



# News Release

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STATE OF SOUTH CAROLINA

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## **Attorney General Alan Wilson Issues Investor Advisory on Virtual Currency** *It pays to know what's in your e-Wallet*

**(Columbia, S.C.)** South Carolina Attorney General Alan Wilson today issued an investor alert cautioning investors to consider the risks associated with virtual currencies.

Virtual currency, which includes digital and crypto-currency, are gaining in both popularity and controversy. Growing numbers of merchants, businesses and other organizations currently accept Bitcoin, one example of crypto-currency, in lieu of traditional currency.

Virtual currency is an electronic medium of exchange that can be bought or sold through virtual currency exchanges and used to purchase goods or services where accepted. These currencies are stored in an electronic wallet, also known as an e-Wallet, which is a digital system that allows payments online via a computer or mobile device such as a smartphone.

Recently, one of the largest Bitcoin exchanges, MtGox, shut down after claiming to be the victim of hackers and losing more than \$350 million of virtual currency. Despite the controversy, virtual currency may find its way into your e-Wallet.

According to the Division's alert, some common concerns investors should consider before investing in any offering containing virtual currency include:

- Virtual currency is subject to minimal regulation, susceptible to cyber-attacks and there may be no recourse should the virtual currency disappear.
- Virtual currency accounts are not insured by the Federal Deposit Insurance Corporation (FDIC), which insures bank deposits up to \$250,000.
- Investments tied to virtual currency may be unsuitable for most investors due to their volatility.
- Investors in virtual currency will be highly reliant upon unregulated companies that may lack appropriate internal controls and may be more susceptible to fraud and theft than regulated financial institutions.
- Investors will have to rely upon the strength of their own computer security systems, as well as security systems provided by third parties, to protect their e-Wallets from theft.

The Attorney General serves as the South Carolina Securities Commissioner and oversees the South Carolina Securities Division. The Securities Division enforces the South Carolina Uniform Securities Act, which seeks to protect South Carolina investors against fraud and unfair or unethical practices; registers both securities and professionals in the securities industry; develops and implements investor education initiatives; and supports an equitable, competitive, and efficient securities marketplace that contributes to the economic development of South Carolina and the well-being of its citizens.

For more information about the risks associated with virtual currency, contact the Securities Division of the Office of the Attorney General at (803) 734-9916.