

# Fraud Among Friends



With all the bad news in the headlines, many people are asking “Well, who can you trust?” This is especially true when it comes to investing money. If you don’t take the time to research an investment or the person selling it, you increase your risk of being scammed out of your hard-earned money.

## How affinity fraud works:

Affinity fraud occurs when a scammer targets tight-knit groups such as associations, unions, social clubs, online social networks, and ethnic or religious communities. The scam artist abuses our instinct to trust the people who are like us.

The scam artist might be a member of your group: “You can trust me,” says the con artist, “I’m like you. We share the same background and interests. And, I can help you make money.”

The scam artist might be an outsider using your trust in group members: “Well it must be ok – my buddies have bought in! I better hurry so I don’t miss out on this! It sounds like a great opportunity!”

If the scam artist is not a member of your group, they’ll try to pull members into the scam by building relationships with important members of the group to gain acceptance. The scammer will sell first to a few prominent members and then pitch the scam to the rest by using the trust placed in these prominent members.

The effect is the same: once the connection to the group is understood, defenses go down, and one more name is added to the scam artist’s sales column.



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## Contact us

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## How to avoid affinity fraud:

- Beware of the use of names or testimonials from other group members. Scam artists usually pay out high returns to the early investors by using money from later arrivals. Because of the great money they're supposedly making, early investors may be wildly enthusiastic about a scam that may collapse entirely once you've invested.
- Always get as much written information as possible about the investment. It should include detail about the risks and costs of the investment, and what you have to do to get your money out.
- Ask a professional outside expert that is not in your group, such as an accountant, lawyer or a financial advisor, to evaluate the investment.
- Call the Financial and Consumer Services Commission or [visit us online](#) before investing any money. We can tell you more about the salesperson and firm including if they are registered to sell investments in the province. If they are not registered, that is a red flag to inquire further.
- Don't take the word of a salesperson no matter who it is! Check out the investment for yourself.



**Always do your homework before handing over money for an investment. These tips will help you recognize and avoid affinity fraud before your money falls into the wrong hands.**

