

**Investor.gov**U.S. SECURITIES AND
EXCHANGE COMMISSION

Broadly Advertised Investments – Investor Alert

July 14, 2020

The SEC's Office of Investor Education and Advocacy (OIEA) and the Division of Enforcement's Retail Strategy Task Force urge investors to be mindful when investing in offerings that are broadly advertised.

What's general solicitation?

You may see investment opportunities broadly advertised—or what federal securities laws also refer to as generally solicited—to the general public. These advertisements may be on social media (<https://www.investor.gov/protect-your-investments/fraud/types-fraud/internet-social-media-fraud>), TV, on the radio (<https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-alert-investment-related-radio-programs>) or in a newspaper. You may be invited to a seminar or dinner at a nice hotel to introduce you to an investment opportunity. You may receive a general communication directing you to a website detailing an offering.

Why does it matter?

Just because an offer to invest is advertised openly doesn't mean it complies with federal securities laws. Don't presume that an offering is lawful because you learn about it through a radio (<https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-alert-investment-related-radio-programs>) advertisement or seminar (<https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-alert-investment-seminars-%E2%80%93trading>), or even through a personal (<https://www.investor.gov/protect-your-investments/fraud/types-fraud/affinity-fraud>) contact. Investors should remain vigilant even when an investment opportunity is broadly promoted.

In *SEC v. A Better Financial Plan, LLC* (<https://www.sec.gov/enforce/33-10802-s>), a promoter of investments in private funds offering investments in ownership interests in life settlements violated the federal securities laws by offering and selling securities to over 300 retail investors in offerings that were required to be registered under the federal securities laws—but were not. The promoter used general solicitation including radio ads, direct mailers with an invitation to a free steakhouse dinner, and a website with dozens of videos, even though the offerings were unregistered and did not qualify for exemptions from

registration in violation of the securities laws. The promoter also committed a separate violation of the federal securities laws when he acted as a broker in a separate offering, even though he was not registered as a broker with the SEC.

The federal securities laws require that issuers offering securities either provide detailed information about the issuer and how the investment will work—in a document known as a [registration statement \(https://www.investor.gov/introduction-investing/investing-basics/glossary/registration-statement\)](https://www.investor.gov/introduction-investing/investing-basics/glossary/registration-statement), which is filed with the SEC—or they must have a legally recognized reason for not having to provide this information—known as an exemption from [registration \(https://www.investor.gov/introduction-investing/investing-basics/glossary/registration-under-securities-act-1933\)](https://www.investor.gov/introduction-investing/investing-basics/glossary/registration-under-securities-act-1933). The first time a company registers an offering and sale of its securities is called an initial public offering, or IPO. The registration process required under the federal securities laws helps to protect investors by making sure investors receive sufficient information about the investments, including how the money may be used and the material risks of the investment. Investors should be beware of offerings that do not comply with federal securities laws.

What can I do?

First, always [check \(https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-how-check-out-your-financial\)](https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-how-check-out-your-financial) the background of the person offering you an investment opportunity. An investment professional trying to sell you securities generally has to be registered with the SEC to do so. An easy way to check whether an investment professional is registered is to type the person's name into the *Check Out Your Investment Professional* box on [Investor.gov \(http://www.investor.gov\)](http://www.investor.gov). *Unregistered investment professionals who sell securities perpetrate many of the securities frauds that target individual investors.*

Second, determine if the offering has been registered or is being conducted in reliance on an exemption under the federal securities laws. Ask the person offering the opportunity about whether the offering is registered with the SEC. Companies must disclose important information with the SEC to register a securities offering on a website called [EDGAR \(https://www.sec.gov/oiea/Article/edgarguide.html\)](https://www.sec.gov/oiea/Article/edgarguide.html). This includes information about what your money will be used for and some of the known risks of the investment. Although the SEC reviews certain forms and filings for compliance with disclosure obligations, the SEC never [validates or approves \(https://www.investor.gov/additional-resources/news-alerts/investor-alerts/investor-alert-beware-claims-sec-has-approved\)](https://www.investor.gov/additional-resources/news-alerts/investor-alerts/investor-alert-beware-claims-sec-has-approved) an offering. You can research whether an offering is registered by searching the [EDGAR \(https://www.sec.gov/oiea/Article/edgarguide.html\)](https://www.sec.gov/oiea/Article/edgarguide.html) database. *If a promoter claims that an offering is registered but there is no associated registration statement on EDGAR, you should not invest.*

SHARES

Some registration exemptions still require the company or its promoters to provide investors important information about the company and the offering. *You should be particularly cautious of an investment opportunity if the promoter will not provide information you need to make an informed decision about whether to invest.*

Lastly, watch out for these common [red flags \(https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-alert-10-red-flags-unregistered-offering\)](https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-alert-10-red-flags-unregistered-offering) of fraud:

- *Claims of high returns with little or no risk.* Promises of high returns, with little or no risk, are classic warning signs of fraud. If the investment sounds too good to be true, it probably is.
- *Unregistered investment professionals.* As mentioned, unregistered persons who sell securities perpetrate many of the securities frauds that target retail investors.
- *Aggressive sales tactics.* Scam artists often pitch an investment as “once-in-a-lifetime” to create a false sense of urgency.
- *Problems with documents.* Avoid an investment if the salesperson will not provide you with anything in writing.
- *No net worth or income requirements.* As mentioned, because of the greater risk, many offerings that are made on an unregistered basis require investors to be [accredited investors \(https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/updated-investor-bulletin-accredited-investors\)](https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/updated-investor-bulletin-accredited-investors) or limit the amount you can invest. If the offering is unregistered and there are no investment limits or net worth or income requirements for investing, that is a red flag to consider whether the issuer is complying with the federal securities laws.

Additional Resources

To learn more about red flags to consider with unregistered offerings, see our [Investor Bulletin \(https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-alert-10-red-flags-unregistered-offering\)](https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-alert-10-red-flags-unregistered-offering).

To learn more about offerings relying on the Regulation A exemption, see our [Investor Bulletin \(https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-regulation\)](https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-regulation).

To learn more about the new client relationship summary, or Form CRS, your investment professional is now required to provide to you that details important information about your relationship, visit [Investor.gov/CRS \(https://www.investor.gov/home/welcome-investor-gov-crs\)](https://www.investor.gov/home/welcome-investor-gov-crs).

For tips on how to select an investment professional, see our [Investor Bulletin \(https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-top-tips-selecting-finpro\)](https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-top-tips-selecting-finpro) .

For additional investor educational information, see the SEC's website for individual investors, [Investor.gov \(http://www.investor.gov\)](http://www.investor.gov) .

If you are considering participating in an investment opportunity involving digital assets, see the resources available at [Spotlight on Initial Coin Offerings and Digital Assets \(https://www.investor.gov/additional-resources/specialized-resources/spotlight-initial-coin-offerings-digital-assets\)](https://www.investor.gov/additional-resources/specialized-resources/spotlight-initial-coin-offerings-digital-assets) .

Call OIEA at 1-800-732-0330, ask a question using this [online form \(https://www.sec.gov/oiea/QuestionsAndComments.html\)](https://www.sec.gov/oiea/QuestionsAndComments.html) , or email us at [Help@SEC.gov \(mailto:Help@SEC.gov\)](mailto:Help@SEC.gov) .

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