

HOW CAN I PROTECT MYSELF FROM AFFINITY FRAUD?

Unfortunately, many victims of affinity fraud simply trust the judgment of friends, family members or co-workers when making investment decisions. Others only discuss the investment with the promoter of the scheme or others who have invested in the scheme.

But, the key to avoiding affinity fraud or any investment fraud is to use independent information to evaluate the financial opportunity. Most investors can avoid becoming the victim of an affinity fraud if they ask questions from the start and verify the answers with reliable, independent information from sources outside of their family, community, or group.

WHAT SHOULD I DO BEFORE I INVEST?

Like with any investment opportunity, it is critical that you ask questions about investments and the people who pitch them - and then verify the answers - before you invest.

Check Out the Investment Professional:

Ask whether and where the promoter of an investment opportunity is registered to sell you the investment. A legitimate financial professional and his or her firm must be registered with the Bureau, FINRA, or the S.E.C., depending on the type of business the individual or firm conducts. Then, independently verify that information by visiting:

www.NJSecurities.gov.

Check Out the Investment:

Ask whether and where the investment is registered. With very few exceptions, companies must register their securities before they can sell shares to the public. You can find out whether a product is registered with the S.E.C. by using the EDGAR database (**www.sec.gov/edgar.shtml**), or with the Bureau by calling:

1-866-I-Invest.



AVOIDING AFFINITY FRAUD



The New Jersey Bureau of Securities ("Bureau") is committed to protecting New Jersey residents from becoming victims of affinity fraud – a fraud that targets members of an identifiable group. This guide will assist you in identifying affinity fraud, as well as give you tips regarding how to avoid becoming a victim of affinity fraud.

New Jersey Bureau of Securities





WHAT IS AFFINITY FRAUD?

Affinity fraud refers to an investment scam that preys upon members of an identifiable group – such as a religious or ethnic community, the elderly, or a professional organization, by exploiting the faith, trust and friendship that exist in groups of people who have something in common.

HOW DO THEY DO IT?

The perpetrators of affinity frauds frequently are – or pretend to be – members of the group. They develop a sense of community and overcome natural skepticism by preying on groups of individuals with shared background or interests.

These fraudsters often enlist respected community or religious leaders from within the group to spread the word about the scheme or to convince members of the group that a fraudulent investment is legitimate and worthwhile. Many times, those leaders become unwitting victims of the fraudster's ruse.

Because of the tight-knit structure of many groups, it can be difficult for regulators or law enforcement officials to detect affinity fraud. Victims often fail to notify authorities or pursue their legal remedies and, instead, try to work things out within the group. This is particularly true where fraudsters have used respected community or religious leaders to convince others to join the investment.

Some Common Targets of **AFFINITY FRAUD**

Affinity fraud can target any group that takes pride in shared characteristics. Commonly, affinity fraudsters target:

- Ethnic communities;
- Religious groups or organizations;
- Professional organizations;
- Members of the military; or
- Seniors



IF A PROBLEM OCCURS

Don't be embarrassed if you are a victim of affinity fraud. If you feel that you have been a victim of affinity fraud or believe that a group you belong to is being targeted for affinity fraud, file a complaint with the Bureau:

Online: **www.NJSecurities.gov**
By Phone: **1-866-I-Invest**