

SEC Sweep Examination Raises Concerns About the Sale of Structured Securities

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The Securities and Exchange Commission recently issued a [report](#) identifying common weaknesses found in the sales of structured securities products. Given the agency's findings, the report called on broker-dealers to better protect retail investors from fraud and abusive sales practices.

The report summarizes the results of a sweep examination of the retail structured securities products business of 11 broker-dealers, covering a cross-section of the industry.

As we have previously noted on this [blog](#), structured securities products generally do not represent ownership of a particular asset (such as stock in a manufacturing company); instead, the products promise returns to investors based on the performance of one or more underlying assets.

Among other things, the staff observed that broker-dealers might have:

- Recommended **unsuitable structured securities products** to retail investors;
- Traded at prices **disadvantageous** to retail investors;
- **Omitted material facts** about structured securities products offered to retail investors; and
- Engaged in **questionable sales practices** with customers.

The report also revealed potential supervisory problems as well. In particular, the SEC noted a lack of training requirements for supervisors and registered representatives that market structured products to their customers. The report contains recommendations for improved surveillance of sales practices and enhanced training for sales and supervisory personnel.

Structured securities are often complex, high-risk products. Therefore, investors should be sure to conduct due diligence before purchasing any structured securities.

Investors who purchased structured securities and lost money due to the current value may have a claim against the brokerage firm that sold the product to them. We are happy to review your structured securities purchase to determine if it was suitable for you.

About Debra Speyer

At [Wall Street Fraud](#), we are dedicated to offering assistance to those who have been hurt by improper corporate or investment practices.

If you have been the victim of stock brokerage fraud, securities fraud, mutual fund fraud, stockbroker fraud, annuities fraud, or any other type of investment fraud, please [contact us](#) today for a free case evaluation. Our talented and aggressive legal and professional staff is eager to help you recover your losses.