Recovering "Lay Ignorance" in the Stanford Financial Group Ponzi Scheme

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The Stanford Financial Group's 2009 collapse devastated more than 20,000 depositors across the Americas. News stories portrayed the $7.2 billion fraud as an elaborate production of ignorance, and its middle-class marks as silent dupes. Media accounts thus differed little from dominant schools of ignorance scholarship, which have emphasized how powerful organizations use their expertise to foist ignorance on passive publics. However, the notion that laypeople are voiceless in such processes is empirically and theoretically untenable. Drawing on interviews with 103 defrauded Stanford clients in the US and Venezuela, this article shows that laypeople play an active interpretive and storytelling role in producing "lay ignorance" in the course of transacting with institutions, personnel, technologies, or products they lack the means to comprehend. Repurposing the concept of "jurisdiction," I frame "layperson" as a role marked by its distance from the forms of authority that comprise expertise. As my comparison of US and Venezuelan investors reveals, laypeople nonetheless stitch surrogate forms of *normative* and *epistemic authority* from inapposite sources to produce their "lay ignorance." The resulting accounts, I demonstrate, draw opportunistically from laypeople's institutional, cultural, and political contexts.

Introduction

On February 17, 2009, US Marshals and federal securities regulators raided the Houston headquarters of the Stanford Financial Group, accusing its top executives of running a Ponzi scheme.[1] Similar scenes played out at Stanford brokerages and banks throughout the hemisphere. Just weeks after the Madoff debacle, Stanford's collapse left more than 20,000 depositors in the United States and Latin America $7.2 billion[2] poorer, and bewildered. To date, the 23-year fraud remains the second largest Ponzi scheme in US history. Immediately, press accounts focused on the perpetrators' guile, regulators' missteps, Stanford's

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international reach, and politicians’ and celebrities’ role in propping up the firm. Yet, in highlighting the fraudsters’ cunning and regulators’ blunders, news outlets paid little mind to Stanford’s actual victims. When they did, it was to paint stylized hardship stories, often with overtones of blame.[3] Even when not hinting at their flaws, the media portrayed Stanford clients as passive marks. If Stanford’s fraud was a massive production of ignorance, they were its mute casualties.

In recent decades, a growing body of research has addressed precisely how states of ignorance are produced, imposed, and managed (Abbott 2010; Frickel 2014; Gibson 2014, 2016; Gross and McGoey 2015; Hess 2016; Knorr-Cetina 1999; Luhmann 1998; Proctor and Schiebinger 2008). Though interdisciplinary and still taking shape, “ignorance studies” combines three complementary strains. First, scholars of “agnotology” and “strategic ignorance” show how powerful state, scientific, and commercial actors occlude information from the public (e.g., Oreskes and Conway 2011; Proctor 2008), or seed ignorance into their own organizational structures to establish plausible deniability for future reckonings (e.g., McGoey 2012, 2019). A second strain portrays ignorance as the unintended fruit of “the structural pressures, institutional arrangements, and normative cultures [. . . of] everyday scientific practice” (Frickel 2014: 270). Such authors, moreover, point up the role of lay experts and various “mobilized publics” in contesting the agendas of mainstream science (Hess 2016; Suryanarayanan and Kleinman 2016). Third, studies of secrecy and deception (e.g., Gibson 2014, 2016; Rilinger 2019) reveal the relational structure of secrets, such as those that keep criminal conspiracies afloat. Despite their bountiful insights, all three camps would miss laypeople’s constitutive role in the Stanford debacle.

This article examines how Stanford’s US and Venezuelan customers helped produce their own lay ignorance.[4] To be clear: “lay ignorance” here is emphatically non-pejorative. It does not point to what laypeople “lack” (i.e., the kinds of knowledge they do not possess, or the information that is hidden from them) nor blame them for “lacking” it. Instead, it refers to laypeople’s active role in authoring their own perspectivally-limited accounts of the world. “Lay ignorance” thus describes the interpretive work laypeople do, and the stories they tell, from their place of disadvantage. Moreover, since even the lauded expert is herself a layperson in every field outside her own, “layperson” applies to us all. Countless tasks and transactions—selecting a car mechanic, lawyer, plumber, or financial advisor—require that we engage experts on their own turf, armed only with limited comprehension. Yet the notion that laypeople are mute victims in lay/expert interactions is untenable. Rather, I contend, one should always assume that laypeople—indeed, we—are routinely engaged in interpreting such encounters. The data below, drawn from interviews with defrauded Stanford investors, reveal the content and contours of the resulting accounts.

Beyond establishing the phenomenon, this piece seeks also to explain lay ignorance. Toward that end, it borrows from professions and expertise scholars the concept of “jurisdiction,” retooling it to illuminate how lay ignorance is made. Jurisdiction is a principle for allocating the right to make knowledge.

Typically, it is treated as the spoils in interprofessional conflict. This article, however, highlights jurisdiction's broader relationality. Much as experts are defined by jurisdiction, so too are laypeople shaped by their distance from it, specifically by their remove from the *epistemic* and *normative authority* that comprise it. Furthermore, that very remove is productive, crucial in shaping how laypeople make, and how we understand, lay ignorance.

My respondents were nothing like the passive victims much ignorance scholarship would suggest. Rather, of necessity, they actively interpreted Stanford, thus authoring the ignorant accounts that would partly be their undoing. What is more, in this they were perfectly ordinary: it is precisely a reliance on half-truths, misconceptions, and gaps in knowledge that lets us get on in the world when thrust into trust arrangements with persons, institutions, or technologies we lack the means to comprehend. The ignorant accounts that laypeople produce under such conditions, however, are not structureless. They center on appeals to epistemic and normative authority, mirroring the structure of experts' jurisdiction, and draw liberally from laypeople's institutional and cultural context for support.

In what follows, I review dominant trends in ignorance scholarship, then elaborate my composite notion of "jurisdiction," explaining how it helps us grasp the production of lay ignorance. Next, I describe the Stanford fraud, and my data and methods. Then, contrasting Stanford's US and Venezuelan investors, I demonstrate the structure of lay ignorance and the opportunistic, contextual manner in which it is made. I conclude with observations on the broader utility of a jurisdictional theory of ignorance.

