



ARIZONA CORPORATION COMMISSION

FOR IMMEDIATE RELEASE: January 08, 2016

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Commission Cautions Investors to be Wary of “The Next Big Thing” When it Comes to Investing

PHOENIX – The Arizona Corporation Commission today 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. Before investing, investors should understand what these products are, their benefits and their risks.

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.”

As 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. However, regulations for medical and recreational use vary greatly between states and jurisdictions with industry participants having limited traditional financial avenues for day-to-day and necessary business operational transactions. Therefore, 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.

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.

Digital currency remains 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 well-known retailers are accepting digital currency as payment for goods and services. Since different countries and jurisdictions have little uniformity on how digital currency is regulated, scammers will take advantage of the confusion and contradictions to misinform potential investors.

“The bottom line is that before making any decisions with your investment dollars, ask questions, make sure you understand and can afford to take the financial risk, then most importantly, check with the Commission’s Securities Division before you invest,” Acting Chairman Doug Little said.

The Commission’s Securities Division has an investigator on duty who can be contacted by telephone at 602-542-4242 or toll free in Arizona, 1-866-VERIFY-9 (837-4399) or by email, securitiesdiv@azcc.gov. The [detailed advisory](#) can be found in the Investor Alert section of the Securities Division’s investor education website, www.azinvestor.gov.

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