

It is illegal to engage in fraud in the offer or sale of a security. Under most circumstances, it is also illegal to sell securities that have not been registered with the U.S. Securities and Exchange Commission. A security includes the following items: "note," "stock," "bond," and "debenture" and more general terms such as "investment contract" and "any interest or instrument commonly known as a 'security'." Designating such instruments as "loans" does not change their legal status as securities. *SEC v. W.J. Howey Co., et. al*, [328 U.S. 293](#) (1946).