Theory: Ignorance and Jurisdiction

Theories of Ignorance

Though ignorance has long drawn sociologists' gaze (Luhmann 1998; Merton 1987; Moore and Tumin 1949; Schneider 1962), the field of "ignorance studies" is relatively new. Three strains prevail today. The first, associated with the terms "agnotology" and "strategic ignorance," highlights the purposeful production of ignorance by political, scientific, and commercial bodies. It uncovers those actors' careful "agnogenesis" (Proctor 2008: 11) around such threats to public well-being as tobacco use, climate change, and weapons research (e.g., Oreskes and Conway 2011; Proctor 2008; Stocking and Holstein 2009). Across varied contexts, it reveals too the strategic ways organizations purposely thread ignorance into their own structures or foster it in their members, often to guard against future charges of wrongdoing (Heimer 2012; McGoey 2012, 2019; Rappert 2012; cf. Katz 1979).

Offering a crucial corrective, a second strain shows how ignorance often inadvertently results from the everyday knowledge practices, organizational cultures, pragmatic hurdles, and political contexts of scientific practice (Frickel et al. 2010; Hess 2016; Kempner et al. 2011; Suryanarayanan and Kleinman 2016;

cf. Vaughan 1996). Additionally, this vein credits laypeople with sometimes embodying expertise in their own right (Wynne 1992; cf. Collins and Evans 2007) and other times mobilizing to force mainstream science to get "undone science" done, thus countering the latter's unplanned ignorance-making (e.g., Epstein 1995; Hess 2016).

The third current flows from efforts to formalize a sociology of secrets and deception. Such authors identify the motivational, perceptual, interactional, and institutional barriers that keep "outsiders" ignorant of secret information (Cowan 2014; Gibson 2014, 2016; Rilinger 2019), and reveal the broader cultural and organizational stakes of both concealment and disclosure (Bail 2015; Baker and Faulkner 1993; Cowan 2014). Relevant here are recent works' focus on the challenges would-be knowers face, especially in contexts of financial wrongdoing, to piercing the conspirators' veil and overcoming their own ignorance (Gibson 2014, 2016; Rilinger 2019).

These strains add immeasurably to our knowledge of ignorance in modern life,[5] yet their very strengths limit their grasp of laypeople's role in ignorance's production. For the first camp, ignorance is something powerful organizations purposely *do* (Frickel 2014), mostly to ordinary people. Yet, despite their frequent focus on organizations for which expertise is defining (e.g., complex bureaucracies, STEM firms, multinational corporations), such studies tend not to thematize expertise (cf. Halliday 2018) or its lack. By default, they cast laypeople as pawns in more powerful actors' ignorance-making. The second strain adds key counterpoints, painting ignorance as an unintended, even inevitable, result of social complexity. In depicting how "mobilized publics" sometimes sway scientific research agendas (Epstein 1995; Hess 2016), these works also restore some agency to laypeople. Yet most lay encounters with expertise take place not in contexts of "mobilization," but in mundane brushes with expert products, services, or processes before which laypeople's want of expertise still matters. It is in these more common scenarios, I show, that lay ignorance is produced. Finally, though recent works furnish exceptions (Gibson, for one, theorizes the endogenous "barriers" that shape the deceived party's view of others' ignorance-making [2014, 2016; also, Rilinger 2019]), sociologists of secrecy tend to mirror the first camp's emphasis on powerful actors' agnogenesis. While building on extant scholarship, I propose an approach to ignorance that takes seriously "layperson" as a specific social position.

Jurisdiction: From Expert Knowledge to Lay Ignorance

To that end, I repurpose professions scholars' concept of "jurisdiction," using its latent relationality to spotlight lay ignorance. Abbott famously framed jurisdiction as the "turf" of professions' internecine contests (1988; cf. Freidson 1988). More recently, though, neighboring fields point to laypeople as expertise's constitutive outside, and expose jurisdiction's dual structure. Thus, science studies reveals jurisdiction as not just a field of intraprofessional struggle but as a generative, agonistic boundary between experts and laypeople, where laypeople sometimes threaten experts' knowledge-making monopolies (Epstein 1995; Eyal

2013; Wynne 1992). And, sociolegal scholars paint jurisdiction as a union of epistemic and normative authority (Richland 2011; Valverde 2009; cf. Stivers and Timmermans 2020). For experts, to have "epistemic authority" is to be presumed knowledgeable in their subject; to have "normative authority" is to be thought rightful occupants of the expert's role and tasks. Might these also shape what transpires outside expertise's walls?

Indeed, "jurisdiction" names experts' hold on epistemic and normative authority but also laypeople's remove from them. From their disadvantaged seat, though, laypeople transact with expert persons, firms, or products, often assuming material, even reputational, risks. Ignorance research assumes this predicament breeds passivity and silence. Instead, I show that it prompts laypeople, of necessity, to narrate such encounters and thereby produce ignorant accounts of topics beyond their grasp. Unequal power relations "invariably creat[e] lopsided structures of the imagination" that saddle the weaker party with the "interpretive labor" of understanding the relationship (Graeber 2015: 115–9). Thus, laypeople's encounters with expertise are a spur to interpretation and storytelling, especially when risk is involved, as when we purchase a car, hire a builder, or venture into financial services.

Far from meriting scorn, then, lay ignorance consists in accounts that serve a vital function. As widely observed, late modern divisions of labor forced laypeople to rely on increasingly complex institutions, heightening their need for trust (Giddens 1990; Shapiro 1987; Zucker 1986). Trust itself has been characterized as a kind of useful ignorance (Luhmann 1979; Simmel 1906). Similarly, lay ignorance permits laypeople to form relationships across the lay/expert divide. Such ignorance, though, is not vacuous but has positive, justificatory content. And though the resulting accounts may prove factually and theoretically groundless, lay ignorance affords laypeople a pragmatic foothold, a way to get on and transact in a knowledge-stratified world. Occasionally, as in the Stanford fraud, its effects are ruinous.

