

# PERSONAL FRAUD: THE VICTIMS AND THE SCAMS

Crime Prevention Studies:

Special Issue on Repeat Victimization

Ronald Clarke, Graham Farrell, and Kenneth Pease, Eds.

Richard M. Titus, Ph.D.

National Institute of Justice

Washington, DC 20531

Angela R. Gover, M.A.

Department of Criminology and Criminal Justice

University of Maryland

College Park, MD 20742

## **DRAFT: NOT FOR QUOTATION**

### Introduction

Public perceptions of crime as a social problem often depend, in part, on the specific type of crime being referred to. When thinking about or discussing crime, most people have images of violent street crime, such as robbery, assault, rape, etc. As a result, a large amount of research in criminology and criminal justice has focused on the financial and physical consequences of these criminal actions on victims (Shichor et al., 1996). According to this research, victims experience trauma over a long period of time, self-blame, anxiety, and worry about their future safety (Greenberg and Ruback, 1992). Unfortunately, criminological research has devoted much less attention to the aftermath of fraud victimization. This is an interesting fact when many believe that victims' experiences with fraud and other forms of white collar crime have more devastating effects on victims than street crime. In fact, according to a survey of public attitudes in Illinois on the costs of white collar crime, 55.2% of the respondents believed that white-collar crimes do more to undermine the morality in society than do regular street crimes (Cullen et al., 1983). Seventy-six percent of the respondents believed that the amount of money lost through white collar crime is more than that lost as a result of street crimes such as robberies, burglaries, and thefts. According to a national survey of fraud victimization (Titus et al, 1995) the total annual losses exceed \$40 billion. Fraud offenses involve issues such as a violation of trustworthiness and honesty -- basic values that are not typically associated with street crime victimization.

A proposed typology of white collar crime victims includes individuals as victims, corporations as victims, government institutions as victims, society as victims, and the international order as victims

(Tomlin, 1982). In this chapter we are concerned with the typology of individuals as victims of fraudulent acts, for which we employ the term "personal fraud." Fraud victimization involves the deliberate deception or intention of deception of an individual with the promise of goods, services, or other financial benefits that are actually nonexistent, were never intended to be provided, or were grossly misrepresented. There are several ways an individual may be victimized by fraud, such as telemarketing fraud, fraudulent acts that involve consumer goods or services, or fraudulent acts involving financial advice such as insurance coverage plans, investment packages, or business schemes. Examples include scams involving credit assistance or loan consolidation, offers for "free" prizes that actually may not exist and/or result in costs to victims, scams promising unnecessary or useless goods such as beauty products or home repairs, unauthorized use of bank or credit card numbers, and charity scams whereby victims make contributions to fraudulent institutions under pretenses of assisting a charity.

## Repeat Victimization by Personal Fraud

Forms of repeat victimization such as domestic violence fit well into the routine activities perspective: the victim and offender are continuously in the same place in the absence of capable guardians, and domestic violence can often be ended by having the offender or victim move away. But for other types of crime, such as personal fraud victimization, different explanatory models are required. A framework for these models was laid out early by Nelson (1980) and Sparks (1981): repeat victimization is to be understood in terms of risk heterogeneity (predisposing characteristics of persons or locations) or state dependence (the influence of prior victimization on the likelihood of subsequent victimization). These two positions are examined elsewhere in this volume for a number of crime types; the focus of this chapter is to show how risk heterogeneity and state dependence interact in the case of personal fraud victimization and revictimization.

## Personal Fraud Victim Characteristics

Victim characteristics are equally as important in the crime of personal fraud as they are in other types of crime. While in other crimes some amount of victim cooperation or facilitation may be involved, in personal fraud they are often indispensable. This emphasis on victim cooperation is not meant to invoke any moral judgements about victim blame, but to direct attention to the victim's role in assisting the offender and allowing the crime to occur. In fraud victimization there is a continuum of cooperation, ranging from none to considerable:

**No Cooperation:** A woman discovers in her next monthly credit card statement that she has been the victim of an identity fraud, having done nothing to facilitate the crime;

**Some Cooperation:** A man responds to a "cold" phone call and contributes to a charity without investigating and learning that it was phony;

**Considerable Cooperation:** Having responded to an ad for a fabulous investment opportunity and been victimized in a Ponzi scam, a man is burned again in a recovery scam. Over a period of years a woman loses many thousands of dollars in a series of one-in-five scams but continues to participate.

