



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.

