

2010 Innovations Awards Application

DEADLINE EXTENDED: MARCH 15, 2010

ID # (assigned by CSG): **10-MW-06IN**

Please provide the following information, adding space as necessary:

State: Indiana

Assign Program Category: Human Resources/Education

1. Program Name

Indiana Investment Watch

2. Administering Agency

Office of the Indiana Secretary of State – Securities Division

3. Contact Person

Melanie Woods, Investor Education Coordinator

4. Address

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8. Web site Address

www.IndianaInvestmentWatch.com

9. **Please provide a two-sentence description of the program.**

Indiana Investment Watch educates Hoosiers about the various types of investment and mortgage fraud, how not to fall victim to scams and how to report instances of fraud. The program also promotes financial literacy in all ages by directly educating Hoosiers through outreach events, producing articles focused on financial literacy topics, supporting the efforts of Indiana educators who teach personal finance and related subjects, and more.

10. **How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on March 1, 2010 to be considered.**

Indiana Investment Watch was created in January 2006.

11. **Why was the program created? What problem[s] or issue[s] was it designed to address?**

As part of the Indiana Secretary of State's office, the Securities Division oversees the state's securities industry and the activities of loan brokers. The division seeks to protect Hoosier investors and consumers by bringing enforcement actions against companies and individuals accused of selling securities and other financial services in violation of Indiana's securities, franchise and loan broker statutes.

A statewide survey conducted by the office in early 2006 showed that nearly two-thirds of Indiana adults who owned financial investments had little or no knowledge about potential fraud schemes or the security of such investments. In an effort to combat this lack of awareness, Secretary of State Todd Rokita created the program Indiana Investment Watch to educate Hoosiers about the various types of investment and mortgage fraud and how to protect their hard-earned money. The program also aims to increase financial literacy in Hoosiers of all ages. Smart investing starts with a solid understanding of personal finance concepts like budgeting, saving and credit.

In taking a proactive approach to combating fraud, Indiana Investment Watch reaches Hoosiers *before* they fall victim to scams. The program recognizes that the most effective way to protect investors is to educate them.

12. **Describe the specific activities and operations of the program in chronological order.**

2006:

- The survey of Hoosiers' financial and investing knowledge was implemented in early 2006 and shortly after Indiana Investment Watch was created.
- Educational brochures and a comprehensive Web site were created with tips on spotting a con artist, understanding the various types of investment and mortgage fraud and how to avoid falling victim.
- We produced a statewide multi-media public awareness campaign with an "Investor Basic Training" theme. The campaign effectively raised awareness on the issues and educated the public on the role of the Secretary of State's office in helping protect investors and homeowners.
- The program hosted and/or participated in 55 events reaching several thousand Hoosiers across the state.

2007:

- The "investor basic training" campaign continued with an added focus on mortgage fraud.

- A new publication was created with money management tips for newlywed couples as well as a “Living on Your Own” presentation for college students nearing graduation.
- The program hosted and/or participated in 64 events reaching several thousand Hoosiers across the state.

2008:

- To be more effective with marketing and outreach efforts, the program redefined its focus in 2008 on the three most common types of fraud in Indiana: faith-based affinity fraud, fraud aimed at seniors and mortgage fraud. Two cases in particular motivated us to target our focus. In the first case, an elderly couple took \$11.5 million from nearly 200 investors, many of whom were their friends, neighbors and fellow church members. Investors felt like they could trust the couple because of their reputation and involvement with their church and community. In another case, a former pastor and his three sons sold church bonds, telling investors the money would go to finance church construction and expansion. In reality, they were keeping a portion of the money for themselves. When soliciting victims, they opened their sales calls with a prayer, quoted Bible scriptures instead of facts about the investment and exploited their victims’ faith.
- We also launched “Protect Your Pockets,” a monthly series of op/ed articles written by our office and distributed to newspapers statewide. The articles, which will continue to be produced through 2010, focus on timely topics related to investment fraud and financial literacy. To date, the “Protect Your Pockets” articles have run in 67 papers in Indiana.
- The program hosted and/or participated in 35 events reaching more than 4,000 Hoosiers across the state.

