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### **Alaska Division of Banking and Securities Raises Awareness of Promissory Note Fraud**

November 28, 2018 ANCHORAGE – State securities regulators have identified promissory notes as a leading source of complaints to their agencies. Last year, the North American Securities Administrators Association (of which the Alaska Division of Banking and Securities is a member) reported 210 investigations involving promissory notes, which led to 149 formal enforcement actions by securities regulators.

The Alaska Division of Banking and Securities published an [advisory](#) to help investors identify warning signs of a fraudulent promissory note scheme. The advisory reminds investors to be particularly cautious of short-term promissory notes; notes with durations of nine months or less generally do not require federal or state securities registration. Such short-term notes have been the source of most (though not all) of the fraudulent activity involving promissory notes.

The division recommends that investors:

- Check with the Alaska Division of Banking and Securities to confirm that notes are registered or legally exempt from registration.
- Research the company offering the notes. Find out how it plans to generate returns to pay principal and interest.
- Enlist the help of a financial professional, lawyer or accountant who is independent from the seller or company offering the note.
- Be suspicious if the note offers a high or double-digit interest rate with a guaranteed return.
- Ask the seller what they are getting paid in commissions. Steer clear of unreasonable commissions.
- Walk away if you feel uncomfortable about high-pressure sales tactics.

Before making any financial decisions, ask questions and do research. Protect yourself by carefully evaluating the merits of each investment to ensure it matches your invest objectives and risk tolerance. Consider consulting with a trusted investment profession before investing. Contact the Division of Banking and Securities at (907) 269-8140 or [securities@alaska.gov](mailto:securities@alaska.gov) to confirm whether the seller and investment are licensed and registered.

The Division of Banking and Securities is a division of the Department of Commerce, Community, and Economic Development tasked with protecting consumers in Alaska. For additional information about the division, visit [commerce.alaska.gov/web/dbs/](http://commerce.alaska.gov/web/dbs/). For additional information about the Department of Commerce, Community, and Economic Development and its other agencies, please visit [commerce.alaska.gov](http://commerce.alaska.gov).

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