In those types of fraud involving some element of victim cooperation, it may include one or more of the following actions:

The victim either makes the initial contact with the offender, or takes steps that lead to the initial contact, (e.g., by mailing in a coupon in response to a "free vacation" advertisement, or by visiting a website that promises extravagant returns on investment), thus providing an address and signaling some receptivity to the "pitch";

The victim provides information about him/herself (e.g., desires, tastes, financial capacity) that helps the offender carry out the scam;

The victim allows the offender to convert what should be a business relationship into a personal relationship, to create a sense of trust, and to get a waiver of customary safeguards;

The victim allows the offender to create a scenario or version of events (e.g., specially selected, rare good fortune, unique opportunity, insider information, need for prompt action) that when believed sets the stage for fraud;

The victim writes checks, gives out credit card or bank account numbers, and in other ways provides the offender with access to his/her funds.

Due to the influence of victim facilitation in many types of personal fraud, victim-blaming is common. Fraud victims often tend not to report fraud victimization due to the public's and criminal justice systems' attitudes towards victims' culpability in the act (Walsh and Schram, 1980). For example, attitudes towards fraud victims have been compared to attitudes towards rape victims in that the victim has contributed to the incident. Some blame rape victims for contributing to the event by engaging in enticing behavior or violating rules for preventive behavior. This analogy has been made to fraud victims who entice fraudulent behavior through greed or failing to take appropriate precautions against the tactics of fraud perpetrators. For example, Delord-Raynal (1983) portrays fraud victims' involvement as going far beyond simple cooperation. Fraud victims are viewed not only as the victims of their own cupidity, but also as co-conspirators with the con artist, and even as con artist wannabes. Delord-Raynal approvingly quotes La Rochefoucauld: "One is never more likely to be deceived than when trying to deceive." (An American equivalent, "You can't cheat an honest man," has been attributed to a 19<sup>th</sup> century con artist; Dornstein, 1996). Delord-Raynal describes victims as persons in search of something for nothing, who see the con artist as an accomplice who will assist them in achieving these gains by exploiting situations, persons, or institutions in ways that may perhaps be illicit. On occasion victims appear to believe that it is the con artist who is going to be **their** victim! According to Delord-Raynal, while victims may exhibit what appears to be naivete and credulity, at times this is due to their larcenous

motivations which have created a suspension of disbelief. She states that shame over having been duped is one reason that fraud victims often do not file complaints with authorities, but that another reason may be fear of exposure of their dishonest intentions. To the extent that these attitudes are generally shared, they would tend to produce feelings of guilt and shame on the part of the victim while shifting the blame from the offender to the victim, and would result in under-reporting of fraudulent acts and in underestimates of the seriousness of the crime.

Delord-Raynal's analysis would at most apply only to certain victims of certain types of personal fraud. Nonetheless, the "come-on" in numerous types of fraud clearly is based on elements of greed and self-deception. In fact, there seems to be large numbers of Americans eager to believe that in a capitalist economy some businesses can turn a profit by giving things away. A recent television news item reported that -- while almost all of the "top ten" search terms to the Yahoo search engine dealt with sex -- the #1 search term was the word "free," and #4 was a word that cyberjunkies know refers to free software. A search on the word "free" on Yahoo yielded 14,325 hits; for Alta Vista it was 13,370,399. Entering the word "sex" it was for 2,815 for Yahoo and 10,446,220 for Alta Vista. The lure of something free, absurdly cheap, or unrealistically lucrative is integral to many fraud "come-ons." If the victim already has some predisposition to believe, then the persuasive powers described by Pratkanis and Aronson (in press) achieve power that seems akin to hypnosis, or perhaps more appropriately, guided self-hypnosis. The fraud prevention expert's mantra: "if it sounds too good to be true it probably is" frequently falls on deaf ears!

There are also types of character trait other than greed and gullibility that can increase one's vulnerability to personal fraud victimization:

Carelessness may cause one to insufficiently check out an offer before becoming involved in it;

Because of a lack of interest in the news one may not be informed about a current scam when such information was freely available in the media;

A susceptibility to flattery will be exploited by con artists;

Being easily intimidated will also be exploited: con artists switch between flattery and bullying depending on their appraisal of the victim and the flow of the interaction (Schulte, 1995);

A tendency towards risk-taking behavior can often lead a potential victim to match wits with a con artist. This increases vulnerability because con artists use scripts called "objections" which include answers for every reason one could provide to not participate. Con artists thrive on this exact type of challenge (Schulte, 1995).

