

## Public Statement

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# Statement of Chairman Jay Clayton and Commissioners Kara M. Stein and Michael S. Piwowar on “NASAA Reminds Investors to Approach Cryptocurrencies, Initial Coin Offerings and Other Cryptocurrency-Related Investment Products with Caution” by NASAA

Chairman Jay Clayton

Commissioner Kara M. Stein

Commissioner Michael S. Piwowar

**Jan. 4, 2018**

We commend the North American Securities Administrators Association (NASAA) on their [release](#) highlighting important issues and concerns related to cryptocurrencies, initial coin offerings (ICOs) and other cryptocurrency-related investment products.

NASAA's release is a timely and thoughtful reminder to Main Street investors to exercise caution. The release recognizes that cryptocurrencies, while touted as replacements for traditional currencies, lack many important characteristics of traditional currencies, including sovereign backing and responsibility, and now are being promoted more as investment opportunities than efficient mediums for exchange.

The NASAA release also reminds investors that when they are offered and sold securities they are entitled to the benefits of state and federal securities laws, and that sellers and other market participants must follow these laws. Unfortunately, it is clear that many promoters of ICOs and others participating in the cryptocurrency-related investment markets are not following these laws. The SEC and state securities regulators are pursuing violations, but we again caution you that, if you lose money, there is a substantial risk that our efforts will not result in a recovery of your investment.

We encourage investors to read NASAA's release and particularly to keep in mind the common red flags of investment fraud that the release reiterates. We also encourage investors to review the SEC investor bulletins, alerts, reports, and statements linked below.

- [SEC Chairman Jay Clayton Statement on Cryptocurrencies and Initial Coin Offerings](#) (Dec. 11, 2017)
- [SEC Division of Enforcement and SEC Office of Compliance Inspections and Examinations Statement on Potentially Unlawful Promotion of Initial Coin Offerings and Other Investments by Celebrities and Others](#) (Nov. 1, 2017)

- [Investor Alert: Public Companies Making ICO-Related Claims \(Aug. 28, 2017\)](#)
- [Report of Investigation Pursuant to Section 21\(a\) of the Securities Exchange Act of 1934: The DAO \(July 25, 2017\)](#)
- [Investor Bulletin: Initial Coin Offerings \(July 25, 2017\)](#)
- [Investor Alert: Bitcoin and Other Virtual Currency-Related Investments \(May 7, 2014\)](#)
- [Investor Alert: Ponzi Schemes Using Virtual Currencies \(July 23, 2013\)](#)

## Related Materials

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- [NASAA Statement](#)