



FEDERAL TRADE COMMISSION

Consumer Fraud in the United States: The Second FTC Survey

Federal Trade Commission Staff Report

October 2007



Consumer Fraud in the United States: The Second FTC Survey



Staff Report of the
Bureaus of Economics and Consumer Protection
Federal Trade Commission

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October 2007

Federal Trade Commission

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This is a staff report of the Bureaus of Economics and Consumer Protection of the Federal Trade Commission. The views expressed in this report are those of the staff and do not necessarily represent the views of the Federal Trade Commission or any individual Commissioner.

Acknowledgments

Assistance in revising the 2003 survey instrument was provided by staff in the Bureau of Consumer Protection, particularly Nat Wood, and Synovate, particularly Tim Amsbury. The survey was administered by Synovate. Drafts were reviewed by and valuable editorial suggestions provided by Pauline Ippolito, Nat Wood, and Michael Ostheimer. Expert assistance in formatting the report was provided by Dawne Holz and Erin Malick in the Division of Consumer and Business Education in the Bureau of Consumer Protection.

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Consumer Fraud in the United States

Summary of Findings from the 2005 Fraud Survey

- In 2003, the Federal Trade Commission commissioned a study of consumer experiences involving fraud. The results of that survey are discussed in [*Consumer Fraud in the United States: An FTC Survey*](#), which was published in August 2004. This report discusses the results of a second survey of consumer fraud conducted between November 16 and December 20, 2005. The survey was conducted by Synovate, a survey research firm, and involved interviews by telephone with 3,888 adults. Interviews were conducted in both English and Spanish and oversampling was done to increase the number of interviews with members of several minority groups – Hispanics, African Americans, American Indians and Alaska Natives, and Asians.
- An estimated 13.5 percent of U.S. adults – 30.2 million consumers – were victims of one or more of the frauds covered in the 2005 fraud survey during the year before the survey was conducted (Table 2). There were an estimated 48.7 million incidents of these frauds during this one year period (Table 3).

What are the Top Problems Identified by the Survey?

- Of the 30.2 million victims, an estimated 21.0 million experienced one or more of the 14 specific frauds covered by the survey, while 11.7 million experienced one or both of the two more general frauds covered by the survey – paying for a product or service that was never received or being billed for a product or service (other than those covered by the specific frauds) the consumer had not agreed to purchase (Table 2). Of the 48.7 million incidents of fraud, 34.1 million involved the specific frauds and 14.6 million involved the more general frauds (Table 3).

Fraudulent Weight-Loss Products

- More consumers were victims of fraudulent weight-loss products than of any of the other specific frauds covered by the survey. For purposes of this report, fraudulent weight-loss products are considered to be products, such as nonprescription drugs, dietary supplements, skin patches, creams, wraps, or earrings, where the seller promised that by using the product losing a substantial amount of weight would be easy or could be achieved without diet and/or exercise and where consumers who purchased the product lost, at most, only a little of the weight that they had expected to lose. An estimated 2.1 percent of consumers – 4.8 million U.S. adults – purchased and used such fraudulent weight-loss products during the one year period preceding the survey (Table 2 and Figure 1). There were an estimated 8.3 million total purchases of such weight-loss products during this year (Table 3 and Figure 2).¹

Fraudulent Foreign Lotteries and Buyers' Club Memberships

- Two specific frauds tied for second place in terms of the number of victims. The first involves consumers being told they had won a foreign lottery that they had not entered.

1. The estimated number of incidents of a particular fraud is likely to exceed the estimated number of victims because some victims were victimized more than once during the year.

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Victims of this fraud either supplied personal information, such as their bank account information, or made a payment as a condition of receiving their alleged winnings. The second fraud involves consumers being billed for a buyers' club membership that they had not agreed to purchase. Both of these frauds were experienced by an estimated 1.5 percent of consumers – 3.2 million people (Table 2 and Figure 1). There were an estimated 4.1 million incidents of consumers being billed without authorization for a membership in a buyers' club, and 3.5 million incidents of consumers being victimized by fraudulent foreign lotteries (Table 3 and Figure 2).

Fraudulent Prize Promotions

- The specific problem that ranked fourth in terms of the number of victims was purchasing something, making a payment, or attending a sales presentation in order to receive a promised prize and then finding that the prize either was not delivered or was not what the consumer expected. This problem was experienced by an estimated 1.2 percent of U.S. adults – 2.7 million individuals in this one year period (Table 2 and Figure 1). There were an estimated 2.7 million incidents of this fraud (Table 3 and Figure 2).

Fraudulent Work-at-Home Programs

- The purchase of work-at-home programs where the purchaser earned less than half of the income the seller had promised ranked fifth among the specific problems covered by the survey. An estimated 1.1 percent of consumers – 2.4 million individuals – fell victim to this fraud (Table 2 and Figure 1). Victims often purchased more than one fraudulent work-at-home program. There were an estimated 3.8 million incidents of this problem during the one year period (Table 3 and Figure 2).

Who Is Most Likely to be a Victim?

Hispanics and African Americans Experience More Fraud

- Hispanics and African Americans were significantly more likely to experience one or more of the frauds covered by the survey than non-Hispanic whites. However, the differences are not statistically significant after adjusting for other characteristics, such as age, education, and comfort with the amount of debt one has, that are also correlated with the likelihood of being a victim of fraud.
 - Eighteen percent of Hispanics and 20 percent of African Americans are estimated to have been victims of one or more of the frauds covered by the survey. The rate for non-Hispanic whites was 12 percent (Table 5a and Figure 3).
 - Hispanics and African Americans in the survey were likely to be younger, less likely to have completed college and, more likely to report having more debt than they can handle – all characteristics associated with a higher likelihood of being a victim.
 - The survey results suggest that the higher rate of fraud experienced by Hispanics is not the result of being uncomfortable with the English language. Among Hispanics who indicated that they were not comfortable doing business in English, the

percentage of victims was slightly lower than among those who were comfortable with English.

- Approximately 20 percent of Hispanic victims indicated that the fraudulent pitch had been made in Spanish, rather than in English.
- The three specific frauds to which non-Hispanic whites most frequently fell victim were: (i) fraudulent weight-loss products (experienced by 1.9 percent of non-Hispanic whites), (ii) fraudulent foreign lotteries (1.5 percent), and (iii) being billed for a buyers' club membership the consumer had not agreed to purchase (1.0 percent) (Figure 6 and Table 6).
- For African Americans, the three most frequently reported specific frauds were: (i) paying an advance fee for a promised credit card or loan (2.9 percent), (ii) being billed for a buyers' club membership the consumer had not agreed to purchase (2.4 percent), and (iii) fraudulent foreign lotteries (2.0 percent).
- Among Hispanics, the three most frequently reported specific frauds were: (i) fraudulent weight-loss products (experienced by 4.8 percent of Hispanics), (ii) fraudulent work-at-home programs (3.0 percent), and (iii) being billed for a buyers' club membership the consumer had not agreed to purchase (2.6 percent).

Those With Too Much Debt Experience More Fraud

- Consumers who indicated that they had more debt than they could comfortably handle were more likely to be victims of fraud than those with less debt (Table 5b and Figure 4). Almost one quarter of those who indicated that they had more debt than they could comfortably handle were victims of one or more of the survey frauds.
- Those who felt that they had too much debt experienced each of the frauds in the survey more frequently than those who were more comfortable with their debt, with one minor exception (Figure 7 and Table 7).
- It is not surprising that those who reported having more debt than they could comfortably handle were more likely to report being victims of frauds that involve debt, such as advance fee loans, credit repair, and debt consolidation. However, even for frauds that would seem to be unrelated to having excessive debt, the rate for those with too much debt was higher than for those who had less debt. Those who had more debt than they could comfortably handle were more than three times as likely to have purchased a fraudulent weight-loss product as those with less debt – 6.6 percent of those with too much debt compared to 1.8 percent of those who did not feel that they had too much debt. Those who felt that they had too much debt also were more likely to have been victims of fraudulent prize promotions and foreign lottery scams.

Seniors Were Less Likely to Experience Fraud

- Older consumers were less likely to be victims of the types of fraud covered in the survey (Table 5c and Figure 5). Those between 65 and 74 years of age were 32 percent less likely to report having experienced any of the frauds than those who were between 35

and 44. For those who were 75 and over, the likelihood of having experienced any of the frauds was 64 percent lower than for those between 35 and 44.

- The rate at which consumers 65 years of age or older experienced each of the frauds included in the survey was lower than that experienced by younger consumers (Figure 8 and Table 8).
- Prize promotion fraud and unauthorized buyers' club billing were the frauds seniors reported experiencing the most frequently. However, only 1.0 percent of seniors reported experiencing each of these frauds, while the rate of victimization for those between 18 and 64 was 1.3 percent for fraudulent prize promotions and 1.6 percent for unauthorized billing for buyers' club memberships.
- Seniors were much less likely than younger consumers to report purchasing fraudulent weight-loss products. Less than 1 percent of those 65 and over reported having made such purchases compared to about 2.5 percent of those between 18 and 34 and those between 35 and 64.

How Were Fraudulent Offers Pitched to Victims?

- In 27 percent of incidents, victims learned about fraudulent offers through print advertising – direct mail advertising (including catalogs), newspaper and magazine advertising, and posters and flyers (Figure 9 and Table 9).
 - Direct mail was the most common form of print advertising cited, and was the medium used in 16 percent of all fraudulent offers. Newspaper and magazine advertising was the medium in 10 percent of cases.
- The Internet (including general websites, Internet auction sites, and email) was the medium through which victims learned about fraudulent offers in 22 percent of incidents.
 - General websites were responsible for the largest percentage of these cases: In 10 percent of all cases victims said that they first learned about the offer from an Internet website, other than an auction site.
 - Victims indicate that they first learned about the offer from an Internet auction site in only 3 percent of incidents.
- Television or radio advertising was used in 21 percent of fraud incidents.
- Telemarketers were the source of information about fraudulent products or services in 9 percent of all cases.

How Were Fraudulent Products Purchased?

- Purchases were made by telephone in 29 percent of fraudulent transactions that involved a purchase – more than any other means of making a purchase (Table 10). Purchases were made by mail or over the Internet in 21 percent of cases, while purchases were made at a store in 16 percent of cases.

- The median amount victims reported paying in connection with an incident of fraud was \$60 (Table 11). (The median value is the value where 50 percent of incidents involved payments of more than this amount and 50 percent involved smaller payments.) Work-at-home frauds appear to have cost the victims the most with a median payment of \$200 per incident. For all of the other frauds in the survey, the median amount paid per incident was between \$50 and \$80.
- Credit cards were the most commonly used method of payment for fraudulent transactions, accounting for 37 percent of all such transactions (Table 12). Cash and checks were used in 14 percent and 13 percent of fraudulent transactions, respectively, while debit cards were used in 10 percent of cases.

Comparability With 2003 Survey Results

- The figures from the 2005 survey are not directly comparable to those in the 2003 survey. There are at least two reasons for this.
 - First, the 2005 survey included several types of frauds that were not included in the earlier survey. These included the purchase of fraudulent weight-loss products and fraudulent work-at-home programs – two of the more frequently-cited specific frauds in the 2005 survey.
 - Second, for several of the specific frauds included in both surveys, the questions were reformulated in 2005 to more clearly determine the scope of the particular problems.
- Table 13 shows the percentage of people estimated to have been victims of the 12 types of fraud – 10 specific and 2 general – that were included in both surveys.
 - For most of the frauds covered by both surveys, the percentage of consumers who were victims changed little between the two surveys, once one attempts to control for the effect of the differences in the two surveys.
 - Only in the case of one of the more general frauds – paying for a product or service but not receiving it – is there a substantial change in the estimated percentage of people who are victims of the fraud. An estimated 3.1 percent of consumers experienced this problem in 2005, up from 1.4 percent in 2003.

1. Introduction

In 2003, the Federal Trade Commission commissioned a survey of consumer experiences involving fraud to learn more about the types and extent of fraud perpetrated on U.S. consumers. The results of that survey are discussed in *Consumer Fraud in the United States: An FTC Survey*, which was published in August of 2004 (“FTC 2004”).¹ In late 2005, the Commission conducted a second survey of consumer fraud. This report details the results of the 2005 survey. The survey and this report will help the FTC better serve fraud victims through targeted law enforcement and education.

Between November 16 and December 20, 2005, Synovate, a survey research firm, conducted a total of 3,888 interviews.² Interviews were conducted in both English and Spanish using computer-assisted telephone interviewing and random digit dialing. The sample consisted of those age 18 or over and included all 50 states and the District of Columbia. Oversampling was done to increase the number of interviews with members of several minority groups – Hispanics, African Americans, American Indians and Alaska Natives, and Asians. As is standard practice in such surveys, weights were applied to the survey data to ensure that the overall results are representative of the national population.

1. The report can be found at <http://www.ftc.gov/reports/consumerfraud/040805confraudrpt.pdf>.

2. A total of 52,986 phone numbers were called during the interviewing and an individual number was called up to seven times in seeking to make contact with someone at that number. The response rate was 23 percent, using the American Association of Public Opinion Research’s Response Rate 3. (See The American Association for Public Opinion Research, *Standard Definitions: Final Dispositions of Case Codes and Outcome Rates for Surveys*, 4th Edition, Lenaxa, KS: AAPOR, 2006.)

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2. Types of Fraud Investigated and Differences with the 2003 Survey

As did the 2003 survey, the 2005 survey did not simply ask participants whether they had experienced fraud in the last year. Rather, participants were asked about specific experiences they may have had during the preceding one year period which, in the Commission's experience, indicate that a person was a victim of a fraudulent transaction.

The 2003 survey asked about 12 different types of fraud – ten specific and two more general.³ The 2005 survey asked about all of the frauds covered by the 2003 survey, as well as four additional specific frauds. In addition, for some of the frauds that had been included in the 2003 survey, changes were made to the questions asked in order to help determine more precisely whether consumers had experienced the particular problem of interest. Finally, there were five types of fraud – three specific and two more general – for which the questions used in the 2005 survey were essentially unchanged from those used in 2003.

Table 1 identifies each of the frauds included in the 2005 survey, indicates whether the problem was covered in the 2003 survey, and, if so, whether changes were made to the questions used in the 2003 survey. The questionnaire used in the 2005 survey is attached to this report as Appendix B and the particular questions used to identify each fraud are listed in Table B-1.

2.1 New Frauds in the 2005 Survey

In addition to the specific frauds included in the 2003 survey, questions were added to the 2005 survey to determine the frequency with which consumers experienced four additional problems.

Fraudulent Weight-Loss Products

One of the new areas covered by the 2005 survey was the sale of fraudulent weight-loss products. For purposes of this research, these are products such as nonprescription drugs, dietary supplements, skin patches, creams, wraps, or earrings that were promoted as making it easy for consumers to lose a substantial amount of weight or allowing them to lose weight without diet or exercise, but which did not deliver as promised.⁴ In order to learn about the extent to which consumers were purchasing and using such weight-loss products, the survey asked consumers whether they had paid anyone for such a product where the seller suggested or implied that using the product would help the consumer lose a substantial amount of weight (2005 Survey Question 44a). Consumers who indicated that they had purchased such products were then asked whether the seller had suggested that “this product would make it easy to lose weight” and whether the seller had suggested that “by using this product you could lose weight without exercise

3. For a more detailed discussion of the frauds included in the 2003 survey, see FTC 2004, pp. 8-17.

4. Exercise equipment would not therefore be included in this definition of fraudulent weight-loss products, for instance.

Table 1: Types of Fraud Included in the 2005 FTC Fraud Survey

Fraud	Description	Was This Fraud Included in the 2003 Survey?
Specific Types of Fraud Included in the Survey		
Weight-Loss Products	Purchased weight-loss products that were promoted as making it easy to lose weight or allowing one to lose weight without diet or exercise and only lost a little of the weight anticipated or lost no weight.	No
Prize Promotions	Paid money, made a purchase, or attended a sales presentation to receive a promised prize and did not receive the prize or the prize was not as promised.	Yes – Questions changed in 2005
Foreign Lotteries	Consumer told that he or she had won a foreign lottery that he or she had not entered, and made a payment or provided personal information as a condition of receiving the promised winnings.	No
Unauthorized Billing – Buyers' Clubs	Billed for a buyers' club membership consumer did not agree to purchase.	Yes
Work-at-Home Programs	Purchased a work-at-home program that failed to deliver at least one-half of the promised level of earnings.	No
Credit Card Insurance	Purchased insurance against the misuse of a lost or stolen credit card.	Yes – Questions changed in 2005
Unauthorized Billing – Internet Services	Billed for Internet services consumer did not agree to purchase.	Yes – Questions changed in 2005
Advance Fee Loans	Paid an advance fee to obtain a promised or guaranteed loan or credit card; promised credit was not received.	Yes – Questions changed in 2005
Credit Repair	Paid someone who promised to remove negative, but accurate, information from the consumer's credit report or promised to provide information on how the consumer could establish a new credit record that would not contain negative information in the consumer's current credit report.	Yes – Questions changed in 2005
Pyramid Schemes	Purchased membership in a pyramid scheme; failed to earn at least half of the amount the promoter promised would be earned.	Yes – Questions changed in 2005
Business Opportunities	Purchased a business opportunity, but did not earn at least half as much as promised or did not receive promised assistance.	Yes – Questions changed in 2005
Debt Consolidation	Paid money to someone who promised to help consumers pay off debts. However, seller did not in fact make it easier for consumers to pay off their debt. Seller also failed to make payments to the consumers' creditors as promised, if the service promised to make such payments.	No
Government Jobs	Made a payment to someone who falsely represented that the purchaser would receive a government job.	Yes
Unauthorized Billing – Information Services	Billed for information services provided either over the Internet or by pay-per-call that consumer had not agreed to purchase.	Yes
More General Types of Fraud Included in the Survey		
Paid for Something Never Received	Paid for a product but did not receive it.	Yes
Unauthorized Billing – Other Products	Billed for a product or service consumer did not agree to purchase, products other than those identified above.	Yes

and/or without reducing the amount you eat” (Questions 44c and 44d). Consumers who indicated that they had purchased products for which either of these claims had been made were also asked how much weight they had lost while using the product relative to the weight they had expected to lose (Question 44e). For purposes of this study and in order to provide a conservative estimate of the extent of this type of problem, only those who indicated either that they lost only a little of the weight they had expected to lose or that they did not lose any weight were counted as victims of weight-loss fraud.⁵

Fraudulent Work-at-Home Programs

Another area added to the 2005 survey involved fraudulent work-at-home programs. Consumers are often interested in work that they can perform at home. Unfortunately, offers of work that can be done at home often promise greater earnings than consumers can actually earn – such as promising large payments to consumers who agree to stuff envelopes or construct craft items. Such fraudulent offers often require consumers to make payments to obtain the materials needed to perform the task.

In seeking to gather information about the extent of this type of fraud, survey participants were asked whether they had paid anyone “who promised to provide you with work that you could do at home” and, if so, whether the seller had led consumers to believe that they would earn a certain amount of money (2005 Survey Questions 31a.1 and 37a). Where sellers had made earnings representations, purchasers were asked how the money they made from the work-at-home program compared to what they had been led to expect (Question 37b). Again, in an attempt to develop conservative estimates of the extent of the problem, only consumers who had purchased such programs and indicated that they had earned less than half what they been led to expect or had not earned any money were considered to be victims of work-at-home fraud.⁶

Fraudulent Foreign Lotteries

A third area added to the 2005 survey involved representations that consumers had won a foreign lottery, when the consumers had not, in fact, even entered the lottery. There are a number of ways in which fraudulent operators use the false claim of lottery winnings to injure consumers. In some cases, consumers are told that they need to supply personal information such as information about their bank accounts, so that their supposed winnings can be deposited directly into the account. Unfortunately, the fraudulent operators often use this information to take money from consumers’ accounts rather than to put money in. In other instances, consumers are told that they need to make a payment prior to receiving their earnings. Such payments may be represented as covering tax obligations arising from the earnings or a processing fee.

To get at this type of fraud, survey participants who indicated that they had been told that they had won a “prize or lottery or had been selected to receive an award such as

5. Consumers who purchased a weight-loss product but did not use it were not considered to be victims of weight-loss fraud.

