



How to Avoid Becoming a Victim of Affinity Fraud

Financial fraud can take many forms including Boiler Room scams, Pump and Dump Schemes, Ponzi and Pyramid schemes. Affinity Fraud ranks among the most predominant in operation globally, particularly within a close-knit society or community, and can thrive or even go unreported.

The United States Securities and Exchange Commission defines Affinity Fraud as '*investment scams that prey upon members of identifiable groups, such as religious or ethnic communities, the elderly, or professional groups. The fraudsters who promote affinity scams frequently are - or pretend to be - members of the group*'.

How does Affinity Fraud work?

Fraudsters will carefully target a club, religious group or community group and seek to gain membership in order to gain trust. Once accomplished, they then attempt to convince the members of the community or group to participate in a fraudulent investment. It is common practice for fraudsters to first sell to a few prominent members of the community, to build credibility, and these persons are subsequently used as references. These fraudsters then focus their attention on other members of the community, encouraging them to invest. Once the fraud has been perpetrated, they abscond with the funds thereby leaving their victims embarrassed and unwilling to make a report. It is a common practice that victims of affinity fraud do not report incidents to the relevant authorities and opt to rectify the situation among themselves.

How can you avoid becoming a victim of Affinity Fraud?

1. Take the time to evaluate any offer to purchase an investment before making any decision, even if the offer is being made by someone you trust. Never make rushed financial decisions.
2. Be sceptical of any investment opportunity that is not in writing. Avoid any investment if the particulars about the investment are not documented. You should also be suspicious, if you are told to keep the so-called investment opportunity confidential.
3. If you have questions regarding the business or investment, do not hesitate to ask. If the person offering you the investment becomes evasive, agitated or does not answer your questions properly, do not invest your money.

4. All investments have some level of risk. Ensure that those risks are communicated to you and that you understand them and how they will impact your investment. Fraudsters often dangle the prospect of attaining unrealistic wealth with minimum effort. In other words, do not fall for investments that promise spectacular profits or “guaranteed” high returns.
5. Never make an investment because others have made the same investment. Your investment decisions should be based on your personal investment goals. Therefore, the opportunity, as well as its timing, should be evaluated to ensure that it fits into your current financial situation.
6. Do your own research on the investment and into the person offering the investment. If you or your group are approached to make an investment, check the Trinidad and Tobago Securities Exchange Commission’s (TTSEC's) website to determine whether the person/company is registered to conduct business within the local securities industry (<http://ttsec.org.tt/registration/>). You may also access this registration database via the TTSEC Investor Protection App. The database will provide information on whether:
 - a. the person/company is registered to conduct business within the local securities industry; and
 - b. the investment product, being offered, is registered with the TTSEC.
7. Please note that fraudsters are increasingly utilizing the internet to target particular groups via e-mails, WhatsApp messaging and social media.
8. Individuals can also avail themselves of the TTSEC’s Investor Education website, <http://InvestUcateTT.com/>. The website provides information on how to invest for different life stages, various investor tools (such as a Retirement and a Savings/Investing calculator as well as an Investor Risk Profile Evaluator), a blog and other investing-related articles (including those on the differing investment scams).

What to do if you become a Victim of Affinity Fraud?

1. **Download the TTSEC Investor Protection App** – The TTSEC Investor Protection App is available for both Apple and Android devices and can be downloaded for free. The app allows you to easily submit a report to the TTSEC via video, audio, document or image files. Further, victims are advised not to be influenced by perpetrators who claim that they are “working it out among the membership group” after incidents of fraud. This generally leaves the fraudster free to perpetrate more scams on an unsuspecting public. If you receive unsolicited communication from someone you do not know, containing a "can't lose" investment, your best options are to report via the TTSEC App or forward the spam to the TTSEC at ttsec@ttsec.org.tt .
2. **Submit a complaint via the TTSEC’s corporate website.** The complaint forms can also be found on the TTSEC’s website <https://www.ttsec.org.tt/about-us/investor-complaints/>. The complaint should include a clear and concise summary with all key elements relevant to the complaint.

3. Additionally, copies of all supporting documents should be provided. While original documents will need to be brought in for verification, the photocopies are kept for our investigation. Investigations are confidential.

The TTSEC is committed to ensuring that the local securities industry is efficient, fair and transparent. Consequentially, it treats with any suspected case of financial fraud with the utmost attention and diligence.

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For more information, please visit our corporate website, www.ttsec.org.tt.
You may also visit our Investor Education website at www.investucatett.com or
connect with us via any of our social media handles:



Published Article – Business Express Newspaper
December 8th, 2021