State of Wisconsin
Department of Financial Institutions

Scott Walker, **Governor** Peter Bildsten, **Secretary**

August 21, 2012
FOR IMMEDIATE RELEASE
Contact: George Althoff, Communications Director, 608-261-4504

DFI Identifies Top Investor Threats for 2012

MADISON – The Wisconsin Department of Financial Institutions (DFI) today released its annual list of the top 10 financial products and practices that threaten to trap unwary investors. While this year's list includes many long-standing or persistent threats, it also features practices that attempt to exploit new and existing federal laws designed to promote job creation and stimulate economic recovery.

Patricia Struck, Administrator of the Division of Securities, said DFI is particularly concerned about two provisions of the recently passed JOBS Act that could unwittingly open the door to fraud. These include provisions to expand crowdfunding to allow businesses to raise money from investors and to allow the general solicitation and advertising of private placement offers. According to Struck, the top 10 investor threats are:

- Crowdfunding and Internet offers (new)
- Use of self-directed IRAs to mask fraud (new)
- EB-5 investment-for-visa schemes (new)
- Oil and gas drilling programs
- Promissory notes
- Ponzi schemes
- Real estate investment schemes
- Reg D/Rule 506 private offerings
- Affinity fraud
- Gold and precious metals

Struck reminded investors to independently verify any investment opportunity as well as the background of the person and company offering the investment. State securities regulators provide detailed background information about those who sell securities or give investment advice, and about the products being offered. The Internet is also a good research tool.

"Investors should insist on working only with registered brokers and investment advisers in dealing with both traditional and alternative securities investments, and should quickly report any suspicion of investment fraud to their state securities regulator," Struck said.

Investors who believe they have been subjected to questionable practices may contact DFI at 608-266-1064. More information about each of the Top Investor Threats is available on DFI's website at www.wdfi.org.

# # # # #