6. Consumers who purchased a work-at-home program where an earnings claim was made but did not work at the program were also counted as victims. In the FTC’s enforcement experience, some victims of fraudulent work-at-home programs realize that the program will not work as soon as they receive the program materials. As a result, they do not try to use the program.

money, a free vacation, or other product or service,” were asked if they had been told they had won a foreign lottery (2005 Survey Questions 39 and 39a). Those who had been told they had won a foreign lottery that they had not actually entered were then asked a series of questions to determine whether (i) they had provided their bank account numbers or other personally identifying information, (ii) they had made a required payment, or (iii) they had been sent a check to cash and had sent part of the proceeds back to the sender, perhaps to cover taxes or other expenses related to their winnings (Questions 39b, 39d.1, 39d.2, 39e.1, 39e.2, 39f.1, and 39f.2). Those who had either provided their personal information or had made a payment are considered to be victims of this type of fraud.

Fraudulent Debt Consolidation

Finally, the 2005 survey asked about consumers who had fallen victim to fraudulent debt consolidation programs. Promoters of these types of programs frequently promise to help consumers pay off or reduce their debt. However, as with other frauds, fraudulent sellers of debt consolidation services fail to deliver what they promised. The types of services often promised by these operators include: (i) eliminating or reducing the size of the consumer’s debt by negotiating with the consumer’s creditors, (ii) negotiating lower interest rates on the consumer’s debt, (iii) negotiating lower monthly payments, or (iv) consolidating the consumer’s monthly payments into one payment to the seller, who will then pay each of the consumer’s creditors.

In the survey, consumers who indicated that they had purchased such services were asked whether the company had, in fact, made it easier to pay off their debts. Purchasers were also asked if the company had offered to make payments on the consumer’s behalf and, if so, whether those payments had been made as promised and on time (2005 Survey Questions 16a.1, 16a.1a, 17c, and 17d). Consumers who had purchased such services were considered to be victims of fraud if (i) the consumer indicated that the service did not make it easier to pay off his or her debts and, (ii) if the service promised to make payments to the consumer’s creditors, the payments had not been made or had not been made on time.⁷

2.2 Changes in Questions About Frauds Included in Both Surveys

In addition to asking about additional frauds, the 2005 survey asked additional questions in connection with several of the frauds covered in the 2003 survey. These additional questions were intended to help determine more precisely whether consumers had experienced a particular problem. In several cases, a single, relatively complex, question from the 2003 survey was separated into multiple questions. This, hopefully, enabled survey participants to focus more clearly on whether they had experienced each of the conditions that would cause something to be considered a fraud. In a couple of other cases, the questions were changed in ways that allowed additional detail to be obtained.

7. Where a seller only promised to make it easier for the consumer to get out of debt and did not promise to make payments on the consumer’s behalf, an offering was considered fraudulent if the consumer said that it did not, in fact, make it easier to get out of debt.

Fraudulent Advance Fee Loans

Advance fee loan frauds involve a promise or guarantee that the seller will provide the consumer with a loan or credit card provided the consumer pays a fee to the seller prior to receiving the credit. In many instances, however, the promise is not kept: consumers who pay the fee do not receive the promised credit card or loan. Charging a fee prior to delivering a promised credit card or loan is prohibited by the Commission's Telemarketing Sales Rule.⁸

In seeking to identify victims of this type of fraud, the 2003 survey asked a single, rather complex question – whether in the past year, a person “had paid money to anyone who promised or guaranteed to provide you with a credit card or loan, other than a mortgage loan, but required you pay a fee before receiving the credit card or loan” (2003 Survey Question 16).⁹ In order to correctly answer this question, survey participants had to realize both that the question asked them to exclude mortgage loans and that the payment in question was to be made before the credit card or loan was received.

In order to reduce the amount of information that must be processed in responding to a single question, two additional questions were asked in the 2005 survey. Those who indicated that they had been required to pay a fee before receiving a promised credit card or loan were asked separately whether the credit they had been promised was “a credit card, a mortgage loan, or another type of loan” (2005 Survey Question 17a). They were also asked “Were you required to make this payment before you received the credit card or loan or were you to pay after the credit card or loan was received? For example, if you were promised a credit card, did you make the payment before you got the card or was the charge to be included on your first bill?” (2005 Survey Question 17b)

The results of the 2005 survey provide some evidence that this unbundling of the conditions for an offer to be considered fraudulent did, as expected, reduce the number of people indicating that they had the experience. When asked whether the payment they were required to make was made before or after the loan or credit card was received, 38 percent said that the payment had been made after receipt.¹⁰ This occurred even though these consumers had already indicated that they had made a payment to someone who promised or guaranteed to provide “a credit card or loan, but required that you pay a fee before you received the credit card or loan” (2005 Survey Question 16.1).

Those who indicated that they had paid an advance fee for a promised loan or credit card were also asked specifically what type of loan or credit card was involved. Fourteen percent said that they had paid the fee in connection with a mortgage loan.¹¹

8. See Telemarketing Sales Rule, 16 C.F.R. 310.4(a)(4).

9. The 2003 survey questionnaire is included as Appendix A in FTC 2004. Mortgage loans were excluded because it is common business practice for those applying for a mortgage loan to pay for items such as credit reports and property appraisals before the loan is approved. Payment of such fees, therefore, does not give rise to the problem that is being measured here.

10. The number of people answering “after” is significantly different from 0 at the 1 percent level.

11. The initial question in the 2005 survey did not tell people that they should not include mortgage loans, whereas the 2003 question did. Therefore, some of those who answered the first question in the 2005 survey affirmatively but then indicated that they were describing a mortgage loan may have answered “No” had they been asked the initial 2003 question which indicated that mortgage loans should be excluded.

Those who made their payments after receipt of the credit card or loan are not victims of advance fee loan scams. Similarly, those who made the payment in connection with a mortgage loan are not considered to be victims. Therefore, these results suggest that the added questions may have succeeded in filtering out some people who were not victims of the advance fee loan frauds being considered.

Fraudulent Credit Card Insurance

As in the 2003 survey, questions were included to learn about the extent of fraudulent offers of credit card insurance promoted as protecting consumers against the misuse of their credit cards in the event a card is lost or stolen. While Federal law limits consumers' liability for such misuse to \$50 and credit card issuers often promise zero liability, promoters of such fraudulent insurance offers frequently tell consumers that they face considerable financial risk from such misuse.¹²

In the 2003 survey, a single question asked whether the survey participant had paid anyone "to provide insurance to protect you against the unauthorized use of your credit cards" (2003 Survey Question 15). In the 2005 survey, the initial question only asked whether a payment had been made "To provide you with credit card insurance" (2005 Survey Question 15.1). A follow-up question asked whether the insurance was supposed to protect against unauthorized use in the event the card was lost or stolen or whether it was to pay bills if the cardholder became ill or lost a job (2005 Survey Question 15a).

Of those in the 2005 survey who said that they had purchased credit card insurance, almost 30 percent said that the insurance was to protect against missing payments if they lost their jobs or became ill, not to protect against misuse of lost or stolen cards.

Fraudulent Credit Repair

Consumers who have trouble obtaining credit because of negative information in their credit records are sometimes targets of fraudulent credit repair offers – offers claiming that the seller, in exchange for a fee, will help the consumer improve his or her credit record and thus enable the consumer to obtain credit. As did the 2003 survey, the 2005 survey asked about two types of so-called "credit repair" schemes, both of which are illegal under the Credit Repair Organizations Act.¹³

The first type of scheme involves a false claim that the seller can remove derogatory information from a credit report – even though it is accurate and even though the credit reporting agency is legally permitted to include the information in the credit report. After the consumer pays the fee, little, if any, of the negative information is actually removed. In the second type of scheme, the seller promises to tell consumers how to create a new identity to use in applying for credit. Typically, the seller directs the consumer to obtain a new personal identification number, often an employer identification number ("EIN"), and then to use this number in applying for credit, rather than his or her Social Security

12. 15 U.S.C. 1643 (2004). See also, Federal Trade Commission, Bureau of Consumer Protection, Office of Consumer and Business Education, *FTC Consumer Alert: Credit Card Loss Protection Offers: They're the Real Deal*, October 2000 (Last visited February 2, 2007).

13. 15 U.S.C. 1679 *et seq.*

number. The seller claims that by using the new identity on credit applications, the consumer can hide derogatory credit report information from potential lenders.

In seeking to learn about the first type of fraudulent credit repair offers, the 2003 survey asked, in a single question, whether the person had paid money “to anyone who promised or guaranteed to remove negative, but true, information from your credit report, but failed to get the information removed” (2003 Survey Question 13). In order to answer this question correctly, survey participants had to recognize that the question asked about promises to remove “negative, but true” information from their credit reports, and also that the promise had not been fulfilled.

In an attempt to simplify the individual questions in the 2005 survey, participants were first asked whether the person had paid anyone “who promised or guaranteed to remove negative, but true, information from your credit record.” Those who said that they had made such a payment were then asked separately “Was the negative, but true, information removed from your credit record as promised?” (2005 Survey Questions 13.1 and 13a)

Again, the responses to the second question in the 2005 survey are consistent with obtaining improved estimates by asking additional questions. Almost half of those who were asked the second question answered that the information had been removed – therefore not meeting the definition of credit repair fraud.¹⁴

Unauthorized Billing – Internet Services

As did the 2003 survey, the 2005 survey asked whether consumers had received bills for several types of services they had not agreed to purchase. One of these involved the purchase of Internet services such as Internet access or web site hosting or development.

When the Commission has brought fraud cases involving unauthorized billing for such services, the scheme has generally involved companies billing consumers or businesses for Internet services to which the consumers had never subscribed.¹⁵ In order to be certain that this was the situation being described by survey participants, a question was added to the 2005 survey asking those who said that they had experienced such unauthorized billing whether the problem arose “when you tried to cancel service with a firm whose service you had been using or did it involve a firm whose services you had not used and had never agreed to purchase” (2005 Survey Question 19a). This question was asked of participants who indicated that they had received an unauthorized bill for “Internet-related services, such as Internet access or web-site hosting or development” – a question that was essentially unchanged from the 2003 survey (2005 Survey Question 19.1; 2003 Survey Question 19).

In fact, less than 60 percent of people who said that they had experienced unauthorized billing for Internet services indicated that it was in connection with a

14. Some caution should be exercised in interpreting this result. Only 19 survey participants were asked this question. As a result, the confidence interval on the estimate is fairly large.

15. Billing consumers for Internet service after they attempt to cancel a service to which they have been subscribing may be an unfair or deceptive practice in violation of Section 5 of the FTC Act. *See, e.g., America Online*, 137 F.T.C. 117 (2004).

service that they had not previously used and had never agreed to purchase. Therefore, once again, it appears that the additional question may substantially improve the ability to accurately measure the extent of particular types of fraud.

Fraudulent Prize Promotions

Another fraud investigated in both surveys involves fraudulent prize promotions. In these schemes, sellers tell consumers that they have won a prize – or that they have won one of four or five possible prizes – but that they must buy a product or make some other payment before they can receive their prize. Even when the seller does not directly tell consumers that they must make a purchase, consumers may be misled into believing that they are more likely to win the prize if they make a purchase. Alternatively, consumers may be told that they have to attend a sales presentation to receive the promised prize. The survey sought to determine the extent to which promised prizes are not delivered or are not as represented by the promoter.¹⁶

In both surveys, in seeking to learn about prize promotion frauds, participants were first asked whether they had been told that they had won a prize or had been selected to receive an award such as money, a free vacation, or other product or service and, if so, whether they had been told that they had to make a payment or purchase or attend a sales presentation in order to receive the prize (2005 Survey Questions 39 and 40.1; 2003 Survey Questions 39 and 40). In the 2003 survey, participants were not asked, however, which of these three actions they had been required to take. Furthermore, they were only considered to be victims if they said that they had paid and lost money as a result of their experience.

In the 2005 survey, a question was added that separated people who attended a sales presentation from those who made a purchase or payment (2005 Survey Question 40.2). The responses to this question were then used in identifying victims of prize promotion frauds. One would not expect people who attended a sales presentation to necessarily have paid money to obtain their prize. However, they have lost the time spent attending the presentation, perhaps at a location that is some distance from home. Therefore, even if they report no out-of-pocket losses, these people are properly considered to be victims if they do not receive the promised prize. Because the questions in the 2003 survey failed to identify those who attended a sales presentation, the number of victims of prize promotions was likely underestimated.

In fact, the responses to the separate questions in the 2005 survey suggest that using the separate questions had a substantial effect on the estimated number of victims of prize promotion fraud. Almost 60 percent of those who reported that they either had not received a promised prize or that the prize was not what had been described to them said that they had been required to attend a sales presentation, rather than making a purchase or a payment. Since many of these people were likely not counted as victims

16. Prize promotions are regulated by a variety state and federal laws. *See e.g.*, Telemarketing Sales Rule, 16 C.F.R. 310.3(a)(2)(iv)-(v). A prize promotion could be unlawful even if the promised prize is awarded. For the limited purposes of this survey, however, we elected not to include any instance where a consumer received the prize that was promised. This is again an effort to ensure that the estimates are conservative given the limitations of the survey data.

of fraudulent prize promotions in the 2003 survey, the estimates of the incidence of this problem are likely to have been considerably too low in the earlier survey.

Fraudulent Business Opportunities and Pyramid Schemes

Another change was made to the questions about two of the money making opportunities that were included in both surveys – fraudulent business opportunities and pyramid schemes.

Pyramid scheme promoters often claim that purchasers will operate their own businesses selling a particular product or service and that they will make money both from their own sales and from those of others they recruit to join the program. Although such a business may look like a legitimate multi-level marketing program, it differs because the income earned by participants comes ultimately from recruiting, rather than the sale of products or services to consumers. Most participants in pyramid schemes lose money because the program really just transfers money from those who have joined most recently to those who have been involved for a longer period of time. At any point in time, the vast majority of those who have joined the program – often 90 percent or more – will not have recouped the money they paid to join.¹⁷

Business opportunity offerings also involve consumers operating their own businesses selling particular products or services. Business opportunity offerings generally include some package of information, equipment, and services that purportedly will enable the consumer to establish and operate a successful business. Such offerings often appeal to consumers who have little or no business experience because they supposedly provide everything needed to own and operate the business. However, fraudulent business opportunity offerings often involve false promises that purchasers will make a large amount of money. Similarly, sellers sometimes make false promises that they will provide purchasers with assistance in finding customers or locations. For example, sellers of fraudulent vending machine business opportunities may promise to provide high-volume locations where purchasers can place their machines. Promises that the business is certain to make at least a specific income or that customers will be provided can lead potential purchasers – particularly those without experience operating their own businesses – to believe that there is little risk in purchasing the business. Potential purchasers believe they will not have to do a lot of selling and they are highly likely to be successful.

In both surveys, participants who indicated that they had purchased either a pyramid scheme or a business opportunity were then asked whether they had been led to believe that they would earn a certain amount of money or profit from the business (2005 Survey Question 35.1; 2003 Survey Question 35). However, in the 2003 survey, those who said that such an earnings representation had been made were simply asked whether they had earned at least roughly as much as had been promised (2003 Survey Question 35). In the 2005 survey, additional detail was sought about the amount of money people actually made. People who reported that an earnings representation had been made were asked

17. See, e.g., Vander Nat, Peter J., and William W. Keep, "Marketing Fraud: An Approach for Differentiating Multilevel Marketing from Pyramid Schemes," *Journal of Public Policy & Marketing*, 21 (Spring 2002), pp. 139-151.

whether they (i) made roughly as much or more money than they had been led to expect, (ii) made at least half as much as expected, (iii) made less than half as much as they had been led to expect, (iv) did not make any money or lost money, or (v) did not work at the business (2005 Survey Question 35.2).

This change in questions led to a difference in the way a fraudulent offering was defined in these two areas. In the 2003 survey anyone who said that they had not earned at least roughly as much as had been promised was considered to be a victim. In the current report, victims are defined more conservatively. Only those who made less than half of the amount promised, made no money at all, or did not work at the opportunity are considered to be victims. Just over 10 percent of those who indicated that an earnings claim had been made in connection with the purchase of a business opportunity or a pyramid program scheme indicated that they had “Made at least half as much money as I had been led to expect.” Since these people did not earn as much as they had expected, they would have been victims under the 2003 approach, but were not counted as victims in the 2005 survey.

2.3 Frauds That Were Unchanged from the 2003 Survey

In addition to the frauds that were added to the 2005 survey and those where changes were made, there were five categories – three specific frauds and the two more general frauds – where the questions asked in the 2005 survey were essentially unchanged from the 2003 survey.

Specific Frauds That Were Unchanged

The three specific frauds in the 2005 survey for which the questions were essentially unchanged from 2003 were (i) unauthorized billing for buyers’ club memberships, (ii) fraudulent government job offers, and (iii) unauthorized billing for information services.¹⁸

While there is nothing inherently fraudulent about buyers’ clubs, problems can arise when a buyers’ club is sold as an add-on or “upsale item” at the end of a telemarketing sale, particularly if it is provided as a negative option. In the telemarketing context, having completed the sale that ostensibly was the reason for the call, the telemarketer then offers the consumer a free trial membership in a buyers’ club as a “thank you.” Sometimes the membership is offered as a negative option, whereby the credit card that the consumer used to make the initial purchase is automatically charged for the price of the membership unless the consumer cancels the membership by the end of the free trial period. If the seller does not make the negative option clear, however, consumers may agree to accept the free trial offer believing that the membership will not continue beyond the free trial period unless the consumer affirmatively takes steps to continue the

18. As with all of the frauds included in the survey, the specific questions relating to these frauds are identified in Appendix Table B-1 and can be found in the survey instrument, which is also in Appendix B.

membership.¹⁹ Consequently, consumers are charged for the membership without their authorization.²⁰

In fraudulent government job offers, the seller guarantees or represents that it is highly likely that consumers will obtain a government job. Often, these offers promise jobs with the postal service. The ads often look like “Help Wanted” ads, but in fact they are not placed by the government or anyone who can provide the promised jobs. Rather, they typically are offers to sell a course or study guide that supposedly will improve the consumer’s score on a test that is allegedly required to obtain the promised job. It is not clear that the materials offered can actually improve consumers’ scores, and in any event, the ads frequently are run in areas where the test will not even be offered, because there are no job vacancies to be filled.

Finally, both surveys asked about problems with unauthorized billing for information services, such as adult entertainment, gambling, or psychic services. These services can be provided either over the Internet or over a pay-per-call telephone line, such as a 900-number.

More General Frauds

The questions regarding the two more general frauds included in the survey – never receiving a product for which the consumer had paid and unauthorized billing for a product other than one that was covered by the specific frauds – were also unchanged in the 2005 survey. The questions about items for which consumers had paid but never received came after the questions for all of the other frauds and asked “Other than the things we have already discussed, in the past year have you purchased something which you paid for but NEVER received?” (2005 Survey Question 45) In asking about unauthorized billing for other products or services, the survey, after asking about unauthorized billing in connection with three specific services, asked if people had experienced unauthorized billing in connection with “Some other product or service that we haven’t discussed already” (2005 Survey Question 22.1).

As in the 2003 survey, participants who indicated that they had paid for something but never received it or who had been billed without authorization were asked whether they had attempted to get the seller to give them a refund or otherwise make an adjustment and if so, whether the seller had been willing to make such an adjustment (2005 Survey Questions 26 and 27 for unauthorized billing, and 2005 Survey Questions 47 and 48 for products for which a consumer paid but never received). This was done to avoid treating an honest mistake or a problem in supplying or shipping a product as a fraud. Where the problem was not a fraud, sellers would generally be willing to provide

19. Indeed, consumers may only be informed about the negative option in introductory membership information that is mailed to them after they have agreed to accept the free trial membership. This information is often sent by third-class bulk mail and many consumers do not open the mail because it appears to be unsolicited promotional materials.

20. The Commission addressed this problem in the amendments to its Telemarketing Sales Rule (“TSR”) that became effective March 31, 2003. Under the revised TSR, sellers are prohibited from using a consumer’s credit card account that the seller had previously obtained to charge for a membership that automatically converts from a free trial unless the consumer repeats at least part of the account number to the seller and gives his or her express agreement to be billed for the membership. (See 16 CFR 310.4(a)(6)(i).)

