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NDBF WARNS ABOUT FAKE FINANCIAL REGULATOR

JUNE 8, 2018 (LINCOLN, NEB.) — The Nebraska Department of Banking and Finance is warning Nebraska residents about an entity claiming to be a financial regulator. The Federal Securities Trading Regulatory Board (“FSTRB”), with a website at www.fstrb.org claims to be operating from 201 North 8th Street, Unit 210, Lincoln, Nebraska. According to its website, the FSTRB is responsible to “oversee, administer, and enforce the federal securities laws related to Corporate Mergers & Acquisitions.” The FSTRB also claims to license entities and individuals engaged in the financial industry, including broker-dealers, investment advisers, “deposit taking” institutions, and money transmitters.

The Department was contacted by a resident of Finland who reported that a group of investors were attempting to purchase the stock of a company located in Pennsylvania. During the transaction, the FSTRB became involved in the facilitation of the sale of the stock. As instructed by a FSTRB employee, the investors wired money to an account in the Philippines.

The Department has confirmed that there is no entity calling itself the FSTRB located at the address listed on its website. Furthermore, the FSTRB is not a legitimate financial regulator. It appears that this entity and website were created to give credibility to securities transactions and to induce investors to wire funds to “purchase” the securities.

On June 8, 2018, the Department issued a Cease and Desist Order against FSTRB ordering it to cease acting as a broker-dealer and to cease making false and misleading representations to investors, including representing that they are a regulatory agency.

To help investors determine if they are dealing with a bogus regulator, the North American Securities Administrators Association, an organization consisting of state and provincial securities regulators, including the Department, identified the following warning signs:

1. You cannot find references to them on any other regulatory websites. If you cannot find information about the “regulator” on the site of the International Organization of Securities Commissions, www.iosco.org, they probably are not a legitimate regulator.

2. They endorse or approve any investment opportunity, stock, or company. Legitimate regulators are not in the business of promoting any deal, only enforcing securities laws and ensuring fair dealing.
3. They say that paying a fee to “release restricted shares” is anything other than an attempt to steal your savings. This is a common ploy, and a recent twist on age-old advance fee schemes.
4. Little or no information about the “regulator” appears in Internet search engines. Any legitimate regulator should generate hundreds of entries in any Internet search engine.
5. If you talk to other regulators, and they say they have “never heard of them,” you are most likely dealing with a fake regulator.

The Department strongly cautions consumers on conducting business over the Internet with financial companies with whom they are unfamiliar. In many cases, the customer is told to wire money or send a money order, often to a location outside the United States. Consumers never receive the promised services and cannot recover their money. Furthermore, these consumers may be asked to provide personal information such as social security numbers and bank account numbers to the Internet company, which makes them prime targets for identity theft.

Individuals who conducted business with the FSTRB are asked to contact the Department.

A copy of the Cease and Desist Order is also available on the Department’s website at www.ndbf.nebraska.gov.

More information about the laws governing the financial industries in Nebraska can be found on the Department’s website. If you have questions about any investment matters, call the Department’s Consumer Hotline toll free at (877) 471-3445 in Nebraska, or (402) 471-3445 if you are out of state.

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