

ALABAMA SECURITIES COMMISSION

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Alabama Securities Commission Announces Top Investor Threats for 2021

MONTGOMERY, ALABAMA (March 4, 2021) — The Alabama Securities Commission (ASC) in recognition of Consumer Protection Week in the United States, reminds investors to be on the lookout for investment schemes pitched through the internet and social media, particularly those involving precious metals, cryptocurrencies, promissory notes and foreign exchange markets.

Schemes related to these products were identified as the top threats facing investors this year in a survey by the North American Securities Administrators Association (NASAA), of which ASC is a member. The survey includes responses of enforcement officials with state and provincial securities regulators throughout the United States, Canada and Mexico.

The survey revealed that internet or social media-based frauds are the top threat to investors. Ranked second are cryptocurrency-related and precious metals-based investments, especially those purchased through self-directed individual retirement accounts, which lack the services and protection of traditional IRAs and can be fertile soil for scammers. Foreign exchange-related schemes rounded out the top three threats. Alabama investors have fallen prey to frauds relating to all 3 of the top threats, especially frauds perpetrated online and those involving cryptocurrencies. A recent enforcement action against a company named “Cryptobravos” details how an Alabama investor lost approximately \$180,000 to fraudsters when “agents” of the company, Nathan Lewis and Grant Richards, facilitated the investor’s trades in Bitcoin by providing a Bitcoin wallet maintained by Cryptobravos. The Alabama investor was told that Cryptobravos would make the Bitcoin trades with the funds held in the wallet. Instead of trading the funds, Cryptobravos transferred all the funds to different Bitcoin wallets and then cut off communication with the Alabama resident. The Alabama resident has not recovered the money and in all likelihood will never recover the investment. A link to the Order is here: [CD-2020-0019](#).

The NASAA survey also indicated that 82% of state and provincial securities regulators anticipate that bad actors will continue to attempt to leverage investor fear and anxiety related to changes in financial markets and the economy due to COVID-19 to illegally sell securities this year.

“Bad actors attempt to leverage vulnerabilities wherever they can be found. Don’t be lured into programs offering the promise of high returns as a way to supplement income lost as a result of the pandemic,” said ASC Director Joseph P. Borg. Investment offers that sound “too good to be true” often share similar characteristics. The most common telltale sign of an investment scam is an offer of guaranteed high returns with no risk. All investments carry the risk that some, or all, of the invested funds could be lost.

“A claim that an investment is “risk-free” is a claim made only by a con artist,” ASC Chief Deputy Director Amanda Senn said. “Investing is a long-term game. “Get-rich quick” schemes are built on empty promises and lead to empty pockets.”

Director Borg recommends that investors should always check to see if the salesperson and the investment itself are registered with the ASC. This information can be confirmed by contacting the ASC. “Working with a registered investment professional affords investors certain legal protections,” Director Borg said. “Offering to sell an investment without a license is illegal.”

Before making an investment decision, ask questions, do your homework and contact the ASC at 1-800-222-1253 for more information.

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