



ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

Ernie Fletcher
Governor

LaJuana S. Wilcher
Secretary

Capital Plaza Tower
500 Mero Street, 5th Floor
Frankfort, Kentucky 40601
Phone: (502) 564-5525
Fax: (502) 564-3354
www.environment.ky.gov

NEWS RELEASE

Contact: Nikki Ploskonka (502) 564-7760

INVESTORS CAUTIONED TO CHECK CREDENTIALS OF ‘SENIOR SPECIALISTS’ *May be trained in nothing more than marketing, selling techniques*

FRANKFORT, Ky. (Jan. 11, 2006) – The Kentucky Office of Financial Institutions (OFI) today urged senior investors to carefully check credentials of individuals promoting themselves 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,” OFI Executive Director Cordell Lawrence said. “But the training they receive is often nothing more than marketing and selling techniques targeting the elderly.”

The North American Securities Administrators Association (NASAA) reports a significant increase in designations, or certifications, that imply the holder has expertise in providing services to investors 55 years and older. Securities regulators have opened 26 cases in the past year involving “senior specialists” in the eastern half of the United States. Most cases involved securities recommendations by individuals without proper licenses from state securities regulators.

OFI cautioned that “senior specialists” commonly target senior investors through seminars. The specialist reviews a senior’s assets, including securities portfolios, and typically recommends liquidating securities positions and using the proceeds to purchase indexed or variable annuity products or other investments the specialist offers.

In many jurisdictions, including Kentucky, 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,” Lawrence said.

-more-

INVESTORS CAUTIONED, Page 2

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 formed in the last few years have created designations with much less stringent requirements. 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,” said Lawrence.

For more information, contact the Division of Securities of the Kentucky Office of Financial Institutions at 1-800-223-2579 or www.dfi.ky.gov or visit the Senior Investor Resource Center on the NASAA website at www.nasaa.org for additional investor education and protection tips for seniors.

-30-