



**Commonwealth of Kentucky
Public Protection Cabinet**

Department of Financial Institutions

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FOR IMMEDIATE RELEASE

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Don't Get Bitten By a Unicorn – Investigate Before You Invest

*Kentucky Securities Regulator Warns Investors
About Risks of Financial “Unicorns”*

FRANKFORT, Ky. (March 23, 2018) – Financial “unicorns” are not a myth – they are privately held companies with a reported valuation on paper of more than \$1 billion.

The Department of Financial Institutions (DFI) warns potential investors that unicorns can be risky. These speculative pre-IPO investments in large, privately held companies are generally unavailable to retail investors. Investors in unicorns typically are private funds, wealthy individuals, and direct owners or employees of the company. However, retail investors may hold shares of a unicorn that is part of a mutual fund or other pooled investment.

Investing in unicorns carries very real risks, particularly for those who invest directly into a unicorn. DFI has issued an advisory providing information and resources to help investors better understand unicorn companies. Some of the risks associated with unicorn pre-IPO companies include fraud, lack of disclosure, poor liquidity and valuation.

The full advisory is available on DFI's website at <http://kfi.ky.gov/public/Pages/invest.aspx>.

“We always recommend investors ask questions and do their homework before investing,” said DFI Securities Division Director Shonita Bossier. “Because these are not publicly traded companies, additional research should be done to validate the company's legitimacy.”

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DFI, <http://kfi.ky.gov>, is an agency in the Public Protection Cabinet. For more than 100 years, it has supervised the financial services industry by examining, chartering, licensing and registering various financial institutions, securities firms and professionals operating in

Kentucky. DFI's mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.