

Be wary of INITIAL COIN OFFERINGS

What is an Initial Coin Offering (ICO)?

- A form of crowdfunding, it is a sale of digital tokens to raise capital for an idea, usually blockchain-related.
- Tokens are often designed to be exchanged for a new cryptocurrency to be launched by the project.
- Tokens may only have value inside the proposed application or project.



Unlike an Initial Public Offering (IPO) NO CONTROLS EXIST on how the money raised is spent.

The CANADIAN SECURITIES ADMINISTRATORS (CSA) says the sale of digital tokens, in some cases, will be subject to securities laws.

2017



90+ ICOs in North America in the first six months.

\$1.27 BILLION raised in the first six months.

Before considering an ICO:



Ask whether the tokens are securities and if the person selling them is registered.



Find out who is behind the ICO. Do your research.



Find out what the money will be used for. Request a copy of the business plan.



Contact your provincial securities regulator (MSC).



Be aware of regulator warnings and bans on ICOs.

Buying ICO currency/tokens may limit your recovery in the event of fraud or theft.



Third-party wallet services



Payment processors



Virtual currency exchanges



May be fraudulent, located overseas and/or operating illegally

Be wary if you spot these **red flags:**



01

Guarantees of high investment returns.

Jargon-laden advertisements and pitches.

02



03

Unlicensed sellers and claims that the ICO is exempt from registration.

High-pressure sales tactics, saying you have to buy or act NOW.

04



Tell and warn your friends and family if you suspect it may be fraud.

To learn more about investment fraud visit **recognizeinvestmentfraud.com**



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