



**State of Wisconsin**  
*Department of Financial Institutions*

Tony Evers, **Governor**

Kathy Blumenfeld, **Secretary**

**For Immediate Release:**

June 2, 2020

**DFI Issues Advisory to Raise Awareness of Private Offering Risks**

MADISON, Wis. – Today Governor Tony Evers directed the [Wisconsin Department of Financial Institutions \(DFI\)](#) to issue an investor advisory on exempt securities offerings, also known as “private placements,” in light of the financial distress caused by the [COVID-19](#) pandemic and fraudsters trying to capitalize on current events.

Private placement offerings are securities offerings not required by law to be registered with federal or state securities regulators, according to the U.S. Securities and Exchange Commission’s [Rule 506 of Regulation D](#). Private offerings are not reviewed by regulators and, as a result, there is an increased potential for fraud. The most recent enforcement statistics collected by the [North American Securities Administrators Association](#), of which DFI is a member, identified private placements as one of the most frequent sources of enforcement actions by state securities regulators.

Private placements allow companies to sell stocks, bonds, or other securities to investors without completing the rigorous disclosures necessary in a registered offering. Businesses raising capital through private placement offerings often have limited operating histories and frequently have modest revenues compared to larger public companies. They are not required to provide as much information to investors as public companies are required to provide under federal securities laws.

To learn more, read DFI’s [Advisory on Private Placement Offerings](#). The advisory provides an overview of private placement offerings, the risks associated with these offerings, and the steps investors can take to minimize their risk of falling victim to fraudulent private placement offerings.

Before making any financial decisions, DFI encourages investors to do their research, ask questions, and contact DFI’s [Division of Securities](#) at (608) 266-2139 for more information.

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