

Indiana MoneyWise

A publication provided by THE INDIANA SECRETARY OF STATE



**HOLIDAY SMART
SPENDING**
HOW TO KEEP
HOLIDAY SPENDING
UNDER CONTROL

ONLINE SHOPPING
WHAT YOU SHOULD
KNOW BEFORE
YOU SPLURGE ON
CYBER MONDAY

10 TIPS FOR CREATING A HOLIDAY BUDGET

PLUS

FRAUD STOPPERS
INDY SCAM ARTIST
BILKS 30 VICTIMS
OUT OF \$1.4 MILLION

Dear Hoosiers:

Thank you for reading the Indiana Secretary of State's e-magazine. The purpose of this publication is to provide Hoosiers with timely tips and information on smart money management skills and how to be financially fit.



November is the time of year most people start to think about the upcoming holiday season. With Black Friday and Cyber Monday just around the corner, it is important to go into the season with a strong spending plan. This month's issue of the e-magazine gives you tips to creating a holiday spending budget, how to use layaway and what to think about when using credit cards to pay for holiday expenses. Use these tips to keep holiday spending under control so you aren't paying for it in the new year.

The holiday season is a perfect time for fraudsters to prey on the generosity of others. Some scammers use end-of-year tax avoidance or fraudulent charities to scam people out of their hard earned money. This e-magazine will help you protect yourself from being scammed.

Sincerely,

A handwritten signature in black ink that reads "Connie Lawson". The signature is written in a cursive, flowing style.

Connie Lawson
Indiana Secretary of State



MISSION STATEMENT

It is the mission of the office of Secretary of State Connie Lawson to deliver to the people of Indiana government-as-a-service that focuses on unqualified integrity and accuracy in our elections, consistent and principled regulatory methods, ceaseless protection of Hoosier investors, and the most efficient use of taxpayer resources.

What services make up the Secretary of State's office?



There are four main divisions that comprise the Secretary of State's office (Click on the name of the services to learn more): [Business Services](#), [Elections](#), [Securities](#) and [Auto Dealer Services](#).

The Office of Secretary of State is one of five constitutional officers originally designated in Indiana's State Constitution of 1816. Sixty-one Hoosiers have served as the third highest-ranking official in state government.

Historically the duties of the office included the maintenance of state records and preservation of the state seal, but as state government expanded so did the responsibilities of the Secretary of State. Present duties include chartering of new business, regulation of the securities industry, oversight of state elections, commissioning of notaries public, registration of trademarks and licensing of vehicle dealerships throughout Indiana.

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Looking for a specific person? Check out our "Meet the Staff" page to view our executive staff.

Read back issues of this magazine at www.indianamoneywise.com



My husband told me about a
tax-savings end of year
investment opportunity.
Should we be skeptical?




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Smart Holiday Shopping Tips

A close-up photograph of a hand holding a gold credit card over a laptop screen. The card is slightly out of focus, and the laptop screen shows a blurred webpage. The background is a soft, out-of-focus white surface.

Make sure the site is secure before sharing your personal information.

Look for a tiny padlock icon, which you can usually find near the browser's URL bar. Also check the website's address. Non secure sites and pages begin with <http://>. A secure site begins with <https://>.

Watch for hidden costs!

Make sure to check the total price including shipping and handling, then compare that price to what you would pay if you visited the store in person.

Save on Shipping!

Ship packages directly to recipients rather than spending extra money to ship it to yourself. Slower shipping methods are always cheaper, so don't wait until the last minute to make online purchases. Try to order from as few stores as possible.

When shopping online, credit cards are safer than debit cards.

Credit cards come with more protections against identity theft and fraud. It is also helpful if you only use one credit card for all your online shopping. That way if a thief does access your information, it's easier to stop him.

ONLINE SHOPPING



Indiana Secretary of State Connie Lawson wants to help you stay on budget during this season of spending. Much of that spending happens online! But before you splurge on Cyber Monday, Secretary Lawson has a few words of advice.

Beware of restocking fees!