Laypeople's jurisdictional remove also shapes their ignorant accounts. Lacking the expert's blithe prerogative—to have their judgments deemed smart or their actions rightful—laypeople must justify their risky engagements with expertise. And they do so in ways that mirror, in distorted fashion, the structure of expertise itself, appealing to counterfeit forms of normative and epistemic authority close to hand. In addition, such bricolage has a scattershot quality whereby laypeople draw on any element of the encounter (e.g., the product, the seller, their own motivations, fellow clients) to arrogate authority to their choices. Absent experts' normative authority, Stanford investors sought to suffuse their dealings with "rightness" by weaving together such disparate strands as: their fulfillment of familial obligations via investment, the Christian faith of Stanford personnel and fellow investors, the firm's purported American provenance, and the roster of luminaries who shilled for the company. Without experts' epistemic authority, investors also sought to project "smartness" onto their dealings, pulling from a grab bag that included: the "brilliance" of friends and colleagues who'd also invested, the ritual performance of "due diligence," and folk scripts regarding asset diversification. The ignorant accounts they stitched from these shreds of ersatz authority typify how laypeople manage their jurisdictional exclusion. Moreover, as my contrast of US and Venezuelan investors shows, what counts as normatively or epistemically compelling is determined by local context.

Data and Methods

From 1986 to 2009, the Stanford Financial Group fleeced more than 20,000 depositors across the Americas, selling them high-yield “certificates of deposit” (CDs).[6] With the largest investor pools and worst dollar losses, the US and Venezuela were notably hard hit: roughly 9,300 Venezuelan clients lost $2 billion, and about 3,400 US investors were left $1.6 billion poorer. Since they hinge on deceit, frauds make fruitful settings for studying ignorance. Investment frauds are especially suited to our purpose, as they often feature laypeople treading unfamiliar ground. Prosecuted frauds, like Stanford’s, also furnish a tenable baseline against which to establish “ignorance.” Once forensic accountants have scoured the record, and multiple criminal and civil trials have wound up, we can confidently state that a firm’s claims were indeed fraudulent and investors’ interpretations of them flawed.

This article’s comparative design sets it apart from the bulk of ignorance studies, which tend to track ignorance-making within single national settings. The US and Venezuela’s disparate political, institutional, and cultural contexts offer valuable analytical traction. Examining their investors’ narratives together provides a rich sampling of the interpretive labor laypeople undertake in attempting to transact from a place of jurisdictional disadvantage. Doing so through a contrastive lens, moreover, reveals what a single-sited study might miss: in how they converge *and* diverge, the ignorant accounts of differently-situated laypeople are structured by appeals to normative and epistemic authority, and draw opportunistically from their surrounding context.

My analysis rests on 88 semistructured qualitative interviews with 103[7] defrauded Stanford investors, and 12 interviews with ex-Stanford personnel, split near-evenly between the US and Venezuela. I conducted these in the Venezuelan cities of Caracas, Mérida, and Valencia, and the US cities of Houston, Baton Rouge, and Miami, in 2010 and 2011, within roughly 2 years of Stanford’s 2009 collapse. These interviews followed a protocol that probed: respondents’ educational, professional, and financial trajectories; their ideation and experiences around money and investment; the sequence that led to their learning about and transacting with Stanford; their interactions with Stanford and its personnel for the relationship’s duration; the significance and composition of their investment; and, their varied coping strategies in the fraud’s aftermath. Interviews were conducted at locations of respondents’ choosing (mostly homes, workplaces, and eateries) and lasted between 1 and 1.5 hours. First inductively, and then in dialogue with the preceding literatures, I subjected interview transcripts to iterative rounds of analysis using NVivo 10 to track codes, until the narratives clustered around the themes I detail below. I have chosen quoted passages for representativeness, clarity, and color.

The sensitive topic required that I secure multiple routes to my focal populations, which mitigated network bias in subsequent "snowball" sampling. In Venezuela, I recruited interviewees via six distinct entry points: a US-based law firm representing defrauded Venezuelan investors; a Europe-based law firm operating in Caracas; two unrelated, arms-length personal contacts; the head of a Venezuelan finance weekly; and through a recruitment text I posted to a then popular, since defunct, financial fraud-themed Venezuelan blog. Similarly, in the US, I recruited through five separate entry points: a securities law firm representing Stanford investors; a defrauded acquaintance; an arms-length personal contact; the head of a post-fraud advocacy group; and, by "cold calling" interviewees using publicly available investor information (e.g., in court filings). From these 11 nodes, I used snowball sampling to reach more respondents. My credibility as an interviewer, in both countries, was likely bolstered by my institutional affiliations as well as personal links to some defrauded investors.[8] All interviewee names used below are pseudonyms.

Interviews have real limitations. Rather than report their real-time motivations, which may be inaccessible to them (Jerolmack and Khan 2014; Martin 2010; Vaisey 2009), respondents may rationalize past behavior. Subjects may emphasize what Pugh terms "the honorable" (2013), or rely on topic- or site-specific canned narratives (Smilde 2005: 762). In studies of traumatic events, respondents' shame or anger (Goffman 1952; Harrington 2009) can aggravate these issues. I managed these risks in several ways. First, I steered the opening half of conversations toward dry reconstructions of subjects' pre-Stanford educational, professional, and financial trajectories. I eschewed "why" questions and language (e.g., "believe" or "trust") likely to spark rationalizing talk. And, during recruitment and pre-interview exchanges, I discussed with respondents my ties to several defrauded investors, to convey a basic sympathy for their plight and the choices that led to it.

Despite their hazards, semistructured interviews are ideal for mapping the semantic and emotional terrain in which action transpires (Lamont and Swidler 2014; Pugh 2013). In this case, the relevant action was itself narrative in nature. Laypeople must constantly interact with expert persons, things, and processes they are ill-equipped to assess. In such instances, the layperson by definition cannot fall back on the relevant habitus or tacit knowledge, which structurally are restricted to her expert counterpart. If the encounter entails risk (e.g., significant outlays of money or entry into principal-agent arrangements) laypeople are especially apt, of necessity, to narrativize their predicament in conversations with others and self. Moreover, though often couched as "decisions," such encounters (as between my respondents and financial advisors) may temporally extend into *relationships*, with recurring opportunities for reassessment and defection. In such scenarios, what is initially mere "motive talk" may over time migrate into actors' actual motivations as they narrativize their ongoing activity (Winchester and Green 2019).

Given that my respondents' narrative labor consisted in discussions, scattered over time, with financial advisors, friends, colleagues, and spouses, as well as internal reflection, interviews allowed for a depth of data collection not otherwise practicable. In addition, as Lamont and Swidler write (2014), interviews are notably well-suited to "comparison across contexts, situations, and kinds of people" (2014: 158–9), allowing for purposeful sampling and analytical stability across disparate settings, like the US and Venezuela. Though they yield an imperfect portrait of real-time ideation, the following data provide focused entrée into the fact that laypeople are active producers of ignorance. Future research from other perspectives will help clarify to what degree such narratives were crystallized at the time of action.

