

INVESTOR PROTECTION TRUST

Dedicated To Non-Commercial Investor Education

INVESTOR EDUCATION PLAN

The Investor Protection Trust (IPT)

The Investor Protection Trust (IPT) is a nonprofit organization devoted to investor education. The primary mission of IPT is to provide independent, objective information needed by consumers to make informed investment decisions. Founded in 1993 as part of a multi-state settlement, IPT serves as an independent source of non-commercial investor education. IPT operates programs under its own auspices and uses grants to underwrite important initiatives carried out by other organizations.

In April 2003, the North American Securities Administrators Association (NASAA), the U.S. Securities and Exchange Commission (SEC), National Association of Securities Dealers (NASD), and the New York Stock Exchange (NYSE) announced the settlement of enforcement actions involving conflicts of interest between the research and investment banking operations of 10 of the nation's largest investment firms. Seven of the firms agreed to pay a total of \$80 million for investor education purposes. Of that amount, \$27.5 million is to be paid to state securities regulators over a period of five years for investor education purposes. Those funds comprise the Investor Education Fund (IEF) overseen by the IPT. Additional settlements could be forthcoming.

The IEF shall be used to support programs designed to equip investors with the knowledge and skills necessary to make informed investment decisions and to increase personal financial literacy. The IPT will expend the funds so contributed solely for these purposes. The IPT works directly with the state securities regulators on statewide, local and community investor education initiatives. The IPT will coordinate the states' efforts to provide a consistent message and develop initiatives that can be replicated, customized and used in other states. The IPT also looks to support national investor education initiatives that would produce materials available to the public for distribution in many states.

Since its founding in 1993, the Investor Protection Trust has been a leader in non-commercial investor education in the United States. Examples of IPT education efforts have included:

- **Financial Literacy 2010.** This program directed to high-school personal finance and economics instructors is available on the web at <http://www.fl2010.org>.
- **Videos.** The Investor Protection Trust has produced a number of video products to educate investors. One such video, What Con Artists Don't Want You to Know, is available for viewing on the web at <http://www.investorprotection.org/upr/mission.html>.

- **Financial literacy survey.** In 1996, IPT conducted one of the first "financial literacy" surveys of U.S. investors. To read the survey results on the web at [http://www.investorprotection.org/pdfs/0596financialliteracysurvey\[1\].PDF](http://www.investorprotection.org/pdfs/0596financialliteracysurvey[1].PDF).

Don M. Blandin, IPT's president and CEO, reports to the IPT Trustees composed of state securities regulators. The Trustees are appointed in accordance with the provisions of the Trust Agreement and the state and federal law governing trust organizations. Each Trustee must be a person who is actively employed by a jurisdiction in the area of securities or commodities regulation. The current Trustees are: Denise Voigt Crawford (TX), Lead Trustee; Irving Faught (OK), Treasurer; A. Richard Gerber (PA); H. Wayne Howell (GA); Bruce R. Kohl (NM); Michael B. Johnson (AR); and Elizabeth Block (NY). The IPT will name an advisory council to provide ideas and assist the IPT in carrying out its mission of investor education.

The Investor Education Fund (IEF)

The Investor Education Fund is a fund resulting from contributions of certain settlement proceeds paid directly to the IPT in the course of the analyst conflicts of interest settlements ("analyst settlement"). These funds were designated for investor education in accordance with the provisions of Addendum "A" that was attached to the consent order. The IPT will use these funds to implement this Investor Education Plan. These funds are under the exclusive control of IPT and will be equitably allocated for use on a state-by-state basis by population in accordance with the terms, limitations and conditions of Addendum "A", the charitable trust requirements of IPT and the policies adopted by its Trustees ("funding criteria"). Following is Section IV, subsection 3 of Addendum "A:"

Purpose of and Limitations on the Use of the Fund.