If you return an item you bought online, you may have to pay for that item to be repackaged and replaced. Some retailers charge up to 25 percent or more, so it's important to check the retailer's return policy before making an online purchase.

Do your homework before Cyber Monday.

Understand a company's shipping costs, return policies, and site security ahead of time. Some of the best deals go fast, and you don't want to waste your time reviewing all this information the day you make your purchase.

Smart Holiday Shopping Tips: **BUDGETING**

Indiana Secretary of State Connie Lawson wants to help you stay on budget during this season of spending. Here are ten steps for creating a holiday budget.

Review your current budget.

If you do not already have one, now is the time to start! You can learn about the basics of budgeting and even print your own budget worksheet by visiting www.IndianaInvestmentWatch.com.

Know how much you spent last year.

Adding up those expenses will give you an idea of how much the holidays will cost you this year.

Determine how much money you are able to spend.

Look over your current budget and review past experiences to determine much you can afford to spend this year. Keep in mind, this amount should NOT include the use of credit cards.

Create a savings account.

Set up an account or fund that is specifically for holiday spending. This is an especially useful tip for NEXT Christmas.

Don't put off payments to creditors in December. You should make these payments FIRST and use whatever is left over toward your holiday purchases.



Why is it important to set a holiday spending budget?



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Prepare a spending plan.

Organize your spending plan by categories and write down how much you plan to spend on each. Include related expenses such as wrapping, postage, decoration, food and clothing.

Prioritize!

Look at your list of gifts and decide which are the most important.

Pay with cash or use a debit card.

When you run out of money, you are done shopping. Leave the credit cards at home.

Stick to the list!

Once you've purchased a gift, mark it off your list to track purchases. There are a number of free apps to help you, but pen and paper work just fine!

Review your purchases.

Make sure gifts are on budget, necessary and appropriate. If you decide something doesn't fit that criteria, return it and find something more suitable. This is a good time to remind you to check return policies before buying anything.



Smart Holiday Spending Tips: Credit Cards

Don't let debt in the new year spoil your holiday cheer. Follow these five easy tips to save yourself money and the stress that come with credit card debt.

- 1. Use cash!**
The best way to avoid credit card debt is to avoid credit cards themselves. Try following a cash system.
- 2. Pay off your credit in a timely manner.**
If you must use credit cards, make sure you pay them off within 90 days of purchase. This will keep your interest payments lower.
- 3. Avoid payment holidays and no interest deals.**
While you may not pay anything for a few months, you will pay in compounded interest once that timeframe is up. Only opt for no interest financing if you intend to pay off your balance in 90 days or less.
- 4. Cash in on rewards!**
Some credit cards come with rewards. Research your cards and their reward systems ahead of time to make sure you're getting the most out of your money.
- 5. One final question...**
Ask yourself this question whenever you reach for a credit card: if you can't pay for it now, will you be able to pay MORE for it later?



Last year, the average American spent roughly \$762 in gifts, decorations, food and more. That amount at 10% interest and monthly payments of \$20 would take roughly 50 months to pay off if put on credit cards.

I put all of my purchases on a credit card and pay it off over the next year.
Is this a bad idea?



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Smart Holiday Spending Tips:

Fraud

Nothing breaks the bank faster than becoming a victim of fraud. Don't let these Grinch-like thieves take your hard-earned money!

Here are some different types of investment opportunities you're likely to see this time of year and why you should take caution before investing.

Tax-saving or end of year investment opportunities

This time of year is perfect for scammers to use year-end tax advantage or income-tax avoidance schemes. Avoid filing for nonexistent financial returns such as Social Security advances. Do not allow anyone to file a claim on your behalf for an upfront fee.

Free holiday lunch or dinner investment seminars

Scammers exploit emotions of loneliness during this time of year by providing free lunch or dinner investment seminars. Attendees are given a hard sales pitch for inappropriate investment products. These events are geared toward senior citizens.

Get-rich-quick investment schemes

Be wary of products that promise quick returns. Investing should be long term, not a quick fix.