Making Lay Ignorance

"Lay ignorance" names the mundane interpretive work we do when forced to transact across chasms of expertise. Faced with an alluring but hazy investment prospect, yet lacking the expert's native authority, Stanford customers sought to interpret their relationship with that firm and suffuse it with legitimacy. As my contrast of US and Venezuelan investors shows, they did so by weaving together inapposite strands of *normative* and *epistemic authority*, thereby constructing the ignorant accounts of the firm that would partly be their undoing. This process, my data reveal, is necessarily opportunistic. Indeed, Stanford's US and Venezuelan clients proved themselves ingenious bricoleurs, treating every element of the transactional scenario (their selves, fellow customers, the firm, its personnel and products, even the political context) as a potential well from which to draw surrogate forms of authority that might legitimize their choices. In the following pages, I discuss their construction of normative and epistemic authority in turn, foregrounding in each subsection the telling commonalities that cut across national context, and then use the study's comparative design to highlight the striking influence of local context on their process of ignorance-making.

Cobbling Normative Authority

Cross-country commonalities

For experts, normative authority (the right to be deemed knowledgeable) is externalized in their status, credentialing, and licensure, a scaffolding in which they move freely. Tasked with assessing unfamiliar objects, they forge ahead without needing to justify, in personal terms, their motives for levying this or that judgment. Not so for laypeople. Particularly in transactional settings where they lack relevant expertise, laypeople operate from a disadvantage in which missteps might lead bring ruin or derision. The pressure to narrate their choices—and to invest these with an ersatz form of the normative authority experts take for granted—is thus considerable. Such efforts extend to their very person.

Respondents in both countries thought themselves careful stewards of their finances, a conceit that helped them assimilate their Stanford dealings to longer-term narratives of prudence. In recounting their lives before Stanford, many invoked the themes of frugality and self-denial. Often, they traced such dispositions ("We were the last people on the block to get a color television set") to austere upbringings. Some, though, sought to outrun family history: Luis Rigau, a Caraqueño financial manager for a multinational firm, recalled the privations he'd endured growing up, on account of his father's many business blunders. Thus, he explained, the "objective of the [Stanford] money was to save. [… My] parents are still alive but […] there was never the paradigm of saving for old age. […] My father did not prepare [… so, I said] 'I don't want to end up the same as my parents.'"

With geriatric parents or grown children to support, many respondents couched their investment histories in the language of filial and parental duty. Houston physician Stephen Owings described giving up a risky house-building side-business thusly: "When I had kids [… I realized] you have responsibilities to them not to fuck up your family's finances." Indeed, to "save what we have so that we're not a burden to our kids later," as schoolteacher Len Ford put it, was a constant refrain for US respondents, who saw debts and old-age expenses as immoral bequests. Many Venezuelans expressed a functionally similar (if tonally different) desire to put their growing children on good footing by paying their college tuition, helping them buy first houses, or leaving them an inheritance. Finally, widows in both countries hoped their Stanford investments would reconcile the goals of securing themselves an income stream, honoring their deceased spouse's financial prudence, and preserving an inheritance for their children.

Facing a turbid mix of risk and reward, and lacking experts' normative authority, Stanford's lay investors sought surrogate forms of normative authority where they could. They invoked virtuous pasts, and claimed they'd been impelled toward Stanford by noble values. Similarly, they told themselves they'd been drawn in not by Stanford's market-beating yields but by a wish to protect their dependents. Whereas experts' normative authority is simply assumed, Stanford's US and Venezuelan clients worked to mimic it by investing their Stanford relationship with "rightness" or "goodness." In what follows, I show too how lay investors' national contexts shaped the strange work of fabricating normative authority.

US investors: rightness through sameness

Following Stanford's collapse, its Southern Baptist culture drew scrutiny. At trial, one stockbroker claimed Stanford's "every decision […was] bathed in prayer" (*USA vs. Stanford*: 1403–4). Journalists even painted Stanford as a religious affinity fraud. Such claims certainly find support. During my fieldwork in Baton Rouge, religion felt all-encompassing. Respondents invoked faith regularly, and many recalled attending church with their Stanford advisors. Indeed, the latter were often active not just as congregants but as deacons or bible study leaders. Some respondents engaged in religious discussion, or even actual prayer, with advisors over business meetings and lunches. Nevertheless, the "affinity fraud" view falls short. It treats the relevant axes of affinity (e.g., religion, ethnicity) as exploitable features of victims' identities, mere grist for the grifter's mill. Fraud victims are thus rendered inert, denied any decisional and interpretive agency.

Frauds, though, are exceptional, whereas religion is an everyday lens through which subjects apprehend their worlds—and, the data suggest that Stanford investors used religiosity to make sense of others. Often, they characterized Stanford personnel in ways that linked or equated Christianness with other valued traits: "The people we had here were [. . .] top notch people, Christian people, church-going people"; "[H]e's a good person. He's a Christian person"; "[H]e was a good Christian and all that kind of stuff"; "[T]his was a good Christian organization"; "I felt like if he's a man of God, he's not going to be telling me a bunch of lies." As we chatted in their tidy kitchen, I asked Claude and Maddie Willis a clarifying question:

> Interviewer: You mentioned a couple of times [that your advisors] were "good people," they were "Christian people," you said.
> Claude: Mm-hm. [. . .] You go out to lunch and they'd have prayer at the table. We're—we are Christians and, and you know—.
> Interviewer: —was that something that was important to you?
> Claude: Well, the quality of the people, yeah.
> Maddie: Yeah.

Such statements show how, faced with products and personnel they lacked the means to assess, US investors used religiosity as a handy proxy for ethicality.

