

ALABAMA SECURITIES COMMISSION

Post Office Box 304700 Montgomery, Alabama 36130-4700
Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240
Email: asc@asc.alabama.gov Website: www.asc.alabama.gov

ALABAMA SECURITIES COMMISSION PARTICIPATES IN COORDINATED INTERNATIONAL CRACKDOWN ON CORONAVIRUS SCAMS

Montgomery, Alabama (August 19, 2020) - The Alabama Securities Commission (ASC) today announced its participation in the COVID-19 Enforcement Task Force, an international investor protection initiative to crack down on schemes related to the ongoing COVID-19 pandemic. The task force is coordinated by the North American Securities Administrators Association (NASAA), of which ASC is a member.

As part of this coordinated enforcement effort the ASC has been proactively identifying and responding to threats against Alabama investors. Since April 2020, the ASC has opened 13 investigations into suspected investment fraud or illegal activities, issued 8 cease and desist orders to individuals or companies, and generated public awareness regarding the scams. Additionally, the ASC made 91 referrals to the National Center for Disaster Fraud to protect Alabama residents.

With 111 investigators representing 44 jurisdictions in the United States, Canada, and Mexico, the COVID-19 Task Force represents the largest coordinated enforcement initiative undertaken by state and provincial securities regulators. So far, the task force has disrupted more than 200 schemes related to the pandemic.

“Con artists follow the headlines and it is no surprise that COVID-cons are targeting investors in Alabama. Some of these investors are hoping to get rich quick. Others are just desperately trying to make ends meet due to a lost job or mounting medical bills. We are putting criminals on notice that the ASC is taking swift and effective action to protect investors,” Director Joseph P. Borg said.

Many of the schemes detected by the task force incorporate fear and anxiety into their pitches by promoting safe returns independent of the stock market and the economy. Others offer unrealistically and guaranteed high rates of return. Many promoters refer to returns as “passive income” or “cash flow” and promise to pay it on a monthly basis, which may appeal to unemployed retail investors or victims who are or may be negatively impacted by changes in the economy.

Common schemes also often exploit trendy assets such as cryptocurrencies or mysterious programs involving forex trading. “These types of products may sound appealing, but they also are the types of products unfamiliar to inexperienced retail investors,” said Borg.

There are several ways investors can protect themselves from fraud, for example:

1. Before sending any money make sure the person offering the investment, and the investment

- more -

itself, is properly licensed or registered. You can check easily by contacting the ASC at 1-800-222-1253.

2. Don't fall for claims of guaranteed returns. All investing involves risk, and no one can guarantee a return.
3. Don't fall for unreasonably high rates of return.

The ASC is Alabama's state government securities regulatory agency. The mission of the ASC is to protect Alabamians from investment fraud and preserve legitimate capital markets in Alabama. To access investor education materials or request a virtual presentation visit the ASC website ([click here](#)).

###

For further information contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

ALABAMA SECURITIES COMMISSION

Post Office Box 304700 Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov