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ARKANSAS SECURITIES DEPARTMENT

ARKANSAS SECURITIES DEPARTMENT WARNS OF POTENTIAL DANGERS OF HIGH-YIELD INVESTMENT PROGRAMS

Little Rock – The Arkansas Securities Department today issued advisory urging investors to approach high-yield investment programs with caution. The advisory is on the Securities Department’s website at www.securities.arkansas.gov.

High-yield investment programs, or HYIPs, are Ponzi schemes sold by unlicensed individuals. “In the past, con artists relied on word of mouth to lure investors into these investments. Now they rely on the Internet and social media buzz to quickly popularize their schemes before the fraud is discovered,” Arkansas Securities Commissioner, A. Heath Abshure said.

According to the advisory, the most notable characteristics of HYIPs are the promise of very high returns at little or no risk to the investor and the payment of referral fees to current investors for bringing in new investors.

“In this way, HYIPs blend elements of both Ponzi and traditional pyramid schemes into one scheme that can spread faster than ever before,” Abshure said.

In one recent HYIP, for example, the company offered memberships that purported to provide investors with up to a 60 percent profit in 100 days. In less than a year, the company took in more than \$10 million from investors. All investors’ proceeds were lost.

The advisory includes tips to help investors recognize a high-yield investment program and offers steps investors should take to protect themselves from these scams.

Investors with questions about high-yield investment programs should contact the Arkansas Securities Department before investing at 1-800-981-4429.