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a refund or make an adjustment, and therefore these instances are not considered to be fraudulent.²¹

21. The questions about seeking and obtaining refunds were also asked of those who indicated that they had received unauthorized bills for specific products or services – *i.e.*, unauthorized billing for Internet services, for membership in a buyers' club, and for information services. As in the more general frauds, if a refund was obtained, the situation was not considered to be an instance of fraud. (For a discussion of how those who had not sought a refund are treated, see FTC 2004, p. 12.)

3. Results of the 2005 Fraud Survey

The results of the 2005 fraud survey are reported in Tables 2 through 12 and Figures 1 through 5. The key results are highlighted below.

3.1 Overall Rates of Victimization and Number of Incidents

- An estimated 13.5 percent of U.S. adults – those at least 18 years old – were victims of one or more of the frauds covered in the 2005 survey during the year preceding the survey.²² This implies that 30.2 million U.S. adults were victims of one or more of these frauds during this period (Table 2).²³
- Some people were victims of more than one type of fraud or victims of the same type of fraud more than once. There were an estimated 48.7 million incidents of these frauds during this one year period (Table 3).
- Of the 30.2 million victims, 21.0 million experienced one or more of the 14 specific frauds covered by the survey, while 11.7 million experienced one or both of the two more general frauds (Table 2).²⁴ Of the 48.7 million incidents, 34.1 million involved one of the specific frauds and 14.6 million involved the more general frauds (Table 3).

3.2 Specific Frauds

Fraudulent Weight-Loss Products – The Top Fraud

- More consumers were victims of fraudulent weight-loss products than of any of the other specific frauds covered by the survey. An estimated 2.1 percent of consumers – representing a total of 4.8 million U.S. adults – purchased and used such fraudulent products during the year prior to the survey (Table 2 and Figure 1). On average, victims of this type of problem purchased 1.7 such products during the year, and there were a total of 8.3 million incidents of this type of fraud (Table 3 and Figure 2).²⁵

22. Throughout the report, the estimated number of victims of the various frauds are projections from the responses of those who were interviewed as part of the survey. To the extent that survey participants either over- or under-reported the extent to which they had experienced any of the included frauds, the reported figures will differ from the actual extent of the various frauds. In addition, if the experiences of those who agreed to participate in the survey differ from those who declined to do so, the results reported here will differ from the actual extent of the various frauds.

23. The approach used in estimating the number of victims and the number of incidents here is the same as used in the analysis of the 2003 survey results. For a description of this methodology, see the “Methodological Appendix to Chapter 3” in FTC 2004.

24. Because the same individual could have experienced both specific and general frauds, the sum of those experiencing specific frauds and those experiencing general frauds exceeds the total number of victims. Similarly, the sum of the number of victims experiencing each of the 16 types of frauds exceeds the total because some individuals experienced more than one type of fraud.

25. People who purchased one of these weight-loss products but then indicated that they had not actually used the product are not counted as victims in the figures reported above and in Tables 2 and 3. If such people are counted as victims, there were 5.5 million victims of this fraud and a total of 9.8 million incidents. Products that were promoted as making it easy to lose weight, but did not claim that you can lose weight without diet or exercise, are considered to be frauds in the figures in the text and the tables. If they are not considered to be frauds, the number of victims would be 4.0 million and there would be 5.5 million incidents.

Table 2: Estimated Number of Adults Who Were Victims of Fraud, Year Prior to the Survey

Type of Fraud	Number of Victims (millions)	Victims as Percent of Adult Americans
Any Fraud Covered by the Survey	30.2 (27.3 - 33.0)	13.5% (12.3% - 14.8%)
Specific Types of Fraud Included in the Survey	21.0 (18.6 - 23.3)	9.4% (8.3% - 10.5%)
Weight-Loss Products ^a	4.8 (3.4 - 6.1)	2.1% (1.5% - 2.7%)
Foreign Lotteries ^b	3.2 (2.6 - 3.9)	1.5% (1.2% - 1.8%)
Unauthorized Billing – Buyers’ Clubs	3.2 (2.3 - 4.2)	1.5% (1.0% - 1.9%)
Prize Promotions ^c	2.7 (1.8 - 3.5)	1.2% (0.8% - 1.6%)
Work-at-Home Programs ^d	2.4 (1.5 - 3.4)	1.1% (0.7% - 1.5%)
Credit Card Insurance	2.1 (1.3 - 2.9)	0.9% (0.6% - 1.3%)
Unauthorized Billing – Internet Services	1.8 (1.2 - 2.4)	0.8% (0.5% - 1.1%)
Advance Fee Loans ^e	1.7 (1.0 - 2.4)	0.8% (0.4% - 1.1%)
Credit Repair	1.2 (0.5 - 1.9)	0.5% (0.2% - 0.8%)
Business Opportunities ^f	0.8 (0.3 - 1.3)	0.4% (0.2% - 0.6%)
Pyramid Schemes ^g	0.8 (0.3 - 1.3)	0.4% (0.1% - 0.6%)
Debt Consolidation ^h	0.5 (0.1 - 1.0)	0.2% (0.0% - 0.4%)
Government Job Offers	0.4 (0.1 - 0.7)	0.2% (0.0% - 0.3%)
Unauthorized Billing – Information Services	0.0 (0.0 - 0.0)	0.0% (0.0% - 0.0%)
More General Types of Fraud Included in the Survey	11.7 (9.8 - 13.6)	5.3% (4.4% - 6.1%)
Paid for Something Never Received	6.9 (5.3 - 8.4)	3.1% (2.4% - 3.8%)
Unauthorized Billing – Other Products	5.2 (4.1 - 6.4)	2.4% (1.8% - 2.9%)

(Table continued on next page)

Table 2 (continued)

Source: 2005 FTC Fraud Survey

Notes. Figures in parentheses are 95 percent confidence intervals. 0.0 denotes a value of less than 0.05. 0.0% denotes a value of less than 0.05 percent

Projections are based on estimated U.S. population of 222.94 million adults, those 18 and over, as of July 1, 2005. (See U.S. Census Bureau, Population Division, Annual Estimates of the Population by Selected Age Groups and Sex for the United States: April 1, 2000 to July 1, 2005 (NC-EST2005-02), Released May 10, 2006. Available at <http://www.census.gov/popest/national/asrh/NC-EST2005-sa.html>.) Numbers are rounded to the nearest 0.1 million and percentages to the nearest 0.1 percent. Amounts in individual categories will not sum to totals because some individuals are victims of more than one of the listed frauds.

- a. These figures do not include those who purchased a weight-loss product and then did not use it. If these people are included as victims, there were an estimated 5.5 million victims – 2.5% of the adult population. If the definition of a victim is limited to those who purchased a product that was promoted as allowing one to lose weight without diet and/or exercise – but not products that only claimed that weight loss would be easy – there were only 4.0 million victims — 1.8% of the adult population. (The latter figures require that the product was used and that the consumer lost less than half the weight anticipated.)
- b. If those who disclosed bank account numbers or other personally identifiable information in order to obtain purported lottery winnings are not counted as victims, the estimated number of victims would be 0.9 million – 0.4% of the adult population.
- c. If those who failed to receive a promised prize after attending a sales presentation are not included as victims, the estimated number of victims would be 1.1 million – 0.5% of the adult population.
- d. These figures include those who purchased a work-at-home program but then did not work at it. If these people are not counted as victims, the estimated number of victims is 1.8 million – 0.8% of the adult population.
- e. These estimates assume that those who were required to pay an advance fee, but also received the promised credit card or loan were not victims. If these people are considered to be victims, the estimated number of victims would be 2.7 million – 1.2% of the adult population.
- f. These figures include people who purchased a business opportunity but then did not work at the offering. If these people are not considered victims, there were 0.6 million victims – 0.3% of the adult population.
- g. Those who purchased a membership in a pyramid scheme and who earned at least one-half as much money as had been promised are not counted as victims. If everyone who purchased pyramid schemes is considered to be a victim, the estimated number of victims would be 1.6 million – 0.7% of the adult population. If those who said that they did not actually work at the pyramid scheme they purchased are not counted as victims, there were only 0.5 million victims – 0.2% of the adult population.
- h. Where a consumer purchased a debt consolidation service that promised to make payments on the consumer's debt, the service was only considered fraudulent if (i) the consumer indicated that it did not make it easier for the consumer to pay off his or her debts and, (ii) the service failed to make the payments or did not make them on time. If anyone who indicated that the service they purchased did not make it easier to pay off his or her debts is considered to be a victim, there were a total of 0.7 million victims – 0.3% of the adult population.

Table 3: Estimated Number of Incidents of Fraud, Year Prior to the Survey

Type of Fraud	Number of Incidents (millions)	Incidents per Hundred Adult Americans	Incidents per Victim
Any Fraud Covered by the Survey	48.7 (42.6 - 54.8)	21.8 (19.1 - 24.6)	1.6
Specific Types of Fraud Included in the Survey	34.1 (29.0 - 39.3)	15.3 (13.0 - 17.6)	1.6
Weight-Loss Products ^a	8.3 (5.7 - 11.0)	3.7 (2.5 - 4.9)	1.7
Unauthorized Billing – Buyers’ Clubs	4.1 (2.8 - 5.5)	1.8 (1.2 - 2.5)	1.3
Work-at-Home Programs ^b	3.8 (1.8 - 5.9)	1.7 (0.8 - 2.6)	1.6
Foreign Lotteries ^c	3.5 (2.8 - 4.2)	1.6 (1.2 - 1.9)	1.1
Credit Card Insurance	2.9 (1.7 - 4.1)	1.3 (0.8 - 1.8)	1.4
Prize Promotions ^d	2.7 (1.8 - 3.6)	1.2 (0.8 - 1.6)	1.0
Unauthorized Billing – Internet Services	2.1 (1.3 - 2.8)	0.9 (0.6 - 1.3)	1.2
Credit Repair	1.9 (0.5 - 3.3)	0.9 (0.2 - 1.5)	1.6
Advance Fee Loans ^e	1.9 (1.1 - 2.7)	0.8 (0.5 - 1.2)	1.1
Business Opportunities ^f	0.9 (0.4 - 1.5)	0.4 (0.2 - 0.7)	1.2
Pyramid Schemes ^g	0.9 (0.3 - 1.4)	0.4 (0.1 - 0.6)	1.1
Debt Consolidation ^h	0.6 (0.1 - 1.2)	0.3 (0.0 - 0.5)	1.1
Government Job Offers	0.4 (0.1 - 0.7)	0.2 (0.0 - 0.3)	1.0
Unauthorized Billing – Information Services	0.0 (0.0 - 0.0)	0.0 (0.0 - 0.0)	1.0
More General Types of Fraud Included in the Survey	14.6 (11.9 - 17.2)	6.5 (5.3 - 7.7)	1.2
Paid for Something Never Received	8.1 (6.1 - 10.0)	3.6 (2.7 - 4.5)	1.2
Unauthorized Billing – Other Products	6.5 (4.8 - 8.2)	2.9 (2.2 - 3.7)	1.2

(Table continued on next page)

Table 3 (continued)

Source: 2005 FTC Fraud Survey

Notes. Figures in parentheses are 95 percent confidence intervals. 0.0 denotes a value of less than 0.05 million.

Projections are based on estimated U.S. population of 222.94 million adults, those 18 and over, as of July 1, 2005. (See U.S. Census Bureau, Population Division, Annual Estimates of the Population by Selected Age Groups and Sex for the United States: April 1, 2000 to July 1, 2005 (NC-EST2005-02), Released May 10, 2006. Available at <http://www.census.gov/popest/national/asrh/NC-EST2005-sa.html>.) Values are rounded to the nearest 0.1.

a. These figures do not include instances in which a consumer purchased a weight-loss product and then did not use it. If these incidents are included, there were an estimated 9.8 million incidents of weight-loss fraud – 4.4 per hundred adult Americans. If the definition is limited to the purchase of products that were promoted as allowing one to lose weight without diet and/or exercise – but not products that only claimed that weight loss would be easy – there were only 6.0 million estimated incidents — 2.7 per hundred adults. (The latter figures require that the product was used and that the consumer lost less than half the weight anticipated.)

b. These figures include instances in which consumers purchased a work-at-home program but then did not work at it. If these incidents are not included, the estimated number of incidents is 2.4 million – 1.1 per hundred adults.

c. If instances in which a person gave out a bank account number or other personally identifiable information in order to obtain purported lottery winnings are not included, there were an estimated 0.9 million incidents of foreign lottery fraud – 0.4 incidents per hundred adults.

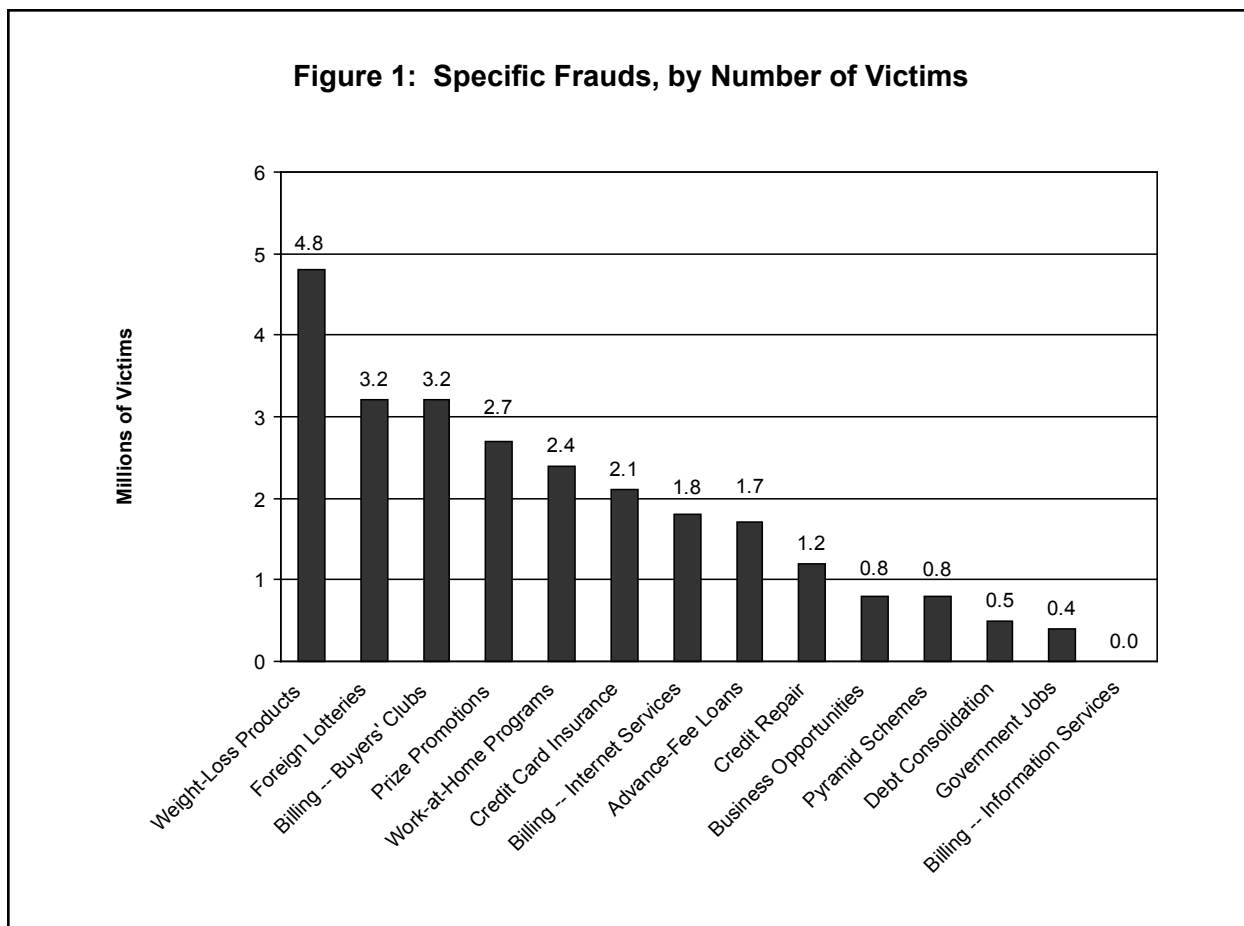
d. If instances in which a person failed to receive a promised prize after attending a sales presentation are not included, there were an estimated 1.2 million incidents of prize promotion fraud – 0.5 per hundred adults.

e. These estimates do not include instances in which consumers were required to pay an advance fee, but received the promised credit card or loan. If such incidents are included, the estimated number of incidents would be 3.3 million – 1.5 per hundred adults.

f. These figures include incidents in which consumers purchased a business opportunity but then did not work at it. If these incidents are not included, there were 0.6 million incidents – 0.3 per hundred adults.

g. Instances in which consumers purchased a membership in a pyramid scheme and earned at least one-half as much money as had been promised are not included in these figures. If all incidents involving the purchase of a pyramid scheme are included, the estimated number of incidents would be 2.0 million – 0.9 per hundred adults. If instances in which consumers did not actually work at the pyramid scheme are not included, there were only an estimated 0.5 million incidents – 0.2 per hundred adults.

h. Where a consumer purchased a debt consolidation service that promised to make payments on the consumer's debt, the service was only considered fraudulent if (i) the consumer indicated that it did not make it easier for the consumer to pay off his or her debts and, (ii) the service failed to make the payments or did not make them on time. If anyone who indicated that the service they purchased did not make it easier to pay off his or her debts is considered to be a victim, there were an estimated total of 0.9 million incidents – 0.4 per hundred adults.

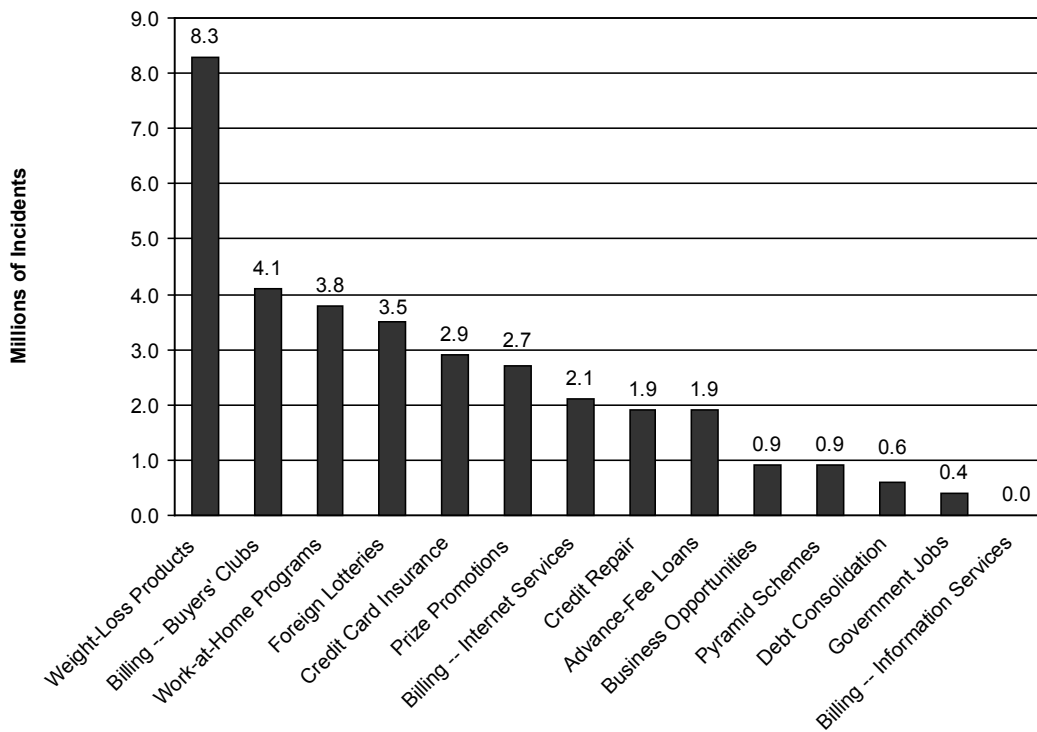


- Of those who purchased and used these weight-loss products, 6 percent said that they had lost as much or more weight than they had expected to lose, while 10 percent said that they lost about half of the weight they expected to lose. Another 28 percent said that they only lost a little weight, and 34 percent said that they did not lose any weight or gained weight. Twenty percent said that they had not used the product. In order to provide a conservative estimate of the extent of this problem, only those who lost only a little weight or who lost no weight are considered to be victims for this study.

