



Benefits Administration Letter

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Subject: Fact Sheets on Retirement Scams

The purpose of the Benefits Administration Letter (BAL) is to transmit two Fact Sheets jointly developed by the Office of Personnel Management (OPM), the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA). The publications contain tips for spotting early retirement scams.

Last year the SEC charged the estate of the recently deceased Kenneth Wayne McLeod, his benefits consulting firm, Federal Employee Benefits Group, Inc. (FEBG), and his registered investment adviser, F&S Asset Management Group, Inc. with fraudulently soliciting government employees to invest in a government bond fund that didn't exist.

According to the SEC's complaint, McLeod lured many of his investors through retirement benefits seminars he gave at government agencies nationwide. He raised at least \$34 million since 1988 from an estimated 260 investors around the country. The security of the government bonds was a key element of McLeod's deception but he never purchased any bonds. Instead, he used the investors' retirement savings to conduct a Ponzi scheme, to pay himself and to pay for lavish entertainment.

OPM, SEC and FINRA have developed the two attached Fact Sheets to help benefits officers and employees avoid investor fraud.

The Fact Sheet, *Help your Employees Achieve Their Retirement Dream*, provides benefits officers with valuable information to help spot early retirement fraud. The fact sheet describes steps benefits officers can take to help ensure employees receive sound financial information in a seminar and how they can check that a firm or individual proposing to provide retirement seminars for employees is in compliance with SEC and FINRA requirements.

The Fact Sheet, *Early Retirement Seminars 101*, helps employees avoid being misled by flawed or fraudulent retirement pitches, particularly those that dangle the prospect of early retirement with little or no reduction in income. The fact sheet describes common tactics in retirement scams and warning signs of investment fraud. It also gives employees tips to avoid being taken in by investment fraud and where to turn for help.

William Zielinski
Associate Director
Retirement Services

Attachments