

# Your Money

## Financial Fraudsters Exploit Relationships

(NAPSA)—From your family to your social networks, the people around you often have the most influence on your life. But according to experts, fraud artists can also use those bonds to convince you to invest in a scam.

“This tactic is called affinity fraud, and it is one of the most common types of investor fraud, because it exploits the bonds you share with others,” said Gerri Walsh, president of the FINRA Investor Education Foundation. “A fraudster will create a common bond strongly shared with community members—like in a church or the military—and then use this bond to take advantage of their trust, luring multiple investors in the community.”

### Worst-Case Example

One of the worst cases of affinity fraud in recent history is the case of the “Three Hebrew Boys.” These three scam artists used an angle of faith and camaraderie to target church groups and military service members. Ultimately, they conned their victims out of \$82 million.

The Hebrew Boys created relationships with high-ranking military officials, who were then used as salespeople to sign on their subordinates—like Joyce Adams, a retired Navy officer who lost almost \$40,000 to the scam.

Adams assumed the officials had already done their research on the investment and did not hesitate to invest because the bond with other military personnel gave her “a sense of trust.”

Like many fraud experts, Walsh warns investors that just because everyone else is doing



Joyce Adams, retired Navy officer

**One way to fight fraud when offered an investment opportunity is to ask detailed questions—and expect answers.**

something, it doesn't mean it's okay. When it comes to finances, you should take more than trust into consideration.

### Helpful Tips

Walsh suggests that you follow these simple steps when considering an investment proposition:

- **Ask questions—and expect answers.** Even if the person who first told you about the investment is a friend, there may be others involved who are not. Ask the seller if he/she is licensed and if the investment is registered.

- **Double-check.** Verify that the seller is licensed and the investment is registered at [www.SaveAndInvest.org/LearnMore](http://www.SaveAndInvest.org/LearnMore).

- **End the conversation.** Practice saying “no.” Even if you trust the seller, give yourself time to think about the investment. Take steps to make sure your money is in safe hands.

For more tips on spotting investment fraud and protecting yourself, visit [www.SaveAndInvest.org/LearnMore](http://www.SaveAndInvest.org/LearnMore).