- a. The fund (including all installment payments) shall be used to support programs designed for the purpose of investor education and research and education with respect to the protection of investors, and to equip investors with the knowledge and skills necessary to make informed investment decisions and to increase personal financial literacy. The Investor Protection Trust, in cooperation with NASAA, shall establish an investor education plan designed to achieve these purposes.
- b. No principal or income from the fund shall:
 - (i) inure to the general fund or treasury of any State;
 - (ii) be utilized to pay the routine operating expenses of NASAA; or
 - (iii) be utilized to pay the compensation or expenses of state officials or state employees except such expenses as are necessary to fulfill the purposes of the Fund.
- c. Monies in the Fund may also be used to pay any taxes on income earned by such Fund. The firm shall provide the Investor Protection Trust with relevant information and otherwise cooperate with the Investor Protection Trust in fulfilling the Fund's obligations under applicable law.
- d. All fees, costs, and expenses incurred by the Investor Protection Trust in connection with and incidental to the performance of its duties under the Addendum, including the fees, costs, and expenses of any persons engaged to assist it and all administrative fees, costs, and expenses related to the investor education plan shall be paid out of the Fund.

Apart from the Investor Education Fund, the IPT will also process and handle investor education funds that are contributed directly by respondents as a result of state consent orders. When the IPT receives funds contributions resulting from a state consent order, the funds will be restricted by the IPT in accordance with the terms, limitations and conditions set forth in the respective consent order. An application to utilize the funds for investor education and financial literacy programs must be submitted to the IPT for approval. All such funds contributed to the IPT must be distributed in accordance with the consent order and the IPT funding criteria. The IPT will generally approve a request by a state administrator that meets the IPT funding criteria. The IPT will seek comments from the appropriate state administrator on any applications seeking funds from his/or her state from such restricted funds.

The IPT may accept contributions from any person, entity, or organization interested in investor education, financial literacy and enforcement of the regulatory laws regarding securities and commodities. Contributions resulting from state and federal regulatory settlements, court-directed funds, and contributions from foundations are the primary sources of funding for IPT.

A written agreement will set forth the conditions upon which funds may be directed to the IPT and upon which IPT accepts the funds. The agreement, which must be executed by the parties, will cover issues such as the amount of the contribution, the purposes for which the funds may be expended, and the reporting to the state on the status of the account. A key component is that the funds are sent to a trust, and the trustees serve as fiduciaries, not as a custodian of a bank account.

Notwithstanding any other terms and conditions that may be imposed, all contributions may be used only for purposes consistent with the trust's charitable and educational purposes, namely, investor protection, investor education, and promotion of compliance with state and federal securities/commodities laws.

NASAA/IPT Memorandum of Understanding

The North American Securities Administrators Association, Inc. and the IPT entered into a Memorandum of Understanding (MOU) that established procedures and limitations concerning the Investor Education Fund. All such procedures and limitations concerning the use of IEF funds must comply with the IPT funding criteria, Addendum "A", and the Investor Education Plan.

The Grant Process

The primary mission of IPT is to provide non-commercial, independent, objective information needed by consumers to make informed investment decisions. Letters of inquiry and proposals must seek to advance government and/or nonprofit investor education initiatives. Activities supported by grants and program-related investments must be charitable, educational or scientific, as defined under the appropriate provisions of the U.S. Internal Revenue Code and Treasury Regulations. The IPT monitors grants through regular financial and narrative reports submitted by the grantee. The IPT supports pluralism and equal opportunity in its grant making and in its internal policies.

The Trustees will provide the state administrator a copy of any specific requests from their state. Comments or suggestions from each state administrator will be carefully considered. Such comments will be part of the IPT review process in determining whether the application meets the IPT funding criteria.

Proposals for grants to the IPT are accepted by invitation upon the receipt of a meritorious Letter of Inquiry.

