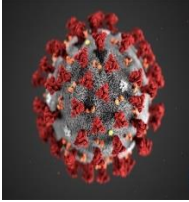


INVESTOR ALERT:

COVID-19 Related Investment Scams



The state Department of Commerce and Consumer Affairs' (DCCA) Office of the Securities Commissioner is reminding Hawaii investors to be vigilant and wary of scammers who may seek to capitalize on the financial devastation caused by the COVID-19 pandemic, using fear and emotions to try and take your hard-earned money.

We anticipate a surge in fraudulent investment schemes and urge investors to protect themselves and their loved ones from being financially victimized during this global public health crisis.

Investor Beware:

- Scammers will make contact in-person, or via telephone calls, text messages, or emails to promote schemes that falsely purport to raise capital for companies who will address critically in-demand items. This may include manufacturing surgical masks and gowns, producing ventilators and other medical equipment, distributing small-molecule drugs and other preventative pharmaceuticals, or manufacturing vaccines and miracle cures. The schemes often appear legitimate because they draw upon current news, medical reports and social and political developments.
- Scammers will use the volatility in the securities markets to promote “safe” investments with “guaranteed returns”, including investments tied to commodities, oil and gas, real estate, and medical/pharmaceutical industries.
- Scammers will promote “get rich quick” schemes that tout guaranteed fast returns knowing that many people are desperate to pay for their food, rent, utilities and other expenses. These schemes also target retirees and senior citizens, falsely claiming to quickly and safely recoup any losses to retirement portfolios.

Before making an investment, consider the following:

- All investments carry some degree of risk, with the potential for you to lose some or all of your money. No one can guarantee an investment return. If it sounds too good to be true, it probably is.
- Don't be pressured to invest on-the-spot. If the investment is legitimate, it will be there later. Walk away, do your research, and take the time to understand the investment and its risks.
- Check registration. Make sure that the person offering you the investment and the investment itself is registered. Visit brokercheck.finra.org/ to check registration of the securities professional.



Hawaii Department of Commerce & Consumer Affairs
Office of the Securities Commissioner



1-877-HI SCAMS



investing.hawaii.gov



HI Securities



Common investment scams/schemes in Hawaii:

- **Ponzi Schemes**

This scheme is named after the early 1900's swindler Charles Ponzi, who took investors for millions of dollars by promising them 40% returns. The premise is simple: pay early investors with money raised from later investors. There is no real underlying business and/or investment. Eventually the scheme collapses, and the promoters walk away rich.

Check on the person promoting the investment and verify the facts before investing.

- **Affinity Fraud (also known as Friendly Fraud)**

It is human nature to trust people who are like you. With this type of fraud, con artists often befriend a member or members of an affiliation such as kupuna/senior clubs, religious or ethnic groups, and professional/union organizations. The con artist will first gain the trust of the targeted member or members, who can then "vouch" for the con artist to the rest of their group, or even to the head of the group. From there, the con artist is "in" and will proceed with perpetrating their scam. ***Stay alert and ask questions, even if it's a family member or close friend.***

- **Unregistered Individuals Selling Securities**

Individuals who sell securities or provide investment advice are required to register before they can offer their services to the public. Hawaii law requires all brokerage and investment adviser firms and their sales representatives to be registered with DCCA's Securities Compliance Branch. Be sure to check with our office at (808) 586-2722 before you invest.

Remember - "No registration, No sale."

- **Unregistered Investment Products**

It pays to remember that legitimate investment products must also be registered with DCCA's Securities Compliance Branch before they can be offered for sale to the public. Con artists bypass this requirement because they know that stringent state securities registration requirements protect investors from illegitimate offerings of promissory notes, high-yield and oil & gas investments. ***Check to make sure the investment being sold to you is registered.***

Protect Yourself:

Do your due diligence, especially during times of crisis such as the COVID-19 pandemic. Don't be pressured into investing in something you don't understand or are not comfortable with.

If you have any questions about your securities professional or the securities being offered to you, or to report securities fraud, call the Hawaii **Securities Fraud Hotline at (808) 587-2267 or Toll-free 1-877-447-2267.**

For more information, including investor education materials, visit investing.hawaii.gov or connect with us at "HI Securities" on Facebook, Twitter and Instagram.

Protecting Hawaii Investors