Finally, there are various socially valued individual characteristics that unfortunately can also be exploited by con artists in particular types of scam. For example:

One's good citizenship in e.g., "bank inspector" scams;

One's compassion and generosity in e.g., charity scams;

The respect for authority in e.g., "building inspector" scams;

An unsuspecting nature in e.g., advance-fee scams.

The personality characteristics listed above can potentially affect the likelihood that one will provide some extent of victim cooperation that con artists require. There are also behaviors and life events which – along with increasing the likelihood of legitimate sales pressure – also increase the likelihood that a fraudulent solicitation will be received. These include:

Having been a fraud victim before (more about this below);

Signing up for "free offers" and "prizes;"

Entering contests or sweepstakes;

Being on catalogue mailing lists or "junk mail" lists;

Belonging to organizations;

Buying things over the phone, or using a 900 number;

Making purchases on the Internet;

Registering with any of the sites or groups on the Internet;

Engagement, marriage, birth, graduation, or death in the family;

Retiring, or turning 65;

Moving;

Purchasing a house, car, or major appliance;

Having a major medical treatment or operation;

Buying stocks, bonds, or some other investment;

Buying insurance;

Giving to a charity;

Requesting information about an advertisement.

Excluding the Internet items, this listing could have been produced years ago. What has changed is the ease with which legitimate and illegitimate businesses can accumulate, access, and utilize such information about us.

Risk heterogeneity, as it applies to personal fraud victimization, can be summed up as follows: personality characteristics combined with demographics and life events affect the likelihood that one will engage in certain actions. As a result, these actions may increase the likelihood of a fraudulent solicitation. Personality characteristics also influence the likelihood that one will succumb to a fraudulent solicitation if it is received. The next section will examine the literature to see what clarification can be offered on this issue.

# Who Are Personal Fraud Victims?

Prior to the introduction of the National Crime Victimization Survey (NCVS) in 1973, the only national statistical source of crime victimization data were available from the Federal Bureau of Investigation's Uniform Crime Report (UCR). The UCR is the most widely cited source of aggregate criminal statistics and provides a nationwide view of crime based on the submission of crime statistics from city, county, and state law enforcement agencies throughout the country. Despite its importance and wide use by criminologists, the UCR has been criticized for issues related to reporting practices, law enforcement practices, and its methodological problems. Specifically, surveys of victims of crime indicate that fewer than half of all criminal incidents are reported to the police, which indicates that the UCR data significantly underestimates the total number of annual criminal events.

The Uniform Crime Reports (UCR) compiles data on fraud, which constitutes a Part II offense, and is defined as the "fraudulent conversion and obtaining money or property by false pretenses. Included are confidence games and bad checks, except forgeries and counterfeiting.", (Federal Bureau of Investigation, 1996). In addition, according to the UCR Handbook, fraud consists of some deceitful practice or willful device, resorted to with the intent to deprive another or in some way to do an injury. (Federal Bureau of Investigation, 1984). According to the most recent UCR data, 324,776 persons were arrested in 1996 for fraud by 9,666 law enforcement agencies nationwide, compared to 121,781 robbery arrests and 264,193 burglary arrests (Federal Bureau of Investigations, 1996). This calculates to a rate of 171.0 persons arrested for fraud per 100,000 persons in the population, 64.1 for robbery, and 139.1 for burglary (not all these fraud arrests are for what we are calling "personal fraud"). Although the UCR does in fact collect arrest information on the prevalence of fraud, as mentioned above, the UCR is not an ideal indicator since many fraud victimizations are not reported and many reports do not lead to arrest. Compilations of national data on prosecutions, convictions, sentences, and time served suffer from the same limitations.

The National Crime Victimization Survey (NCVS) was developed by the U.S. Bureau of Census in cooperation with the Bureau of Justice Statistics of the U.S. Department of Justice. One benefit of the NCVS is that it can potentially capture an estimate of crime that is missed by the UCR by collecting information about victims, offenders, and crime (including criminal events that go unreported to the police). The most recent NCVS obtains data on over 110,000 individuals from 66,000 households (Bureau of Justice Statistics, 1994). While the NCVS provides an extremely valuable source of information on crime victimization, this survey does not contain questions dealing with fraud victimization.

