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NDBF ANNOUNCES TOP INVESTOR THREATS FOR 2020

December 17, 2019 (LINCOLN, NEB.) — The Nebraska Department of Banking and Finance (NDBF) today announced the top five investment products or schemes likely to trap Nebraska’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 NDBF 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. Don’t fall for promises of guaranteed high returns with little to no risk or deals pitched with a false sense of urgency or limited availability,” said Deputy Director Claire McHenry. “Before you ring in the New Year, make a resolution to protect your money from fraudulent investments and those who may be trying to fleece you.”

Investment offers that sound “too good to be true” often share similar characteristics. The most common telltale 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. “Anyone who says their investment offer has no risk is lying,” Deputy Director McHenry said. “No one can guarantee an investment return. Remember if it sounds too good to be true, it usually is.”

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,” Deputy Director McHenry said.

Investors should always ask if the salesperson and the investment itself are properly licensed or registered. This information can be confirmed by the NDBF. 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,” Deputy Director McHenry 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. NDBF also offers a wide range of free investor education materials and can help investors research the background of those selling or advising the purchase of an investment. NDBF can be reached at (402) 471-3445 or through its website at <https://ndbf.nebraska.gov/>.

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