The Alabama Securities Commission Urges Investors to Beware the Coronavirus Con

MONTGOMERY, ALABAMA (FEBRUARY 28, 2020) — In light of the ongoing developments related to the coronavirus (COVID-19), and its impact on financial markets, the Alabama Securities Commission (ASC) is reminding Alabamians to beware of con artists seeking to capitalize on fear and uncertainty.

“We know con artists are opportunistic and use current events to cloak their schemes with an air of immediacy and legitimacy. Never make an investment decision without understanding what you are investing in, who you are doing business with, where your money is going, how it will be used, and how you can get it back,” said ASC Director Joseph P. Borg. “Always ask if the salesperson and the security are registered with the Alabama Securities Commission.”

Director Borg also said investors should be on the lookout for scam artists trying to use the market downturn and the coronavirus to scare investors into so-called “safer, guaranteed investments.” Alabamians with concerns about their retirement accounts or investments should talk to their financial professionals. “Avoid making decisions based on panic or fear,” said Borg.

To help investors identify common telltale signs of possible investment fraud, the Alabama Securities Commission has provided three questions to ask before making a new investment.

1. Is the investment being offered with a guaranteed high return with little or no risk? All investments carry risk that you may potentially lose some or all of your money. Anyone who says their investment offer has no risk is lying. No one can guarantee an investment return.

2. Is there a sense of urgency or limited availability surrounding the investment? If the offer is legitimate, it will still be available later. If someone offers you a “can’t miss” investment opportunity and puts you on the spot, don’t be afraid to walk away.

3. Is the person offering the investment, and the investment itself, properly licensed or registered? For the same reasons you wouldn’t go to an unlicensed doctor or dentist, you should avoid unregistered investment salespeople and their products.

“Make sure you have all the facts before you hand your money over to someone else to invest,” said Alabama Securities Commission Chief Deputy Director Amanda Senn.

The ASC cautions citizens who are new or experienced investors to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC at 1-800-222-1253 to check out any person or financial professional offering an investment opportunity or investment advice for a fee, and the products they offer for proper registration. Contact the ASC to report suspected fraud, inappropriate securities business practices or to
obtain consumer information. The ASC provides free investor education and fraud prevention materials in print, on our website and through educational presentations upon request.

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