In order to have an impact on individual behavior for the prevention of personal fraud victimization and to develop policies for the criminal justice systems' reaction to such crime, it is imperative for the criminological community to accurately estimate the nature and extent of fraud victimization. Unfortunately, studies of fraud victimization are few in number and statistical estimates of these crimes are under-represented in the literature (Moore and Mills, 1990). Of the few studies that have been conducted, many suffer methodological problems such as the utilization of small samples and a reliance on samples of convenience.

A national telephone survey was administered to a representative probability sample of 1,246 respondents ages 18 and older (Titus et al., 1995). This survey provided the first national estimate of the incidence and prevalence of personal fraud victimization, the characteristics of the victims involved, and the impacts and effects of these offenses. Respondents were asked whether they had been victims of fraud or if an attempt had ever been made to victimize them by 21 specific types of fraud plus a category of 'other' types of fraud. Fifty-eight percent of the respondents reported that they had been the victim of a successful fraudulent act or the victim of an attempted fraudulent act during their lifetime. Within the previous 12 months from the time of the survey, 31% of the respondents reported one or more fraud attempts and of these, 48% were reported to be successful. Therefore, 15% of the entire sample had been successfully victimized by personal fraud within the previous year. Even more startling, 8% of the sample reported a victimization or attempted victimization for five or more of the fraud categories, which indicates that there is a substantial proportion of individuals who are repeat victims of this crime.

The average amount of money and property loss victims incurred was \$216.00. There was a large variation in loss experienced by these victims - the overall loss range for victims was from \$0 to \$65,000. Financial and property loss is not the only 'aftermath' of this crime experienced by fraud victims. In fact, researchers have found that victims of both fraud and violent crime show similar psychological effects such as feelings of anxiety and major depressive disorders as the most common psychiatric complications (Ganzini et al., 1990). In addition to loss of money or property experienced by victims, in the study conducted by Titus et al., (1995), 10% to 20% of the victims reported health problems, lost time from work, and harm to other family members.

The media typically portrays the elderly population as prime targets of con artists, but Titus et al. (1995) found that those 65 and older were less likely to report being fraud victims, and that the probability that the recipient of a fraud attempt will succumb cannot be predicted by any demographic variable, including age. This finding is consistent with the AT&T survey discussed below, and with a 1993 AARP survey that examined older consumer behavior. According to this AARP survey, individuals who are ages 50 and older reported receiving fewer calls than the general population for "prize notifications" (AARP, 1993).

In response to the recognition by United Kingdom's Home Office Crime Prevention Unit that credit and check card fraud have significant social and economic consequences, a telephone survey was conducted by Barclaycard's Market Research Division in 1991 (Levi, 1991). Of the 200 individuals surveyed, 84% of the respondents reported that their credit cards were stolen while the remainder reported that their cards had been lost. Of these individuals, 57% of the lost or stolen cards were used fraudulently. Fifteen percent of the sample were repeat victims of fraud or loss on one or more occasions. In over 40% of the cases of lost or stolen cards, other forms of personal identification, other credit cards, or check books were also stolen. Of these additional items that were stolen or lost, almost half of them were fraudulently used. Therefore, it appears that the initial loss of credit cards has a 'knock on effect' on the fraudulent use of other credit and payment types. Of this sample of 200 Barclaycard loses, for those who were victims of fraud as a result of the loss, an average of 12 fraudulent transactions were made using the lost or stolen card. The researchers of this study concluded that general risk awareness appears to be the best approach to card theft protection.

A 1992 survey of telemarketing fraud found that one in three Americans reported having been cheated out of money through various deceptive means (Bass and Hoeffler, 1992). Fewer than one-third of those victimized reported the incident to anyone at all, and only one-third of those surveyed believed that they

knew who to contact to determine whether an offer or promotion was legitimate. In 1995, residents from Delaware and Pennsylvania were surveyed for AT&T corporation (Princeton Research Associates, 1995). Seventeen percent of those surveyed reported that they had been victims of fraud at least once during their lives. Individuals over the age of 50 were least likely to have succumbed to potentially fraudulent sales techniques; however, significant differences in fraud victimization were not found based on age.

