

## ALABAMA SECURITIES COMMISSION

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### INVESTOR ALERT -- Investment Fraud Skyrockets During Hurricane Season; UGH!

MONTGOMERY, ALABAMA (August 24, 2020) - This fall weather experts are predicting an active hurricane season. Forecasts predict that two storms will hit the Gulf Coast this week. As the nation rallies to provide support for those impacted, con artists will seek to capitalize on their misfortune. The Alabama Securities Commission (ASC) is disgusted by investment scams, particularly those that prey upon the hurting, and you should be too. Stay on guard against fraudsters attempting to capitalize on the destruction caused by hurricanes and remember UGH!

“UGH is an acronym that reminds investors how to spot a natural disaster-related investment scam. It stands for **Unsolicited** communications, **Government** contracts and **High** returns,” said ASC Director Joseph P. Borg. “It also illustrates the Commission’s disdain for investment fraud.”

#### **Unsolicited Communications:**

Investors should be aware of social media ads, phone calls and text messages claiming certain stocks will skyrocket due to damage wrought by hurricanes. A tell-tale sign of investment fraud is using high-pressure sales tactics like urgency. The con artist urges you to “act now” because the stock is undervalued. Ask yourself, “Who initiated this conversation?” and “Why are they contacting me?”

#### **Government Contracts:**

Beware of anyone seeking to sell promissory notes (a loan) to raise capital for buying equipment in support of large cleanup, construction and development contracts. Con artists lead potential investors to believe they have exclusive rights to government-subsidized disaster relief and construction contracts in storm-ravaged areas. They fraudulently sell their bogus promissory notes guaranteeing high yields for investors.

#### **High Returns:**

Remember, all investing involves some risk and no one can guarantee you a profit. Promises of returns that beat historical stock market averages of 6-10 percent are often blatant signs of investment fraud. If it sounds too good to be true, it is.

“Con artists follow the headlines and target investors in Alabama when storms hit. Residents undergoing financial stress caused by the pandemic may be particularly vulnerable to fraudulent investments as they desperately try to make ends meet. We are putting criminals on notice that the ASC will take swift and effective action to protect Alabamians,” said ASC Chief Deputy Amanda Senn.

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. The investor’s best protection from investment fraud is contacting the ASC at 1-800-222-1253 to ensure investment companies, individuals, and the products hold a registration with the Commission as required by law. To access investor education materials or request a virtual presentation visit the ASC website ([here](http://www.asc.alabama.gov)).

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

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