



Managing Your Money

Be Careful Whom You Trust With Your Money

(NAPSA)—Your money may be more secure if you learn from one woman’s experience.

The Scam

Laura Astorga works longer hours these days. She needs to. She has to build her savings back up. Astorga lost most of it in a Ponzi scheme aimed at the Hispanic community in Los Angeles. It was orchestrated by a fraudster, Juan Rangel.

Rangel used a range of influence tactics to lure his victims. He promised them “phantom riches” if they invested with him: annual returns of more than 60 percent, which is a very unlikely rate of return.

He advertised his company in Spanish language media, played up his ethnic identity and used local celebrities to pitch his scheme. He also held investment seminars in the community. His pitch convinced people to take equity out of their homes and invest their hard-earned savings in his company.

But Rangel did not invest the money Astorga and others gave him. Instead, he stole at least \$30 million from more than 500 Hispanic, mostly working-class victims. The company was a sham—it wasn’t registered with any regulatory or government agency. Rangel, now in jail, also secretly and fraudulently took title to many of his victim’s homes.

“Cons have an easier time persuading their targets to invest when they appear to belong to the same group or to share a common characteristic,” said Gerri Walsh, president of the FINRA Investor Education Foundation.

This is called social consensus, and experts say it’s a common tac-



In what’s known as affinity fraud, cons give their victims the sense that everybody in a group is investing with them so it must be a good thing to do.

tic of crooks and a key driver of affinity fraud. But you don’t have to be a victim.

Good Advice

Robert Retana, an attorney who grew up in the Los Angeles area, offered this advice: “It’s important to check with the SEC and FINRA to find out if the company is registered. It’s also important to realize that if the company is offering excessive rates of return, that’s a red flag.”

To help you avoid fraud and make informed investing decisions, state, national and federal regulators have tools that can help. FINRA BrokerCheck lets you check to see if someone is licensed to sell securities. And the Securities and Exchange Commission’s Edgar database lets you research whether an investment product is registered. Always ask if a person or product is registered with the proper regulatory bodies—and check to verify before you invest.

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