Religiosity was a locally meaningful criterion investors used to cast positive light on their Stanford dealings. Indeed, it served this purpose whether or not investors neatly identified with it. Helen Gallaudet, a 70-something practicing Catholic, explained that though her advisors were Evangelicals, she'd "felt comfortable that these were very religious and moral people [. . .] involved in [their] church." The confessional gap between them, thus, was easily bridged by their show of faith. Describing what drew her to Stanford, Baton Rouge retiree Martha Dubois declared, "I'm not really religious, but I was impressed that they were," adding, "I like people who believe in something [. . .] and they did." When I asked Martha and husband Barry how their advisor had flagged his faith, Barry replied, "It wasn't like he was trying to convert us [. . . ,] which wouldn't have gone over well. I just got a comfortable feeling that this was a very straight, honest, religious guy." But, as to "the fact that they were obviously very good Christians," Martha volunteered, "you get the feeling [. . .] when you're not wildly Christian yourself, [. . .] that people who are that way might have something over someone like me." As her striking addendum reveals, even for the spiritually ambivalent, religiosity represented a locally dominant and eminently useful standard of assessment.[9]

Often, though, clients' faith was more active than reactive. When asked whether religion came up during Stanford meetings, Dave Lee, a mid-50s construction manager, replied "Ah, I pretty much would bring it up [. . .] so, yeah," adding "I talk about the Lord all the time. So, I don't really notice it [when others do too]." During his time with Stanford, though, Lee did notice, and recounted to me in detail, the striking overlap between his church congregation and Stanford's local brokerage personnel, indicative to Lee of Stanford's rectitude. But it was with Joe Wilson, a corporate manager turned church administrator, that religion's evaluative and instrumental benefits became clearest. While contemplating an asset reorganization years earlier, Wilson learned that several parishioners were financial advisors, including at Stanford. Soon, "I contacted [...a] representative from Stanford [...] and asked to meet with him." Fortuitously, Wilson "also knew [other congregants] who were investing with Stanford" and asked them how they'd fared. Still, Wilson and his wife "came very close to working with Merrill Lynch [...as there was] a member of the church [...] who is an FA [financial advisor] with Merrill." As both contenders were fellow churchgoers, the Stanford broker edged out his competitor based on "how we felt about him." As our chat concluded, I asked Wilson whether finding investment advice post-fraud had been nerve-wracking: "No," he replied, "I found another person here in the church."

Enticed by the firm, US investors thus employed a logic of "sameness" to assess Stanford, assimilating risky unknowns to familiar categories. Confronted with activity they lacked means to grasp directly, they used a locally resonant measure—religiosity—as an evaluative prosthesis[10] that permitted them to judge Stanford positively and arrogate normative authority to their brokerage relationship. Indeed, though formally inapposite—a firm's solvency and its workers' expressed faith are tenuously linked—this criterion helped investors weave an account of Stanford that justified establishing and maintaining a relationship with it.

Venezuelan investors: rightness through difference

My US respondents took a robust economy, capable regulators, and a stable currency for granted. Venezuelans worked from starkly different assumptions, which they expressed in three forms. The first was "golden age" nostalgia for the 1970s, when Venezuela's infrastructure, its oil-buoyed currency, the bolivar, and its institutions were the region's envy. Second, was a declension narrative rooted in "Viernes Negro," February 18, 1983, when President Luis Herrera Campins mandated a sudden currency devaluation and exchange controls to stem capital flight. Respondents portrayed the intervening years as a wasteland of shoddy economic stewardship that made them distrust the crisis-prone bolivar as a vessel for value. Third, respondents decried the institutional rot, public and private, they felt enveloped by, which rendered daily life a patchwork of incompetence, incivility, corruption, and danger. Additionally, their stories indulged an odd moral teleology that blamed Chavismo for the decades of mismanagement that predated it. Together, these assumptions furnished the backdrop against which Venezuelans' appraisal of Stanford occurred. Such evaluation, moreover, worked by a logic not of sameness but of difference. Inasmuch as Stanford seemed to negate or contrast with their dismal setting, Venezuelans' dealings with it stood to gain in normative authority.

This contrastive assessment was wide-ranging, as shown in Venezuelans' reflections on currency. Gladys Ximenez, an octogenarian secretary in Caracas, described buying dollars and having one's "little [bank] account abroad" as "the tonic of all Venezuelans," or at least those "who know what's going on," a practice she said was rooted in admiration for the US. My respondents consistently framed their Stanford dealings this way. Unloading *bolivares* for dollars was to them a fraught act of self-preservation, even protest. And indeed, not only were its CDs dollar-denominated but Stanford offered Venezuelans (through its local commercial bank) other ways to skirt currency laws. These pathways to dollars also gave clients a running start for the logical leaps they made in assessing Stanford. Though they grasped that their CDs' true issuer was Stanford International Bank in Antigua, many clung to the notion that Stanford was, more fundamentally, a US firm. The overall conglomerate, with its Houston headquarters and US-trained personnel, played up this ambiguity. The currency question, though, was key. Unlike Americans, for whom the dollar was a natural, untroubled vessel for value, Venezuelans faced the daily trial of transacting in a sieve-like currency. They grasped experientially what scholars of money have long theorized: that legal tender enacts bonds of debt, and thus trust, between its holder and its issuing government. Distrustful of their own milieu, yet stirred by Stanford's high yields and lulled by its "Americanness," Venezuelans perceived the firm and its dollar-denominated CDs as a portal into a more trustworthy sphere.

Respondents drew from a palette of local grievances in evaluating Stanford. They portrayed their previous financial institutions as surly places marked by poor service and status slights. As one former Stanford advisor told me, "[t]he hole left behind by Stanford is not that of a firm that offered high returns, but rather of a firm that offered customer service. Any company that sets up an office here and hires five executives who truly want to work is going to get $2 billion under management in record time. [. . . C]ustomer service for Venezuelans is *shit*!" Stanford not only offered warm, diligent service, but it evoked for respondents a distinctly American and, to their eyes, un-Venezuelan tableau of probity. When Jorge Rivera, a late 30s business owner, said it was especially galling to have been bilked by an American, I asked why. Laughing, he replied that Venezuelans.

> [. . .] were used to believing [. . .] that in the US this sort of [crime] was unheard of. Because normally when you go to the US, you go to relax. And when I say "relax," people might think "relaxing" is sitting on a beach, in a reclining chair, sipping a piña colada. No. [. . . For me], relaxing has simply come to mean the fact of going to the US. Whenever I'm able, I go to the US, even if just for a weekend to [. . .] Miami. Because, just the fact that you see people who respect traffic lights, right there you start to relax. When you see the clean streets, you relax. Without even getting into the more serious subjects, like physical and legal danger, when you see those things, you relax. You say "Wow! I'm where I want to be"—which is how my own country used to be [. . .]. And so when you think, "what if they'd [defrauded] me here?"—you would have somehow expected it.