Eligible Applicants

- State Securities Administrators
- Non profit, 501(c)(3) organizations
- Non profit educational institutions
- Federal, state, and local governments
- Colleges and universities
- Other categories as the IPT Trustees deem appropriate

Acceptable Types of Proposals

- Programs designed for the purpose of investor education and research and education with respect to the protection of investors, and to equip investors with the knowledge and skills necessary to make informed investment decisions and to increase personal financial literacy
- State specific initiatives designed to promote investor education and investor protection targeting all demographics
- Grass roots and community based education initiatives related to investing and investor protection targeting all demographics
- Investor education and protection initiatives targeting underserved populations
- Initiatives designed to help Americans avoid investment fraud targeting all demographics, especially the near-elderly and elderly
- Work place investor education initiatives focusing on investments particularly as a part of saving for retirement and saving for college
- College and school based investor education
- Research regarding investments, investor behavior and preferences where the results can be directly utilized to more effectively educate Americans, including confidence surveys, behavior measurement, focus groups, material reviews, etc.
- Research regarding investor education that expands the current body of research and knowledge on the subject

Letter of Inquiry

Proposals for grants to the IPT are accepted by invitation upon the receipt of a meritorious Letter of Inquiry. Letters of Inquiry are reviewed throughout the year, and applicants can expect to receive notification of acceptance or denial within 8 weeks. Letter and supporting materials

must be sent electronically as one complete PDF document to: grants@investorprotection.org
Letters of Inquiry mailed/delivered in hard copy will not be considered.

Following are the guidelines for submission of a Letter of Inquiry.

1. Project title and summary of project goals and objectives (300 words or less)
2. Name and full contact information (address, telephone, e-mail, etc.) of project principal(s)
3. Name of the 501(c)(3) non-profit organization, contact information, Federal Identification Number, and website URL of submitting 501(c)(3). Or if Letter is submitted directly by a State Securities Administrator requesting funds for a state specific investor education program, provide name and full contact information (address, telephone, e-mail, etc.) of the office's investor education coordinator.
4. Grant amount requested
5. Target audience and number of people targeted by project
6. Time frame for the project and major project elements
7. Project outcomes and deliverables
8. Objective performance evaluation measures
9. Budget and description of major cost items
10. Alternative/additional funding available to the project
11. In-kind and non-financial contributions/resources available to the project
12. Demonstration of support from the appropriate State Securities Administrator

The Grant Proposal

Upon receipt of a meritorious Letter of Inquiry, the grantee may be asked to submit a formal proposal. All proposals must follow the requested format and be submitted electronically as one complete PDF document to grants@investorprotection.org. Proposals sent in hard copy will not be considered.

Format Requirements

All proposals must conform to the following format:

- Proposal must be submitted electronically as one complete PDF document
- Proposal must be no more than 10 pages
- All margins must be 1 inch
- Use white 8 ½ x 11 inch paper
- Use 12 point type in Times New Roman font
- Use black and/or dark grey for all type
- Single space body content
- Double space between paragraphs
- Double space after headers
- Bold headers
- Number all pages
- Present information in the order listed under Proposal Requirements

Proposal Requirements:

The following information must be included in all proposals. Present the information in the order listed.

1. **Project Principal:** Name and full contact information (address, telephone, e-mail, etc.) of project principal(s). Only one name may be provided. All communication related to the grant will be directed to this contact.
2. **501(c)(3) Organization/State Securities Administrator:** Name of the 501(c)(3) non-profit organization, full contact information (address, telephone, e-mail, etc.), Federal Identification Number, and website URL of submitting 501(c)(3). Or if Proposal is submitted directly by a State Securities Administrator requesting funds for a state specific investor education program, provide name and full contact information (address, telephone, e-mail, etc.) of the office's investor education specialist.
3. **Project Title:** Provide a descriptive name for the project in 20 words or less
4. **Grant Amount Requested:** Total dollar amount requested from the IPT
5. **Duration of Project:** Time the full project will require from beginning to end
6. **Summary of Project: (300 words or less):** Describe the key elements of the project including investor education or protection need the project addresses, how the project addresses the need, goals and objectives, deliverables and outcomes, distribution strategies, and how the program can be replicated for mass distribution to the target audience.
7. **Description of 501(c)(3) organization, if applicable:** Describe the organization or school including history, mission, governance, leadership, funding, etc. Explain why the organization or school is qualified to spearhead the proposed project.
8. **Goals and Objectives:** List the three main goals of the proposed project. Under each goal, provide two measurable objectives that describe how you will determine if the goal has been successfully met.
9. **Detailed project description:** Describe the proposed project in detail. Provide information on how the project will be conducted, how it will achieve its goals and objectives, and how it will reach and impact the target audience. Provide a summary of the key elements of the project. Describe how the proposed project meets and furthers the mission and objectives of the IPT.
10. **Needs Assessment:** Describe the investor education or protection issue the proposed project addresses. Describe the problem or area of need being met by the project, who is affected, and the overall impact if the problem persists or need isn't met. Provide objective information, such as research you or others have done, verifying that the need exists. Explain why you think the need is not currently being met.

