



Watch for the
Division of Securities
at the following events:

April 3-4

Utah Coalition of
Educational Technology
2014 Conference

April 16

Magna Senior Center
Health & Resource Fair

April 26

AARP Staying Sharp-Tooee

May 1-2

Utah Library Association
2014 Conference

May 2

Five County AAA Annual
Conference for Seniors

May 7

U of U-Osher Lifelong
Learning Institute
Lunch & Learn

May 15

Liberty Senior Center Health
and Resource Fair

May 31

AARP Staying Sharp
Vernal

June 10-11

UASSP Summer Conference

June 11-13

UAESP Summer Conference

Utah Retirement System (URS) Seminars

April 4-SLC North

April 11-West Valley

May 8-St. George

May 30-Salt Lake City

June 6-Provo

June 20-Heber City

June 27- Logan

For URS Members, go
to urs.org for seminar
registration and
location details.

Heard of FINRA?

The acronym "FINRA" stands for the
"Financial Industry Regulatory Authority".

FINRA is not part of the government. It's an independent, not-for-profit organization authorized by Congress to protect America's investors by making sure the securities industry operates fairly and honestly.

This independent regulation plays a critical role in America's financial system—by enforcing high ethical standards, bringing the necessary resources and expertise to regulation and enhancing investor safeguards and market integrity—all at no cost to taxpayers.

Every investor in America relies on one thing: fair financial markets. That is why FINRA works to ensure the following:

- Every investor receives the **basic protections** they deserve
- Anyone who sells a securities product has been **tested, qualified and licensed**
- Every securities product advertisement used is **truthful**, and not misleading
- Any securities product sold to an investor is **suitable** for that investor's needs
- Investors receive **complete disclosure** about the investment product before purchase.

The FINRA Investor Foundation helps investors through grants, programs and resources. The grant program reaches, educates and protects individual investors and shows what other recent grantees are doing. The financial education programs are designed to help secondary students, military families, older investors and others.

At the website, finrafoundation.org, you can download FINRA Foundation-funded learning materials, research findings and tools for investors, educators, libraries and grantees. The foundation website, saveandinvest.org, also provides helpful resources.

The popular FINRA tool, BrokerCheck®, provides important background information on financial professionals to help you "Check Before You Invest" and can be found on the homepage at finra.org.

PROVIDES INVESTORS WITH THE
INFORMATION AND
RESOURCES THEY NEED TO MAKE
INFORMED DECISIONS ABOUT THEIR
INVESTMENTS.



Latest Investor Alerts

The Utah Division of Securities partners with other agencies and associations on releasing Investor Alerts and Bulletins to the public. These partners, among others, are the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA) and National Association of Securities Administrators Association (NASAA).

During the past several months, numerous alerts and bulletins have been released by these organizations. The recently released alert titles include the following:

- **Making Sense of Professional Titles**
- **How Fees and Expenses Affect Your Investment Portfolio**
- **How to Open a Brokerage Account**
- **The IRA Rollover: Ten Tips to Making a Sound Decision**
- **Bitcoin-More than a Bit Risky**
- **Variable Annuities-An Introduction**
- **Ponzi Schemes Using Virtual Currencies**

The above alerts, along with past issues of this newsletter, can be read from the Division of Securities Publications webpage found at:

securities.utah.gov/investors/edu_pubs.html

Hot Topics for Savvy Investors

Crowdfunding - An Investor Perspective

Since the passage of the Jobs Act in March of 2012, much ink has been spilled about how the new law's Crowdfunding marketplace will help small entrepreneurs raise money on a broader front than ever before through Internet solicitations. Less widely commented upon, however, is the question of what investors in such deals will need to know to navigate this new frontier. With final approval of the SEC's rules only a short time away, here are a few things to keep in mind before you click to invest in that far-away startup:

Crowdfunding is Permitted Only Through Funding Portals. These portals must be properly registered as directed in the SEC rules. They will be required to collect and post key information about the offering company and the background of its owners and promoters. Beware any promoter who tells you that he or she can skip the funding portal system and sell his or her own securities to the general public by way of the Internet or other advertising.

Start-up Investing Carries a High Risk of Loss. Approximately half of all start-up ventures fail within five years. Even experienced small-business investors who possess the experience and street-smarts to carefully evaluate

start-ups usually wind up losing money on the majority of the companies they fund. Only the rare big return makes it worth it. Further, the lack of any market to resell the securities may leave you holding the investment indefinitely as a minority shareholder with little or no say in how the company is operated or whether it pays out earnings.

Management May be Inexperienced or Ignore Your Interests. Entrepreneurs seeking funding through crowdfunding may have little or no experience in conducting their business affairs in a professional and lawful manner. You as the investor will have little ability to determine if the track record they claim for themselves is unsubstantiated or even fraudulent. Even if management are experienced and operating the business in good faith, they may take steps to limit your participation in its affairs or even greatly dilute the value of your investment when money is received from new investors in the future.

Put simply, investing in crowdfunded companies is a highly speculative activity and should be engaged in only by those who can afford to absorb the loss of their entire investment without significant lifestyle harm.

Digital Currency - A "Bit" Risky

Virtual reality may exist only in science fiction, but consumers now are able to purchase goods and services with virtual money such as Bitcoin, PP Coin and other digital currencies. Unlike traditional coinage, these alternatives typically are not backed by tangible assets, are not issued by a governmental authority and are subject to little or no regulation.

The value of Bitcoins and other digital currencies is highly volatile and the concept behind the currency is difficult to understand even for

sophisticated financial experts given the complicated mathematical algorithms that determine when new blocks of coins will be released. This environment has provided fertile ground for scam artists to capitalize on the increasing popularity and acceptance of digital currencies.

Investors should be aware that investments that incorporate abstract money systems present very real risks, including the possibility of virtual reality leaving an investor virtually broke.



Utah
Department
of Commerce
Division of Securities

New Webpage: "For Educators"

To enhance financial literacy projects both inside and outside the classroom, a new Division of Securities webpage titled "For Educators" can be found at:
securities.utah.gov/investors/edu_educators.html

...or scan here.