Like Rivera, my middle- and upper-middle-class respondents seethed at Venezuela's perceived decline and traced it to Hugo Chavez. Such polarization benefited Stanford, which boasted famous anti-Chavistas among its local shills.

Hungry for signs of Stanford's otherness, investors invoked these opposition links to put Stanford in a positive normative light.

Lacking the expert's armor, Stanford's lay investors contrived their own normative authority from available shards. Sometimes they claimed such authority for themselves (by imagining their choices to be "rightly" motivated); often, they imputed it to other elements of the transactional scene (e.g., Stanford personnel, fellow investors, even the political backdrop). Whereas US investors assimilated risky unknowns to locally-valued categories (e.g., religiosity), Venezuelans underscored the many ways Stanford negated their local context to thereby bring their dealings into normative relief.

Forging Epistemic Authority

Cross-country commonalities

Seeking both profit and safety, investors had motive to deem Stanford upstanding. Without the expertise to judge Stanford a "smart" investment, though, they forged epistemic authority from local materials. A key way that both countries' investors imbued their Stanford relationship with authority was to lean on the judgments of purportedly "brilliant" colleagues and friends. Oil sector workers formed an important part of Stanford's clientele in both countries and were prominent in my sample. Their narratives show how laypeople marshal inapposite forms of expertise, close to hand, to invest their dealings with epistemic authority.

In Caracas, I met a loose circle of oil industry retirees, mostly from Petróleos de Venezuela (PDVSA), the state oil giant. Each described having been nudged toward Stanford by the others. These were not just colleagues but friends. And yet, nearly all made a point to foreground the others' identities *as PDVSA employees*, as if learning of Stanford through that pathway was significant. At an eatery near the El Cafetál neighborhood, a PDVSA retiree in his 60s, Osvaldo Saíd, described his introduction to Stanford: "In the year 1998 or 2000, several friends [. . .] from PDVSA, recommended that I invest in Stanford Bank, because it [. . .] was a small bank on the way up. That's when I proposed to my family members 'Let's move [our money] here.'" Saíd recalled too having been wowed by his Stanford advisor's credentials and "brilliance," but added, "it wasn't just him, rather, especially, it was my work chums [. . .] who were much more sophisticated than I was, [who] suggested to me 'look Osvaldo, put your money over there, it's a really reliable bank.'" Matías Duarte, also of that circle, recalled learning of the bank "during that time, around 2000–2001, since many PDVSA executives were flocking to Stanford. And [. . .] there were some of them whom we thought of as brilliant, intellectually speaking. *From PDVSA?* [Yes,] the majority were PDVSA, and I just caught the same wave as these people."

In Houston and Baton Rouge, I also interviewed many oil industry workers. Exxon employees, specifically, were said to share a distinct, tight-knit culture, albeit one rent by status, with engineers and managers on one side, and technicians and tradesmen on the other. Louisianians portrayed lower-tier Exxon retirees as especially "clannish," given to groupthink. Yet my interviews revealed that Exxon's managerial class was no less prone to the intense mutual influence I'd seen among PDVSA personnel. When I interviewed Barry Dubois, a retired refinery engineer, he recounted learning of Stanford when.

> [. . .] one of my friends from work, that had retired a few years before me at [the refinery], he recommended them highly. And, so, we went and we talked to them, and I asked them for some references. They gave me the names of several other Exxon people that I knew, and I called and talked to them, and they were all very happy with [Stanford].

In a telling exchange, Barry's wife, Martha, said such references were potent because they'd come from people "in a similar situation to [ours]," which I took to mean newly retired, or perhaps newly retired from Exxon, until Barry added, "Yeah, they were supervisory [. . .] They'd all been Exxon supervisory." Indeed, like their PDVSA counterparts, Barry and his colleagues lacked the pertinent expertise to credibly appraise Stanford a "smart" investment. Instead, they drew on their self-image as accomplished, well-credentialed, and sophisticated in their native sphere, to lend their choices epistemic weight.

Nevertheless, this study's comparative cast reveals differences in US and Venezuelan investors' methods for cobbling epistemic authority. Whereas US investors often described having done "due diligence," Venezuelan clients invoked "diversification," an idea especially beguiling to Venezuelans, in narrating Stanford to themselves and others. The following examples further underscore how the process of assembling ignorant accounts from available materials is not only opportunistic but bears a deep imprint of context.

US investors: smartness through due diligence

Frequently, my US respondents described having done their "due diligence" on Stanford. Originally an Anglo-American legal standard most associated with New Deal securities law, "due diligence" has gradually seeped into common speech. The concept boasts both normative and epistemic facets. In law, it is a retrospective normative judgment: did the plaintiff scrutinize a given product, prior to purchase, enough to deserve the remedy she now claims? To contemplate doing due diligence is thus to envision a future accounting of one's prudence. Here, though, I'm concerned with the concept's prospective and epistemic function, which are best grasped by examining its essentially ritual nature.

"Due diligence" does not denote any particular act. Instead, its power resides in its form. Consider the motley precautions—from the perfunctory to the painstaking—that my interviewees subsumed under that label. Several respondents performed due diligence by investigating Stanford using ordinary search engines like Google. Houstonian Ted Schumacher and Baton Rougean Joel McGinn dug around the Texas State Securities Board's and the SEC's web portals, respectively. Several simply consulted other Stanford investors regarding their CDs' performance to date and the logistics of dealing with the firm. In addition, Baton Rouge resident Jodi Clemson took an accountant (CPA), whom she'd known for years, to meet her prospective Stanford advisor and pepper him with questions: "I thought I did enough due diligence," she lamented, "as much as I had ever done with any *other* investment." Another Baton Rougean, Bill Griffin, also leaned on a CPA friend's assessment. Houston physician Stephen Owings called old banking contacts in the Caribbean (where he'd once set up a captive insurance company for his side business) and relied on their not having "anything bad to say about [Stanford]." Finally, Martha and Barry Dubois narrated in detail a 5-year span in which they'd interviewed an army of prospective firms and advisors, attended frequent informational meals, "talked to everybody that there was to talk to in Baton Rouge," and visited Stanford's Houston headquarters, in anticipation of retirement. "Like I said," concluded Martha, "we really did our due diligence." To this Barry added: "The problem was we would ask questions, but then we'd believe the answers we got."