In 1994 Shichor and colleagues mailed questionnaires to 152 randomly selected victims of an oil and gas partnership telephone investment scam that ended in early 1991 (Shichor et al., 1996). Individuals who completed the surveys were out of a pool of a total of 8,527 victims who lost money from this scam. The majority of the victims were between the ages of 52 and 63 years old, well educated, and male. Sixty-five percent of the victims invested less than \$30,000, 17% between \$30,000 and \$74,999, and 18% invested more than \$75,000. Victims were promised to receive between a 15 to one and 37 to one return on their investments within a few years. The questionnaire revealed that when victims were notified that they would be losing their investments, they felt "anger," "enraged," "sick," "depressed," "devastated," and other variations of these responses of emotional outrage. Even after being contacted years after the scheme, victims continued to have feelings of anger and distress, and many of the victims still remained in serious financial jeopardy as a result of the scam. Interestingly, victims of this particular telephone scam felt that their experience was sufficient protection from repeat fraudulent victimization experiences of this nature.

The findings from this research mirror findings from ethnographic interviews conducted with victims of a failed financial institution in an earlier study in 1990-1991 (Shover et al., 1994). Victims who lost investments in this institution (Southland Industrial Banking Corporation) due to the criminal activities of its officers and employees harbored feelings of bitterness and anger even 10 years following the victimization. In addition, a small proportion of the victims were completely devastated by their experiences, became severely depressed, and felt intensified feelings of anger and resentment by their belief in the injustice of their situation.

The American Association of Retired Persons (AARP) conducted interviews with 745 victims of telemarketing fraud in 1995 and found that fraud victims are "besieged by telemarketers" (AARP, 1996). Specifically, 99% of the fraud victims interviewed reported that they had been contacted by a telemarketer who was notifying them that they had won a prize or sweepstakes, or were selected as one of a few people who were eligible for a prize. Forty-two percent of the victims interviewed reported that they had received 20 or more calls during the past six months by telemarketers who either asked for a charity contribution, tried to sell the victim something, or were notifying them about a contest or sweepstakes. In fact, 82% of the victims received one or more attempts within the past 6 months, and 46% within the past week! Contrary to the national survey by Titus et al. (1995), this research found that older individuals were more likely to be victimized by telemarketing fraud than younger people. Fifty-six percent of the victims were age 50 years and older, while only 36% of this age group comprised the general population. However, some of this over representation could be explained by Titus et al.'s (1995) findings that older fraud victims were more likely to report to authorities. On the other hand, consistent with Titus et al. (1995), fraud victims interviewed in the AARP (1996) study were more likely to be well educated, as well as being informed, relatively affluent, and not socially isolated. Interestingly, half of these victims reported sending in money for participation in a sweepstakes offer at some point in their lives and nearly two-thirds of these individuals reporting doing so more than once. However, the majority of the victims said that as a result of their experience, they would change their behavior in the

future if approached by a fraudulent pitch.

In 1996 a random sample of 865 persons ages 50 and older participated in a telephone survey that focused on telemarketing fraud for the AARP (AARP, 1997). This same survey was replicated with a random sample of 882 individuals in 1997. Fifty-seven percent of the 1996 sample and 52% of the 1997 sample reported that they received a telemarketing call at least once a week from an unknown organization asking them to make a donation, investment, requesting them to buy something, or enter a sweepstakes or contest. Fourteen percent of the 1996 sample and 12% of the 1997 sample responded to these telemarketing calls by giving a credit card number, sending in money to make a purchase, investment, donation, or entering a contest. These figures show that a large proportion of the population (of those ages 50 and older) are in fact contacted quite frequently by telemarketers and are responding to such calls. Forty percent of the 1996 sample and forty-three percent of the 1997 sample reported that they did not know how to identify whether a call was fraudulent. Finally, over half of the respondent from both surveys (64% of the 1996 sample of 65% of the 1997 sample) were unable to name any organizations that are working to protect people from being victimized by telephone fraud.

It appears that one of the surest ways to become a personal fraud victim is to have been a victim. Typically the names of fraud victims are added to "mooch" lists which are exchanged and sold among con artists for "reload" schemes (the same or similar scams) and "recovery" schemes (an offer to assist the victim recover his/her losses). Prior victims are targeted again and again because they are the very opposite of a "cold call;" they have given clear evidence of their vulnerability (Schulte, 1995). In the 1995 AARP study of fraud victims, 42% of victims reported receiving 20 or more telemarketer calls involving sale of a product, contribution to charity, or a contest or sweepstakes; 82% received one or more such calls within the past 6 months and 46% within the past week (AARP, 1996)!

