



Investor Alert: Cobell Indian Trust Settlement Payout Recipients - Be on the Lookout for Investment Scams

The SEC's Office of Investor Education and Advocacy is issuing this Investor Alert to help educate investors, including individuals receiving lump sum payouts from the federal government in connection with the [\\$3.4 billion Indian Trust Settlement](#), about potential investment frauds that target recipients of lump sum payouts.

The Indian Trust Settlement arose out of a class-action lawsuit, *Cobell v. Salazar*, brought by Native American representatives against the federal government. The Indian Trust Settlement resolves claims that the federal government violated its trust duties to individual Indian trust beneficiaries. The Indian Trust Settlement was reached in December 2009, and in December 2010, the President signed legislation approving the settlement and authorizing \$3.4 billion in funds.

You May be a Target

Recipients of highly-publicized payouts often become targets for investment fraud. Scam artists may target payout recipients with investment opportunities that promise high returns with little or no risk, or involve secretive or complex strategies. Members of religious or ethnic communities, professional organizations, or other close-knit groups are likely targets for these scams because of the high level of trust that often exists within these groups and the tendency of their members to share information with one another.

For example, after Hurricane Katrina, we heard about scams targeting individuals receiving compensation from insurance companies. These scams took many forms, including trading programs that falsely guaranteed high returns, promoters who touted companies purportedly involved in clean-up efforts, and classic Ponzi schemes.

We are concerned that individuals receiving lump sum payouts, including payments related to the Indian Trust Settlement, may become targets for investment scams and other frauds. As is true for recipients of any lump sum payout, individuals receiving payments related to the Indian Trust Settlement should be wary of potential investment scams.

Be Skeptical and Ask Questions

One of the best ways to avoid investment fraud is to ask questions. Be skeptical if you are approached by somebody touting an investment opportunity. Ask that person whether he or she is licensed and whether the investment they are promoting is registered with the SEC. Check out their answers with an unbiased source (such as the SEC). We have a short publication called [Ask Questions](#) that discusses many of the other questions you should ask of anyone who wants you to make an investment. Please review it before making any investment decisions.

Protect Yourself

Take a close look at your entire financial situation – this can help you figure out how to use your lump sum payout wisely. Below is a list of some online resources that may help you decide how to use a lump sum payout. Protect yourself by reviewing these resources before you invest; your payment may have to last you and your family for a long time. If you are thinking about investing and have any questions, do not hesitate to call the SEC's Office of Investor Education and Advocacy at 1-800-732-0330, or ask a question [using this online form](#).

- **Lump Sum Payouts:** For information about investing wisely after receiving a lump sum payout, see [Lump Sum Payouts: Questions You Should Ask Yourself before You Invest a Dime](#).
- **Affinity Fraud:** For information about investment scams targeting particular groups, see our [Investor Bulletin on Affinity Fraud](#).
- **Ponzi Schemes:** For information about Ponzi schemes, see [Ponzi Schemes: Frequently Asked Questions](#).
- **Saving and Investing Basics:** For general information about saving and investing, see [Saving and Investing: a Roadmap to Your Financial Security through Saving and Investing](#). This publication is also available [in Spanish](#).
- **Ask Questions:** For a list of questions you should ask when considering an investment, see [Ask Questions: Questions You Should Ask about Your Investments](#). This publication is also available [in Spanish](#).

Other Resources

[Cobell v. Salazar Indian Trust Settlement Website](#): This website provides details about the Indian Trust Settlement.

Investor.gov: This is the SEC's educational website for retail investors.

MyMoney.gov: This is the U.S. government's website dedicated to teaching the basics about managing your money.

The Office of Investor Education and Advocacy has provided this information as a service to investors. It is neither a legal interpretation nor a statement of SEC policy. If you have questions concerning the meaning or application of a particular law or rule, please consult with an attorney who specializes in securities law.