Barry's quip perfectly points up the ritual crux of "due diligence." If, as evidenced above, nearly any effort satisfies that standard, what work does the phrase, and the effort it labels, really do? To admit one's duty to "due diligence," I submit, is implicitly to recognize the perspectival limits of one's knowledge (e.g., the disadvantage of buyers before sellers, or laypeople vis-a-vis experts). Moreover, by acknowledging and abiding by this duty, however tritely, an actor may then claim to have exhausted the avenues for "knowing" afforded her in her disadvantaged role. "Doing" due diligence, then, becomes a way to claim limited epistemic authority for oneself qua layperson.[11] Simply, if perfect knowledge cannot be had, one can still arrogate epistemic authority to one's choices by ritually expending a modest effort—a low price for the license to transact. In asking "questions" and getting "answers" in the lead-up to investing, Stanford's US customers imagined themselves discharging a fuzzy legalistic duty called "due diligence." Once fulfilled, it became a way of affirming that they'd exercised wisdom and discernment in their financial affairs. Though largely contentless, more talisman than procedure, due diligence thus served as a badge of reasonableness that permitted them to act. Their frequent invocation of this phrase, one with deep roots in American commercial life, illustrates again how laypeople draw on locally-available strands to braid surrogate forms of authority.

Venezuelan investors: smartness through diversification

This becomes even clearer when we consider how the idea of "diversification" shaped Venezuelans' accounts. The concept took on a specific meaning there, due to a legacy of bank instability and homegrown fraud.[12] This would lead some, of the many Venezuelans who used it as a guide for action, to apply "diversification" quite carefully. Others, often those who idealized US institutions, would apply it in a looser manner.

A risk management strategy, "diversification" holds that investors should split their wealth across asset types, institutions, advisors, and even time (i.e., by laddering their investments' start dates). It's an idea most are familiar with via the folksy admonition against putting all your eggs in one basket. Influenced by a rash of bank failures since the mid-90s, several respondents evinced a commitment to institutional diversification in particular. Suni Noya, a Caracas architect in her late 40s, described the traumatic 1994 collapse of Banco Latino, then the country's second largest bank. When Banco Latino was taken over by authorities, Noya and her husband were left cash-strapped for months, until their restitution by Venezuela's version of the FDIC. The experience turned them into disciplined institutional diversifiers who always split their savings among several US banks at a time. Thus, when Stanford collapsed, their losses were unpleasant but not devastating, as they'd designated that particular pot of money their "emergency fund."

Juan Claudio Orozco, a 60-year-old a mechanical engineer turned financier in Valencia, was one of two Venezuelan respondents to have withdrawn their deposits prior to Stanford's collapse. Also a wary diversifier, Orozco claimed never to have fully believed in Stanford, and regarded his CD as part of the high-risk tranche of his asset portfolio. Even if he'd lost it, like Mrs Noya, he would have been fine. Indeed, it is precisely his having classified his CD as the "risky" piece of an overall strategy that permitted him to construe his investment as "smart."

Others demonstrated a shakier grasp of "diversification." Tomás Gomez, a PDVSA retiree in Caracas, illustrates the concept's misapplication. Describing the kinds of correspondence Stanford used to mail him, Gomez said he'd occasionally receive.

> [..] a main report where they listed all the investments they had made. How they diversified their stuff and so forth. They never identified the investments they made by proper name but rather [. . .] by category. You could see, like, investments in currency or whatever, investments in American steel, investments in Bulgaria, [. . . and] whatever else. And [you'd recall] their policy is only to lend to their own clients [with client deposits as collateral . . .]. And so, the only risk is that they might have high-risk stock market investments. But since they [. . .] had a very diversified portfolio, well then, you'd say, that's fine, every investor always leaves a small portion in high-risk [allocations] and the rest in medium-risk, low-risk, and so on. And so you'd say, great, these people are so organized with all this stuff.

Fiorello Ascari, head of a small Caracas construction firm, similarly recalled how "[Stanford] would send me a list [. . . specifying] how they'd invested their money, and [when] you tell me they've got it invested in the yuan, in pounds sterling, in [other] currency [. . . ,] gold, minerals, well then, it was well diversified, and so you'd think, 'if I lose something, I won't lose it all.'"

Primed to value "diversification," investors like Gomez and Ascari reacted positively upon hearing the term called out to them. And indeed, Stanford misrepresented its CDs as backed by a "diversified" portfolio. But, by placing nearly their entire net worth not only with one firm but in one financial instrument, such investors violated the rules of risk management that "diversification" actually denotes. Whereas those rules dictate that one establish relationships with—that is, diversify among—several firms or asset managers, these investors dealt only with Stanford, treating "diversification" as if it were a transitive virtue. For investors used to spreading their wealth across multiple Venezuelan banks, Stanford appeared to offer both the probity of a US bank and apparent asset diversification, without the bet-hedging hassle.

Conclusion

This article offers a "jurisdictional" approach to ignorance, defining jurisdiction as a principle that confers on certain actors, and denies to others, normative and epistemic authority over given domains, and thus shapes the sorts of ignorance they are liable to produce. Jurisdiction distributes advantage and disadvantage, but spares no one the chore of interpreting their world. To accept this is to allow that all have a hand in ignorance's production.

In foregrounding how organizations purposely make ignorance, extant scholarship spotlights only half of this vital equation. Professions and expertise scholars have shown how modern role specialization concentrates to some actors not just techniques for intervening in the world but also authority. And ignorance scholars ably demonstrate how organizations use such long-accrued advantage to further their ends. The "expertification" of society, however, has also brought mushrooming knowledge asymmetries, with every form of expertise conjuring its own laity. The expert is herself a layperson regarding unfamiliar forms of expertise. Indeed, each of us authors the kinds of ignorant interpretive accounts described here. By analytically privileging expert organizations, ignorance scholarship's main currents imply that ignorance is unilaterally wrought, that laypeople are its victims, and that lay accounts of the world, if they exist at all, are trivial.

