



# SEC

OFFICE of INVESTOR  
EDUCATION and ADVOCACY

Before You Invest, **Investor.gov**

## Investor Alert

# Avoiding Investment Fraud in Your Faith-Based Community

*The SEC's Office of Investor Education and Advocacy and the Retail Strategy Task Force are issuing this alert to help investors protect themselves and their communities from fraud targeting members of a shared faith.*

Having something in common is a great way to strike up a conversation and to gain someone's trust, and the tendency to trust someone may be especially strong when that person appears to share your beliefs and values. But sometimes fraudsters try to take advantage of that trust by targeting people of faith – the fraudster may even be (or pretend to be) part of the very group they are trying to cheat. **We urge you to be on the lookout for investment fraud, even in your faith-based community.**

In *SEC v. John Henderson and Global Leadership Resources LLC* (<https://www.sec.gov/litigation/litreleases/2019/lr24597.htm>) the SEC charged an Illinois-based corporation and its founder, president, and CEO for making false and misleading statements in a securities offering aimed at Christian investors. According to the SEC's complaint, the alleged offering fraud targeted individuals associated with a Christian college, Christian church, and other religious organizations with which the CEO was associated, including a church he founded, by employing numerous religious references.

Criminals target both broad-based communities (for example, people of a specific religion) as well as smaller groups (for example, people who attend the same mosque, church, or synagogue). Some scams even enlist leaders of a group to spread the word about the scheme. Those leaders may not realize the "investment" is actually a fraud, which means they too may be victims.

While it may be hard to believe someone who shares your beliefs and values would ever try to cheat you, the losses can be devastating if they do. Here are some tips to help you and other members of your faith-based community avoid falling victim to fraud:

- **KNOW WHO YOU ARE DEALING WITH.** Even if you know the person making an investment offer, either personally or through their role in your religious organization, be sure the person is a registered investment professional. Always do a background check (using their legal name if possible) on any investment professional you are considering with the free search tool on [Investor.gov](https://www.investor.gov). **If the person is not licensed, we urge you**

**to be very careful – unlicensed individuals commit much of the investment fraud we see.** You can also see if the person has been named in an SEC action using the SEC Action Lookup – Individuals (SALI) database (<https://www.sec.gov/litigations/sec-action-look-up>), or even do a simple internet search for any news about the person.

- **UNDERSTAND WHAT THEY ARE SELLING.** If someone recommends an investment, get more information. Don't trust an investment offer if you can't get it in writing. Fraudsters often avoid putting things in writing.
- **AVOID INVESTMENTS THAT ARE "TOO GOOD TO BE TRUE."** Don't fall for investments promising spectacular profits or "guaranteed" returns. More likely than not, they are frauds. Watch out for investments claiming to have no risk. All investments have risks. Promises of quick and high investment returns, without risk, are classic warning signs of fraud.
- **DON'T BE RUSHED.** Research the "opportunity" before you decide to invest. Reputable investment professionals won't pressure you to buy immediately.

It may feel uncomfortable to question someone you know and trust, especially when they are a member of your faith-based community—but remember that it's your money on the line. And keep in mind that sometimes the person trying to sell you the investment is an unknowing victim too. If you suspect a possible fraud, walk away and report it to us:

U.S. Securities and Exchange Commission –  
SEC Complaint Form ([www.sec.gov/complaint/select.shtml](http://www.sec.gov/complaint/select.shtml))

## Contact the SEC If You Have Questions

If you have questions about investing, or about how to check the license or registration of an individual or firm, call the SEC's toll-free investor assistance line 800-732-0330 (dial 1-202-551-6551 if calling from outside of the United States) or email [Help@SEC.gov](mailto:Help@SEC.gov). Also, the SEC's Office of Investor Education and Advocacy conducts in-person investor education presentations. If you or your group is interested in a presentation, please contact [Outreach@SEC.gov](mailto:Outreach@SEC.gov).

## Additional Information

SEC Charges Pastor with Defrauding Retirees (<https://www.sec.gov/news/press-release/2017-74>)

SEC Charges Prominent Pastor, Financial Planner in Scheme to Defraud Elderly Investors (<https://www.sec.gov/news/press-release/2018-51>)

- Federal Trade Commission – FTC Complaint Assistant (<https://www.ftccomplaintassistant.gov/#crmt&panel1-1>)
- Consumer Financial Protection Bureau – CFPB Complaint Page (<https://www.consumerfinance.gov/complaint/>)
- Stopping Affinity Fraud in Your Community ([https://www.investor.gov/sites/investorgov/files/2019-02/Affinity-Fraud\\_English.pdf](https://www.investor.gov/sites/investorgov/files/2019-02/Affinity-Fraud_English.pdf))

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