Foreign Lottery Frauds

- Foreign lottery frauds were experienced by 1.5 percent of consumers – 3.2 million people (Table 2 and Figure 1). Victims of this fraud either provided personal information or made a payment as a condition to receive their prize. There were an estimated 3.5 million incidents of this fraud during the year (Table 3 and Figure 2).

Figure 2: Specific Frauds, by Number of Incidents



- Ninety-five percent of victims of this fraud indicated that they had disclosed personal information in order to receive their supposed winnings, while 29 percent said that they had made a payment.²⁶

Unauthorized Billing for Buyers' Club Memberships

- Unauthorized billing for a membership in a buyers' club was also reported by 1.5 percent of survey participants – representing 3.2 million people (Table 2 and Figure 1). There

26. In asking about fraudulent foreign lotteries, survey participants who indicated that they had been told that they had won a foreign lottery that they had not actually entered were asked whether they had been asked to provide “your bank account number or other personal information,” and whether the requested information had actually been provided. Participants were not asked to specify exactly what information was requested or provided. While such frauds most frequently seem to ask consumers for bank account numbers, it is possible that in some instances other personal information that was not as sensitive as bank account numbers was sought. If those who only provided personal information are not counted as victims of this type of fraud, there would only be an estimated 0.9 million victims of this fraud.

were an estimated 4.1 million incidents of this fraud during the one year period (Table 3 and Figure 2).²⁷

Fraudulent Prize Promotions

- The fourth most commonly reported of the specific frauds was fraudulent prize promotions. An estimated 1.2 percent of U.S. adults – 2.7 million individuals – were victims of this fraud during the year before the survey (Table 2 and Figure 1). There were an estimated 2.7 million incidents of prize promotion fraud (Table 3 and Figure 2).
 - Almost 60 percent of the victims of prize promotion frauds reported that they had attended a sales presentation, while 30 percent reported that they had been required to make a payment. Just over 10 percent reported that they were required to purchase goods or services.²⁸

Fraudulent Work-at-Home Programs

- The purchase of work-at-home programs where the consumer failed to earn at least one half of the amount that they had been told they would earn ranked fifth among the specific problems covered by the survey in terms of the number of victims and third in terms of estimated number of incidents. An estimated 1.1 percent of consumers – 2.4 million individuals – experienced this fraud (Table 2 and Figure 1), and there were an estimated 3.8 million incidents during the one year period (Table 3 and Figure 2).²⁹
 - Approximately 10 percent of those who purchased work-at-home programs where the seller made an earnings claim said that they made roughly as much or more than had been promised, while 15 percent said that they had made at least half as much as promised. An additional 30 percent of purchasers said that the seller had not made any earnings representations. These three groups were not counted as being victims of work-at-home program frauds.
 - Just over 15 percent said that they had made less than half what had been promised and slightly over 25 percent said that they had earned no money. More than 30 percent said that they had not worked at the program. Those in these three groups are considered to be victims of this fraud.

27. Unauthorized billing for membership in a buyers' club is one of a number of specific frauds included in the survey that involved being billed for a product or service that the consumer had not agreed to purchase or being billed an amount that was substantially more than one had agreed to pay. These frauds were also included in the 2003 survey and represent areas where the Commission has seen problems with unauthorized billing over a number of years. (For a more complete discussion of these frauds, see FTC 2004, pp. 10-13.) In both surveys, when participants indicated that they had experienced an unauthorized billing, they were asked whether they had sought and received a refund (2005 Survey Questions 26 and 27). Those who indicated that they had obtained a refund are not considered to be a victim. (For a discussion of how those who had not sought a refund are treated, see FTC 2004, p. 12.)

28. If those who attended sales presentations are excluded, there were an estimated 1.1 million victims of prize promotion fraud.

29. Those who purchased a work-at-home program and then did not work at the program are included among the fraud victims in these figures. In the FTC's enforcement experience, some victims of fraudulent work-at-home programs realize that the program will not work as soon as they receive the program materials. As a result, they do not try to use the program. If people who did not work at the program are not counted as victims, there were 1.8 million victims of this fraud – 0.8 percent of U.S. adults – and 2.4 million incidents.

3.3 More General Frauds

- One of the more general frauds included in the survey – paying for a product but never receiving it – was experienced by more consumers than any of the other problems included in the survey. An estimated 3.1 percent of survey participants were victims of this type of fraud during the year prior to the survey. This translates into 6.9 million American adult victims (Table 2 and Figure 1). There were an estimated 8.1 million incidents of this problem during the year, placing this second only to weight-loss fraud in terms of the total number of incidents (Table 3 and Figure 2).
 - Of those who reported experiencing this type of problem, approximately 20 percent reported that they had first learned about the product from an Internet auction site, while another 20 percent said that they had learned about the product from an Internet web site, other than an Internet auction site.
- An estimated 2.4 percent of those surveyed – representing a total of 5.2 million people – reported that they had been billed without authorization for a product or service, other than one of the items included in the specific frauds covered by the survey (Table 2 and Figure 1). There were an estimated 6.5 million incidents of this type of fraud (Table 3 and Figure 2). As such, this was the second most frequently observed problem covered by the survey in terms of the number of people who were victims. In terms of total incidents, this fraud ranked third.

3.4 Incidents of Fraud by Product

- While Table 3 provides estimates of the number of incidents of each of the frauds covered by the survey, both specific and general, Table 4 provides an alternative view of the areas in which consumers experienced frauds. Survey participants who reported that they had experienced one of the two more general types of fraud were asked to identify the product that had been involved the last time that they had experienced the problem (2005 Survey Questions 23 and 49). In constructing Table 4, these data were used along with the data on the specific frauds to estimate the incidence of fraud by product, rather than by type of fraud.³⁰
- As in Table 3, Table 4 shows that the most frequently mentioned products involved in frauds were weight-loss products. There were an estimated 8.3 million incidents of fraud involving these products.
- The second largest category in Table 4 involves earning opportunities of various types: business opportunities, franchises, distributorships, work-at-home plans, and pyramid schemes. There were an estimated 5.8 million incidents in this product category.
- The products ranked third to ninth in Table 4 occupy similar positions in Table 3.

30. Because it was not feasible to identify the products involved in each instance of the more general frauds, the total number of incidents in Table 4 is less than the total in Table 3.

Table 4: Fraud Incidents by Type of Product Involved, Year Prior to the Survey

Product	Number of Incidents (millions)
Weight-loss products	8.3 (5.7 - 11.0)
Business opportunities, franchises, distributorships, work-at-home programs, and pyramid schemes	5.8 (3.6 - 7.9)
Buyers' clubs	4.3 (3.1 - 5.7)
Foreign lotteries	3.5 (2.8 - 4.2)
Credit card insurance	2.9 (1.7 - 4.1)
Prizes	2.7 (1.8 - 3.6)
Internet services	2.7 (1.7 - 3.8)
Credit repair	1.9 (0.5 - 3.3)
Advance fee loans or credit cards	1.9 (1.1 - 2.7)
Telephone equipment and services, including cell phones (other than information services)	1.7 (0.6 - 3.1)
CDs, video tapes, and DVDs	1.2 (0.4 - 2.1)
Kitchen and household items	1.0 (0.2 - 1.8)
Magazines and newspapers	0.7 (0.0 - 1.5)
Debt consolidation	0.6 (0.1 - 1.2)
Health care products and services	0.6 (0.0 - 1.4)
Clothing and Apparel	0.6 (0.0 - 1.8)
Computers (hardware and software)	0.6 (0.0 - 1.2)
Books	0.4 (0.0 - 1.1)
Government jobs	0.4 (0.1 - 0.7)
Travel services and vacations	0.4 (0.0 - 0.9)
Real estate	0.4 (0.0 - 0.8)
Credit problems other than advance fee loans, credit card insurance or credit repair	0.3 (0.0 - 0.7)
Information services either delivered over the Internet or by pay-per-call telephone service	0.1 (0.0 - 0.3)

(Table continued on next page)

Table 4 (continued)

Source: 2005 FTC Fraud Survey

Notes. In this table, incidents of the two more general frauds have been assigned to specific products where possible.

Projections are based on estimated U.S. population of 222.94 million adults aged 18 and over as of July 1, 2005. (See U.S. Census Bureau, Population Division, Annual Estimates of the Population by Selected Age Groups and Sex for the United States: April 1, 2000 to July 1, 2005 (NC-EST2005-02), Released May 10, 2006. Available at <http://www.census.gov/popest/national/asrh/NC-EST2005-sa.html>. Numbers are rounded to the nearest 0.05 million and percentages to the nearest 0.1 percent.

The sum of the estimates in the table are less than the total number of incidents shown in Table 3, because some incidents could not be assigned to any of the product categories.

3.5 Demographics of Victims

- Table 5 shows how the risk of being a victim varies with several demographic characteristics, looking at the characteristics one at a time. A simultaneous relationship between risk and the various characteristics was also estimated. The results of this analysis are reported in Appendix A and, where the results of the two analyses differ, the multivariate results are noted in the text.
 - The column of Table 5 labeled “Percent Victims” shows the percentage of survey participants in that particular group who are estimated to have been victims of one or more of the frauds – both specific and general – covered by the survey. Thus, for example, looking at the first line of Table 5a, an estimated 18.0 percent of Hispanics were victims of one or more of the frauds during the year prior to the survey.
 - The next column of the table, which is labeled “Relative Risk,” displays the percent of the particular group that is estimated to have been a victim relative to that of the “comparison group.” In the case of race and ethnicity, the comparison group is non-Hispanic whites. Thus, the + 50.3 percent figure in the Hispanic row indicates that Hispanics were 50.3 percent more likely to be victims than were non-Hispanic whites.³¹
- Hispanics and African Americans were significantly more likely to have experienced one or more of the frauds covered by the survey than were non-Hispanic whites.³² However, after controlling for differences in other characteristics included in the survey – such as age, level of education, and degree of comfort with one’s debt – which appear to be correlated with the likelihood of experiencing fraud, the differences are no longer statistically significant.³³
 - African Americans were 66 percent more likely to have experienced fraud than non-Hispanic whites. While 12.0 percent of non-Hispanic whites experienced one or more of the frauds included in the survey, 20.0 percent of African Americans are estimated to have experienced at least one of the frauds (Table 5a and Figure 3).

31. Of Hispanics, 18.02 percent were victims compared to 11.99 percent for non-Hispanic whites, and $(18.02 - 11.99) / 11.99 \times 100 = 50.3\%$.

32. The analysis of the 2003 survey data showed that, in addition to Hispanics and African Americans, those who were American Indians or Alaska Natives were significantly more likely to have been a victim of fraud than non-Hispanic whites (FTC 2004, pp. 55-62). While the 2005 data show that American Indians or Alaska Natives have a higher incidence of fraud victimization than non-Hispanic whites, the difference is not statistically significant.

As reported in Table 5a, there is no significant difference between the likelihood that Asians and non-Hispanic whites experienced one or more of the frauds included in the survey. While not included in the published report on the 2003 survey, a comparison of the 2003 data also shows no significant difference between Asians and non-Hispanic whites in terms of the likelihood of experiencing fraud.

33. Which of these results one should focus on may depend on the issue being considered. For example, if one is considering whether to conduct an education campaign about fraud in Spanish, it may be more meaningful to focus on the simple finding that Hispanics are more likely to have experienced one or more frauds. On the other hand, if one wants to understand the underlying reasons why African Americans or Hispanics experience more fraud, the multivariate analysis that controls for other factors may provide more insight.

Table 5: Percent of Survey Participants Who Were Victims of Fraud, Year Prior to Survey, By Single Characteristic

a. By Race and Ethnicity

	Percent Victims	Relative Risk	Statistical Significance of Difference
Hispanics	18.0%	+ 50.3%	**
African Americans	20.0%	+ 66.4%	***
American Indians, including Alaskan natives	16.6%	+ 38.6%	
Asian	10.2%	- 15.1%	
Non-Hispanic whites [comparison group]	12.0%	—	—
Others ^a	20.8%	+ 73.6%	**
<i>Number of Observations / Overall Significance</i>	3,679		***

b. By Comfort with Current Level of Debt

	Percent Victims	Relative Risk	Statistical Significance of Difference
More debt than can comfortably handle [comparison group]	24.3%	—	—
About as much debt as can comfortably handle	14.7%	- 39.6%	***
Could handle more debt than currently have	12.3%	- 49.4%	***
Do not have any personal debt	9.7%	- 59.9%	***
<i>Number of Observations / Overall Significance</i>	3,572		***

c. By Age

	Percent Victims	Relative Risk	Statistical Significance of Difference
18 - 24	14.9%	- 3.0%	
25 - 34	17.1%	+ 11.0%	
35 - 44 [comparison group]	15.4%	—	—
45 - 54	14.6%	- 4.7%	
55 - 64	11.0%	- 28.3%	**
65 - 74	10.4%	- 32.5%	**
75 and over	5.6%	- 63.9%	***
<i>Number of Observations / Overall Significance</i>	3,695		***

(Table continued on next page)

Consumer Fraud in the United States

Table 5 (continued)

d. By Marital Status

	Percent Victims	Relative Risk	Statistical Significance of Difference
Single [comparison group]	14.7%	—	—
Married	13.1%	- 10.7%	
<i>Number of Observations / Overall Significance</i>	3,750		

e. Gender

	Percent Victims	Relative Risk	Statistical Significance of Difference
Male [comparison group]	12.9%	—	—
Female	14.1%	+ 9.2%	
<i>Number of Observations / Overall Significance</i>	3,888		

f. By Current Income

	Percent Victims	Relative Risk	Statistical Significance of Difference
Less than \$20,000	16.9%	+ 51.1%	**
\$20,000 to \$40,000	17.4%	+ 56.2%	***
\$40,000 to \$60,000 [comparison group]	11.2%	—	—
\$60,000 to \$80,000	15.4%	+ 37.8%	
\$80,000 to \$100,000	9.5%	- 14.6%	
Over \$100,000	15.0%	+ 34.0%	
<i>Number of Observations / Overall Significance</i>	3,174		***

g. By Expected Income Three Years in the Future

	Percent Victims	Relative Risk	Statistical Significance of Difference
Will be much lower	11.7%	- 11.1%	
Will be slightly lower	9.9%	- 24.9%	
Will be about the same [comparison group]	13.1%	—	—
Will be slightly higher	14.5 %	+ 10.4%	
Will be much higher	16.4%	+ 25.1%	
<i>Number of Observations / Overall Significance</i>	3,606		

(Table continued on next page)

Table 5 (continued)

h. By Education

	Percent Victims	Relative Risk	Statistical Significance of Difference
Did not complete high school	17.1%	+ 14.4%	
Graduated from high school [comparison group]	15.0%	—	—
Attended some college or post-secondary technical or vocational school	14.2%	- 5.5%	
Graduated from college or more	11.8%	- 21.3%	*
<i>Number of Observations / Overall Significance</i>	3798		*

Source: 2005 FTC Fraud Survey

Notes. Relative risk is the ratio of the difference between the percentage of those who are victims for a particular group and the percentage of victims in the comparison group for that characteristic divided by the percentage of victims in the comparison group. That is $100 * (P_i - P_c) / P_c$ where P_i is the percentage of those in group i who were victims and P_c is the percentage of those in the comparison group who were victims.

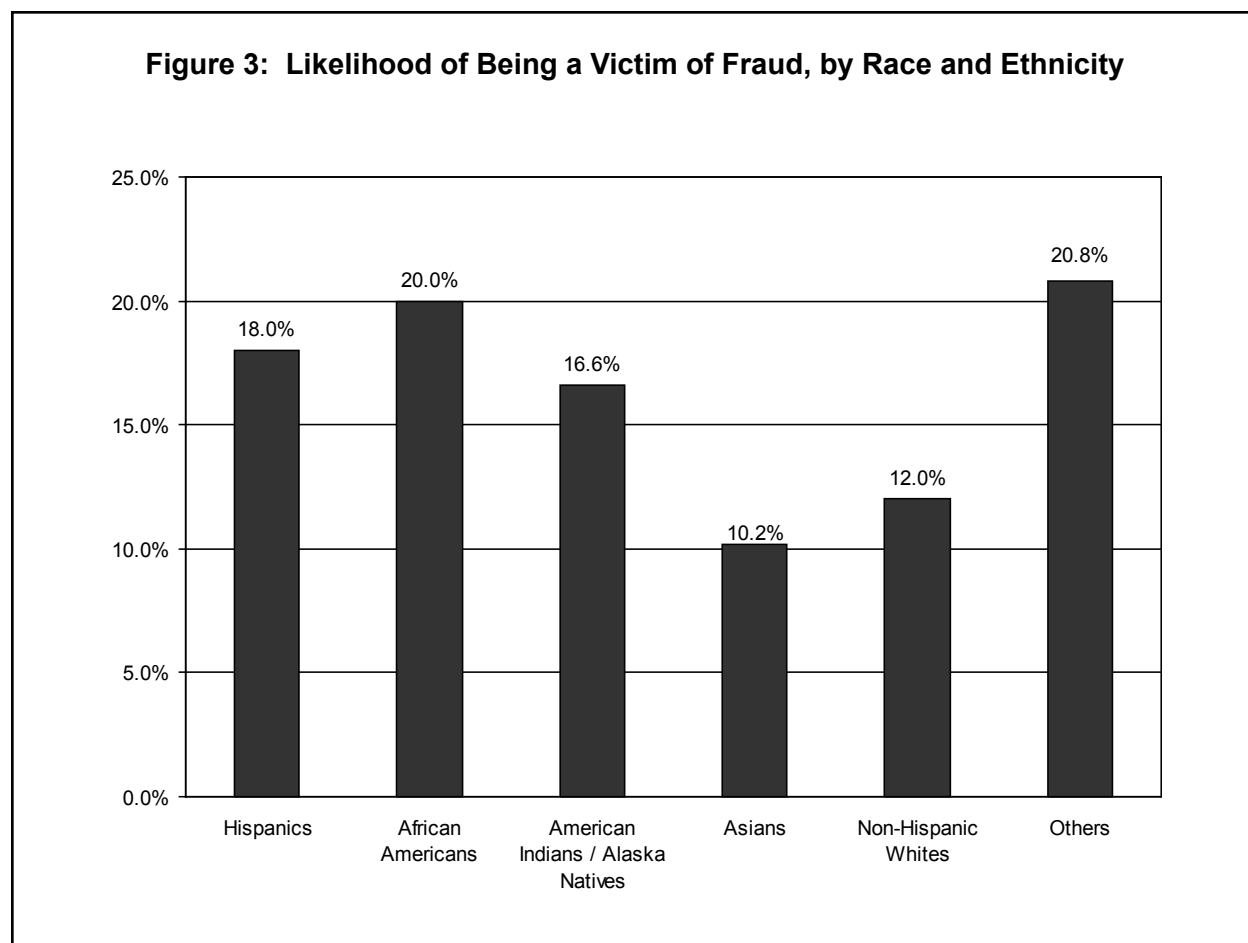
Statistical significance for individual values is the significance of the difference between the percentage of those who are victims for the particular group and the percentage of those in the comparison group who are victims. Overall significance is the significance of the test that variables are jointly equal to zero.