2009:

- Continuing our focus on the three most common types of fraud, we created a new statewide multi-media public awareness campaign with a “Think You Can Spot a Con Artist?” theme. The campaign was very effective at driving people to our Web site for more information: traffic to the Indiana Investment Watch Web site went from an average 700 hits a month to an average 3,000.
- Also in line with our targeted focus, our office worked with the Indiana General Assembly in 2009 to increase the penalty for fraudsters targeting seniors and those specifically using faith to exploit their victims. Indiana was the first state to pass legislation related to faith-based affinity fraud. By coordinating our education and legislative efforts, Indiana Investment Watch and the Indiana Securities Division work hard to eradicate fraud in the state.
- We also redesigned the Web site and created two new sections. “Personal Finance 101” has tips on budgeting, saving, credit and debit card smarts, retirement planning and much more. “What’s What in the Financial Services Industry” has detailed information about types of firms, individual representatives and products, including a definition, a list of exams required for any licenses and the regulatory body that oversees activities.
- The “Protect Your Pockets series” continued through 2009.
- The program hosted and/or participated in 116 events reaching almost 30,000 Hoosiers across the state.

2010:

- In partnership with the Indiana Department of Education, we launched Team Fin Lit, Indiana’s one-stop shop for financial literacy resources. This online community brings together educators, nonprofits, businesses, government agencies, community groups and others to share ideas, best practices and resources for successfully teaching financial literacy to Hoosiers. As of 3/15/10, Team Fin Lit has 200 members.

- The “Think You Can Spot a Con Artist” campaign will continue through May.
- The “Protect Your Pockets” series will continue through 2010.
- As of 3/15/10, the program has hosted and/or participated in 10 events reaching almost 1400 Hoosiers across the state.

13. Why is the program a new and creative approach or method?

Indiana Investment Watch is unique in that it uses a fully integrated strategy to fulfill its mission. Through a combination of public awareness campaigns, earned media, social media, grassroots outreach efforts and a comprehensive Web site, the program successfully promotes financial literacy and educates Hoosiers about investment and mortgage fraud. Rather than using just one of these methods, Indiana Investment Watch combines multiple efforts to maximize its reach and the impact of its message.

We also work to coordinate our outreach and education efforts with the broader activities of the Indiana Securities Division to eliminate investment and mortgage fraud in the state. For example, the division started to see a trend in the types of cases occurring in Indiana: faith-based affinity fraud, fraud aimed at seniors and mortgage fraud. As a result, in 2008, Indiana Investment Watch focused its marketing and outreach efforts on these three areas. Later in 2009, the division was able to work with the Indiana General Assembly to increase the penalty for fraudsters targeting seniors and using faith to solicit victims. By coordinating these efforts, we combat fraud from all angles: proactively educating investors, deterring fraudsters through increased penalties and seeking justice for victims by investigating cases of fraud.

Indiana Investment Watch is also unique for its use of social media to bring together educators. Team Fin Lit allows educators to network, share resources and more – all from the comfort of their home and at no cost to them. In 2009, Indiana passed a law requiring personal finance to be taught in grades 6 – 12 but there was no funding attached. Due to budget constraints, many teachers can’t attend professional development workshops aimed at helping them fulfill the requirements of that legislation. Team Fin Lit is an incredibly valuable resource for these teachers.

14. What were the program’s start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

When Indiana Investment Watch was created, staff was already in place in the Secretary of State’s office to manage the program. The initial costs totaled \$2 million, including creation of the Indiana Investment Watch brand and promotional materials, educational brochures, Web site and the “Investor Basic Training” public awareness campaign.

15. What are the program’s annual operational costs?

The operating budget has varied each year, mainly depending on whether or not a public awareness campaign was running:

- 2006 – \$2,000,000
- 2007 – \$500,000
- 2008 – \$160,000
- 2009 – \$935,000

16. How is the program funded?

Indiana Investment Watch is not funded using taxpayer dollars. Rather, it operates using the enforcement fund, comprised of money collected from settlements in securities fraud cases.

