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Leaders warn LDS against money scams

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The First Presidency of The Church of Jesus Christ of Latter-day Saints has sent a letter to its congregations, urging members to be wary of fraud.

In the letter being read in churches, the First Presidency says "reports of fraud schemes and unwise investments prompt us to again counsel members with respect to prudence in managing one's financial affairs."

"We are concerned that some church members ignore the oft-repeated direction to prepare and live within a budget, avoid consumer debt, and to save against a time of need," the statement reads.

"Consideration should also be given to investing wisely with responsible and established financial institutions. We are also concerned that there are those who use relationships of trust to promote risky or even fraudulent investment and business schemes."

The LDS Church did not elaborate beyond the First Presidency's statement, but state authorities who investigate financial crimes hope Utahns will "heed the message."

"I hope bishops have read them. It is real critical that they are being read," said Francine Giani, the executive director of the Utah Department of Commerce. "I hope people are listening."

Here in Utah, authorities said a majority of the fraud cases they encounter involve some level of "affinity fraud," which is an investment scam that preys upon members of a specific group — such as a religious or ethnic community.

"It is very prevalent," said Charlene Barlow, the Utah attorney general's section chief over financial crimes. "I have victims that sit here and they say, 'I can't believe I was so stupid. But you know, he was a church member. He was in my ward. He was my bishop.' So they check their skepticism at the door."

Affinity fraud is not limited to the LDS Church, but, obviously, many of the cases here are LDS-centric because it is the dominant faith.

"People that are going to perpetrate a fraud on a group of people, the issue of trust is important," Giani said. "That trust can come from a religious affinity."

Barlow said anecdotally, they find LDS connections do factor into a fraud scheme.

"You'll walk into their office and they'll have their Gospel Doctrine manual laid out there because they're preparing their lesson for Sunday," she said. "I don't know that all of the people are consciously trading on their church affiliation. I've often thought the first person a con man cons is himself."

Recently, the Utah Attorney General's Office filed fraud charges against an Ogden businessman accused of bilking hundreds of investors out of more than \$140 million. State securities investigators have alleged that Val Southwick, 62, emphasized his LDS membership while soliciting investors in what prosecutors call a massive Ponzi scheme. Southwick is scheduled to be arraigned March 24.

Barlow said the weight of the LDS Church's statement may be lost on those perpetuating schemes, because they believe the "investment opportunity" will work this time.

"They won't think it applies to them because they're aren't doing it," she said. "They think, 'Yes, you should go

after these bad guys, but I'm not one of them."

Giani hopes those looking to put their money in someone's investment will listen and do their homework, making sure people are licensed and have clean records. Such information can be found by visiting the state's Web site at commerce.utah.gov.

"As a member of the faith, it is always a tragedy to me to uncover many of the details (of a fraud scheme). Frankly, I am much less tolerant of those kinds of situations, because technically we should know better," Giani said.

In its statement, the First Presidency urged its members to know the risks of investing.

"While all investments carry an element of risk, that risk can be managed by following sound and proven financial principles: first, avoid unnecessary debt, especially consumer debt; second, before investing, seek advice from a qualified and licensed financial advisor; and third, be wise."

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