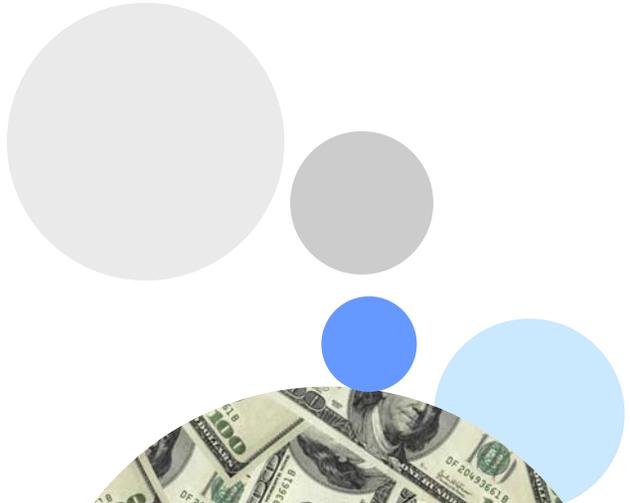




The **PIABA Foundation**'s mission is to promote investor education by providing the public with information about abuses in the financial services industry and the securities dispute resolution process.



Before investing, The PIABA Foundation, Inc. urges investors to investigate any prospective broker or investment advisor prior to investing with that individual. To do so, contact the broker or financial advisor's manager to ask if the individual selling the investment is licensed. Regulators suggest investors can save them-selves a lot of grief by asking a second question — whether the investment itself is registered. To check out an investment advisor, broker, firm, or investment product contact your State Securities Division to obtain a CRD Report, visit FINRA.org to obtain a BrokerCheck Report, or consult a qualified attorney or CPA.

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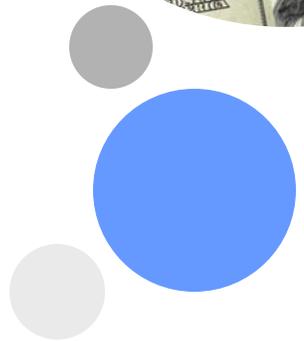
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The PIABA Foundation released the following list of the “Top 10” investments that are prone to abuse. This list is a warning to the investing public to beware that these products might be used as vehicles to perpetrate frauds. Investors who have brokerage accounts should recognize that in most instances they must arbitrate their claims before FINRA when an unresolved problem arises.

1 Non-Traded REITs: A Real Estate Investment Trust (“REIT”) is a vehicle that buys and operates properties or mortgages, such as homes, shopping malls, offices or even storage units.

2 Ponzi Schemes: A scam that usually promises high returns, but where the returns to earlier investors are paid with monies raised from later investors. Ponzi schemes were named for Charles Ponzi, a man who raised millions of dollars from investors in a stamp scheme, but in fact was just paying early investors with money raised from later investors. The largest Ponzi scheme to date was operated by Bernard Madoff.

3 Variable Annuities: Essentially a long term insurance investment “wrapped” around mutual funds, **variable annuities** are very complex insurance products. Typically, brokers are paid very high commissions, which is often the reason they are “sold” to investors, not sought out or “bought” by investors.

4 Promissory Notes: Promissory notes are often used as a promise to pay investors a higher than average fixed rate of interest, often based on the promises of a generally unknown or little known private company that claims to be very successful. Most often these promissory notes are debt offerings that are not registered with the Securities and Exchange Commission (SEC).

5 Financial Advisor Fraud: Every year, investors become the victims of stock-brokers, financial advisors, financial consultants or other registered representatives who overpromise returns, misdescribe the risks of an investment, recommend inappropriate investments, or even perpetrate fraud when dealing with their clients.

6 Private Placements: A private placement is an investment where the company that raises the money is not public, and the investment is not registered as a security approved for sale by the SEC. They may involve any type of investment where the return is dependent on the success of the business that needs to raise money for its operations. Private placements are usually high risk, and some-times are used to hide Ponzi schemes.

7 Tenants in Common: Tenants in Common, aka TICs, are real estate investments where multiple investors each own a share of the same property, and share in the net revenue from the rents. In the last several years, many TICs have done poorly because sponsors’ paid high fees when acquiring the property, used investors own

principal to pay returns, overpaid for the property, or overleveraged property. Brokers are often paid high commissions to sell TICs.

8 Affinity Fraud: Victims often belong to the same group or ethnicity, such as common nationality, church, synagogue, country club, or other organization where they have common interests or beliefs. The promoter uses that common bond to raise money by preying on their common trust of the group and its members, thus betraying the trust of an entire group of people.

9 Insurance Agent Fraud: Sometimes insurance agents breach the trust and loyalty of their customers because of the lure of high commissions, causing them to over insure their clients, or sell high commission products they don’t need, such as variable annuities.

10 Self Directed IRAs: A self-directed IRA allows investment options not generally found in traditional IRAs offered by banks and brokerage firms. These include residential and commercial real estate, farmland, precious metals, nonpublic securities, mortgages, franchises, partnerships, joint ventures, hedge funds, royalty rights, equipment leases, and tax shelters.

