



SPOT #11: Promissory Note Fraud

Time: 46 seconds (without intro and outro)

(Intro)

In promissory note fraud, the promise is a broken one.

Promissory notes are short-term debt notes, like a loan or IOU, issued by businesses or individuals to raise money. Although some promissory notes are legitimate, it is highly unlikely that they would be marketed to individual investors outside the normal securities markets.

Beware of notes hawked by independent insurance agents or insurance companies you haven't heard of.

Be particularly suspicious of those "promising" monthly returns of 15 percent or more. You're told there's minimal risk involved. But they will tell you anything to take your money.

Remember that in investing, there's no such thing as a guarantee. Before you invest in a promissory note, ask lots of questions. If the seller says it's not a security, it's not secure. A promissory note is backed by nothing more than the financial strength and integrity of the party signing the note.

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(Outro)