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SECURITIES DIVISION CAUTIONS INVESTORS TO BE WARY OF 'THE NEXT BIG THING' WHEN IT COMES TO INVESTING

SANTA FE, N.M. – The New Mexico Regulation and Licensing Department has 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.

“At first glance, these products appear to have no real connection to one another. But what they all have in common is their recent emergence as three 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 New Mexico Regulation and Licensing Superintendent Mike Unthank.

The advisory includes information to help investors better understand each of these products, including their risks.

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, such as ‘pump-and-dump,’ in which promoters 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,” Unthank 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. “Binary options are simplified options contracts that look more like online gambling than a traditional security or investment,” Securities Director, Alexis Lotero said.

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Bitcoin and other digital currency remain in the headlines as new exchanges emerge claiming to be licensed and regulated by federal, state, or jurisdictional financial authorities and a growing number of brand-name retailers accepting digital currency as payment for goods and services. “Since different countries and jurisdictions have little uniformity on how Bitcoin and digital currency is regulated, scammers will take advantage of the confusion and contradictions to misinform potential investors,” Unthank said.

Lotero stated, “The bottom line is that before making any decisions with your money, ask questions, make sure you understand the risks, and check with the Securities Division before you invest.”

The advisory is on the Securities Division website at www.redflagsnm.com

The Regulation and Licensing Department’s Securities Division protects New Mexicans from fraud and financial abuse by licensing investment professionals, registering securities offering made in the state, offering anti-fraud and educational programs to the public, and investigating fraud and other violations of the state securities laws. To learn more about investment fraud, visit the division’s website at www.RedFlagsNM.com. The advisory is available on the agency’s website at redflagsnm.com. For more information, call (800) 704-5533.

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