

# How to Spot a Con Man: Part II of II



## Flash, Glitz, Throw Money Around

“He throws a heck of a party.” Con men routinely use hot cars, flashy jewelry, and jet planes (I know of one rented for this purpose) to impress potential victims. As a practical matter, would you want someone who should be concerned with every 0.01% return on your money spending tens or even hundreds of thousands of dollars to impress (seduce) a potential client? Sam Walton (of Walmart, WMT) drove a pickup truck, and Warren Buffett treats potential business associates to hamburgers, a Cherry Coke and an ice cream sundae (Berkshire Hathaway (BRK) owns Dairy Queen and a large position in Coca Cola (KO). The kind of people who you should trust with your money will impress you with their character and their accomplishments, rather than their bling or a pinky ring.

There is no better cover for a con man than to make a charitable donation. They get good PR, and get to meet a lot of people. Think of it as over-head, no different than a businessman taking out an ad in the local paper. It's easy to be generous when you are giving away money that's not even yours to start with.

## Affinity Scams: Religion, Race, Color, or Creed

Many mainstream, legitimate organizations, from religious (such as the Knights of Columbus) to fraternal to ethnic to trade (such as the American Medical



Association, AMA), offer members many benefits, including financial products at a discount. Immigrants routinely do business with people of similar background and language. During the Great Depression, my grandfather collected insurance premiums from other Hungarian immigrants for the Verhovay (now the William Penn Fraternal Association).

But beware if someone brings up religion, race, or ethnicity on a personal basis to gain your trust. “You're a Christian, I'm a Christian, you can trust me,” or “Hungarian-Americans need to stick together.” Physicians have even been known to prey on other physicians. Also be concerned if all potential investors are of the same religious or ethnic group. “Affinity” scams target people of similar backgrounds. There is no reason for these issues to enter any discussion of investments. If they do, you better start to pray.

## Phone Solicitations

There is never a reason—never—to buy anything from a phone solicitation. Even if it is not a scam, think about it: someone who knows nothing about you tells you what you need. You receive a call: “Robert, go to the store today and buy some bacon, eggs, milk and bread. And while you're there, pick up some mustard.” Or “Robert, this is perfect for you. We have a mansion in Hazzard County, Georgia once owned by Jefferson Davis (J.D.) “Boss” “Hogg”.

## Secrecy

Scammers will often instruct their prey to keep things a secret, because any outsider could quickly appreciate the situation as bogus. A real-life example: burning dirt to remove the toxic impurities. The perps don't want to get outed by the pigeons talking too much.

Likewise, if someone you respect, and know is on your side, a relative, close friend, a business associate, banker or attorney, expresses reservations, please listen.

## Inconsistencies

Financial institutions can occasionally make mistakes. In my experience, the cause is usually obvious and quickly rectifiable. But you were told one thing and it's something else, or you were supposed to get a check or paperwork and it doesn't arrive. Things just don't add up. Never let anyone blow you off by saying it's OK, because it is not OK. You must become concerned if anything is done outside normal channels, procedures or regulations, and your concern should rise to alarm if rules are being bent or broken. Seek legal help immediately.

See following page for disclosure information.  
Conflict of Interests: None.

### Too Good to Be True

I add this for completeness. Everyone has heard this phrase, but it is either quickly forgotten, or few pay attention. If it seems too good to be true, it almost always is.

### Disclosures

Dr. Doroghazi is not a registered financial advisor under federal law or any state law. The advice provided is of a general nature, and should not be interpreted as personalized or individualized to your specific portfolio. The author declares that he has no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

### Acknowledgment

Dr. Robert Doroghazi is a retired cardiologist who trained at the University of Chicago, the Massachusetts General Hospital, and Barnes Hospital. Warren Buffett said his book *The Physician's Guide to Investing: A Practical Approach to Building Wealth* should be "required reading at med schools." To sign up for a free trial to *The Physician Investor Newsletter*, visit [www.thephysicianinvestornewsletter.com](http://www.thephysicianinvestornewsletter.com)

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