



## PRESS RELEASE

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### **Attorney General Frosh Announces Coordinated Cryptocurrency Crackdown**

**BALTIMORE, MD (August 14, 2019)** – Maryland Attorney General Brian E. Frosh announced today that his Securities Division is participating in the nationwide “Operation Cryptosweep,” an initiative of the North American Securities Administrators Association (NASAA). Since the beginning of the year, 35 enforcement actions against Initial Coin Offerings (ICOs) and cryptocurrency-related investment products have been completed by state and provincial securities regulators in the United States and Canada.

The Maryland Securities Division has initiated an enforcement action against a Bitcoin trading platform, which led its investors to believe they could earn as much as 150% through passive investments, and a Maryland resident who sold investments in the trading platform.

Recent headlines touting the possibility of new cryptocurrency products (such as one backed by Facebook), and the surging value of some cryptocurrencies (such as Bitcoin) with a sharp increase in market capitalization for all cryptocurrencies, create an environment that can attract promoters of illegal and fraudulent securities schemes. Investors and con artists alike have turned to cryptocurrency-related investment products looking for quick profits. Investors should be wary of any investment that promises quick profits with low risk.

“Cryptocurrency investments are risky. Investors should be extra cautious when dealing with promoters who claim their offering does not have to be registered with securities regulators,” said Attorney General Frosh. “Quick returns of 150% are as rare as Bigfoot. Make sure to do independent research the product before you invest. Be aware of the risks, and contact the Maryland Securities Division with any concerns before parting with your hard-earned money.”

To help raise investor awareness, the Maryland Securities Division announced a new [video](#) in the “Get in the Know” series produced by NASAA that examines common crypto investment schemes and provides instructions on guarding against becoming a victim. The video is available on NASAA’s website [www.nasaa.org](http://www.nasaa.org). The animated video also outlines common concerns investors should consider before investing in any offering containing cryptocurrency, including:

- **Volatility:** Cryptocurrency markets are highly volatile, making them unsuitable for most investors looking to meet long-term savings or retirement goals.

- **No recourse:** Cryptocurrency and many crypto-related investments are subject to little regulatory oversight, and there may be no recourse should the cryptocurrency disappear due to fraud or a cybersecurity breach.
- **Untraceable:** Cryptocurrency or crypto-related investments only exist on the Internet. Issuers can be located anywhere in the world, so it may be impossible to trace and recover lost funds through the courts.

According to the Maryland Securities Commissioner, not every cryptocurrency-related investment offer is a fraud, but it is important for individuals and firms selling these products to understand that state and provincial laws or regulations may apply to these sales, especially securities laws.

The Maryland Securities Division can be reached at [securities@oag.state.md.us](mailto:securities@oag.state.md.us) or 410-576-6360.