

Sermon
August 23, 2015

“You better get your armor on, because you’re going to need it!” The letter to Ephesians confronts the reader with a military metaphor to convey just how formidable the opponent is. Who is the opponent? The passage makes clear this is more than mere flesh and blood enemies. It refers to the devil, but goes on to cite rulers, authorities, “cosmic powers of this present darkness,” and “spiritual forces of evil in the heavenly places.” The reader, an early Christian, would have understandably felt embattled in the larger world. He or she would have been all too familiar with the armor described in the passage – after all, this was the uniform of the oppressive Roman army. To carry out ones’ faith in such an environment would have required a defensive mindset.

Our life today, in this place, is much different, but there are still so many things that separate us from the life God wants for us. For example, the false business practices described by Amos – charging higher prices for smaller portions, tilting the scales in the favor of the unscrupulous and buying off the poor and vulnerable – are, unfortunately, still with us. The dilemma for us modern Christians is how to live in the world, in the life to which we have been called, and

still be responsible stewards of our financial resources without falling prey to – and becoming complicit in – the sort of economy described by Amos. Sometimes resistance to the threats we face feels like a battle.

Pastor Mark suggested I speak about how my faith life informs my work life. But reading the colorful battlefield imagery in the Ephesians text, I realized that it works both ways. My work life also informs my faith life. I would like to share with you some of the things I've learned, through my work, so that you may be better armored as you make financial decisions. If you find anything I say today helpful, there will be materials at the back of the sanctuary for you to take with you. You don't have to remember everything I say.

I work at the Financial Industry Regulatory Authority, or FINRA. We are the largest independent regulator for all securities firms doing business in the US. We register brokers and brokerage firms, write and enforce rules governing their activities, examine firms for compliance, foster market transparency and educate investors.

I work in the “enforcement” part of the business. My colleagues and I get to work when something goes wrong – when the financial

professionals in the industry, or the firms they work for, violate the rules.

How big is the problem? We've heard about the high profile cases – Bernard Madoff and Allen Stanford, who were responsible for investor losses in the billions, and Greater Ministries, which defrauded 18,000 people of \$500 million, through their churches. We've seen hundreds of cases with losses in the \$10 to \$50 million range.

Who is at risk for financial fraud? Think a moment about the profile of someone who might be susceptible to a scam. If you are thinking a woman, who maybe lives alone, is gullible and not very sophisticated, you are not alone. But you are wrong. Demographically speaking, it's more likely to be a married man, 55-65 years old, who is well educated and financially literate and self-reliant when it comes to making decisions. At FINRA, we've identified five risk factors for susceptibility to financial fraud: first, someone who already owns high risk investments. They've already shown a willingness to take risk and are more open to doing so again. Second, making investment decisions based primarily on the suggestions of others – friends, family and co-workers. Third, being receptive to new investment information – this is someone who will listen to a stranger's sales pitch on the phone or

attend a free lunch investment seminar. Fourth, failing to check the background of an investment or broker. And fifth, inability to spot persuasion tactics used by those carrying out a fraud.

And what persuasion tactics do they use? Here are a few. Think about how you might respond if you hear them. Would you let your guard down? Or is your armor sufficiently protective?

The Phantom Riches tactic dangles the prospect of wealth, enticing you with something you want. The pitch often includes specific guarantees that seem too good to be true, with little or no risk. One variation on this theme appeals to your sense of compassion, by pedaling bogus investments in green energy or other worthy social goods.

The Source Credibility tactic uses credentials, professional designations or expertise to impress the victim. All too often, these credentials can be faked. We've had many instances of frauds perpetrated by hosts of radio and television programs – being “on the air” doesn't automatically confer integrity.

The Social Consensus Tactic leads you to believe that other savvy investors, or people you know and trust, have already

invested. Unfortunately, we have uncovered many instances of affinity fraud – preying on members of a community, like a church, or the fellow members of one’s ethnic or immigrant group. Those who perpetrate frauds appeal to emotion – in this case, the desire for social acceptance.

The Reciprocity Tactic involves offering you something of value up front in return for gaining your trust. For example, free lunch seminars are a way that financial professionals develop business. They rely on the potential customer to feel a sense of obligation – and we do feel that obligation, it’s human nature – to reciprocate their generosity, hopefully by becoming a customer.

The Scarcity Tactic creates a false sense of urgency by claiming limited supply – “You need to act now! There are only two units left!” Remember that I said frauds appeal to emotion? In this case the appeal is to fear of missing out on something great.

How do you protect yourself and prevent investment fraud? What armor can you use to protect yourself?

First, reduce your exposure to sales pitches. Don't attend free lunch or dinner seminars. Sign up for the National Do Not Call registry. If you think it's rude to hang up the phone when you get unsolicited sales calls, develop what we call a "refusal script" – plan in advance what to say to politely refuse the pitch. It's okay to say, "I never make investment decisions without consulting my –," fill in the blank with whomever you choose. Avoid high risk investments – those who make such investments end up on contact lists that get passed around and will be called again and again and again.

Second, look for the persuasion tactics I discussed earlier. Is the salesperson trying to create a sense of urgency? Are they claiming investment returns that seem too good to be true? These tactics are designed to get you to lower your guard. To help you spot these tactics, our foundation has created an app that you can download, called "[Con 'em if You Can.](#)" It's a fun game that you and your kids can play on a mobile device. It's pretty good! Recognize the persuasion tactics and use your judgment, not your emotion, to evaluate the product and the pitch. Don't get too excited and act on impulse.

Third, turn the tables and ask questions. Ask, "Are you a licensed broker? Is that investment registered? Are you licensed to sell

it?” Then verify! Use the FINRA website [BrokerCheck](#) to confirm both the registration status of an individual and, equally important, his or her history of complaints and regulatory problems. There are other websites where you can research investment advisors and investments.

Likewise, ask for and read information about the investment. Don't rely on the salesperson to do that for you. Ask any follow up questions you may have based on your reading. Make sure you completely understand the investment before committing.

Finally, talk to someone before investing. Even if the seller and the investment are registered, it's always a good idea to discuss these decisions with family or a trusted financial professional.

As I mentioned earlier, there are materials at the back that you can take with you after worship today. FINRA has many online resources at [SaveAndInvest.org](#) that will help you. I'll also leave business cards at the back; feel free to call me anytime.

The metaphor of armor showed the Ephesians how to stand fast in a hostile world, while continuing to proclaim the Word of God. And no

one had to do so alone. When soldiers stood together, shoulder to shoulder, with their shields before them, they created a wall of protection around themselves, protecting everyone. The community as a whole was armed with the belt of truth, the breastplate of righteousness, the shield of faith, the helmet of salvation, the sword of the Spirit, and shoes to make them ready to proclaim the gospel of peace.

And this powerful metaphor continues to resonate. In our complex world -- and with God's help -- we are armored to resist the things that separate us from God, together.