17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.

No legislation was passed to create the program.

18. What equipment, technology and software are used to operate and administer this program?

Basic Microsoft Office software is used for day to day operations. RedDot is used to manage the Web site content and the platform Ning is used to manage Team Fin Lit.

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator's name, present address, telephone number and e-mail address.

Yes, Indiana Investment Watch originated in our state. Indiana Secretary of State Todd Rokita led the effort to create the program.

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20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

Some states do have investor education programs but Indiana Investment Watch is unique because of its funding, branded identity, comprehensive Web site and emphasis on supporting educators.

Other states with similar programs use taxpayer dollars to fund their investor education initiatives whereas Indiana Investment Watch uses money collected from settlements in securities fraud cases. In this way, Indiana Investment Watch takes a negative situation (someone committing fraud) and turns it into a positive (proactively educating Hoosier investors) without using taxpayer dollars.

Also, this program stands out from others because of its branded identity. Rather than referring to it as the "Indiana Securities Division Investor Education Program," like other states, we developed a standalone brand: Indiana Investment Watch. Having a branded identity makes our message more recognizable and easier to remember. The brand includes a logo and purple color scheme which are incorporated into all aspects of the program providing for consistent messaging. We also have a standalone URL for the program's Web site, www.IndianaInvestmentWatch.com, which is easier for consumers to remember and is easier for us to incorporate into our messaging.

The Indiana Investment Watch Web site stands out from similar programs because of the quality of information on the site and its user-friendly design. Like other programs, we have a section devoted to the various types of fraud and how to avoid falling victim. However, we also have the "What's What in the Financial Services Industry" section which breaks down the complex

industry in terms the average consumer can understand. No other programs have anything like the “What’s What” on their Web sites.

Additionally, many investor education programs focus solely on the basics of investing and avoiding fraud. Indiana Investment Watch, however, recognizes that you can’t be a good investor without first understanding the basics of money management. Therefore, our Web site includes a “Personal Finance 101” section with tips on budgeting, saving, credit card smarts and more.

Finally, we place a strong emphasis on supporting financial literacy educators. It’s important for Hoosiers to learn good money management behaviors *before* they enter the “real world” so we support educators by providing free curriculum and participating in professional development workshops. We are also the only state to have an online community for teachers to network and share financial literacy resources. Some states have a list of resources on their Web site, but Team Fin Lit is truly unique in that it’s an interactive forum for educators to communicate, ask each other questions and post their personal lesson plans and activities they have actually used in the classroom.

21. Has the program been fully implemented? If NO, what actions remain to be taken?

Yes, the program has been fully implemented but we continue to adapt the focus of our mission based on current trends of fraud in Indiana and target demographics we may not have reached yet.

22. Briefly evaluate (pro and con) the program’s effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

Indiana Investment Watch was created to educate Hoosiers about investment and mortgage fraud and to promote financial literacy in Indiana. Through workshops, public awareness campaigns and earned media efforts, the program continues to achieve its mission year after year. Since 2006, the program has educated more than 40,000 Hoosiers directly through workshops and events. Team Fin Lit has 200 members and is growing every day. And traffic to the Indiana Investment Watch Web site has continued to increase, especially during our latest public awareness campaign.

Here are a few comments from constituents regarding Indiana Investment Watch:

“I really like the Secretary of State's antifraud public-service messages on TV. They're certainly an example of one thing government is good for, protecting people from fraud, and they're very well presented, in my opinion.” – Dan K. (Indianapolis)

“I just gave the Team Fin Lit website to my manager [at the Federal Reserve Bank of St. Louis]! I was telling her what a great site you have created. Thank you for keeping it running so smoothly.” – Caryn R. (Federal Reserve Bank of St. Louis – Louisville Branch)

“[Team Fin Lit] is wonderful!!! This will be a great resource for instructors of financial literacy to come and connect with others. Thank you for getting this put together. You are simply amazing!!!” – Jennifer T. (Lebanon High School teacher)