11. **Target audience and number of people targeted by project:** Describe the target population of the proposed project. Address the special needs of this audience as they relate to investor education and protection. Describe outreach methods to effectively reach this audience and allow them to access educational materials/information.
12. **Implementation:** Describe how the project will be accomplished and explain why this approach will reach and impact the target audience. Include procedures you will follow and the methods you will use to develop the deliverables. Describe potential barriers to the success of the project and how they will be overcome.
13. **Time Frame for Project:** Provide a full timeline for the project including a project start date and end date. Include start and end dates for all project elements and activities.
14. **Project outcomes and deliverables:** Provide three or more outcome statements and describe how each of these impacts the target audience and addresses the unmet need. Describe the tangible deliverables to be developed (brochures, worksheets, research, videos, etc.).
15. **Replication and Sustainability:** Describe how the deliverables from this project can be replicated and/or customized for use in other locales and among additional demographics. Describe how the outcomes and deliverables can continue to be used after the project is complete.
16. **Objective performance evaluation measures:** Provide detailed information on how the success and completeness of the program will be measured. Detail how the data will be gathered, how you will monitor progress throughout the project, and how the evaluation data will be analyzed and presented in a written report.
17. **Alternative/additional funding available to the project:** Describe all other funding sources available to the project. Provide dollar amount of additional/alternate funding if total budget exceeds the IPT grant request.
18. **In-kind and non-financial contributions/resources available to the project:** Detail all sources of in-kind and non-financial resources, including intellectual capital, design or technical, strategic partnerships, etc.
19. **Qualifications of Organization, Project Principal or Project Team:** Describe the organization's qualifications and areas of expertise as they pertain to the scope of the proposed project. Include the qualifications and expertise of the project principal and/or team.
20. **Demonstration of support from the appropriate State Securities Administrator:** Provide information demonstrating support for your project by the State Securities Administrator in the state in which the non-profit organization resides and/or will conduct the proposed project.

21. **Other Pertinent Information:** Provide any specific additional information related to the proposed project not previously included. This item is optional.

22. **Attachments:** The following documents must be attached to the end of this proposal.

Adobe Acrobat is used to create PDFs. Recent versions of Acrobat have “append” features allowing users to append, insert and extract pages from and to PDF files. Use this feature to append the following documents to the end of your proposal.

- **Attachment A—501(c)(3) Status:** IRS letter documenting the submitting organization’s 501(c)(3) status. If the proposal is being submitted directly by a State Securities Administrator, disregard this attachment.
- **Attachment B—Board Members:** List all board members or trustees including their business affiliations and other relevant professional affiliations, particularly any affiliations with financial services organizations.
- **Attachment C—Budget and description of major cost items:** Provide a complete line item budget for all elements of the project. Include costs for all vendors and subcontractors. Provide information on overhead and indirect costs, not to exceed 10% of total project budget. Provide full project budget, including budget items to be funded by other sources.
- **Attachment D—Funding Sources:** Provide a list of the submitting organization’s current funding sources both private and public.
- **Attachment E—Audited Financial Report:** Provide your most recent audited financial report.
- **Attachment F—Vitae or Resumes:** Provide the vitae or resume of the project principal. If the project is being lead by a project team, provide the vitae or resume of each of the key team members.

Financial Management

IPT has selected a bank to serve as corporate trustee and provide investment management services to the IPT. The IPT's funds are invested according to the general direction provided by the trustees, and include a mix of equities, fixed income and cash equivalents. The principal investment objective is the preservation of capital. A certified public accounting firm provides the Trust with accounting services.

