



News Release

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Saskatchewan Policing Agencies Remind Consumers March is Fraud Awareness Month: Focus on Securities Schemes/Affinity Frauds

The Commercial Crime and Fraud Sections with the RCMP “F” Division, Regina Police Service, Saskatoon Police Service, and the Saskatchewan Financial Services Commission have joined forces to promote March as Fraud Awareness Month to Saskatchewan residents and consumers.

During this the final week of Fraud Awareness Month, the activity of affinity fraud is to be profiled. The Saskatchewan Financial Services Commission (SFSC) urges Saskatchewan residents to protect themselves against affinity frauds - so named because the schemes target members of groups such as seniors, professional organizations, religious groups, and people of common interests. Investors are urged to follow a few simple guidelines to protect themselves and their investments.

What is Affinity Fraud?

The people who promote affinity scams often join or pretend to be members of groups. They then convince respected members of the group or religious leaders to help promote the scheme. Often leaders of the organization become the first victims in the scam and unwittingly encourage others within the group to follow suit.

The scams succeed largely because of the trust that already exists within the group. By successfully gaining the confidence of group leaders, the person running the scheme is easily able to convince other members of the group that a fraudulent investment is actually legitimate and worthwhile.

Because of the pre-existing level of trust within the organization, the group is often reluctant to go to the police or securities regulators after falling victim to an affinity fraud. “These scams often go unreported,” SFSC’s Securities Division Enforcement Branch Deputy Director Ed Rodonets explained. “Quite often, the leaders and individual members of the group are too embarrassed about what has happened to alert regulators or the police.”

Has Affinity Fraud been reported in Saskatchewan?

There have been several affinity frauds in Saskatchewan in recent years. In one case, an individual gained the trust of members of a local church, and convinced the members to invest in his on-line trading scheme. To do so, he built a relationship with church leaders and other members – even going so far as to offer bible studies in his home. Gradually, he promoted himself to the group as a successful on-line trader, and recruited others to observe his success in on-line trading.

The individual also convinced members of the group to invest several hundred thousand dollars, and then he disappeared without a trace. It is believed this individual has operated a similar scam in at least five other countries, including posing as a church member, a pastor, a chaplain and as a priest. Similar frauds have taken place in several areas within Saskatchewan.

In another case, a group of fraudsters convinced members of a similar occupation in rural Saskatchewan to invest in offshore real estate. They started by convincing a single individual to invest, and provided a quick return on that investment. In turn, that individual then told his co-workers about the investment opportunity and convinced them to join the scheme. The investment went bad and the original investor was left with an angry group of co-workers.

The lingering hard feelings can be even worse when the scheme involves members of the same extended family. In those cases, the person or group running the scam is able to convince one influential member of the family of the worth of an investment. That investor then brings other members of the family onboard. When the scheme collapses, the original investor not only loses his or her money, but also the respect and trust of other family members.

How can I protect myself?

The SFSC encourages investors to be cautious, and take the following steps when approached with an investment opportunity:

- Never make an investment based solely on a recommendation from a member of a group or organization you belong to;
- Investigate each investment opportunity thoroughly, and be aware that the person telling you about the opportunity may have been fooled as well;
- Don't be rushed into making an investment before you've had an opportunity to thoroughly research it. Be wary of "once-in-a-lifetime" opportunities;
- Be wary of investments described as "risk free." Generally, the greater the potential return on the investment, the greater your risk of losing money;
- Do not fall for schemes offering spectacular profits or guaranteed returns. In this case the old adage applies: if it seems too good to be true, it probably is.

If anyone believes they have been a victim of an affinity fraud, or has any information regarding a suspected investment scheme, they should contact their local police, or the SFSC at 306-787-5645.

Through heightened awareness of Fraud Awareness Month, the trained staff of Commercial Crime and Fraud Sections with RCMP “F” Division, Regina Police Service, Saskatoon Police Service, and Saskatchewan Financial Services Commission, will be able to share their knowledge and inform the general public. Education on fraudulent activities will help prevent consumers from becoming “victims.”

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For further information, contact:

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RCMP “F” Division
Phone: 306-780-6005

Or visit: www.sacp.ca/fraudawareness/

The following contact information is offered below as additional reference.

RCMP “F” Division: www.rcmp-grc.gc.ca/sk

RCMP: www.rcmp-grc.gc.ca/scams-fraudes/

Regina Police Service: www.reginapolice.ca

Saskatoon Police Service: www.police.saskatoon.sk.ca

Saskatchewan Financial Services Commission: www.sfsc.gov.sk.ca

Bank of Canada: www.bankofcanada.ca/en/video_corp/dbo/dvd_fraud.html

Better Business Bureau: 1-888-352-7601 www.sask.bbb.org

Consumer Protection Branch: (306) 787-5560 www.justice.gov.sk.ca/cpb

Corporations Branch: (306) 787-2962 www.corporations.justice.gov.sk.ca



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