* denotes statistical significance at the 10 percent level

** denotes statistical significance at the 5 percent level

*** denotes statistical significance at the 1 percent level

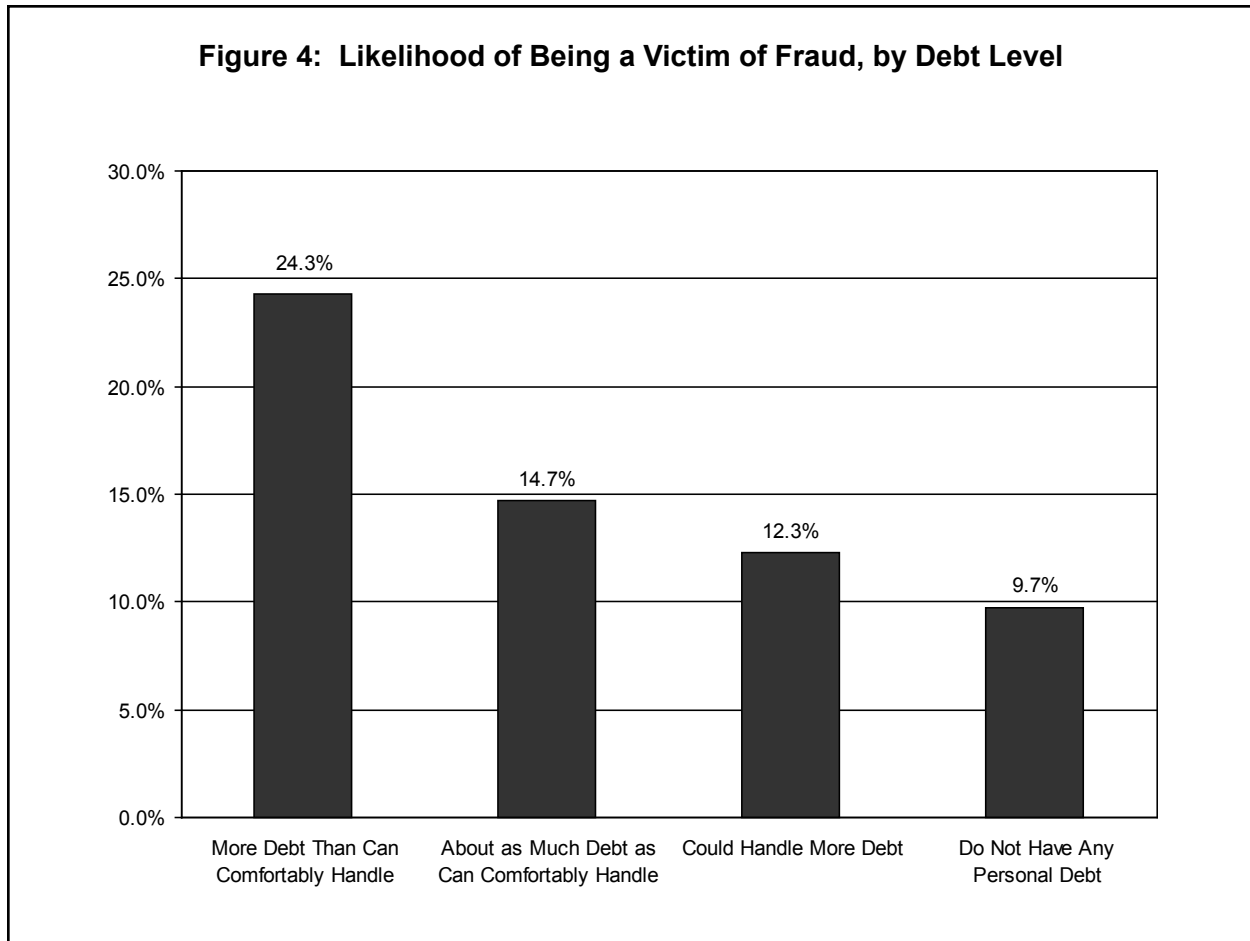
a. Those included in the “other” racial and ethnic group include those who described themselves as “Native Hawaiian or Other Pacific Islander”, those who described themselves as belonging to a racial group other than the five specific categories included in Question 85 of the survey, and those who indicated that they belonged to more than one racial group. Of the 191 survey participants included in this group, approximately one-half described themselves as belonging to more than one racial group, while approximately one-quarter described themselves as “Native Hawaiian or Other Pacific Islander”.



- Hispanics were 50 percent more likely than non-Hispanic whites to have been a victim of fraud with 18.0 percent of Hispanics estimated to have been a victim of one or more frauds.
- Hispanics and African Americans in the survey were more likely to be younger and more likely to report having more debt than they can handle – two characteristics associated with a higher likelihood of being a victim of fraud. They were less likely to have graduated from college, which is associated with a lower risk of experiencing fraud.³⁴ When, in addition to looking at race and ethnicity, one looks simultaneously at other factors that may be correlated with the likelihood of experiencing fraud the differences in the rates of victimization between Hispanics or African Americans and non-Hispanic whites are not statistically significant (Appendix A).³⁵

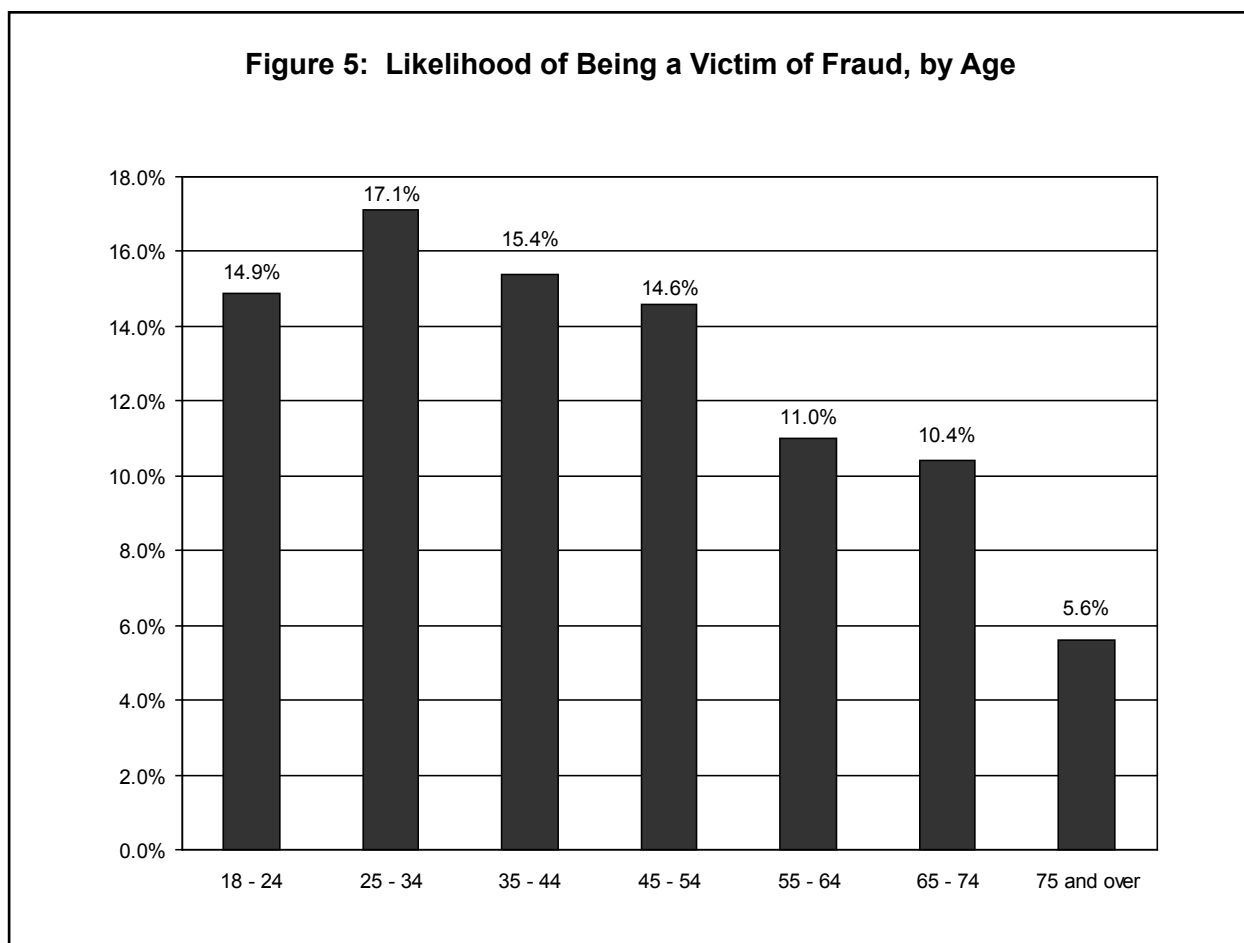
34. Similar patterns for age and education are found in the 2000 Census. See, e.g., Census 2000 Summary File 1 [United States], prepared by the U.S. Census Bureau, 2001, and Kurt J. Baurman and Nikki L. Graf, “Educational Attainment: 2000,” Census 2000 Brief, U.S. Census Bureau, August 2003. (Data on how comfortable consumers are with their current debt are not available from the census.)

35. In the analysis of the 2003 survey data, the relationship between the likelihood of being a victim and race and ethnicity was statistically significant even when one controlled for the other factors considered in the survey (FTC 2004, p. 59).



- The survey findings suggest that the higher rate of fraud experienced by Hispanics is not the result of being uncomfortable with the English language. Just over 85 percent of Hispanics indicated either that they spoke only English (35 percent of all Hispanics) or that while they spoke another language, they were comfortable doing business in English (50 percent of all Hispanics). For these Hispanics, the overall rate of having experienced fraud was 19.3 percent, while the rate for the 15 percent of Hispanics who indicated that they were not comfortable doing business in English was 10.6 percent. The difference is not statistically significant.
- Hispanic victims indicated that the fraudulent pitch had been made in Spanish rather than in English in 20 percent of incidents.
- Consumers who indicated that they had more debt than they could comfortably handle were significantly more likely to have been victims of fraud than those with less debt. The estimated rate of victimization among those having too much debt was 24.3 percent, while it was 9.7 percent – 60 percent lower – for those who report no debt (Table 5b and Figure 4).³⁶

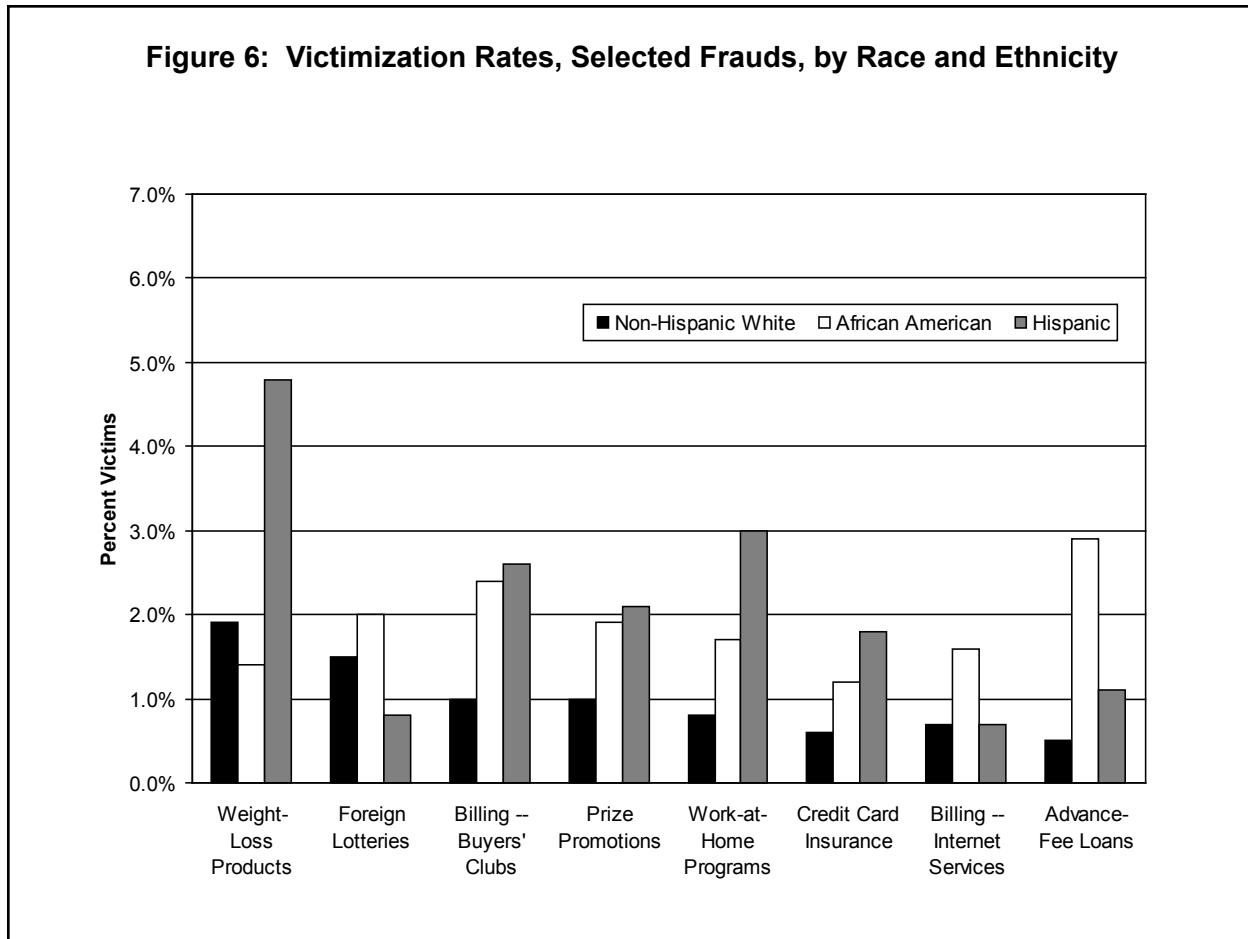
36. This relationship is essentially unchanged in the multivariate analysis (Appendix A). The relationship between comfort with current debt and the likelihood of experiencing fraud is similar to that found in analyzing the 2003 survey data (FTC 2004, pp. 65-67).



- Older consumers were significantly less likely to be victims of the frauds covered in the survey. While 15.4 percent of those who were between 35 and 44 years of age were victims of one or more of the frauds in the survey, the rate falls by just over one quarter – to 11.0 percent – for those between 55 and 64, and by about one third – to 10.4 percent for those between 65 and 74. Of those who were at least 75 years of age, only 5.6 percent were victims. This is almost two-thirds lower than the rate for those who are between 35 and 44 (Table 5c and Figure 5).³⁷
- While the estimated percentage of people who were victims is higher for those who say that their future incomes will be much higher than their current income, the differences in victim rates across the different categories of future income are not statistically significant (Table 5g).
- Consumers with more education were less likely to have experienced one or more of the frauds (Table 5h). However, the differences are only significant when comparing those with at least a college degree to those with, at most, a high school diploma.

37. The lower rates of victimization for older consumers – particularly those who are between 65 and 74 years of age and those who are 75 or over – is generally unchanged in the multivariate analysis (Appendix A).

In the analysis of the 2003 survey data, older consumers were also found to be less likely to have experienced fraud in a univariate analysis of age. However, when all factors were included simultaneously, there was no significant relationship between age and the likelihood of experiencing fraud (FTC 2004, pp. 68-69).



- Several other demographic variables contribute little to an understanding of the risks of falling victim to fraud. These include marital status (Table 5d) and gender (Table 5e) where there were no statistically significant differences. Finally, while the relationship between risk of victimization and current income was significant, the pattern of results showed neither a systematic decrease in risk with higher income nor a systematic increase (Table 5f). Rather, the pattern appears to be almost random, with those with incomes between \$40,000 and \$60,000 and those with incomes between \$80,000 and \$100,000 having the lowest observed risks.

3.6 Race and Ethnicity and the Risk of Particular Frauds

- Figure 6 and Table 6 show the percentage of people who were victims of each of the frauds separately for the three largest racial and ethnic groups – non-Hispanic whites, African Americans, and Hispanics.
- The three specific frauds most frequently reported by non-Hispanic whites were: (i) fraudulent weight-loss products (experienced by 1.9 percent of non-Hispanic whites), (ii) fraudulent foreign lotteries (1.5 percent), and (iii) being billed for a buyers’ club membership the consumer had not agreed to purchase (1.0 percent) (Figure 6 and Table 6).

Table 6: Percent of Survey Participants Who Were Victims of Fraud, Year Prior to Survey, Selected Racial and Ethnic Groups

Type of Fraud	Overall	Non-Hispanic Whites	African Americans	Hispanics
Victims of Any Fraud Covered by the Survey	13.5% (12.3% - 14.8%)	12.0% (10.6% - 13.4%)	20.0% (15.3% - 24.6%)	18.0% (12.8% - 23.2%)
Victims of Specific Types of Fraud Included in the Survey	9.4% (8.3% - 10.5%)	8.0% (6.8% - 9.1%)	14.7% (10.6% - 18.8%)	14.5% (9.9% - 19.1%)
Weight-Loss Products	2.1% (1.5% - 2.7%)	1.9% (1.3% - 2.6%)	1.4% (0.1% - 2.6%)	4.8% (1.8% - 7.7%)
Foreign Lotteries	1.5% (1.2% - 1.8%)	1.5% (1.1% - 1.9%)	2.0% (0.9% - 3.1%)	0.8% (0.2% - 1.4%)
Unauthorized Billing – Buyers' Clubs	1.5% (1.0% - 1.9%)	1.0% (0.6% - 1.4%)	2.4% (0.9% - 3.9%)	2.6% (0.4% - 4.8%)
Prize Promotions	1.2% (0.8% - 1.6%)	1.0% (0.5% - 1.5%)	1.9% (0.4% - 3.4%)	2.1% (0.6% - 3.5%)
Work-at-Home Programs	1.1% (0.7% - 1.5%)	0.8% (0.4% - 1.2%)	1.7% (0.0% - 3.7%)	3.0% (0.6% - 5.4%)
Credit Card Insurance	0.9% (0.6% - 1.3%)	0.6% (0.3% - 1.0%)	1.2% (0.0% - 2.7%)	1.8% (0.3% - 3.2%)
Unauthorized Billing – Internet Services	0.8% (0.5% - 1.1%)	0.7% (0.4% - 1.0%)	1.6% (0.4% - 2.8%)	0.7% (0.0% - 1.5%)
Advance Fee Loans	0.8% (0.4% - 1.1%)	0.5% (0.1% - 0.8%)	2.9% (1.0% - 4.8%)	1.1% (0.1% - 2.1%)
Credit Repair	0.5% (0.2% - 0.8%)	0.5% (0.1% - 0.9%)	1.3% (0.0% - 2.8%)	0.2% (0.0% - 0.6%)
Business Opportunities	0.4% (0.2% - 0.6%)	0.3% (0.1% - 0.5%)	1.0% (0.0% - 2.4%)	0.1% (0.0% - 0.2%)
Pyramid Schemes	0.4% (0.1% - 0.6%)	0.4% (0.1% - 0.7%)	0.2% (0.0% - 0.6%)	0.5% (0.0% - 1.2%)
Debt Consolidation	0.2% (0.0% - 0.4%)	0.1% (0.0% - 0.2%)	0.5% (0.0% - 0.9%)	0.9% (0.0% - 2.4%)
Government Job Offers	0.2% (0.0% - 0.3%)	0.1% (0.0% - 0.2%)	0.4% (0.0% - 0.9%)	0.2% (0.0% - 0.6%)

(Table continued on next page)

Table 6 (continued)

Type of Fraud	Overall	Non-Hispanic Whites	African Americans	Hispanics
Unauthorized Billing – Information Services	0.0% (0.0% - 0.0%)	0.0% (0.0% - 0.0%)	0.0% (0.0% - 0.0%)	0.0% (0.0% - 0.0%)
Victims of More General Types of Fraud Included in the Survey	5.3% (4.4% - 6.1%)	5.1% (4.2% - 6.1%)	6.6% (3.7% - 9.6%)	4.9% (1.8% - 7.9%)
Paid for Something Never Received	3.1% (2.4% - 3.8%)	2.9% (2.1% - 3.7%)	3.7% (1.5% - 6.0%)	2.9% (0.2% - 5.5%)
Unauthorized Billing – Other Products	2.4% (1.8% - 2.9%)	2.4% (1.8% - 3.0%)	3.4% (1.3% - 5.5%)	2.1% (0.6% - 3.6%)
<i>Number of Observations</i>	3,888	2,341	397	403

Source: 2005 FTC Fraud Survey

Notes. Figures in parentheses are 95 percent confidence intervals. 0.0 denotes a value of less than 0.05 percent.