The trustees fulfill their financial oversight responsibility through systems of internal accounting and financial controls and monitor the independence of the independent auditors. Pursuant to the Trust instrument the Trustees have selected a qualified certified public accountant to annually audit the trust's financial statements and report thereon to the trustees. Audited financial statements are provided to the trustees, restricted donors, the Board of Directors of the North American Securities Administrators Association, and other parties as determined by the trustees.

Each jurisdiction account will be credited with a prorated share of net income, as well as net appreciation and/or depreciation in the value of the principal. IPT shall receive a onetime fee equal to 2% of the amount of each contribution. IPT assesses all direct expenses including but not limited to materials purchased, furnished or developed for use in investor education; insurance and storage of materials; the cost of investor education training; and other direct fees and expenses of holding, investing and maintaining the contributions. The IPT shall be reimbursed quarterly for an allocable portion of its actual and necessary administrative overhead in the ratio the IEF bears to the value of all IPT accounts. Administrative overhead shall include but not be limited to the cost and expenses of IPT relating to the general operations of the IPT, wages and salaries of IPT employees, office rental expense, cost of furnishing, maintaining, operating or renting or otherwise securing the use of office equipment, furniture, machines, computers, communications systems, and all other equipment and facilities whether similar or dissimilar, depreciation, taxes, and interest, and amounts paid to outside parties for accounting and audit services.

Notwithstanding any other terms and conditions that may be imposed, all contributions may be used only for purposes consistent with the trust's exempt charitable and educational purposes, namely, investor protection, investor education, and promotion of compliance with federal and state securities/commodities laws. Restricted contributions shall also comply with the contribution agreement.

In addition to the restrictions and limitations set forth above for all contributions, the use of IEF contributions must comply with the terms and limitations set forth in Addendum "A".

The Investor Protection Trust maintains an office in Washington, DC. For information on contributions to the IPT, the grant process or IPT in general, contact the IPT chief executive officer.

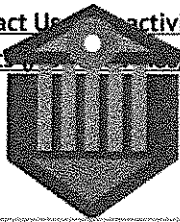
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Investor Protection Trust

Empowering Investors to Build and Safeguard Their Futures

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IPT Grant Awards by State

[Investor Education Programs \(/ipt-activities/?fa=programs\)](#)

Check out the many investor education and protection programs IPT has funded. Select a state below to view the grant award details for the investor education and protection programs funded in that state by IPT.

[IPT Research \(/ipt-activities/?fa=research\)](#)

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Arkansas

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Grantee:

Board of Trustees, University of Arkansas

Title:

"How Can I Afford Retirement?® Arkansas Expansion"

Duration:

August 1, 2012 – June 30, 2014

Amount:

\$78,594

Summary:

The Garrison Financial Institute at the University of Arkansas will implement a two-part project utilizing the "How Can I Afford Retirement?®" model developed by the Boston Public Library. The subject matter will cover specific investor education topics aimed at helping people aged 50 to 70 plan ahead and avoid

The Basics

IPT's "The Basics of Saving and Investing: Investor Education 2020" is a great investor education and protection resource for educators.

[Learn more \(/teach-investing/?fa=basics\)](#)

IPT Videos

The IPT Video Segments are designed to inform, protect, and motivate viewers. Each video tackles a particular investing issue, scam or question.

[Protect Videos \(/protect-yourself/?fa=protect-video\)](#)

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[Teach Videos \(/teach-investing/?fa=teach-video\)](#)



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investment errors that can undermine their retirement security. Part one is a television production of "How Can I Afford Retirement?" broadcast a minimum of six times during prime-time on the Arkansas Educational Television Network (AETN). A DVD of the program will be provided free of charge to every public library and public school in Arkansas. Part two will consist of eight multipart, educational events targeted specifically at Arkansans ages 50 to 70 who have not saved adequately for retirement. The message will be reinforced in multiple ways – first, by lecture, and second, by a reference librarian who will speak about investor education resources that are available at the library. Presentations will be followed by small group breakout sessions. These sessions will be facilitated by trained personnel. Session participants will complete workbook exercises focused around topics covered. Groups will reconvene with the speaker for a question and answer session. In addition the grant will provide permanent reference materials for participating libraries.

