



BULLETIN B 00-07

To: All Insurance Licensees and Other Interested Parties

Re: Promissory Note Fraud Alert

Recently the Division of Insurance was notified by the North American Securities Administrators Association (NASAA), which represents state securities regulators, of their serious concerns relating to the nationwide sale of fraudulent promissory notes.

Promissory notes are investments that typically involve a loan to a company by an investor in exchange for a fixed amount of periodic income. These notes are often sold by insurance producers (agents) who promise high interest rates, but the notes are in fact very risky and often fraudulent. The producers may not realize that the promissory notes are securities.

All promissory notes sold in this state, if not legally exempt from registration, must be properly registered with the Alaska Division of Banking, Securities, and Corporations. Any person who sells these notes must be licensed as a security broker with the Alaska Division of Banking, Securities, and Corporations and the National Association of Securities Dealers.

We ask insurance producers to use extreme caution and, before selling any promissory note, to contact the Alaska Division of Banking, Securities, and Corporations (dbsc@alaska.gov or telephone (907) 465-2521) or NASAA (www.nasaa.org or telephone (813) 272-2565) to confirm that the note is properly registered or legally exempt from registration.

The division will work closely with the Division of Banking, Securities, and Corporations to monitor and take the appropriate administrative action against any person found to be engaging in fraudulent practices concerning promissory notes.

DATED: August 14, 2000

A handwritten signature in black ink, appearing to read "Robert A. Lohr".

Robert A. Lohr
Director of Insurance

