

SPECIAL NOTICE

This Special Notice from the Nebraska Department of Banking & Finance is for all Nebraska registered broker-dealers, their agents, and all federally covered and state registered investment advisers and their investment adviser representatives in the state of Nebraska.

The Department has noticed a marked increase in the use of various designations, particularly related to senior citizens, by both broker-dealer agents and investment adviser representatives. From senior-oriented seminars to mass mailings and business cards, prospective investors often have insufficient information when trying to decide which designations represent a meaningful achievement by the agent or investment adviser representative or which designations simply use empty marketing devices.

Because of the concern that the use of designations conveys a certain expertise in matters dealing with seniors, that may not exist, the Department, as of January 1, 2007, is requesting firms prohibit the use of all professional designations that state or imply a specialized knowledge of the needs of senior investors by their agents and investment adviser representatives registered in Nebraska. This prohibition should cover all mass mailings, advertising, business cards and letterhead of the agent or representative.

The Department has concerns regarding the so-called "free lunch" sales seminars, often targeted to seniors. The Department urges firms to treat sales of complex financial products to seniors with particular care. NASD Rule 2310 and NASD Rule 2110 address both suitability determination and require broker-dealers to observe high standards.

All seminar material and seminar presentations must be approved by the registered agent's or investment adviser representative's employing firm's compliance department, prior to any seminar being held. The firm is ultimately responsible for the seminar content and actions of its agents and or investment adviser representatives.

The Department is requesting a list of all the registered agents and/or investment adviser representatives who are licensed with your firm and who sponsor or present "free-lunch" seminars in Nebraska. Any registered agent or investment adviser representative who has done seminars in the past or plan to conduct seminars in the future should be included in this request. This list should be submitted to the Department by January 29, 2007.

The designations which are stated in 48 NAC 9.004.02 will still be acceptable for use by all registered agents and investment adviser representatives. The Department may take administrative action in the event that any designation is used in a manner which may mislead investors.

All broker-dealer agents and/or investment adviser representatives are required to file and maintain a complete and accurate Form U4 with the Department. Every application for registration shall be kept current at all times by supplementary amendment. An amendment to an application must be filed not later than 30 days after learning of the facts or circumstances that prompted the amendment.

Failure to maintain a current Form U4 is a violation of the Securities Act of Nebraska and may subject both the firm and agent and/or representative to sanctions or administrative actions by the Department.

Thank you for your cooperation.