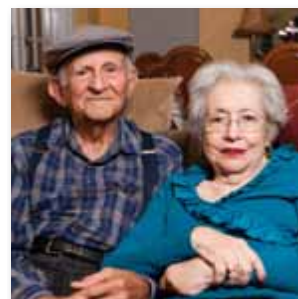
When a complaint or tip is received, an attorney in the Enforcement Section will evaluate the complaint and information you provided. The Enforcement Section may open an investigation and assign the matter to an investigator, or make other attempts to resolve the matter, including referral to the Securities Division's Complaint Mediation Specialist. Even if the Securities Division does not launch a formal investigation, you might be referred to, and should consider talking with, a private lawyer, or perhaps another state agency.

Please note that while the Enforcement Section might take up your case, such action is being taken on behalf of the state, and the Securities Division's attorneys cannot represent you or provide you legal advice. While some enforcement actions could lead to restitution or a return of your money, the majority of cases do not. Private counsel can better help you directly pursue your own interests and the recovery of your losses, and could suggest arbitration, a lower cost alternative to civil litigation. FINRA can provide booklets on arbitration.

To learn more about arbitration, contact:

Financial Industry Regulatory Authority (FINRA)  
12 Wyandotte Plaza  
120 West 12<sup>th</sup> Street, Suite 800,  
Kansas City, MO 64105

# How We Serve Investors



MISSOURI SECURITIES DIVISION  
OFFICE OF THE SECRETARY OF STATE



MISSOURI SECURITIES DIVISION  
Office of Secretary of State Robin Carnahan  
Investor Protection Hotline: 800-721-7996  
[www.MissouriInvestorProtection.gov](http://www.MissouriInvestorProtection.gov)



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SECRETARY OF STATE ROBIN CARNAHAN



For more than 80 years, the Securities Division in the Office of the Secretary of State has been protecting Missouri investors from securities fraud and regulating the sale of securities. Today, the Securities Division remains committed to its mission of investor protection and education.

We work every day to provide Missourians the information they need to consider whether certain investments are suitable for their financial goals, to help them watch out for ill-advised investments and to encourage people to report any suspicious experiences. Once we receive complaints, tips or information, we launch investigations and seek fair resolutions with the aim of getting money back for investors wronged by their advisors or a scam artist.

The division itself is administered by the Commissioner of Securities, who is appointed by the Secretary of State. The Commissioner serves as the director of the division and oversees investigations into the offer and sale of securities and investment products. The commissioner also serves as an officer at hearings that arise from those investigations.

06/2011

## How We Work

The Missouri Securities Division has three sections: Registration, Enforcement and Investor Education. **The Registration Section** licenses over 125,000 firms and professionals conducting business in Missouri as brokers or investment advisers and reviews and registers the securities products they offer. **The Enforcement Section** enforces Missouri's securities laws by investigating complaints and possible violations when they occur. **The Investor Education Section** works to develop and present a comprehensive education program that seeks to make Missouri investors wise, safe and informed.

The duties and authority of all three sections come from the Missouri Securities Act of 2003, Missouri's "Blue Sky Laws." This Act provides the framework for registering brokers and investment advisers, reviewing and registering securities offerings, and taking action in situations where an investor might have been wronged, or a registered professional violated the law.

### The Registration Section

The Registration Section reviews, registers and maintains information about securities and those who sell securities in the state of Missouri. Securities include a wide range of investments: stocks and bonds, mutual funds, limited partnerships in real estate, oil and gas offerings and investment contracts. Almost any type of profit-making venture that depends upon the efforts of the seller to realize a profit could be a security and must be registered with the Missouri Securities Division or qualify for an exemption from registration.

#### What happens when securities are registered?

Registration Section staff members conduct various reviews of the securities which companies and their agents will offer in Missouri. Many securities, including the stocks or bonds of large companies or governmental bodies, and mutual fund offerings, are regulated by the SEC, and thus Missouri doesn't review them. But other offerings, such as stock in a startup Missouri corporation, LLC interests in a new Missouri biofuel company or bonds being issued by a church, are registered with the Securities Division and are subject to a full review and comment. The Registration Section's review is intended to ensure all important and necessary information is available to potential investors, as well as to determine whether an offering is "fair, just and equitable" before it can be presented to the public.

## How do professionals register?

The Registration Section uses a variety of methods to evaluate the eligibility of an investment adviser or broker seeking to do business in Missouri. In the required registration application, professionals seeking a license must disclose their work history, scores on required exams (for example, the Series 7, Series 63, Series 65, or Series 66) conducted by the Financial Industry Regulatory Authority (FINRA), the firm they will affiliate with, past complaints or lawsuits and past disciplinary action in any state or by any organization. Licensed broker agents and investment adviser representatives are required to update their registration after licensure, and the Division maintains complete records on every firm and professional. Missourians can use these records to research someone who approaches them about investing.

Missouri is home to some of the world's most well-known brokerage firms, as well as more than 125,000 individual broker-dealer agents and investment adviser representatives. Each must renew their license annually. In 2011, the Registration Section licensed more than:

- 115,000 broker-dealer agents
- 1,700 broker-dealer firms
- 8,000 investment adviser representatives
- 1,500 investment adviser firms

In addition to its licensing and registration functions, the Registration Section includes an audit unit which performs onsite examinations of broker-dealers and investment advisers in Missouri to make sure that both firms and employees are in compliance with Missouri laws. Three audit teams take to the field each month for multi-day, in-house examinations which help uncover deficiencies and improve the services provided by broker and investment adviser firms.