The evidence from this limited set of fraud victimization surveys is unanimous that greater education is not a protective factor; instead, the evidence points to the reverse. Much of the evidence also suggests that older individuals are not at greater risk for fraud victimization. It may be that younger and better educated people have wider interests, engage in a broader range of activities, and have more consumer participation in the marketplace than other demographic groups. If so, they may increase their exposure to fraudulent solicitations and transactions.

In terms of the contribution of risk heterogeneity vs state dependence as an explanation for repeat victimization in personal fraud, we can cite no data that bear directly on the question. However, the weight of the evidence that we have amassed indicates that both contribute:

**Risk Heterogeneity:** Individual characteristics influence the likelihood that a fraudulent solicitation will be received. In addition, it seems plausible from much of the evidence reviewed that individual characteristics influence the likelihood that a solicitation if received will be succumbed to. However, it is important to note that in Titus et al (1995) no demographic variable was significant in predicting whether a fraud attempt, if received, would be successful; the key factor in victimization by personal fraud in this study was whether or not one was the recipient of an attempt.

**State Dependence:** The research and practitioner literatures agree that an individual once victimized is much more likely to be approached again for the same and different types of scam: such leads are prized by con artists because

experience teaches them that "once bitten twice shy" doesn't apply to many fraud victims. Moreover, some scams (e.g., "one-in five") are set up to appeal to tendencies that are similar to those that keep some people playing the one-armed bandits and lotteries to a point that can best be described as a "triumph of hope over experience".

## What Are the Frauds?

The Titus et al. (1995) fraud victimization survey used screener questions for 21 specific categories of fraud plus a category for "other." The types of fraud used in the screener were gleaned from the literature and from a national focus group of fraud investigators and prosecutors. Table 1 examines how fraud incidents ranked in terms of frequency and of whether

[Insert Table 1 About Here]

or not the attempts were successful. The types of fraud that were frequently mentioned by fraud investigators ("pigeon drop," fake bank official, fake ticket, phony inspector, credit repair) were not very common, and others that were also frequently mentioned ("free" prize, credit card number scam, fake charity), while more often reported among the sample, were not usually successful. The fraud types that occurred most often and were more likely to have been successful were Appliance/Auto Repair, Fraudulent Price, 900 Number, Other Types, Subscriptions, and Warranty. These fraud types relate to consumer transactions which might have simply involved misunderstandings or "bad shopping experiences" rather than true fraud. All that can be said is that the survey was designed throughout to cue the reporting of events that were criminal and fraudulent, involving the elements of deception, false and misleading information, impersonation, misrepresentation, abuse of trust, and failure to deliver. Furthermore, the legal elements of fraud were incorporated as appropriate into the wording of each screener question. The response option of "Not sure if it was legal" was available on every screener item. Thus, it appears that the respondents **believed** that they were defrauded. Moreover, the evidence provided by congressional hearings and consumer protection agencies indicates that consumer transactions often do involve deception and abuse of trust for financial gain, which are key elements of economic crimes, as in the case of fraud.

Table 2 shows the mean and median loss for each type of fraud. Recall that Table 1 identified

[Insert Table 2 About Here]

fraud types that occur more often and are frequently successful. Of these, Table 2 shows that:

Other Types, Appliance/Auto Repair, 900 Number, Fraudulent Price, and Warranty all have mean losses in excess of \$280.00. Table 2 also shows that some types of fraud – while relatively infrequent and not usually successful – can for their victims involve extreme losses: Investment, Insurance, Broker/Planner, and Credit Card Number. It is important to note that if this survey was conducted today, Internet-related frauds and identity theft would most likely appear on this list. Together, Tables 1 and 2 provide guidance

on where fraud-prevention efforts should be concentrated.

## Preventing Personal Fraud Victimization

According to the national survey by Titus et al. (1995), fraud attempts were less likely to succeed if: 1) the offender was a stranger; 2) the initial contact was by telephone or mail; 3) the potential victim had heard of this type of fraud before; or 4) the potential victim tried to investigate the person or proposition before responding. Clearly, there is a preventive role for public information campaigns to increase general understanding of how frauds are perpetrated, what current frauds are, how to decrease one's exposure and risk, how to investigate a solicitation before participating in it, and how to report if victimized. There is some research evidence that these general campaigns can be effective, (AARP, 1997). However, given that a powerful predictor of future victimization is past victimization, more targeted campaigns aimed at fraud victims should also be mounted.

