

## Alabama Securities Commission: Online loan 'matchmaking' presents dangers

The **Alabama Securities Commission** warned consumers today about the dangers of online loan "matchmaking," which is known as peer-to-peer lending, social lending, person-to-person lending or P2P. "When you see a peer-to-peer lending opportunity on the Internet, you should do your homework," **Commission Director Joe Borg** said in a statement.

Borg said consumers should: Check with the commission to obtain the background and licensing information on the company facilitating the loan. Potential lenders also should consider the risk of the borrower defaulting on the loan.

Be aware that the identity of the borrower is often not available to the lender, making it impossible to verify independently the status of the borrower's finances and business prospects.

"Investors should proceed with caution when considering new investment vehicles," Borg said.

*(The Birmingham News, 16 December 2010)*