



Press Release

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The Division of Banking and Securities Cautions Investors About “The Next Big Thing”

November 16, 2015 ANCHORAGE—The Division of Banking and Securities issued an [advisory](#) reminding investors to be cautious when considering investing in three products recently making news: marijuana-related investments, binary options and digital currency. The advisory includes information to help investors better understand each of these products, including their risks.

“At first glance, these products appear to have no connection to one another. However, they have all recently emerged as investments that both sellers and buyers hope will become the ‘next big thing.’ Before you consider investing, make sure you understand what these products are, their benefits, and their risks,” said Kevin Anselm, director of the Division of Banking and Securities.

As more jurisdictions clarify their legal definitions on the growth and use of medical and recreational marijuana, an increasing number of companies focused on the marijuana industry are seeking funds from investors. “Marijuana investment opportunities could be particularly susceptible to scams. For example, ‘pump-and-dump’ scams involve promoters who use misinformation to pressure investors to get in on the ‘ground floor’ thereby inflating the company’s share prices before being sold by the promoters,” Director Anselm said.

A binary option contract is based on the investor’s prediction of an underlying security’s value at a predetermined date. There are only two possible outcomes: the investor may receive a fixed amount of money for guessing correctly, or lose the entire investment for guessing incorrectly. According to Director Anselm, “binary options are simplified options contracts that look more like online gambling than a traditional security or investment.”

Bitcoin and other digital currency also remain in the headlines as a growing number of brand-name retailers are accepting digital currency as payment for goods and services. New exchanges are emerging that claim to be licensed and regulated by federal, state, or jurisdictional financial authorities. As Director Anselm explains, “because different jurisdictions have little uniformity regulating digital currency, scammers try to take advantage of the confusion and contradictions to misinform potential investors.”

“The bottom line is: before making any decisions about your money, ask questions, make sure you understand the risks, and check with the Division of Banking and Securities if you have questions,” Director Anselm said. Investors are encouraged to contact the division at 907-269-8140 or dbsc@alaska.gov.

The Division of Banking and Securities, along with the Division of Corporations, Business and Professional Licensing, the Division of Insurance, the Alcoholic Beverage Control Board, and the Regulatory Commission of Alaska, is an agency housed within the Alaska State Department of Commerce, Community and Economic Development tasked with protecting consumers in Alaska. For additional information about the division, please visit commerce.alaska.gov/web/DBS. For additional information about the Department of Commerce, Community and Economic Development and its other agencies, please visit commerce.alaska.gov.

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