- For African Americans, the three most frequently reported specific frauds were: (i) paying an advance fee for a promised credit card or loan (2.9 percent were victims), (ii) being billed for a buyers' club membership the consumer had not agreed to purchase (2.4 percent), and (iii) fraudulent foreign lotteries (2.0 percent).
- Among Hispanics, the three most frequently reported specific frauds were: (i) fraudulent weight-loss products (4.8 percent of Hispanics were victims), (ii) fraudulent work-at-home programs (3.0 percent), and (iii) being billed for a buyers' club membership the consumer had not agreed to purchase (2.6 percent).
- Hispanics were significantly more likely than non-Hispanic whites ($p < 0.10^{38}$) or African Americans ($p < 0.05$) to be victims of weight-loss fraud.
 - While 4.8 percent of Hispanics purchased fraudulent weight-loss products, the figure for non-Hispanic whites was 1.9 percent – only 40 percent of the Hispanic figure.
 - Only 1.4 percent of African Americans purchased fraudulent weight-loss products. African Americans were more likely to be victims of six of the other specific frauds than of fraudulent weight-loss products.
- Hispanics were significantly more likely to purchase fraudulent work-at-home programs than were non-Hispanic whites ($p < 0.10$). Three percent of Hispanics purchased such work-at-home products, almost four times the 0.8 percent of non-Hispanic whites.
- On the other hand, Hispanics were significantly less likely to be victims of foreign lottery frauds than were non-Hispanic whites ($p < 0.05$) or African Americans ($p < 0.10$). While 0.8 percent of Hispanics were victims of this type of fraud, 1.5 percent of non-Hispanic whites and 2.0 percent of African Americans experienced this type of fraud.
- African Americans were significantly more likely ($p < 0.05$) than non-Hispanic whites to be victims of advance fee loan scams. While 0.5 percent of non-Hispanic whites were victims of this advance fee loans, the figure of African Americans was 2.9 percent.

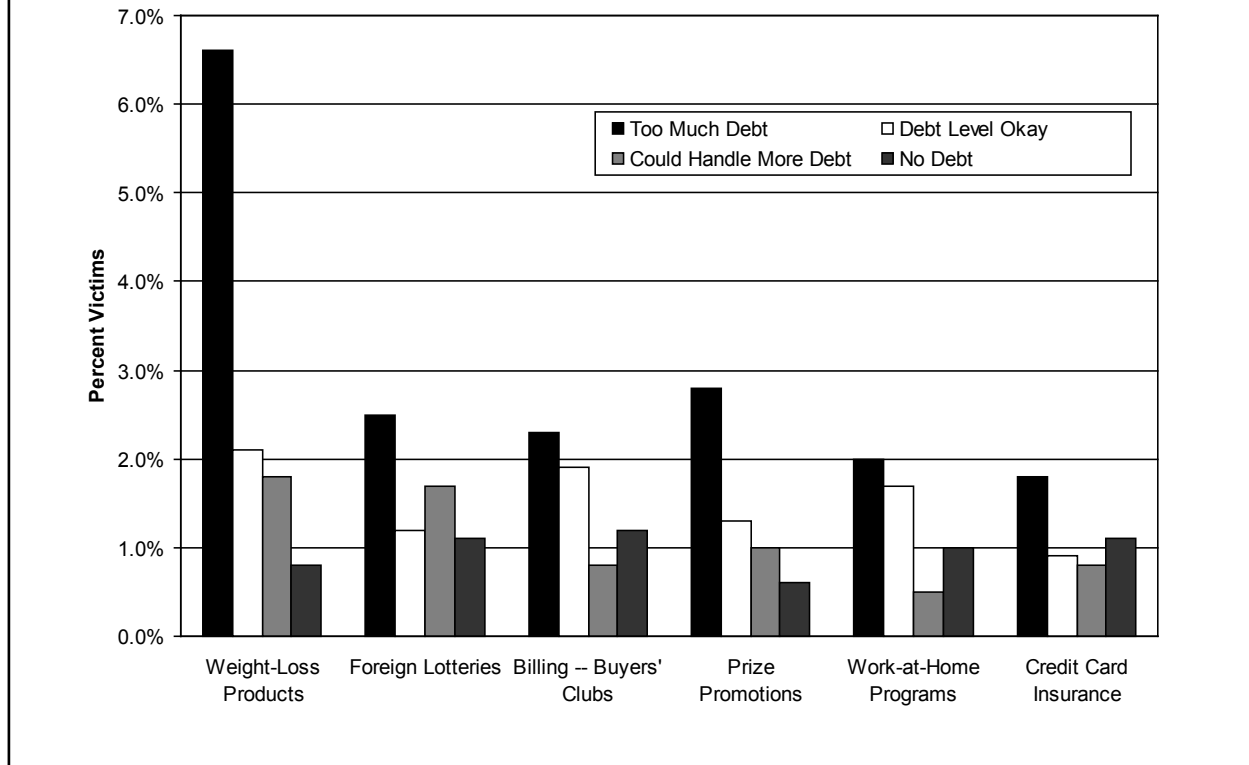
3.7 Comfort With Level of Personal Debt and the Risk of Particular Frauds

- Among those who felt that they had too much debt, the percentage of those who were victims of the various frauds was, with one minor exception, higher than the rate for those who were more comfortable with the amount of their debt (Figure 7 and Table 7).³⁹ However, the differences were rarely statistically significant for specific frauds.
- Not surprisingly, those who reported having more debt than they could comfortably handle were more likely to report being victims of frauds that involve debt, such as advance fee loans, credit repair, credit card insurance, and debt consolidation.

38. Where significant differences are reported, the level of significance is denoted by $p < 0.10$, which indicates the difference is significant at 10 percent level, $p < 0.05$, difference is significant at the 5 percent level, or $p < 0.01$, the difference is significant at the 1 percent level.

39. The exception involves fraudulent government job offers – the fraud that had the second smallest number of victims. This fraud was experienced by 0.18 percent of those who characterized themselves as having too much debt and 0.23 percent of those who said that they had no debt. The difference is not significant.

Figure 7: Victimization Rates, Selected Frauds, by Debt Level



- Those who felt that they had more debt than they could comfortably handle were significantly more likely ($p < 0.01$) to have been a victim of one or more of these frauds than those who were more comfortable with the debt that they had. (7.5 percent of those who felt that they had too much debt compared to 2.0 percent of those who were more comfortable with their debt.)
- One might expect to see a similar pattern in the various employment scams. However, while those who had what they believed to be excessive debt were more likely than others to be victims of these frauds, the differences are not statistically significant even when combined.
- Even for frauds that would seem to be unrelated to having excessive debt – such as weight-loss or prize promotions – the rate for those with too much debt was much higher than for those who had less debt.
 - Those who felt that they had excessive debt were more than 2.5 times more likely to have purchased a fraudulent weight-loss product than those who were more comfortable with their level of debt – a difference that is statistically significant ($p < 0.05$).

Table 7: Percent of Survey Participants Who Were Victims of Fraud, Year Prior to Survey, By Comfort With Current Debt

Type of Fraud	Overall	More Debt Than Can Comfortably Handle	About as Much Debt as Can Comfortably Handle	Could Handle More Debt	Do Not Have Any Personal Debt
Victims of Any Fraud Covered by the Survey	13.5% (12.3% - 14.8%)	24.2% (18.3% - 30.2%)	14.7% (12.5% - 16.8%)	12.3% (10.0% - 14.5%)	9.7% (7.1% - 12.4%)
Victims of Specific Types of Fraud Included in the Survey	9.4% (8.3% - 10.5%)	19.7% (14.1% - 25.2%)	10.4% (8.5% - 12.2%)	7.9% (6.1% - 9.6%)	6.2% (4.1% - 8.2%)
Weight-Loss Products	2.1% (1.5% - 2.7%)	6.6% (2.5% - 10.7%)	2.1% (1.3% - 3.0%)	1.8% (0.8% - 2.7%)	0.8% (0.0% - 1.5%)
Foreign Lotteries	1.5% (1.2% - 1.8%)	2.5% (0.2% - 4.7%)	1.2% (0.8% - 1.5%)	1.7% (1.2% - 2.3%)	1.1% (0.6% - 1.7%)
Unauthorized Billing – Buyers’ Clubs	1.5% (1.0% - 1.9%)	2.3% (0.6% - 4.1%)	1.9% (1.0% - 2.8%)	0.8% (0.3% - 1.3%)	1.2% (0.2% - 2.1%)
Prize Promotions	1.2% (0.8% - 1.6%)	2.8% (0.6% - 5.0%)	1.3% (0.7% - 2.0%)	1.0% (0.3% - 1.4%)	0.6% (0.0% - 1.4%)
Work-at-Home Programs	1.1% (0.7% - 1.5%)	2.0% (0.3% - 3.7%)	1.7% (0.7% - 2.7%)	0.5% (0.1% - 0.8%)	1.0% (0.2% - 1.9%)
Credit Card Insurance	0.9% (0.6% - 1.3%)	1.8% (0.1% - 3.4%)	0.9% (0.4% - 1.4%)	0.8% (0.2% - 1.5%)	1.1% (0.1% - 2.1%)
Unauthorized Billing – Internet Services	0.8% (0.5% - 1.1%)	1.4% (0.0% - 2.8%)	0.9% (0.5% - 1.3%)	0.8% (0.3% - 1.3%)	0.2% (0.0% - 0.4%)
Advance Fee Loans	0.8% (0.4% - 1.1%)	2.1% (0.3% - 3.9%)	0.7% (0.3% - 1.1%)	0.7% (0.1% - 1.3%)	0.4% (0.0% - 0.8%)
Credit Repair	0.5% (0.2% - 0.8%)	1.8% (0.0% - 4.0%)	0.7% (0.2% - 1.1%)	0.5% (0.0% - 1.0%)	0.0% (0.0% - 0.0%)
Business Opportunities	0.4% (0.2% - 0.6%)	0.7% (0.0% - 1.6%)	0.5% (0.0% - 0.9%)	0.3% (0.0% - 0.6%)	0.2% (0.0% - 0.5%)
Pyramid Schemes	0.4% (0.1% - 0.6%)	1.0% (0.0% - 2.2%)	0.4% (0.0% - 0.8%)	0.3% (0.0% - 0.8%)	0.2% (0.0% - 0.5%)

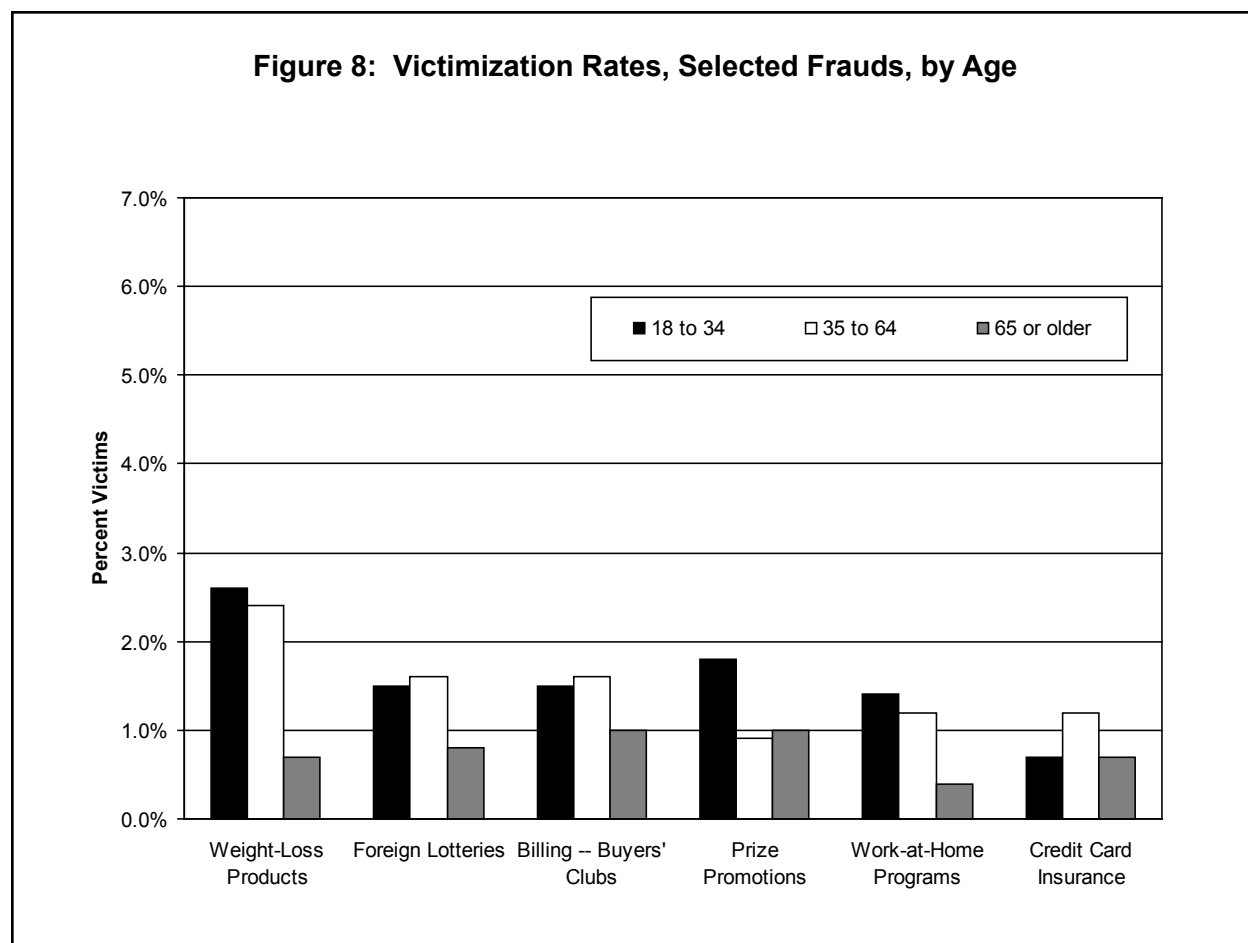
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Table 7 (continued)

Type of Fraud	Overall	More Debt Than Can Comfortably Handle	About as Much Debt as Can Comfortably Handle	Could Handle More Debt	Do Not Have Any Personal Debt
Debt Consolidation	0.2% (0.0% - 0.4%)	2.1% (0.0% - 4.6%)	0.1% (0.0% - 0.2%)	0.1% (0.0% - 0.1%)	0.1% (0.0% - 0.4%)
Government Job Offers	0.2% (0.0% - 0.3%)	0.2% (0.0% - 0.5%)	0.2% (0.0% - 0.4%)	0.2% (0.0% - 0.5%)	0.2% (0.0% - 0.7%)
Unauthorized Billing – Information Services	0.0% (0.0% - 0.0%)	0.0% (0.0% - 0.0%)	0.0% (0.0% - 0.0%)	0.0% (0.0% - 0.0%)	0.0% (0.0% - 0.0%)
Victims of More General Types of Fraud Included in the Survey	5.3% (4.4% - 6.1%)	7.5% (4.1% - 11.0%)	5.3% (4.0% - 6.6%)	5.4% (3.7% - 7.1%)	4.3% (2.4% - 6.2%)
Paid for Something Never Received	3.1% (2.4% - 3.8%)	4.1% (1.6% - 6.6%)	3.3% (2.2% - 4.4%)	3.2% (1.7% - 4.7%)	1.8% (0.6% - 3.0%)
Unauthorized Billing – Other Products	2.4% (1.8% - 2.9%)	3.9% (1.3% - 6.6%)	2.2% (1.5% - 2.8%)	2.4% (1.4% - 3.4%)	2.6% (1.0% - 4.1%)
<i>Number of Observations</i>	3,888	327	1,490	1,161	594

Source: 2005 FTC Fraud Survey

Notes. Figures in parentheses are 95 percent confidence intervals. 0.0 denotes a value of less than 0.05 percent.



3.8 Age and the Risk of Particular Frauds

- In all cases, consumers 65 years of age or older were less likely to have experienced each of the frauds than were younger consumers (Figure 8 and Table 8).⁴⁰ The difference between the rate for those who are 65 and over and the rate for those who are under 65 is statistically significant at the 10 percent level or better for 8 of the 14 specific frauds – including 3 of the 5 most frequently cited frauds – and for one of the general frauds.
- Prize promotion fraud and fraudulent buyers’ club billing were the frauds seniors most frequently reported experiencing. However, only 1.0 percent of seniors reported experiencing each of these fraud, while the rate of victimization for those between 18 and 64 was 1.3 percent for fraudulent prize promotions and 1.6 percent for unauthorized billing for buyers’ club memberships. (These differences are not, however, statistically significant.)
- Seniors were much less likely than younger consumers to report purchasing a fraudulent weight-loss product. Less than 1 percent of those 65 and over reported having made such

40. For two of the specific frauds, the estimated victimization rate for those who are 65 or over is marginally greater than for one of the other age groups reported in Table 8. However, in both of these cases, the rate for seniors is lower than the rate obtained by combining the experience of 18 to 34 year olds with that of those who are between 35 and 64.

Table 8: Percent of Survey Participants Who Were Victims of Fraud, Year Prior to Survey, By Age

Type of Fraud	Overall	18 - 34	35 - 64	65 and over
Victims of Any Fraud Covered by the Survey	13.5% (12.3% - 14.8%)	16.2% (13.3% - 19.1%)	14.0% (12.2% - 15.7%)	8.3% (6.1% - 10.5%)
Victims of Specific Types of Fraud Included in the Survey	9.4% (8.3% - 10.5%)	11.3% (9.0% - 13.7%)	9.9% (8.4% - 11.4%)	4.9% (3.4% - 6.4%)
Weight-Loss Products	2.1% (1.5% - 2.7%)	2.6% (1.3% - 3.9%)	2.4% (1.5% - 3.2%)	0.7% (0.1% - 1.4%)
Foreign Lotteries	1.5% (1.2% - 1.8%)	1.5% (0.8% - 2.3%)	1.6% (1.2% - 1.9%)	0.8% (0.4% - 1.1%)
Unauthorized Billing – Buyers' Clubs	1.5% (1.0% - 1.9%)	1.5% (0.7% - 2.3%)	1.6% (0.9% - 2.3%)	1.0% (0.2% - 1.7%)
Prize Promotions	1.2% (0.8% - 1.6%)	1.8% (0.8% - 2.8%)	0.9% (0.5% - 1.4%)	1.0% (0.7% - 1.9%)
Work-at-Home Programs	1.1% (0.7% - 1.5%)	1.4% (0.5% - 2.3%)	1.2% (0.6% - 1.9%)	0.4% (0.0% - 0.9%)
Credit Card Insurance	0.9% (0.6% - 1.3%)	0.7% (0.1% - 1.3%)	1.2% (0.7% - 1.8%)	0.7% (0.1% - 1.4%)
Unauthorized Billing – Internet Services	0.8% (0.5% - 1.1%)	1.2% (0.5% - 1.8%)	0.7% (0.4% - 1.1%)	0.3% (0.0% - 0.6%)
Advance Fee Loans	0.8% (0.4% - 1.1%)	1.1% (0.4% - 1.9%)	0.8% (0.4% - 1.2%)	0.2% (0.0% - 0.4%)
Credit Repair	0.5% (0.2% - 0.8%)	1.2% (0.3% - 2.2%)	0.3% (0.1% - 0.5%)	0.3% (0.0% - 0.6%)
Business Opportunities	0.4% (0.2% - 0.6%)	0.4% (0.0% - 0.9%)	0.4% (0.2% - 0.7%)	0.1% (0.0% - 0.4%)
Pyramid Schemes	0.4% (0.1% - 0.6%)	0.6% (0.0% - 1.2%)	0.4% (0.0% - 0.7%)	0.0% (0.0% - 0.0%)
Debt Consolidation	0.2% (0.0% - 0.4%)	0.3% (0.0% - 0.9%)	0.3% (0.1% - 0.5%)	0.1% (0.0% - 1.9%)

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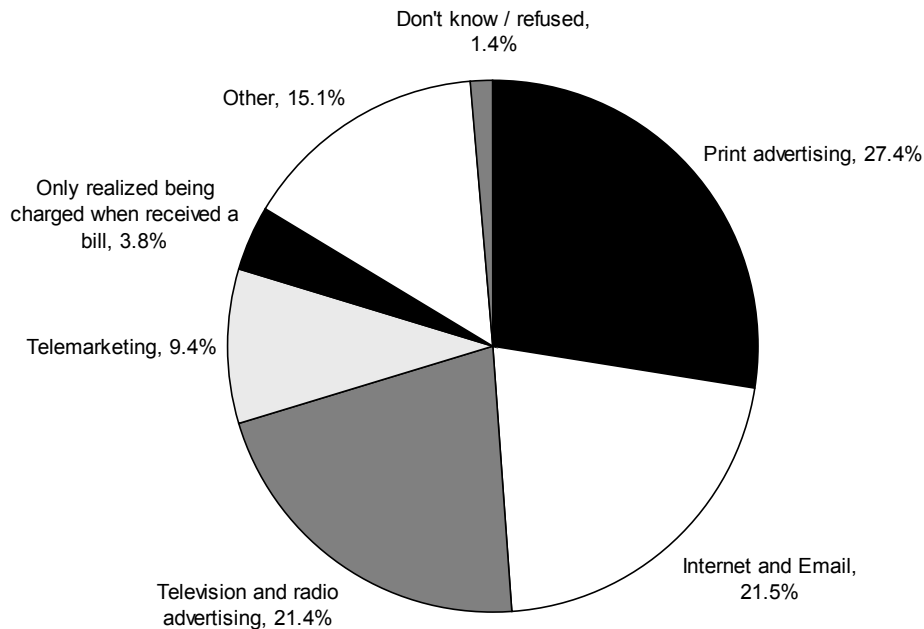
Table 8 (continued)

Type of Fraud	Overall	18 - 34	35 - 64	65 and over
Government Job Offers	0.2% (0.0% - 0.3%)	0.4% (0.0% - 0.8%)	0.1% (0.0% - 0.3%)	0.0% (0.0% - 0.1%)
Unauthorized Billing – Information Services	0.0% (0.0% - 0.0%)	0.0% (0.0% - 0.0%)	0.0% (0.0% - 0.0%)	0.0% (0.0% - 0.0%)
Victims of More General Types of Fraud Included in the Survey	5.3% (4.4% - 6.1%)	6.6% (4.6% - 8.6%)	5.1% (4.0% - 6.1%)	3.7% (2.0% - 5.3%)
Paid for Something Never Received	3.1% (2.4% - 3.8%)	4.3% (2.5% - 6.1%)	2.9% (2.0% - 3.8%)	2.0% (0.8% - 3.2%)
Unauthorized Billing – Other Products	2.4% (1.8% - 2.9%)	2.5% (1.4% - 3.6%)	2.3% (1.7% - 3.0%)	1.6% (0.4% - 2.9%)
<i>Number of Observations</i>	3,888	881	2,137	677

Source: 2005 FTC Fraud Survey

Notes. Figures in parentheses are 95 percent confidence intervals. 0.0 denotes a value of less than 0.05 percent.