“We really appreciated you sharing the information on fraud prevention with our seniors. You could tell by their responses that the information was pertinent and practical. We will definitely keep you in mind for next year. Thank you and God bless!” – Darnae S. (Eastern Star Church)

“Thanks for the investment fraud presentation at the Ivy Tech Community College--Warsaw campus. You provided very relevant and useful information. I think it was a great event and I hope you would like to bring similar presentations in the future. Again, thanks for all you do!” - Nancy B. (Ivy Tech Warsaw)

“Thank you again for sharing your time and expertise as part of our Financial Literacy Panel Discussion at this year’s Kids Count in Indiana Conference. I appreciate your leadership and teamwork in preparing for and conducting this valuable session. I heard from several participants that the session was extremely helpful and very well done. They all indicated they will use the resources listed on the reference sheets and provided in the kits to implement financial literacy programs and activities within their organizations.” – Michele C. (Indiana Youth Institute)

“Thank you for presenting at our Business, Marketing & Information Technology Conference. We appreciate your commitment to Business and Marketing Education in Indiana. Thanks for your strong support of financial education.” – Barb B. (Indiana Business Educators Association)

23. How has the program grown and/or changed since its inception?

The mission of Indiana Investment Watch has remained the same over the years, but recently we’ve made significant changes to improve how we achieve the program’s mission. For example, in the last year and a half, the program participated in twice the number of events and reached more Hoosiers than ever before. To be more effective with our outreach efforts, we’ve also taken a more focused approach, targeting those groups who are more likely to be victims of investment and mortgage fraud. Specifically, we have focused on faith-based affinity fraud, fraud aimed at seniors and mortgage fraud. These areas were chosen because of growing trends of fraud in Indiana.

Additionally, we made significant improvements to our Web site, including creating the “What’s What in the Financial Services Industry” and “Personal Finance 101” sections. We have become a go-to resource for financial literacy educators and created Team Fin Lit, an online community to share resources and network with fellow educators.

We have also worked hard to form strong partnerships with government agencies, nonprofits, financial institutes and others who promote financial literacy in the state. We have a leadership role in the Indiana Jump\$tart Coalition and Money Smart Week Indiana. Through our strong network of partners, we are able to further spread our message.

Most importantly, we recognize that as the economy changes and as fraudsters change their tactics, the message of Indiana Investment Watch must change as well. For example, our office is seeing more and more cases of investment fraud perpetrated online. We are in the process of creating a campaign and educational brochures that will address this issue and provide specific tips on how to avoid falling victim.

Looking ahead, we will continue to grow and adapt while maintaining our mission to educate Hoosiers about investment and mortgage fraud and to promote financial literacy in Indiana.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

Other states can easily adapt our integrated strategy of using public awareness campaigns, earned media, social media, grassroots outreach efforts and a comprehensive Web site to fulfill their mission. Other states can also easily adapt our Web site content and the Team Fin Lit concept.

Potential obstacles include funding and travel limitations. Not all states have a designated enforcement fund like Indiana. Fortunately there are groups such as the Investor Protection Trust that provide grant funding for investor education initiatives. Also, with an emphasis on grassroots outreach and face-to-face interaction with consumers, travel limitations may affect larger states.

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2010 Innovations Awards Application Program Categories and Subcategories

Use these as guidelines to determine the appropriate Program Category for your state's submission and list that program category on page one of this application. Choose only one.

Infrastructure and Economic Development

- Business/Commerce
- Economic Development
- Transportation

Government Operations and Technology

- Administration
- Elections
- Information Systems
- Public Information
- Revenue
- Telecommunications

Health & Human Services

- Aging
- Children & Families
- Health Services
- Housing
- Human Services

Human Resources/Education

- Education
- Labor
- Management
- Personnel
- Training and Development
- Workforce Development

Natural Resources

- Agriculture
- Energy
- Environment
- Environmental Protection
- Natural Resources
- Parks & Recreation
- Water Resources

Public Safety/Corrections

- Corrections
- Courts
- Criminal Justice
- Drugs
- Emergency Management
- Public Safety

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The Council of State Governments
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Contact:

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Phone: 859.244.8105
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This application is also available at www.csg.org.