## The Enforcement Section

This section handles complaints, tips and information provided by investors, other agencies and professionals concerning misconduct in the offer and sale of securities, as well as the enforcement of antifraud provisions of the Missouri Securities Act. Each year, our staff receives hundreds of complaints concerning questionable investment advice or shady investment schemes. Staff members include experienced attorneys and investigators with background in the securities and financial services industries.

After an enforcement investigator has received and investigated a complaint from an investor or other source, the Enforcement Section can request that the commissioner of securities deny, suspend or revoke

a registration, or that the commissioner issue an order requiring the investigation's target to cease and desist the questionable activity.

As part of the Secretary of State's enforcement efforts, the commissioner of securities can conclude an investigation and action by ordering the payment of civil penalties, reimbursement of the Enforcement Section's costs and discipline of a registered professional. The commissioner may also order victim restitution, meaning the repayment of the investor's money, and a payment to the state's investor education and protection fund. The commissioner may also refer a matter for criminal investigation to local prosecutors, the Missouri Attorney General or a variety of federal agencies, including the SEC, the FBI, the US Postal Inspector or the U.S. Attorney.

## A Focus on Protecting Senior Investors

The Securities Division has implemented several initiatives to educate and protect Missouri's growing senior population. In 2007, the Enforcement Section launched a year-long undercover investigation into "free lunch" investment seminars that often target senior citizens and come with questionable investment advice. In 2009, Secretary Carnahan's **Senior Investor Protection Act** was passed into law, creating enhanced penalties for fraudulent acts targeting seniors. And, in 2010, the Securities Division conducted a 30-firm audit sweep to gauge how brokers and advisors handle issues unique to their senior clients.

In addition to these initiatives the Enforcement Section works daily to:

- Investigate matters concerning investments by seniors who are victims of investor fraud or unsuitable recommendations
- Identify issues of importance and alert Missouri seniors about areas of interest and fraud trends
- Provide seniors with resources and information about investment issues
- Solicit tips and information from seniors on scams and fraud
- Work in collaboration with community groups and programs

## The Investor Education Section

This section is the education and outreach arm of the Securities Division. With nearly six million Missourians all impacted in some manner by investments and retirement savings, the Investor Education Section works throughout the state to make Missourians safe, wise and informed investors. The investor education staff makes presentations or appearances at between 40 and 50 events each year, including education conferences, industry shows, interest group conventions and senior fairs.

## Missouri Investor Protection Center

The Investor Education Section also produces and distributes several original publications designed to promote safe and wise investing, including *The 3 Knows of Investing: Know Yourself. Know Your Advisor. Know Your Investment*; *Managing Windfalls: Protecting Your New Wealth*; *Variable Annuities: A Guide for Investors* and a *Senior Investment Guide*. The Investor Education Section manages the Missouri Investor Protection Center, an online resource center for Missouri investors created by Secretary Carnahan in 2007. The Missouri Investor Protection Center can be visited at [MissouriInvestorProtection.gov](http://MissouriInvestorProtection.gov).

## If you have an investment complaint:

We take all complaints seriously, so do not hesitate to contact our office if you suspect you have been defrauded. Anytime you talk with someone about investing your money or making an investment, make sure that you pay attention to what the person says, ask lots of questions, check out the advisor or person pitching the investment, take notes on what was said and offered, and get a copy of all marketing and promotional materials. Also, after an investment is made, make sure that you keep all documents from the transaction.

Many times, an investor doesn't know until much later that their investment was a scam or involved misconduct. If you suspect that you've been defrauded, you'll want to make sure that you have all documents, and it might help to write down everything you can remember. That way, you'll have items to help with the investigation that might serve as evidence in an enforcement action.

When preparing for a complaint or making a call to the Securities Division, here are some tips to help you generate a useful report:

1. Use some cues to jog your memory. If you can think about what you were wearing, where you might have been going, a landmark that might have been in the background, a person you saw or another conversation you had that day, it might help you remember the situation better.
2. Recall as many details as you can. Know what you were offered when, what you gave, what you learned, what you were told about use of the money, any mentioned risks, contracts you might have signed or been shown and any prospectus you received. Think about materials or the lack of materials you were offered.

3. Provide details about how you were approached. Did you see the person's face or ever get in touch with a person? Did they leave behind a phone number or any contact information? What characteristics of the transaction made you uneasy?

## To file a complaint with the Securities Division:

You can either call the Investor Protection Hotline or fill out a complaint form and send it to our office. Here are the general steps for filing complaints:

1. Obtain a complaint form.  
Online: [www.sos.mo.gov/securities/complaint\\_form.pdf](http://www.sos.mo.gov/securities/complaint_form.pdf)  
Phone: 800-721-7996
2. Please answer each question on the form. If a question does not apply to your particular situation, write "n/a" for "not applicable."
3. Be as clear and as specific as possible when answering questions. The more specific facts we have, the better we can investigate the situation. When you can, try to remember when each of the contacts you had with the person or firm occurred and what you did next, and present them in that order, with dates.
4. Make copies of any documents you have, both those that came from the investment offeror and those that you have obtained from another source while reviewing the investment, and send a copy of each document along with your complaint form. Keep the original documents so you can refer to them later.
5. You can mail or email your form. Either way, please be sure that you attach all accompanying documents. These documents are important, because they help us better track and investigate the investment offerors.

By mail: Office of Secretary of State Robin Carnahan  
Missouri Securities Division  
PO Box 1276  
600 West Main Street  
Jefferson City, MO 65102

By email: [securities@sos.mo.gov](mailto:securities@sos.mo.gov)

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