Figure 9: Media Used to Promote Frauds



purchases, significantly lower ($p < 0.01$) than the approximately 2.5 percent rate for those between 18 and 34 and those between 35 and 64.

3.9 How Are Fraudulent Offers Pitched to Victims?

- In 27 percent of fraud incidents, victims learned about the fraudulent offer through print advertising – direct mail advertising (including catalogs), newspaper and magazine advertising, and posters and flyers (Figure 9 and Table 9). Direct mail was the most common of these, accounting for 16 percent of all incidents of the frauds covered by the survey. In 10 percent of incidents, the fraud was promoted through newspaper or magazine advertising.
- The Internet (including general websites, Internet auction sites, and email) was the medium through which victims learned about fraudulent offers in 22 percent of incidents.
 - General websites were responsible for the largest percentage of these cases: In 10 percent of all cases victims said that they first learned about the offer from an Internet website, other than an auction site.
 - Victims learned about fraudulent offers via email in almost 6 percent of all cases.

Table 9: How Fraudulent Offers Were Promoted to Victims

Media	Number of Incidents (millions)	Percent
Total, All Fraud Incidents (Specific and More General)	48.7	100.0%
Print Advertising	13.3	27.4%
Direct mail, including catalogs	7.6	15.5%
Newspaper and magazine advertising	5.0	10.2%
Posters and flyers	0.8	1.6%
Internet and Email	10.5	21.5%
Internet website, other than an Internet auction site	5.0	10.2%
Email	2.8	5.8%
Internet auction site	1.7	3.4%
Internet, unspecified	1.0	2.1%
Television and radio advertising	10.4	21.4%
Television advertising, including infomercials	10.1	20.7%
Radio advertising	0.4	0.7%
Telemarketing	4.6	9.4%
Only realized being charged when received a bill	1.8	3.8%
Others	7.4	15.1%
Word-of-mouth	1.7	3.6%
Visiting a store	1.3	2.6%
Someone visiting the consumer's home	1.3	2.6%
Other	3.1	6.3%
Don't know / Refused	0.7	1.4%

Source: 2005 FTC Fraud Survey

Notes. Numbers are rounded to the nearest 0.1 million and percentages to the nearest 0.1 percent. Estimates for individual categories may not add to totals due to rounding.

The percentage of transactions promoted by each medium was estimated for each type of fraud. These percentages were then multiplied by the estimated number of incidents for that type of fraud and summed across fraud types. The resulting totals are then expressed as percentages of the totals.

- Victims indicate that they first learned about the offer from an Internet auction site in only 3 percent of incidents.
- Television or radio advertising was used in 21 percent of incidents of fraud.
- Telemarketers were the source of information about fraudulent products or services in 9 percent of all cases.
- In almost 60 percent of incidents involving the purchase of fraudulent weight-loss products, consumers learned about the product through television advertising, including infomercials.
- Direct mail and telemarketing were the most common sources of information about fraudulent prize promotions, with consumers becoming aware via direct mail in 35 percent of cases and via telemarketing in 15 percent of cases.
- Victims learned about fraudulent work-at-home schemes primarily from personal contacts (30 percent of incidents), direct mail (27 percent), or the Internet (25 percent).

3.10 How Victims Purchase Products or Services That Turn Out to Be Fraudulent

- Purchases made by telephone were responsible for 29 percent of fraud incidents that involved a purchase – more than any other type of purchase (Table 10).⁴¹ Purchases made by mail or via the Internet were each responsible for 21 percent of these fraudulent transactions, while in-store purchases were responsible for 16 percent of cases.
- In-store and telephone purchases accounted for the largest share of fraudulent weight-loss product sales, with store visits accounting for 34 percent and telephone sales 40 percent of incidents of this type of fraud.
- Mail order purchases were responsible for 38 percent of purchases of work-at-home frauds.
- The Internet (20 percent) and mail order (44 percent) were responsible for the largest share of incidents involving products for which consumers paid but never received.

3.11 Cost of Fraudulent Transactions

- The median amount victims reported paying in connection with an incident of fraud was \$60 (Table 11).⁴² (The median value – or the value at the 50th percentile – is the value where 50 percent of incidents involved payments of more than this amount and 50 percent involved smaller payments.)

41. Frauds that involved billing for a product or service that was not authorized by the consumer, foreign lottery fraud, and prize promotion fraud are not included in the figures reported in this section since the victims of these frauds did not make a purchase, at least in most of these instances.

42. Data are only provided for those frauds where data on the amount paid was available for 10 or more victims. In addition, foreign lottery and prize promotion frauds are not included since, in many cases, victims of these frauds do not make a monetary payment.

Table 10: How Purchases of Fraudulent Goods and Services Were Made

Purchased By:	Number of Incidents (millions)	Percent
Total Incidents of Frauds That Involved Purchases (Specific and More General)	29.7	100.0%
Telephone	8.6	29.1%
Internet	6.4	21.4%
Mail	6.3	21.1%
Store	4.8	16.3%
Person-to-person	0.5	1.7%
Other	1.9	6.3%
Answered Wrong Question ^a	1.1	3.9%
Don't know / Refused	0.1	0.2%

Source: 2005 FTC Fraud Survey

Notes. Does not include frauds involving unauthorized billing, foreign lottery frauds, or prize promotion frauds since, in many cases, the consumer does not knowingly purchase anything in these frauds.

Numbers are rounded to the nearest 0.1 million and percentages to the nearest 0.1 percent. Estimates for individual categories may not add to totals due to rounding.

The percentage of transactions purchased in each way was estimated for each type of fraud. These percentages were then multiplied by the estimated number of incidents for that type of fraud and summed across fraud types. The resulting totals are then expressed as percentages of the totals.

a. When asked how they purchased the fraudulent product or service, some survey participants' answers indicated how payment was made, not how the purchase was made.

Table 11: Amount Paid Per Incident of Fraud

Type of Fraud	Percentile			Number of Obs.
	25 th	50 th	75 th	
All Frauds Included in the Survey	\$35	\$60	\$200	323
Specific Frauds	\$35	\$60	\$200	223
Work-at-Home	\$50	\$200	\$300	23
Unauthorized Billing – Internet Services	\$30	\$80	\$190	17
Weight-Loss Products	\$40	\$60	\$160	63
Advance Fee Loans	\$50	\$55	\$180	19
Pyramid Schemes	\$50	\$50	\$300	10
Credit Repair	\$20	\$50	\$200	15
Credit Card Insurance	\$15	\$50	\$120	27
Unauthorized Billing – Buyers' Clubs	\$25	\$50	\$80	27
More General Frauds	\$30	\$65	\$165	100
Unauthorized Billing – Other Products	\$50	\$80	\$170	32
Paid, Never Received	\$30	\$60	\$145	68

Source: 2005 FTC Fraud Survey

Notes. Dollar figures rounded to nearest \$5.

Data are not provided for frauds where the amount paid was available for less than 10 observations. In addition, data are not reported for Prize Promotions or Foreign Lottery fraud because these frauds often do not involve monetary payments. In prize promotions, the injury is often the value of the time spent attending a sales presentation. In foreign lottery scams, the cost is often that the consumer is induced to divulge personal information, such as his or her bank account number.

Consumer Fraud in the United States

- Fraudulent work-at-home programs appear to have cost victims the most, with a median payment of \$200 per incident. For the other frauds in the survey, the median amount paid per incident ranged between \$50 and \$80.
- The 25 percent of incidents where the largest payments were made – the 75th percentile – involved payments of at least \$200. In the 25 percent of incidents of work-at-home fraud and pyramid schemes that involved the largest payments, victims paid at least \$300.

3.12 Method of Payment in Fraudulent Transactions

- Using a credit card was the most commonly-mentioned method of payment for fraudulent transactions, accounting for more than one-third of all fraudulent transactions (37 percent) (Table 12).⁴³ Other frequently mentioned payment mechanisms were cash (14 percent), checks (13 percent), debit cards (10 percent), and sellers taking money directly from victims' checking accounts (7 percent).⁴⁴
 - Credit cards and direct withdrawal of money from the victim's checking accounts were cited more frequently in frauds that involved unauthorized billing for a product or service the consumer had not agreed to purchase. Credit cards were the payment mechanism in 45 percent of incidents involving these types of fraud. Money was directly withdrawn from the victim's checking account in 12 percent of these cases.

43. Again, because foreign lottery and prize promotion frauds often do not involve monetary payments these types of fraud are not included in these data.

44. These figures may understate the extent to which consumers use credit cards in transactions that turn out to be fraudulent, since incidents in which the consumer did not ultimately pay for a transaction or was able to obtain a refund are not counted as frauds in the measures used in this report, and it is likely to be easier to withhold payment or obtain a refund where a credit card was used.

Table 12: How Victims Made Payment in Fraudulent Transactions

Payment Mechanism	Number of Incidents (millions)	Percent
Total, All Fraud Incidents Except Foreign Lotteries and Prize Promotions	42.4	100.0%
Credit Card	15.8	37.3%
Cash	5.9	13.9%
Check	5.6	13.2%
Debit Card	4.2	9.8%
Seller Took Money Directly from the Victim's Checking Account	3.0	7.2%
Money Order	2.9	6.9%
Online Payment Mechanism, Like PayPal	1.0	2.3%
Billed on the Victim's Telephone Bill	0.7	1.6%
Wire or Bank Transfer	0.3	0.6%
Other	1.3	3.0%
Unknown	1.9	4.4%

Source: 2005 FTC Fraud Survey

Notes. Based on all frauds except Foreign Lotteries and Prize Promotions, where in many cases victims do not make a monetary payment.

The percentage of transactions in which each payment mechanism was used was estimated for each type of fraud. These percentages were then multiplied by the estimated number of incidents of each type of fraud and summed across fraud types. The resulting totals are then expressed as percentages of the totals.

4. Comparability with 2003 Survey Results

- Table 13 compares the results of the 2003 and 2005 surveys by examining the percentage of people who are estimated to have been victims of the 12 types of fraud – 10 specific and 2 general – that were included in both surveys.
- In both surveys, slightly more than 10 percent of people were victims of one or more of the frauds that were common to both surveys. However, the percentage of people estimated to have been victims of one or more of the specific frauds included in both surveys declined from 8.4 percent in 2003 to 5.9 percent in 2005, while the percentage who were victims of the more general frauds rose from 3.4 percent to 5.3 percent.
- As discussed in Section 2, the figures from the 2005 survey are not directly comparable to those in the 2003 survey because of changes made in the questions asked regarding several of the frauds. For the three specific frauds where the same questions were used in the two surveys, the estimated percentage of survey participants who were victims of one or more of these frauds declined from 2.5 percent in 2003 to 1.6 percent in 2005 – a difference that is statistically significant ($p < 0.05$).
 - For each of these three frauds, the victim rate was lower in 2005 than in 2003. However, the individual difference is only statistically significant for Unauthorized Billing – Information Services.
- Questions on the two more general types of fraud – whether consumers had been billed for products or services that they had not agreed to purchase and whether they had paid for products that had never been received – were also unchanged. (In both cases, these referred to products or services other than those included in the set of specific frauds.) The increase in the estimated percentage of people who experienced one or both of these problems – from 3.4 percent to 5.3 percent – is statistically significant ($p < 0.01$).
 - This increase is largely the result of a very substantial increase in the estimated percentage of people who paid for a product but did not receive it – from 1.4 percent in 2003 to 3.1 percent in 2005 – a difference that is statistically significant ($p < 0.01$).⁴⁵
- For the other seven specific frauds included in both surveys, changes were made to the questions asked or the definition of a victim.⁴⁶ For these frauds, the estimated percentage of people who were victims fell from 6.5 percent in 2003 to 4.5 percent in 2005. However, the fact that changes were made in the questions and definitions means that the responses between the two surveys are not directly comparable.
- Consider first prize promotion frauds. The percentage of consumers estimated to be victims of this type of fraud was 0.8 percent in the 2003 survey and 1.2 percent in the 2005 survey.

45. While the estimated percentage of people who had been billed for a product or service that they had not agreed to purchase, other than those covered in the specific frauds, increased from 2.1 percent in the 2003 survey to 2.4 percent in the 2005 survey, this difference is not statistically significant.

46. See Section 2.2 for a more complete discussion of the changes that were made.

As discussed previously, the estimates of prize promotion fraud in the 2005 survey include those who attended a sales presentation to obtain a promised prize rather than making a payment or purchasing a product. Many of these people may not have been counted in the 2003 survey.⁴⁷ Almost 60 percent of prize promotion victims in the 2005 survey indicated that they had been required to attend a sales presentation rather than to make a payment or buy a product. If those who attended sales presentations are not included, an estimated 0.5 percent of consumers were victims of prize promotion fraud. Comparing this figure to the 0.8 percent figure in 2003, therefore, provides at least a rough idea of whether problems with prize promotions have increased or decreased. While hardly an exact estimate, this suggests that there was not much change in the extent of prize promotion fraud during the two year period and that the 2003 estimate understated the extent of this problem.⁴⁸

- The 2003 survey found that 2.1 percent of consumers had experienced advance fee loan fraud. In the 2005 survey, the estimate was 0.8 percent. However, two additional questions were added to the 2005 survey – one to make sure that mortgage loans were not included and the other to make sure that the required fee was actually to be paid before the loan or credit card was obtained.⁴⁹

Of the people who said that they had paid for such advance fee loans, 38 percent said that the payment was to be made after the loan or credit card was obtained, while 14 percent said that they were talking about a mortgage loan. If the same ratios were true in 2003, it would be necessary to reduce the 2003 estimate by 40 to 50 percent to be comparable to the 2005 estimate. This would mean a comparison of an adjusted 2003 figure of 1.0 to 1.3 percent to the 2005 estimate of 0.8 percent. Using these adjustments to the 2003 estimate, the data suggest that the incidence of advance fee loans may be declining, though the differences do not appear to be large.⁵⁰

- Direct comparison of the estimated 1.6 percent incidence of the purchase of credit card insurance from the 2003 survey with the 0.9 percent figure for 2005 would suggest that this problem is declining. However, in the 2005 survey, 30 percent of those who said they had purchased credit card insurance said that it was to protect them against missing payments if they became ill or lost their jobs, not to protect against the misuse of their cards if they were lost or stolen. Only insurance against the misuse of lost or stolen cards was included in the 2005 estimates. Assuming that 30 percent of the 2003 responses also were for disability or unemployment insurance, and adjusting the 2003 estimate accordingly, the 2003 figures becomes 1.1 percent, not significantly different from the 0.9 percent figure for 2005.
- In both the 2003 and 2005 surveys, 0.8 percent of people were estimated to have experienced unauthorized billing for Internet services. However, the questions used

47. See Section 2.2.5.

48. The difference between the 0.8 percent 2003 figure and the 0.5 percent adjusted 2005 figure is not statistically significant.

49. The additional questions are discussed in Section 2.2.1.

50. Given the range of possible adjustments to the 2003 figures, it is not possible to determine whether the difference between the adjusted 2003 and 2005 figures is statistically significant.

Table 13: Comparison of Fraud Victims in 2005 and 2003 Surveys, Frauds Included in Both Surveys

Type of Fraud	Victims as Percent of Adult Population	
	2003 Survey	2005 Survey
Victims of Any Fraud Covered by Both Surveys	11.2% (10.0% - 12.5%)	10.3% (9.2% - 11.5%)
Victims of Specific Types of Fraud Included in Both Surveys	8.4% (7.3% - 9.5%)	5.9% (5.0% - 6.7%)
Victims of Specific Types of Fraud Included in Both Surveys, Questions Unchanged	2.5% (1.9% - 3.1%)	1.6% (1.2% - 2.1%)
Unauthorized Billing – Buyers’ Clubs	1.9% (1.4% - 2.4%)	1.5% (1.0% - 1.9%)
Government Job Offers	0.3% (0.0% - 0.6%)	0.2% (0.0% - 0.3%)
Unauthorized Billing – Information Services	0.4% (0.1% - 0.6%)	0.0% (0.0% - 0.0%)
Victims of Specific Types of Fraud Included in Both Surveys, Questions or Definitions Changed	6.5% (5.5% - 7.4%)	4.5% (3.7% - 5.2%)
Prize Promotions	0.8% (0.5% - 1.2%)	1.2% (0.8% - 1.6%)
Credit Card Insurance	1.6% (1.1% - 2.0%)	0.9% (0.6% - 1.3%)
Unauthorized Billing – Internet Services	0.8% (0.5% - 1.1%)	0.8% (0.5% - 1.1%)
Advance Fee Loans	2.1% (1.5% - 2.7%)	0.8% (0.4% - 1.1%)
Credit Repair	0.9% (0.5% - 1.3%)	0.5% (0.2% - 0.8%)
Business Opportunities	0.2% (0.0% - 0.4%)	0.4% (0.2% - 0.6%)
Pyramid Schemes	0.7% (0.4% - 1.1%)	0.4% (0.1% - 0.6%)
Victims of More General Types of Fraud Included in the Survey, Questions Unchanged	3.4% (2.8% - 4.0%)	5.3% (4.4% - 6.1%)
Paid for Something Never Received	1.4% (1.0% - 1.8%)	3.1% (2.4% - 3.8%)
Unauthorized Billing – Other Products	2.1% (1.6% - 2.6%)	2.4% (1.8% - 2.9%)

Source: FTC 2004 and 2005 FTC Fraud Survey

Notes. Figures in parentheses are 95 percent confidence intervals. 0.0 denotes a value of less than 0.05 percent.

in the 2005 survey limited coverage to those where the person had not previously used the service for which they were billed, while the 2003 survey did not so limit the responses. The similar estimates in both years may, therefore, misleadingly suggest that the extent of this problem is unchanged. Only about 60 percent of people in the 2005 survey who initially indicated that they had received an unauthorized bill for Internet services indicated that the billing error occurred in connection with service provided by a company whose services the consumer had not previously used. Assuming the same ratio applied in 2003, the estimate for 2003 would be 0.5 percent, suggesting that the extent of this problem may have increased, though the change is not statistically significant.

