

**CONTACT** Claire McHenry, Deputy Director – Securities Bureau

**PHONE** 402-471-3445

**EMAIL** [claire.mchenry@nebraska.gov](mailto:claire.mchenry@nebraska.gov)

---

## STATE RESIDENTS URGED TO BE ON GUARD AGAINST AFFINITY FRAUD STATE REGULATOR WARNS INVESTORS NOT TO LET GUARD DOWN

August 16, 2018 (LINCOLN, NEB.) — The Nebraska Department of Banking and Finance (NDBF) issued a warning today for Nebraska residents to be on the lookout for affinity fraud. Affinity fraud occurs when an investment promoter plays upon the fact that they share something in common with a potential investor – such as attending the same place of worship, being a member of the same race or ethnic group, or working in the same profession. Investors are more likely to trust this type of salesperson. But after lowering their guard and giving their money to a promoter, they can end up losing their entire investment.

NDBF urges investors to not be taken in by testimonials from other group members who express enthusiasm for an investment's success. "Many investors fall prey to promoters who may seem to share your values and life experiences," said Deputy Director Claire McHenry. "But no matter who is promoting an investment opportunity, you should protect yourself by maintaining your skepticism and investigating before investing your money."

"While early investors may receive returns on their investments, scam artists frequently use money from later investors to pay high returns to early investors. Those who invest at the later stages of the scam often lose all the money they thought they were investing," McHenry said.

McHenry encourages investors to be leery about promises of "guaranteed" investments since all investments involve risk. In addition, she said investors should be very skeptical when high rates of return are promised, especially when few investments are earning high returns.

"Affinity fraud are some of the saddest cases that we see," said McHenry, "because people not only lose their money but they've been betrayed by someone they trusted."

More information about the laws governing the securities industry in Nebraska can be found on NDBF's website at [www.ndbf.nebraska.gov](http://www.ndbf.nebraska.gov). If you have questions about any investment matter, call NDBF's Consumer Hotline toll free at (877) 471-3445 in Nebraska, or (402) 471-3445 if you are out of state.

###