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Top Investor Threats

January 10, 2022 (LINCOLN, NE)— The Nebraska Department of Banking and Finance (NDBF) today released an annual list of top investor threats and urged caution before purchasing popular and volatile unregulated investments – especially those involving cryptocurrency and digital assets. NDBF also announced guidance for investors, including steps to take to protect from fraud in the new year.

“NDBF revealed that investments related to cryptocurrencies and digital assets is our top investor threat,” said NDBF Deputy Director Claire McHenry. “Stories of ‘crypto millionaires’ attracted some investors to try their hand at investing in cryptocurrencies or crypto-related investments this year, and with them, many stories of those who bet big and lost big began appearing, and they will continue to appear in 2022.”

The top 2022 threats were determined by a survey of securities regulators conducted by the North American Securities Administrators Association (NASAA). The annual survey is designed to identify the most problematic products, practices or schemes facing investors. The following were cited most often by state and provincial securities regulators:

1. Investments tied to cryptocurrencies and digital assets,
2. Fraud offerings related to promissory notes,
3. Money scams offered through social media and internet investment offers, and,
4. Financial schemes connected to Self-Directed Individual Retirement Accounts.

“Many of the fraud threats facing investors today involve private offerings, as federal law exempts these securities from registration requirements and preempts states from enforcing important investor protection laws.” Deputy Director McHenry added, “Unregistered private offerings generally are high-risk investments and don’t have the same investor protection requirements as those sold through public markets.”

Investors are urged to practice the following tips to identify and avoid investment scams:

1. Anyone can be anyone on the Internet. Scammers are spoofing websites and using fake social media accounts to their identities. Investors should always take steps to identify

phony accounts by looking closely at content, analyzing dates of inception and considering the quality of engagement. To ensure investors do not accidentally deal with an imposter firm, pay careful attention to domain names and learn more about how to [protect your online accounts](#).

2. Beware of fake client reviews. Scammers often reference or publish positive, yet bogus testimonials purportedly drafted by satisfied customers. These testimonials create the appearance the promoter is reliable – he or she has already earned significant profits in the past, and new investors can reap the same financial benefits as prior investors. In many cases, though, the reviews are drafted not by a satisfied customer but by the scammer. Learn how to protect yourself with [NASAA's Informed Investor Advisory on social media, online trading and investing](#).
3. If it sounds too good to be true, it probably is. Bad actors often entice new investors by promising the payment of safe, lucrative, guaranteed returns over relatively short terms – sometimes measured in hours or days instead of months or years. These representations are often a red flag for fraud, as all investments carry some degree of risk, and the potential profits are typically correlated with the degree of risk. Learn more about the [warning signs of investment fraud](#)

NDBF recommends investors independently research registration of investment firms. They should not use hyperlinks provided by the parties and instead contact their [state securities regulator](#), search the SEC's [Investment Adviser Public Disclosure](#) website or FINRA's [BrokerCheck](#) platform. Investors should be aware that scammers may misappropriate the CRD numbers of registered firms and individuals. Investors should contact their regulator if they suspect the firm is engaging in this type of tactic.

Individuals offering investments are obligated to truthfully disclose all material facts, and they must disclose the risks associated with each product. On the other hand, bad actors will often minimize or conceal risks, and use hyperbole to tout profits and payouts. Investors should pay attention to these details, as they can provide clues about the potential illegitimacy of a scam.

Bad actors may be impersonating licensed parties by using phony websites that place viruses or malicious software on victim's computers. Investors should continue to observe best practices for cybersecurity. The FDIC has issued guidance to assist consumers in [protecting themselves from cyber-attacks](#).

For more information about licensed individuals and companies in Nebraska, visit our website at [ndbf.nebraska.gov](#).

Before making any financial decisions, ask questions, do your homework, and contact Nebraska Department of Banking and Finance at 402-471-2171 for more information.

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