Laypeople make countless choices from a rung of jurisdictional disadvantage, but they are not inert. My interviews with Stanford investors show, first, that lay ignorance is not mere absence, a withholding of facts by one's epistemic betters. Indeed, rather than just accept their counterparties' claims, laypeople treat risky relationships as pressing problems of interpretation. Their resulting accounts ultimately permit them to transact across gulfs of knowledge. Moreover, laypeople's jurisdictional remove shapes these interpretive accounts in key ways. Precisely since they lack the expert's native authority, they must gather substitute forms of normative and epistemic authority, engaging in a justificatory bricolage that allows them to assert, to self and others, that their trust is well-placed. As shown by my respondents, such bricolage can be ingenious and freewheeling, using any element of the encounter for support. And, as revealed in my contrast of US and Venezuelan investors, what counts as normatively or epistemically supportive is largely context-defined.

Far from denoting absence, then, "lay ignorance" can always be assumed to contain some quantum of positive content. What is more, the impulse to "author" such content must not be pathologized, but should be grasped for what it is: a functional response to occupying subordinate roles in knowledge-stratified societies.

Future works might apply this framework to different lay/expert encounters, and thereby illuminate the bounds of "lay ignorance." Prominent studies reveal "lay experts'" role in producing putatively expert knowledge (e.g., Epstein 1995;

Eyal 2013). Yet we need a principled way to distinguish lay ignorance from lay expertise. If the former consists in interpretive work that, however unmoored, helps laypeople manage risk and get on in the world, at what point might such efforts become more grounded and help laypeople intervene, meaningfully and predictably, in risky, epistemically opaque endeavors? I've contrasted the atomized, episodic way that laypeople navigate expertise in commercial encounters with how "mobilized" lay publics fight for institutional redress or influence. But future studies might fully map the organizational, technical, and symbolic factors (e.g., compare: Anteby 2010; Harrington 2010; Nelsen and Barley 1997) that shape whether laypeople shift from lay ignorance to what Collins and Evans term "interactional" or even "contributory" expertise (2007).

A bridging of ignorance scholarship with research on morality and markets (e.g., Fourcade and Healy 2007; Quinn 2008; Zelizer 2017) would also be fruitful. "Expert" and "layperson" do not just index one's share of authority or exposure to ignorance. Rather, the jurisdictional process that produces those actors also allocates risk and, with it, certain rights and responsibilities. I've argued that laypeople are often structurally coerced toward transactions for which they lack competence and assume great risk. Conversely, their expert counterparts benefit from such coercion and risk little. This allotment of risk is overlain with a peculiar market morality that reveals itself when things go awry. As many authors note, the injury of a swindle is often trailed by the insult of group censure. It was surely so for my respondents, who, following the fraud, quietly endured judgments from all quarters blaming them for their misfortune. Market downturns show similar tendencies, with "heedless" small investors or "feckless" borrowers held responsible for a preceding bubble.

Joining all such assertions of market theodicy—and where future studies might focus—is their odd moral stance on ignorance. Experts enjoy a standing presumption of knowledge. In the particular case, though, they have no responsibility to know and, indeed, enjoy *a right to ignorance*. As financial and electoral pundits prove, experts may get it wrong, repeatedly, without imperiling their status. Laypeople, meanwhile, are generally presumed ignorant. Yet, in the particular case—as in countless frauds—they have no such right to ignorance and instead are saddled with *a responsibility to have known*. Though such victim-blaming is pronounced in the investment context, it is hardly limited to that sphere. Exploring this moral irony of jurisdiction is a worthwhile task for ignorance scholars.

Notes

1. The firm stood accused of selling high-yield certificates of deposit (CDs) issued by its offshore subsidiary, Stanford International Bank (SIB), in the Caribbean island of Antigua. Though Stanford sold its CDs mostly at its country-specific brokerage chains (e.g., "Stanford Group Venezuela Asesores de Inversión," and "Stanford Group Company" in the US), it was the Group's offices in Texas and Florida, and its US-trained sales force that burnished its

image as a credibly "American" enterprise. Everywhere it expanded, Stanford told clients their CDs were backed by a "globally diversified portfolio" of marketable securities. In typical Ponzi manner, though, new deposits were used to pay out previous investors.

2. This figure includes fictitious interest. Stolen principal totaled $5.5 billion. To date, roughly 14% has been restored to depositors.
3. In the comments to such articles, the blame was more overt, with observers claiming that victims had been greedy and stupid and had gotten what they deserved.
4. In my sample, Stanford depositors were almost uniformly "laypeople" in regards to finance and investing: middle- to upper–middle-class teachers, professionals, small business owners, and widows, mostly in their 60s, with the modal US investor robbed of about $300,000 in retirement savings, and the modal Venezuelan losing closer to $200,000.
5. A fourth tendency, not discussed here, consists in nuanced typologies of ignorance. Excellent examples include Gross (2010) and Smithson (1989).
6. Stanford recruited investors by poaching established advisors from rival firms; via cold calling and fielding walk-ins; by cultivating links to corporations with frequent, sizable retirement cohorts (e.g. oil firms); by targeting retirement communities; and by hiring advisors with religious affinity links to potential clients.
7. Fifteen of these 88 were with either spousal or parent/adult-offspring pairs, hence the numerical discrepancy.
8. I was then a doctoral candidate at the University of Michigan Sociology Department, and while in Venezuela I held a visiting scholar position at the Instituto de Estudios Superiores de Administración. In both countries, my rapport-building with respondents was aided by the fact I could truthfully claim family and acquaintances among the defrauded.
9. Did advisors' religiosity simply evoke clients' trust and warmth, or did it also function as a hard-to-fake "costly signal" for probity (e.g., Sosis and Bressler 2003)? Though I saw no clear evidence for the latter, these are in principle complementary mechanisms.
10. It merits mention that Stanford's apparent "Southernness" and "localness" (as contrasted with "national" financial services firms) also figured in several respondents' positive assessments of that firm.
11. In other contexts (e.g., vaccine and climate skepticism, and conspiracy-thinking, broadly) the burden of due diligence transmutes into license, where "thinking for oneself" becomes a kind of populist epistemic cudgel that permits laypeople to reject expertise out of hand.
12. Though a few US respondents mentioned "diversification, it was dramatically more prevalent in Venezuelan interviews, both as a term and a described practice. Similarly, a few Venezuelans described having asked around about Stanford—and many more lamented having failed to—but not in a way that invoked an established legalistic norm like "due diligence."

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