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Alabama Securities Commission Warns Investors to Watch for Sandy-Related Schemes

MONTGOMERY, ALABAMA (Oct. 31, 2012) – Following the widespread destruction caused by Hurricane Sandy along the Eastern seaboard, the Alabama Securities Commission (ASC) today warned investors to beware of opportunistic investment schemes related to the storm.

“Unfortunately, we know from experience that disasters bring out the worst in people, especially those seeking to profit from the misfortunes of others. Potential investors should be very cautious if approached with unsolicited Sandy-related investment offers,” said ASC Director Joseph Borg .

In particular, Borg noted that cold-calling telephone salespeople, advertisements, and Internet postings that promote investment pools or bonds to help storm victims, or tout water-removal or purification technologies, electricity-generating devices and distressed real estate remediation programs should be a red flag for investors.

People also should be aware of the rush of solicitations that follow a highly publicized natural disaster or other crises. “There will be fraudulent charity solicitations,” Borg said.” Some will be looking for your money; some will be attempting to steal your credit card information for identity theft. As with any charitable contribution, people wanting to help with relief efforts following Sandy should send contributions to only those charities with an established track record.”

The ASC also warned that fake victims may attempt to use social media to dupe well-intentioned donors. “Do not donate to unknown individuals that purport to need aid that post on Facebook, Craigslist, Twitter or other social media sites. These are likely to be fraudsters, who may not have even been a resident of the United States much less a victim of the storm,” Borg said.

Recalling that many con artists attempted to exploit investors in the aftermath of Hurricane Katrina in 2005, Borg urged investors to:

- Hang up on aggressive cold callers promoting hurricane-related investments and delete unsolicited e-mail or Internet messages discussing small companies with new hurricane-related technologies or products.
- Use common sense. Pie-in-the-sky promises often signal investment fraud.

The ASC cautions potential investors to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC with inquiries concerning securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, registration status of securities or debt management programs, to report suspected fraud 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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