Helpful Websites

AARP Foundation
[\(http://www.aarp.org/investment/\)](http://www.aarp.org/investment/)

AARP Foundation (Spanish)

Verify a Broker or Investment with Your State Securities Regulator
[\(http://www.nasaa.org/about-us/contact-us/contact-your-regulator/\)](http://www.nasaa.org/about-us/contact-us/contact-your-regulator/)

Grantee:

Sam M. Walton College of Business

Title:

"Trading Places: Investor Education at the Global Financial Trading Center"

Duration:

June 1, 2007 – May 31, 2008

Amount:

\$45,078

Summary:

This program will launch the Global Financial Trading Center at the Sam M. Walton College of Business. The Trading Center will deliver investor education and protection modules specially designed to impact three distinct target populations – college students, K-12 students, and K-12 teachers.

Grantee:

Arkansas Securities Department

Title:

"Investor Education on the Radio"

Duration:

February 1, 2007 – January 31, 2008

Amount:

\$80,000

Summary:

The Arkansas Department of Securities will use radio scripts developed by the University of Oklahoma to air

for one year throughout Arkansas. The spots will be modified for use in Arkansas and be aired by the Arkansas Radio Network. The ARN will provide the spots to 54 radio stations throughout the State. The spots will air 21 times per month in drive time and a different investor education topic will be covered each month.

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Investor Protection Trust

Definition of Investor Education for Use by the IPT

Statement of Policy

In approving grant applications for funding from the IEF, the Trustees shall first make a determination that the predominant purpose of the proposal is investor education or research on topics dealing with securities, investments and compliance with state and federal securities laws, designed to provide investors with the knowledge and skills necessary to make informed investment decisions.

Investor Education and Protection

The Investor Protection Trust (IPT), in order to standardize language and avoid confusion, will adopt the following definition of the term “Investor Education” to be used for the purpose of guiding IPT activities and in evaluating Letters of Inquiry and Proposals to the IPT.

For the purpose of defining “Investor Education” as it pertains to the activities of the IPT, the IPT defines “securities” and “individual investor” as follows:

- Securities are financial instruments, usually stocks, bonds, money market instruments, or mutual fund shares that are issued by corporations; municipalities; state, local, or national governments; or investment companies to raise or borrow money or give the public an opportunity to participate in the growth of a company.

- An individual investor is a person who buys or sells securities for his or her own account.

The purpose of investor education as defined by the IPT is to give the current and future individual investor the ability to read, analyze, and understand investments and investment vehicles. This includes the ability to discern investment choices, recognize and avoid investment scams and fraud, discuss investments without (or despite) discomfort, use investments appropriately to plan for their financial future, and respond competently to life events that affect investment decisions.

Investor Education is non-commercial, objective education provided or made available to the current and potential individual investor with the purpose of allowing the individual to make educated investment decisions as they pertain to the purchase, management and sale of investment products such as stocks, bonds, and mutual funds, either individually, or as part of an IRA, 401(k) or other retirement or college savings vehicles with investment products as a component.

Investor Education is non-commercial, objective education provided or made available to the current and potential individual investor with the purpose of recognizing, avoiding and reporting investment scams, frauds, and improper investing practices by individuals, practitioners and/or companies by gaining knowledge of the consumer protections afforded to the individual investor by various state and federal regulations and those agencies that enforce securities law.

Investor Education includes non-commercial, objective research initiatives where the results can be directly utilized to more effectively educate and protect Americans including, but not limited to, research on investor behavior and preferences, including confidence surveys, behavior measurement, focus groups, material reviews, etc. Investor education also includes research and research findings regarding investor education that expands the current body of research and ~~knowledge base on subject of investor education.~~

Investor education by definition can and should cover all aspects of individual investing and investments including, but not limited to investment vehicles, “suitability” of investments, setting up and executing an investment plan, appropriateness for life cycle stage, time horizon, time value of money, diversification, risk, return, research of investments, research of broker/dealers, stock brokers, and investment advisors, the capital markets, protection of assets, fraud and scams, arbitration, and wealth accumulation.

July 2006