When analyzing a criminal incident, we can speak of the extent to which actions by the victim are necessary in order for the crime to occur. If the victim's actions helped the offender commit the crime, then changes in victim behavior should assist in preventing the crime. Therefore, the victim should be involved in the solution. One part of police and victim services victim intake procedure should be to review with victims their daily activities and past fraud victimization history to assist them in assessing how they can reduce their risk of exposure to fraudulent solicitations. This would include a discussion of factors that research has identified as contributing to victimization and repeat victimization risk, an analysis of how these factors contribute to the victim's risk, and a discussion of what changes the individual can make to reduce that risk. A "debriefing" could also be conducted with the victim to examine the current victimization as a way to learn from the experience. By guiding the victim through the events that culminated in the crime, the victim may gain a more realistic idea of what changes in behavior could produce greater safety in the future, as well as an appropriate assessment of his/her involvement in the outcome.

There is also a role for research in the prevention of fraud victimization, such as enhanced and routine data collection on a national level. Currently, the criminological community has very incomplete data to analyze and interpret on the types of fraud that are occurring, who the victims of fraud victimization are, the costs of fraud victimization to victims and society, and what strategies have been effective in controlling and preventing fraud victimization. In addition to routine and comprehensive data collection, another research priority is to examine the operations of con artists with a view to interdicting them; most of what we know today comes from the practitioner literature. For example, more knowledge is needed on how con artists develop their lists of potential victims for purposes of preventing individuals from appearing on these lists and to remove victims' names from these lists. Another priority would be to explore research of a preemptive nature, which involves predicting what new scams will be committed by con artists, how new technologies will be used to carry them out, and how these events can actually be prevented. A final item for a future research agenda includes a measure of the effectiveness of public information campaigns that aim to teach people how to recognize a scam, and how to quickly and effectively terminate the attempt.

### **Table 1: Types of Fraud Incident and Outcomes**

<b>Fraud Type</b>	<b>Total # of Incidents</b>	<b>Number of Attempts</b>	<b>Number of Successful</b>	<b>Percent Successful</b>
Free Prize	131	114	17	13.0%
Appliance/Auto Repair	70	20	50	71.4%
Card Number	57	48	9	15.8%
Price	55	30	25	45.5%
900 Number	52	31	21	40.4%
Other Types	50	27	23	46.0%
Subscriptions	43	13	30	69.7%
Charity	39	32	7	17.9%
Warranty	31	11	20	64.5%
Work at Home	23	19	4	17.4%
Health-Beauty	23	12	11	47.8%
Insurance	20	14	6	30.0%
Home Repair	18	6	12	66.7%
Broker/Planner	17	10	7	41.2%
Credit Repair	16	12	4	25.0%
Inspector	13	10	3	23.1%

Investment	12	8	4	33.3%
Ticket	10	9	1	10.0%
Fees/Membership	8	0	8	100.0%
Pigeon Drop	6	5	1	16.7%
Training Course	5	0	5	100.0%
Bank Official	1	1	0	0.0%
<b>TOTALS</b>	<b>700</b>	<b>432</b>	<b>268</b>	<b>38.3%</b>

**Table 2: Types of Fraud Incident, Mean, and Median Losses**

<b>Type of Fraud</b>	<b>Number of Cases</b>	<b>Mean</b>	<b>Median</b>
Investment	3	\$22,175	\$1,500
Other Types	24	\$4,180	\$550
Insurance	5	\$1,780	\$1,200
Broker/Planner	5	\$1,564	\$100
Card Number	8	\$1,321	\$200
Appliance/Auto Repair	48	\$1,039	\$200
Home Repair	8	\$459	\$117
Ticket	1	\$398	

900 Number	16	\$348	\$35
Price	18	\$332	\$100
Warranty	14	\$281	\$200
Fees/Membership	8	\$263	\$150
Free Prize	16	\$261	\$64
Training Course	5	\$118	\$100
Credit Repair	4	\$103	\$80
Health-Beauty	11	\$87	\$60
Pigeon Drop	1	\$80	
Inspector	2	\$64	\$64
Subscriptions	26	\$42	\$28
Work At Home	4	\$40	\$43
Charity	5	\$32	\$25
Bank Official	0	0	0

## References

American Association of Retired Persons

1993 The AARP Report on the 1993 Survey of Older Consumer Behavior. Conducted by Princeton Survey Research Associates.

American Association of Retired Persons

1996 Telemarketing Fraud and Older Americans: An AARP Study. Conducted by Princeton Survey Research Associates.

American Association of Retired Persons

1997 Comparative Findings from the 1996 & 1997 Omnibus Surveys on Telemarketing Fraud. Prepared by the Evaluation Research Services, Research Division, June.

