

**ALABAMA SECURITIES COMMISSION**

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**ALABAMA SECURITIES COMMISSION UPDATES COORDINATED CRYPTO CRACKDOWN**

MONTGOMERY, ALABAMA (August 28, 2018) – The Alabama Securities Commission (ASC) today reported that more than 200 active investigations of Initial Coin Offerings (ICOs) and cryptocurrency-related investment products are underway by state and provincial securities regulators in the United States and Canada as part of “Operation Cryptosweep,” an initiative of the North American Securities Administrators Association (NASAA), of which ASC is a member.

The ASC said, it has 21 active ICOs ongoing inquiries or investigations and issued 7 Cease and Desist orders involving cryptocurrencies as part of the initiative.

Since its launch in May, this ongoing coordinated initiative has resulted in 47 enforcement actions involving ICOs or cryptocurrency-related investment products throughout North America by state and provincial securities regulators.

“The ASC is committing the necessary regulatory resources to protect investors in Alabama from financial harm involving fraudulent ICOs and cryptocurrency-related investment products and also is raising awareness among industry participants of their regulatory responsibilities,” said Director Joseph Borg.

Director Borg noted that while some of the investigations initiated as part of Operation Cryptosweep involve suspected securities fraud, regulators are finding many other potential violations of state and provincial securities laws, including failure to properly register a product before it was offered to investors.

“While not every ICO or cryptocurrency-related investment is a fraud, it is important for individuals and firms selling these products to be mindful that they are not doing so in a vacuum; Alabama laws or regulations may apply, especially securities laws. Sponsors of these products should seek the advice of knowledgeable legal counsel to ensure they do not run afoul of the law. A strong culture of compliance should be in place before, not after, these products are marketed to investors.”

If these products qualify as securities, they should be registered with the appropriate regulatory agencies or qualify for an exemption from registration. The registration process provides some protection for investors by subjecting the offering to regulatory review. But even registered offerings can be fraudulent. Investors therefore should perform their own thorough due diligence before investing in any ICO or cryptocurrency-related product.

“Be cautious when dealing with promoters who claim their ICO offering is exempt from securities registration but do not ask about your income, net worth or level of investing sophistication,” Director Borg said. “Do your homework and contact the ASC with any concerns *before* parting with your hard-earned money – afterwards may be too late.”

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

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