

Are You An Informed Investor?

Top Investor Threats for 2020

Missouri Secretary of State Jay Ashcroft recently announced the top five investment products or schemes likely to trap Missouri's investors in the New Year and recommended steps they can take to protect themselves from investment fraud.

The list was developed by surveying members of the North American Securities Administrators Association, of which the Securities Division of the Secretary of State's Office is a member, to identify threats investors are likely to see in 2020. The following were most frequently identified by NASAA members as the top five areas of concern for the coming year:

- **Promissory Notes**
- **Ponzi Schemes**
- **Real Estate-related Investments**
- **Cryptocurrency-related Investment Products**
- **Social Media/Internet-based Investment Schemes**

"It is important for investors to understand what they are investing in and who they are investing with," Ashcroft said. "Don't be pressured to invest. If an offer sounds too good to be true, it probably is."

Such investment offers that sound "too good to be true" often share similar characteristics. The most common 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.

Many of the threats facing investors involve private offerings, which are exempt from federal securities registration requirements and are not sold through public stock exchanges. "Unregistered private offerings generally are high-risk investments and don't have the same investor protection requirements as investments sold through public markets," Securities Commissioner David M. Minnick said.

Investors should always ask if the salesperson and the investment itself are properly licensed or registered. This information can be confirmed by the Securities Division. Working with a properly licensed investment professional affords investors certain legal protections. "For the same reasons you wouldn't go to an unlicensed doctor or dentist, you should avoid unregistered investment salespeople and their products. Anyone offering to sell a security without a license is breaking the law and should be avoided," Minnick said.

Information about each of the 2020 investor threats and contact information for all state and provincial securities regulators can be found on NASAA's website at www.nasaa.org. Ashcroft's Securities Division also offers a wide range of free investor education materials and can be reached at (800) 721-7996 or through its website at www.MissouriProtectsInvestors.com.

To learn more, contact Missouri Secretary of State's Office, Securities Division

600 W. Main St. Jefferson City, MO 65101

www.MissouriProtectsInvestors.com | 800-721-7996

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