



March 17, 2014

VIA EMAIL

Mark Arnold, Director of Business Development
Stansberry & Associates Investment Research, LLC
1217 St. Paul St.
Baltimore, MD 21202

Re: Deceptive Advertising by Stansberry & Associates Investment Research, LLC

Mr. Arnold:

Thank you for reaching out to me regarding my March 11, 2014 letter to Mr. Stansberry. Based on our discussion this morning, I understand that Mr. Stansberry takes our letter and investigation seriously, and has expressed frustration with his staff for allowing deceptive testimonials to be used to promote his company and its newsletters.

We also discussed ways in which Stansberry & Associates Investment Research, LLC can correct the many issues explained in our letter and discussed over the phone earlier today. You acknowledged that the most efficient way to halt the deceptive marketing would be to temporarily take down, or inactivate, the webpages that contain the testimonials at issue while the company reviews and corrects each one. To accommodate this process, and pursuant to your request, I am attaching a list of the testimonials and web addresses at issue in TINA.org's investigation and our March 11, 2014 letter to Mr. Stansberry. The list provides the text of each testimonial, as well as its location. Each testimonial listed contains one or more of the issues below. Please note that, for the sake of brevity, we are not including citations to the various federal and state laws that apply to Stansberry's use of testimonials, or the terms of the 2007 Court Order imposed on the company.

(1) Omission of material information.

- None of the testimonials disclose the substantial risks associated with investing money, nor does Stansberry & Associates clearly and conspicuously disclose such risks;
- Of the testimonials that refer to specific monetary gains, more than 90% do not provide enough information to calculate the rate of return on investment achieved by the endorser. This information is necessary

for readers to accurately assess the likelihood of achieving similar results;

- Less than 2% of the testimonials mention the month and year of when the claimed success occurred, thus depriving consumers of knowing the market conditions at the time, and allowing Stansberry & Associates to imply that old endorsements based on old newsletter advice are actually current testimonials based on current newsletter advice.

(2) Representation of seemingly atypical results.

- Of the 16 testimonials that do provide a rate of return or some information to calculate a rate of return, all claim to exceed the S&P 500 Index average for the last ten years, and all but one claim to exceed Warren Buffett's average rate of return of 19.7% from 1965 to 2012. Six of the testimonials even claim to realize a rate of return of more than 100%, while three claim to realize a rate of return of more than 1,000%.
- While the people quoted in the Stansberry testimonials include truck drivers, office workers, and even unemployed individuals who seem to come from modest means, they shockingly seem to be able to invest six-, seven-, and eight-figure amounts. Though the vast majority of testimonials do not indicate the initial investment amount, TINA.org made calculations using the limited information provided (i.e., the touted gain and the amount of time it took to get there) and a hypothetical, and quite generous, rate of return of 20%. In doing so, TINA.org found that the smallest amount any of these subscribers would have had to invest at this rate was more than \$64,000. More than half would have had to invest \$500,000 or more. More than 20% would have had to invest more than \$1 million, and 5% would have had to invest more than \$10 million.
- One testimonial even claims that a 10-year-old child earned \$100,000 per year following Stansberry newsletter advice.

(3) Use of false or misleading information.

- Several testimonials used to promote *Retirement Millionaire* claim that the newsletter gave them the secret to obtaining "free" silver from U.S. banks. However, as you know, the silver is not free at all; consumers must exchange their paper dollars for half dollars that contain silver -- and those are only ones minted before 1971.
- One testimonial claims that the money the endorser made by obtaining such silver coins was tax free, when that is not necessarily true because all capital gains must be reported to the Internal Revenue Service.
- A testimonial in a *Retirement Millionaire* promotional video deceptively tells consumers that the endorser was able to take a cruise at a fraction of the cost thanks to a Stansberry tip, but failed to

mention that in order to get the discounted price, consumers have to work on the ship and have a specific skill to be hired to qualify for the discounted vacation.

- (4) **Use of the same language but attribution given to different individuals.**
- A number of different individuals quoted in testimonials claim to have earned the same exact amount of money and use similar, if not identical, wording. For example, three different people all made “about \$15,000 to date” and found a Stansberry tip to be the most “exciting” and “profitable” strategy in 20 years; two different people earned exactly \$72,389; two earned exactly \$15,460; and three “made over \$13,000 in January.”

If you have any questions about the above information, please do not hesitate to contact me.

Sincerely,



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