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## **Investors Cautioned about Cryptocurrencies**

**Harrisburg, PA** - With cryptocurrencies like Bitcoin continuing to attract headlines and market interest, Secretary of Banking and Securities Robin L. Wiessmann reminds consumers that investments involving cryptocurrencies should not be confused with developments of the underlying technology, known as the blockchain.

The blockchain is a fully distributed, publicly accessible database, or ledger, that keeps a permanent record of digital transactions that is being developed for many uses, including currency transmission across borders, creation of “smart” contracts, and tracking shipments around the world.

“The blockchain has the potential to have a positive impact on many sectors of our economy beyond the financial marketplace,” said Wiessmann. “Governor Wolf and I welcome innovation and are watching with great interest how businesses incorporate the blockchain into their models to the benefit of their investors and their customers.”

Cryptocurrencies, on the other hand, are a medium of exchange – like money -- that are created and stored electronically in the blockchain. Unlike traditional currency, cryptocurrencies have no physical form (e.g., there is no “coin” in Bitcoin) and typically are not backed by tangible assets. They are not controlled by a central bank or other governmental authority and are subject to little or no regulation.

“I urge consumers to investigate any investment or transaction involving cryptocurrencies as they would traditional investments in tangible assets, fiat currency, or securities,” said Wiessmann. “Investors need to understand that all investments carry risk, and they need to take steps to protect themselves from scam artists.”

Wiessmann advises consumers to make sure they are aware of some of the risks of cryptocurrency investments, including:

- Cryptocurrency accounts are not insured like traditional banking accounts, which are insured by the U.S. government up to \$250,000.
- Cryptocurrency is subject to minimal regulatory oversight, susceptible to cybersecurity breaches or hacks, and there may be no recourse should the cryptocurrency disappear.
- The high volatility of cryptocurrency investments makes adds additional risk for most investors, especially those investing for long-term goals or retirement.
- Investors in cryptocurrency are relying upon companies that may not be accountable to a government regulator charged with investor protection, such as the PA Department of Banking or Securities or the federal Securities and Exchange Commission.

Wiessmann also reminds investors that every offering is distinctive, and she urges retail investors to watch a short [animated video](#) produced by the North American Securities Administrators Association (NASAA) to help investors understand the risks associated with cryptocurrencies.