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Secretary White Cautions Investors about Marijuana-related Investment Schemes

Secretary of State Jesse White is cautioning investors to be aware of schemes and risks associated with potentially fraudulent marijuana-related investments.

Investments in marijuana business ventures are becoming more common. Fraudsters are attempting to use the increased publicity to convince investors to hand over money for risky or outright fraudulent marijuana ventures.

“People should do their homework before investing in any fund or venture,” White said. “Remember if you don’t understand the investment or it sounds too good to be true, then you probably shouldn’t invest in it.”

When considering a marijuana-related investment, White advises the public to look at the investor advisory issued by the North American Securities Administrators Association (NASAA), which is posted on the office’s Securities Department website, www.avoidthescam.net.

The advisory includes information about common marijuana-related investment schemes and the unique risks associated with these investments. For example, pump-and-dump schemes are those where fraudsters disseminate false information to increase or pump up the price of the stock and then sell or dump their shares at the inflated price before investors find out the stock is worthless. Investors should also understand that marijuana start-up companies are risky and investors may not be able to cash out of the investment for many years and may risk losing their initial investment if the company does not succeed.

White urges investors who are victims of marijuana-related investments or any other fraudulent investment schemes to file a complaint with the Securities Department. Before investing, investors should verify if an investment adviser or a broker is registered and has a disciplinary history.

To contact the Secretary of State Securities Department, call 800-628-7937 or visit www.avoidthescam.net.

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