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Indiana Secretary of State



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Indiana Secretary of State**

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INDIANA
INVESTMENT WATCH

Affinity Fraud

www.IndianaInvestmentWatch.com



An Asian community in California

A Hispanic community in Florida

A Bangladeshan student community at Wichita State University

Various groups of churchgoers in Utah, Arizona, and New York

An African-American community in Maryland

A group of factory workers in Indiana

The victims are often different, but the scam is still the same: Members of each of these groups were targeted based on their common backgrounds. Scam artists use this technique, known as “affinity fraud,” to gain trust in targeted groups.

INTRODUCTION

Everyone, in some way or another, is connected to a group or association. Our interests, backgrounds, and other factors naturally lead us to affiliate with groups that serve our needs. Race, culture, and religious beliefs also play a role in identifying us as members of unique groups that we often come to trust — sometimes to our detriment.

SHORT DEFINITION

Affinity fraud preys on likeness and trust. Members of a group are more likely to trust an upstanding member of their community, believing that he or she has their best interests in mind. Unfortunately, it is this very trust that causes people to fall victim to affinity fraud. Affinity fraud occurs when a member of a group, organization, or community abuses trust to take advantage of other members.

VICTIMS

Victims of affinity fraud are not of just one demographic or background. The victims will be members of the community where the con artist has an “in.” Common targets include:

- Recent immigrants
- Minority groups
- Religious groups
- Elderly people

While these are the most commonly targeted groups, any group is vulnerable and should be on guard for con artists who try to play the trust card.

PREVENTION

Con artists look for vulnerability and often lull members into misplaced trust by selling first to a few prominent members, then pitching the scam to the rest of a group by using the names of those previously sold. Once a victim realizes that he or she has been scammed, too often the response is not to notify the authorities, but instead to try to solve problems within the group. These general tips can help you and members of your community avoid becoming victims:

- Ask for more written information.
- Do not rely on the testimony of others, regardless of how well you know them.
- Check on the investment and the person selling it by calling 800.223.8791 or visiting www.IndianalInvestmentWatch.com.
- Report suspicious activities by calling 800.223.8791 or visiting www.IndianalInvestmentWatch.com.
- If you are still unsure, get outside assistance from a licensed financial professional. Check on the professional by calling 800.223.8791 or by visiting www.IndianalInvestmentWatch.com.

More information on affinity fraud may be found at www.IndianalInvestmentWatch.com.