

News Release

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Investor Alert on Virtual Currency Offerings

PHOENIX —In association with the North American Securities Administrators Association, the Arizona Corporation Commission today issued an investor alert cautioning investors to consider the risks associated with virtual currency offerings. Virtual currency is an electronic medium of exchange including cryptocurrencies, such as bitcoin, Ethereum, and litecoin. While such currencies may provide fair and lawful investment opportunities, there are risks involved which should be considered prior to any investment.

Unlike traditional currency, these alternative investments typically are not backed by tangible assets, are not issued by a governmental authority, and may be subject to little or no regulation. The value of cryptocurrencies is extremely volatile. They are vulnerable to sharp changes in price due to unexpected events or changes in market sentiment.

The Corporation Commission urges investors to avoid investing more than they can afford to lose into this type of risky investment. Some common concerns investors should consider:

- Virtual currency is subject to minimal regulation, susceptible to cyber-attacks and there may be no recourse should the virtual currency disappear.
- Virtual currency accounts are not insured by the Federal Deposit Insurance Corporation (FDIC), which insures bank deposits up to \$250,000.
- Investments tied to virtual currency may be unsuitable for most investors due to their volatility.
- Investors in virtual currency will be highly reliant upon unregulated companies that may lack appropriate internal controls and may be more susceptible to fraud and theft than regulated financial institutions.
- Cryptocurrency owners may experience difficulty or delays in liquidating their holdings or transferring them back into cash.

As with any other type of potential investment, if a promoter guarantees returns, if an opportunity sounds too good to be true, or if you are pressured to act quickly, please exercise extreme caution and be aware of the risk that your investment may be lost.

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ABOUT US

The Arizona Corporation Commission was established by the state's constitution to regulate public utilities and business incorporation. The five Commissioners elected to the Corporation Commission oversee executive, legislative, and judicial proceedings on behalf of Arizonans when it comes to their water, electricity, telephone, and natural gas resources as well as the regulation of securities, pipeline, and railroad safety. To learn more about the Arizona Corporation Commission and its Commissioners, visit <http://azcc.gov>.