Before giving to a charity, do your research.

If you're considering a request for a donation to a charity, do some research before you give. By finding out as much as you can about the charity, you can avoid fraudsters who try to take advantage of your generosity.

Smart Holiday Spending Tips: Using Layaway

Layaway is back in a big way!

Indiana Secretary of State Connie Lawson wants to help you stay on budget during this season of spending. Unlike a credit card, which bills you after you have your purchase in hand, layaway allows you to make payments in advance. You won't receive your purchase until after you have fully paid for it. It is a helpful tool for staying out of debt around the holidays.

Here are some tips for using layaway properly.

Determine what the layaway policies and fees are prior to using it.

You need to ask about the payment period, when payments are due and what happens if you miss a payment or the item goes on sale while still on layaway.

Make all scheduled payments.

Policies vary by store. In some cases, the item could be pulled from layaway and you could be asked to pay a fine if you miss a payment.

Get everything in writing.

When you put something on layaway, you are entering into a contract with the store and agreeing to pay for the item they're holding for you.

Make sure your responsibilities as well as the store's responsibilities are clearly outlined and don't lose your copy.



Know who is in charge of the layaway program.

Some retailers use third-party vendors for their online layaway services. Also, you should know whether your merchandise might be held off-site.

Understand the store's refund policy.

Some stores may include a cancellation fee if you try to cancel the purchase.

Stores may also refund all, little or none of the money you have paid for the purchase or they may give you in-store credit.



Should I stay away from using
layaway for my purchases?



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FRAUD STOPPERS:

Real life stories of investment fraud

Indianapolis man sentenced to 10 years for running a Ponzi scheme

Scam artist bilked 30 victims out of \$1.4 million for country club memberships and other luxuries

Kevin James of Indianapolis was sentenced to 10 years in prison and ordered to pay over \$1.3 million in restitution for stealing \$1.4 million from 30 investors. James sold annuities and offered to reinvest current annuities for his insurance clients through a fictitious fund called the Financial Security Program. Instead, James used his clients' investment money for his own lavish lifestyle.



James worked as an insurance agent and financial advisor for 30 years. He scammed his insurance clients by selling them additional annuities or by convincing them to let him reinvest current annuities, promising high rates of return for both through James' Financial Security Program. He also scammed a family out of \$10,900 of their life insurance payout claiming they had a loan taken out on it and needed to repay prior to the payout. However, the loan had already been repaid. James pocketed that money and checks from investors who cashed out their existing annuities per his recommendation. He then used the funds for personal expenses such as personal debt payments, Indianapolis Colts tickets and country club memberships.

"This case is a classic example of a Ponzi scheme," said Secretary Lawson. "Preying on personal relationships with his victims, James manipulated the facts and his expertise. He even continued to solicit funds after being served with a federal search warrant in February 2014.

"There were some warning signs in this case

that all investors need to be aware of so they can protect themselves. James products were not licensed. Investors should always call my office or check our online database to ensure their financial professional and product is licensed. This is the number one way to catch a scam artist dead in their tracks."

The investigation of Kevin James began when one of his investors filed a complaint with the Secretary of State's office. This prompted an investigation by the Secretary of State's office, which led to a joint investigation with the Internal Revenue Service and the United States Attorney's office. James was charged in April 2014 with securities fraud, mail fraud and money laundering. James pleaded guilty to the charges in May of 2014. Today, Judge Sarah Evans Barker conducted the sentencing hearing.

"If someone offers you an investment that sounds too good to be true, call us before you invest," said Securities Commissioner Carol Mihalik. "We can check to make sure the individual is licensed and look into their work history for prior misconduct. Consumer complaints often lead to investigations so we need to hear from you in order to find the bad actors out there."

Since 2012, the Secretary of State's office has secured over \$20 million in restitution for victims of financial crimes and helped send white collar criminals to prison for over 100 years. For information on how to avoid becoming a victim of investment fraud visit www.indianamoneywise.com.

Don't be a victim of investment fraud.
Find out ways to protect yourself here in.gov/sos