Bass, Ron and Lois Hoeffler

1992 Telephone-Based Fraud: A Survey of the American Public. New York: Louis Harris and Associate, Inc.

Bureau of Justice Statistics, U.S. Department of Justice

1996 Criminal Victimization in the United States 1994, published by the Bureau of Justice Statistics, Office of Justice Programs, U.S. Department of Justice.

Bureau of Justice Statistics, U.S. Department of Justice

1997 1996 Sourcebook of Criminal Justice Statistics, Bureau of Justice Statistics, Office of Justice Programs, U.S. Department of Justice. Copyright 1997 by The Hindelang Criminal Justice Research Center.

Cullen, F.T., R.A. Mathers, G.A. Clark, and J.B. Cullen

1983 Public support for punishing white-collar crime - blaming the victim revisited? *Journal of Criminal Justice* 11:6, 481-493

Delord-Raynal, Yvette, 1983. Les Victimes de la Delinquance d'Affaires. Victimology: An International Journal Vol. 8, Nos. 1-2, 68-79.

Dornstein, Ken, 1996. Accidentally, On Purpose: The Making of a Personal Injury Underworld in America. New York, NY, St. Martin's Press.

Federal Bureau of Investigation

1997 Crime in the United States 1996. Uniform Crime Reporting Program.

Federal Bureau of Investigation, 1984. Uniform Crime Reporting Handbook: (Summary System, Pgs. 24-25).

Ganzini, L., B. McFarland, and J. Bloom

1990 Victims of fraud: Comparing victims of white collar and violent crime. *Bulletin of the American Academy of Psychiatry and the Law* 18:1, 55-63.

Greenberg, M. & R.B. Ruback

1992 After the Crime: Victim Decision Making, Plenum, New York.

M. Levi

1991 Credit and cheque card fraud: Some victim survey data and their implications. *Research Bulletin*, 31: 3-8. Home Office Research and Statistics Department.

Moore, E. and M. Mills

1990 The neglected victims and unexamined costs of white collar crime. *Crime & Delinquency* 36: 408-18.

Nelson, James F., 1980. Multiple Victimization in American Cities: A statistical Analysis of Rare Events. American Journal of Sociology, Vol. 85, 871-891.

Pratkanis, Anthony R. and E. Aronson, *Age of Propaganda: The Everyday Use and Abuse of Persuasion*, in press.

Princeton  
Research  
Associates,  
1995  
Consumer  
Rights  
and  
Technology  
Survey.  
March.

Shichor, D., J. Doocy, and G. Geis

1996 Anger, disappointment, and disgust: Reactions of victims of a telephone investment scam. *International Victimology: Selected Papers from the 8<sup>th</sup> International Symposium*, edited by Chris Sumner, Mark Isreal, Michael O'Conner, and Rick Sarre. 105-111

Schulte, Fred, 1995. *Fleeced!: Telemarketing Rip-offs and How to Avoid Them*. Amherst, NY, Prometheus Books.

Sparks, Richard F., 1981. Multiple Victimization: Evidence, Theory, and Future Research. Journal of Criminal Law and Criminology, Vol. 72, 762-778.

Shover, N., G.L. Fox, and M. Mills

1994 Long-term consequences of victimization by white-collar crime. *Justice Quarterly* 11:1, 75-98.

Titus, Richard M., F. Heinzelmann, and J. Boyle, 1995. Victimization of persons by fraud. *Crime & Delinquency* Vol. 41, No. 1, 54-72.

Tomlin, J.W.

1982 Victims of white-collar crimes. In *The Victim in International Perspective*, Hans Joachim Schneider, ed.

Walsh, M.E. and D.D. Schram

1980 Victims of White-Collar Crime - Accuser or Accused? In *White-Collar Crime - Theory and Research*, Gilbert Geis and Ezra Stotland, eds.