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## *Texas State Securities Board*

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### **Recent flooding has brought devastation across Texas—it can also bring investment fraud.**

Recent flooding in Central Texas has brought devastation across the state. As people across Texas mourn and begin to rebuild, the Texas State Securities Board wants to caution individuals of potential investment scams.

The [SEC](#), the [U.S. Attorney's Office](#), and the [Texas Attorney General](#) have also each issued warnings about potential disaster-related investment scams following the Texas floods.

Natural disasters frequently give rise to fraudulent investment schemes as bad actors seek to prey on the vulnerable and exploit natural disasters for their own personal benefit. These scams may target individuals receiving money from insurance companies, FEMA, or other relief sources. Scammers may also approach potential victims via unsolicited emails, social media, text messages, or phone calls.

#### **Common post-disaster investment scams may include:**

- Fraudulent “investment opportunities” in companies claiming to be involved in cleanup, repair, or recovery efforts, such as rebuilding and flood-proofing;
- Schemes promising profits while also claiming to support disaster victims;
- *Pump-and-dump scams*, where fraudsters promote stocks of companies they claim will profit from recovery efforts. Once the stock price is inflated by their false claims, they sell their shares for a profit, leaving other investors with losses or worthless stock.

#### **Protect Yourself Before You Invest: Be Skeptical and Do Your Research**

If someone offers you an investment opportunity related to the Texas floods—or any natural disaster—exercise caution. Ask questions and verify before you invest. Texans should confirm whether the person or firm offering the investment is properly *licensed* and whether the *investment is registered* with the Texas State Securities Board or the SEC. Below are a list of resources investors can use verify the credential of the person or firm offering an investment:

- [Investor.gov](#) – A free SEC resource for checking the background, license, and registration status of investment professionals.
- [BrokerCheck](#) – A free FINRA tool for checking the registration status and disciplinary history of brokers and brokerage firms.
- [IAPD \(Investment Adviser Public Disclosure\) Website](#) – Allows you to look up registration status for investment advisers.

**Finally, watch out for these red flags of investment fraud:**

- Promises of unusually high returns or “guaranteed” profits with little or no risk;
- Pressure to act immediately;
- Pressure of missing out on the investment opportunity and claims of “once-in-a-lifetime” or “can’t miss” opportunities; or
- Requests for payment via suspicious methods, such as wire transfers, gift cards, payment apps, cryptocurrency, or cash.

If you believe you are a victim of an investment scam, please file an investor [complaint](#) form or [contact](#) the Enforcement Division of the Texas State Securities Board.

For more information about investing, including scams and bad investments, please visit [ssb.texas.gov/investors](http://ssb.texas.gov/investors). To learn more about disaster-related investment scams, please visit:

- Texas Attorney General: [Disaster and Emergency Scams](#)
- FINRA: [Beware of Stock Fraud in the Wake of Natural Disasters](#)
- SEC: [Lump Sum Payouts: Questions You Should Ask Yourself before You Invest a Dime](#)
- SEC: [Investment Scams Targeting Specific Groups of Investors](#)