- Unadjusted, the percentage of people reporting that they had purchased fraudulent credit repair services declined from 0.9 percent in the 2003 survey to 0.5 percent in the 2005 survey. However, the question about purchasing services that promise to remove negative, but true, information from a consumer's credit report was separated into two questions in the 2005 survey.⁵¹

In the 2005 survey, almost 50 percent of people who said that they had purchased credit repair services indicated that the information had, in fact, been removed. These individuals were, therefore, not considered to be victims.⁵² Assuming that 50 percent of those who are estimated to have been victims in the 2003 survey would not have been considered victims with the more detailed questions used in 2005, the 2003 estimate would be approximately 0.5 percent, equal to what was found in the 2005 survey.

- Finally, the definition of what constituted fraudulent pyramid and fraudulent business opportunity offers was changed in the 2005 survey. The change involved sales of these types of opportunities where sellers led purchasers to believe that they would earn a certain amount of income or profit. Rather than include as a victim anyone who did not earn the income or profit promised as was done in the 2003 survey, the 2005 survey adopted a tighter definition, only considering those who said that, at most, they had earned less than half as much as had been promised to be victims.

Employing the 2003 definition with the 2005 data, the estimated victim rate for pyramid schemes would be 0.5 percent, which is slightly lower than, though not significantly different from, the 0.7 percent rate estimated from the 2003 survey results. For business opportunities, the estimated rate for 2005 using the 2003 definition was 0.4 percent, not significantly different from the 0.2 percent rate in 2003.

51. The second problem included in this category involves the purchase of information about how one can supposedly obtain a new credit record that supposedly will not contain information about their existing credit problems. The questions about this problem were unchanged from the 2003 survey.

52. Some caution should be exercised in interpreting this result. This question was only asked of 19 survey participants. As a result, the confidence interval on the estimate is fairly large.

5. Conclusion

The 2005 Federal Trade Commission Fraud Survey found that, during the previous year, 13.5 percent of adults in the United States – 30.2 million consumers – had been a victim of at least one of the 16 types of fraud included in the survey. Some consumers experienced more than one type of fraud and/or experienced multiple incidents of the same fraud. There were an estimated 48.7 million incidents of these frauds during that year. The most commonly-reported types of fraud included fraudulent weight-loss products that did not deliver promised weight loss for consumers, fraudulent foreign lotteries, unauthorized billing for buyers' club memberships, prize promotions where consumers did not get the prize they had been promised after making a payment or attending a sales presentation, and fraudulent work-at-home programs that did not deliver the promised level of income.

Analysis of the survey results showed that consumers who felt that they had more debt than they could comfortably handle were more likely to be victims of fraud than those who had less trouble with their debt. Similarly, younger consumers, and certain minorities – Hispanics and African Americans – were significantly more likely to be victims of these frauds. Hispanics and African Americans in the survey tended to be younger than non-Hispanic whites and more likely to feel that they had excessive debt. Once one controls for these and other factors included in the survey that may affect the likelihood of experiencing fraud, there were no significant differences across racial and ethnic groups.

Print advertising, followed by the Internet (including email), and television and radio advertising, were the most common ways victims said that they had first learned about the offering by which they had been victimized. Where a fraud involved making a purchase, the telephone was the most commonly mentioned way of making the purchase. Mail order and Internet purchases were also responsible for a considerable fraction of such fraudulent purchases. Credit cards were the most commonly mentioned method of making payment in transactions that turned out to be fraudulent.

Appendix A: Comparison of Univariate and Multivariate Analysis of the Relationship Between Fraud and Demographic Characteristics

Appendix Table A-1 uses two different statistical approaches to examine whether the likelihood of being a victim of one or more of the frauds included in the 2005 Fraud Survey varies with such things as age, race and ethnicity, current income, expected future income, and consumers' comfort with their current level of debt.

Column 2 provides information based on an analysis of a single factor at a time – a univariate analysis.¹ That is, for example, in examining the effect of age, other things – such as education or income – that may be correlated with age and may affect the likelihood of being a victim are not considered. The figures in column 2 represent the difference – in percentage points – between the estimated likelihood of being a victim of one or more of the covered frauds for those with a particular value of the characteristic and those in the comparison group. Thus, for example, the first figure in column 2 under the age heading (- 0.5 percent) indicates that someone between 18 and 24 is 0.5 percentage points less likely to be a victim of the frauds covered by the survey than is someone who is between 35 and 44 – the comparison group for age. (This difference is, however, not statistically significant as is indicated by the absence of any asterisks next to the -0.5 percent figure.)

While column 2 provides information based on a univariate analysis, column 3 provides similar information based on an analysis that simultaneously controls for all of the factors considered – a multivariate analysis.² Thus, while the univariate analysis finds that, *looking only at age*, someone who was between 18 and 24 was 0.5 percentage points less likely to be a victim than someone between 35 and 44, the -2.9 figure in column 3 indicates that, *if you control for all of the other factors considered*, a person between 18 and 24 was 2.9 percentage points less likely to be a victim than someone between 35 and 44. (Again, this difference is not statistically significant.)

In comparing the two sets of results, the first thing to note is that the coefficients in the two analyses generally have the same signs. If individuals in some group were more (or less) likely than the comparison group to be a victim in the univariate analysis, they

1. In the univariate analysis, all observations for which survey participants provided a value for the particular variable are included in the analysis. The number of observations therefore varies depending on the particular characteristic being examined. The number of observations used in each analysis is indicated at the bottom of each section of the table. For example, in the univariate analysis of age and the likelihood of being a victim, 3,695 observations were used. The number of observations used ranged from 3,174 in the income analysis to 3,888 – the full dataset – in the gender analysis.

2. The multivariate results are based on a multiple regression using all 2,889 observations for which data are available on all of the independent variables. No attempt was made to generate predicted values to fill in for missing values. A linear probability model was used, and the dependent variable in the regressions is the estimated probability that the person was a victim of one or more of the frauds included in the 2005 survey. This differs somewhat from what was done in analyzing the 2003 survey. In that analysis, a multivariate probit estimation technique was used and only those observations where it was clear that the person either was or was not a victim were included. Using this approach on the 2005 data, only 1,663 observations can be used. The results from that analysis are generally comparable to what is reported here.

were almost always more (or less) likely to be a victim after controlling for the other factors. The only two exceptions to this pattern involve the gender variable and the comparison of the experience of Asians to those of non-Hispanic whites. And, in both of these cases, the coefficients are very small and highly insignificant in both the univariate and multivariate analyses.

Second, in most cases, the coefficients are smaller in the multivariate analysis than in the univariate. That is, the risk faced by a particular group differs less from the comparison group after one controls for the other factors considered in the multivariate analysis. This may suggest that some of the differences that appear to be related to the single factor, such as age or race and ethnicity, in the univariate analysis are really the result of other factors.

Finally, consider the statistical significance of the coefficients using the two different approaches. In general, the statistical significance of the coefficients appears to tell the same story about the relationship between the risk of being a victim in both cases. Consider, for instance, the relationship between age and risk. In both analyses, older consumers appear to be significantly less likely to have been victims than younger ones. The coefficients on those who were between 65 and 74 and those who were 75 or over are negative and significant ($p < 0.05$ or better) in both cases. In addition, the overall relationship is significant ($p < 0.10$ or better) in both cases.

Comfort level with the consumer's current level of debt is also related to the likelihood of experiencing fraud in both analyses. Consumers who believed that they had more debt than they could handle were significantly more likely to be victims of fraud than those who had less trouble with their debt. Both approaches also show that the risk of being a victim declines with more education. However, in both cases, the reduction, relative to high school graduates, is only statistically significant for those who were college graduates. Gender, marital status, and the individual's expectations about his or her future income had no significant effect on the likelihood of being a victim in either analysis, while the relationship between income and fraud risk does not appear to be systematic in either analysis.

The one area where the pattern of significance in the single factor analysis does not hold up in the multivariate analysis involves the racial and ethnic variables. In the univariate analysis, both Hispanics and African Americans were more likely to have been victims than were non-Hispanic whites. Hispanics were estimated to be 6.0 percentage points more likely to be victims than non-Hispanic whites. For African Americans, the difference was 8.0 percentage points. In both cases, the differences are significant ($p < 0.05$ or better). However, after controlling for the other factors, Hispanics were only 4.1 percentage points more likely to be victims, while the difference for African Americans was only 3.8 percentage points. And, the differences are not statistically significant in either case. Furthermore, while the race and ethnicity variables are jointly significant ($p < 0.01$) in the univariate analysis, they are not significant in the multivariate analysis.

While Hispanics and African Americans were more likely to have been victims of frauds, members of these groups also tended to have other characteristics that are associated with a greater likelihood of being a victim. For example, older people were less likely to be victims of fraud, and the survey data show that Hispanics and African Americans were, on average, younger than non-Hispanic whites. Only 7 percent of Hispanics who participated in the survey were 65 or over and only 15 percent were at least 55 years old. By comparison, 18 percent of non-Hispanic whites were at least 65 and 34 percent were at least 55. For African Americans, the figures are 11 percent 65 or over and 20 percent at least 55. Similarly, those who have college degrees were less likely to be victims, and the results show that Hispanics and African Americans were less likely to have graduated from college than non-Hispanic whites. Of survey participants, 19 percent of African Americans, 24 percent of Hispanics, and 40 percent of non-Hispanic whites were college graduates. Census data show similar patterns.

On the other hand, those who say that they have more debt than they can handle comfortably were more likely to be victims. Among non-Hispanic whites, 6 percent of survey participants said that they had too much debt. However, 11 percent of Hispanic and 19 percent of African American participants said that they had more debt than they could handle.

Appendix Table A-1: Comparison of Univariate and Multivariate Analyses of Factors Affecting Likelihood of Being a Fraud Victim

	One Factor at a Time		Multiple Factors Simultaneously	
	Difference in Percent Victims ^a	Sig. of Difference ^b	Difference in Percent Victims ^a	Sig. of Difference ^b
Age (Compared to 35 to 44)				
18-24	-0.5%		-2.9%	
25-34	+1.7%		+0.6%	
45-54	-0.7%		-0.7%	
55 -64	-4.3%	**	-2.9%	
65 - 74	-5.0%	**	-5.5%	**
75 and over	-9.8%	***	-8.5%	***
<i>Joint Significance</i>		***		*
<i>Number of Observations</i>	3,695			
Race and Ethnicity (Compared to Non-Hispanic Whites)				
Hispanic	+6.0%	**	+4.1%	
African American	+8.0%	***	+3.8%	
American Indians/ Alaska Native	+4.6%		+8.2%	
Asian	-1.8%		0.4%	
Other	+8.8%	**	+6.5%	
<i>Joint Significance</i>		***		
<i>Number of Observations</i>	3,679			
Income (Compared to \$40,000 to \$60,000)				
Less than \$20,000	+5.7%	**	+3.0%	
\$20,000 - \$40,000	+6.3%	***	+5.8%	***
\$60,000 - \$80,000	+4.2%		+4.2%	
\$80,000 - \$100,000	-1.6%		-0.8%	
Over \$100,000	+3.8%		+5.6%	**
<i>Joint Significance</i>		***		**
<i>Number of Observations</i>	3,174			
Expected Future Income (Compared to Expect Future Income to be Unchanged)				
Much Lower	-1.5%		-0.3%	
Somewhat Lower	-3.3%		-2.4%	
Somewhat Higher	+1.4%		+0.4%	
Much Higher	+3.3%		+1.6%	
<i>Joint Significance</i>				
<i>Number of Observations</i>	3,606			

(Table continued on next page)

Appendix Table A-1 (continued)

	One Factor at a Time		Multiple Factors Simultaneously	
	Difference in Percent Victims ^a	Sig. of Difference ^b	Difference in Percent Victims ^a	Sig. of Difference ^b
Comfort with Current Debt (Compared to Having Too Much Debt)				
About Right	-9.6%	***	-9.3%	***
Could Handle More	-12.0%	***	-10.3%	***
No Debt	-14.6%	***	-11.7%	***
<i>Joint Significance</i>		***		**
<i>Number of Observations</i>	3,572			
Marital Status (Compared to Being Single)				
Married	-1.6%		-0.9%	
<i>Number of Observations</i>	3,750			
Gender (Compared to Being Male)				
Female	+1.2%		-0.2%	
<i>Number of Observations</i>	3,888			
Education (Compared to High School Graduate)				
Some High School or Less	+2.2%		+1.9%	
Some College	-0.8%		-2.0%	
College Grad or More	-3.2%	*	-4.1%	**
<i>Joint Significance</i>				
<i>Number of Observations</i>	3,798			
<i>Number of Observations (simultaneous estimation)</i>			2,889	

Source: 2005 FTC Fraud Survey

Notes. a. Percent of group that were victims minus percent of control group that were victims.

b. Statistical significance of differences.

* denotes statistical significance at the 10 percent level

** denotes statistical significance at the 5 percent level

*** denotes statistical significance at the 1 percent level

Appendix B: The Survey Instrument

Appendix Table B-1: Questions in the 2005 FTC Fraud Survey Used to Define Each Type of Fraud

Fraud	Questions in 2005 Survey Used to Define the Fraud
Specific Frauds	
Weight-Loss Products	Q44a - Q44e, Q64b, Q64pa
Prize Promotions	Q39, Q39a, Q39g, Q40.1-Q44, Q64b, Q64p
Foreign Lotteries	Q39 - Q39f.2, Q64l
Unauthorized Billing – Buyers’ Clubs	Q18.1, Q21.1, Q21.2, Q26, Q27b, Q64b, Q64p
Work-at-Home	Q31a.1, Q31a.2, Q37a, Q37b, Q64b, Q64p
Credit Card Insurance	Q15.1, Q15.2, Q15a, Q64b, Q64p
Unauthorized Billing – Internet Services	Q18.1, Q19.1, Q19.2, Q19a, Q26, Q27, Q64b, Q64p
Advance Fee Loans	Q16.1, Q16.2, Q17a, Q17, Q17b, Q64b, Q64p
Credit Repair	Q13.1, Q13.2, Q13a, Q14.1, Q14.2, Q64b, Q64p
Pyramid Schemes	Q31.1, Q31.2, Q33, Q35.1, Q35.2, Q64b, Q64p
Business Opportunities	Q31.1, Q31.2, Q33, Q35.1, Q35.2, Q36.1, Q36.2, Q64b, Q64p
Debt Consolidation	Q16a.1, Q16a.1a, Q16a.2, Q17c, Q17d, Q64b, Q64p
Government Job Offers	Q32.1, Q32.2, Q38, Q64b, Q64p
Unauthorized Billing – Information Services	Q18.1, Q20.1, Q20.2, Q26, Q27, Q64b, Q64p
General Frauds	
Paid for Something Never Received	Q45 - Q49, Q64b, Q64p
Unauthorized Billing – Other Products	Q18.1, Q22.1, Q22.2, Q26, Q27, Q64b, Q64p

Notes. a. Q64b and Q64p were asked for each type of fraud and the responses were tabulated separately for each type of fraud.

b. Q26 and Q27 were asked for each of the “unauthorized billing” frauds and the responses were tabulated separately for each type.

FTC FRAUD SURVEY 2005

[PROG.: FOR ANY QUESTIONS WITH MULTIPLE RESPONSES, PLEASE CAPTURE FIRST, SECOND, AND THIRD RESPONSE. SET UP A MAXIMUM OF THREE MENTIONS]

Hello, I'm of Synovate, on behalf of the Federal Trade Commission, an agency of the U.S. government, with a research survey. We are not selling anything, and no sales calls will be made as a result of your participation. This is strictly a research project.

[PROG.: PLEASE HAVE THIS ON A NEW SCREEN FOR THE INTERVIEWERS TO USE ONLY IN CASE RESPONDENTS HAVE OBJECTION]

➤ **If the objection is:** "Do you have approval to do this?" or "Under what authority are you doing this?"

Interviewer response should be: "THE SURVEY HAS BEEN APPROVED BY THE OFFICE OF MANAGEMENT AND BUDGET, WHICH ASSIGNED OMB CONTROL NUMBER 3084-0125."

➤ **If the objection is** "How do I know that my answers will be confidential"

Interviewer response should be "UNDER THE TERMS OF THE PRIVACY ACT OF 1974, WE ARE REQUIRED TO TREAT YOUR ANSWERS AS COMPLETELY CONFIDENTIAL."

IF ASKED: The survey is estimated to take less than 10 minutes to complete.

QA. First, are you at least 18 years of age or older?

1. Yes
2. No
- DK. Don't know
- RF. Refused

[PROG: IF QA IS CODE "Yes" CONTINUE TO Q1; ELSE GO TO QB]

QB. May I please speak to someone in your household who is 18 years of age or older?

1. 'New respondent available and called to telephone' /
2. 'New respondent not available / Arrange a Callback' /
3. 'No such person / Not Available Permanently'
- RF. Refused

[PROG: IF QB = 'No such person / Not Available Permanently', OR REF; TERMINATE]

[PROG: REPEAT QUESTION A WITH NEW RESPONDENT]

The first few questions are about some experiences you personally might have as a consumer...

Q1. Have you, yourself, received a telemarketing phone call in the past year?

1. Yes
 2. No
- DK. Don't know
RF. Refused

[PROG.: RANDOMIZE Q2.1 TO Q6.1

[IF Q1:1, ASK Q2.1 TO Q6.1 IN A RANDOM ORDER. (Q2.1 TO Q6.1 HAVE FOLLOW-UPS); ELSE SKIP RANDOMLY TO Q4.1, Q5.1, Q5a.1, Q6.1]

Q2.1. In the past YEAR, have you bought anything from a telemarketer who called you?

1. Yes
 2. No , Did not make any purchases from telemarketers
- DK. Don't know
RF. Refused

[PROG: IF Q2.1 IS CODE "Yes" CONTINUE TO Q2.2; ELSE GO TO NEXT QUESTION IN THE RANDOMIZED SERIES OF Q2.1 TO Q6.1]

Q2.2. Did you make any purchases from a telemarketer who was selling for a company with which you had NOT previously done business?

1. Yes, Made purchase(s) from a company with which had not previously done business
 2. No – Made purchase(s), but only from sellers with whom had previously done business
- DK. Don't know
RF. Refused

[PROG: IF Q1:1, ASK Q3.1]

Q3.1. In the past YEAR, have you contributed to a charity after receiving a telemarketing call from the charity?

1. Yes
 2. No– Did not make any such contributions
- DK. Don't know
RF. Refused

[PROG.: IF Yes in Q3.1, CONTINUE TO Q3.2, ELSE GO TO NEXT QUESTION IN THE RANDOMIZED SERIES OF Q2.1 TO Q6.1 :]

Q3.2. Did you make such contributions to a charity to which you had NOT previously donated?

1. Yes, Contributed to a charity or charities to whom had not previously contributed
 2. No – Contributed but only to a charity or charities to whom had previously contributed
- DK. Don't know
RF. Refused

[PROG.: ASK ALL]

Q4.1. In the past YEAR, have you purchased something from an Internet web site?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Yes in Q4.1, ASK Q4.2 ELSE GO TO NEXT QUESTION IN THE RANDOMIZED SERIES OF Q2.1 TO Q6.1]

Q4.2. And how many purchases would you estimate that you have made from Internet web sites in the last year?

[INTERVIEWER NOTE.: RECORD EXACT NUMBER; VALID RANGE IS 1-200. PROBE IF NUMBER IS MORE THAN 100]

- 998. Don't know
- 999. Refused

[PROG.: ASK ALL]

Q5.1. In the past YEAR, after seeing a television ad or infomercial, have you purchased anything from a seller with which you had not previously done business?

- 1. Yes
- 2 No – Did not make any such purchases
- DK. Don't know
- RF. Refused

[IF Yes in Q5.1, ASK Q5.2, ELSE GO TO NEXT QUESTION IN THE RANDOMIZED SERIES OF Q2.1 TO Q6.1]

Q5.2 In making this purchase, did you visit a store or did you place the order by phone, Internet, or mail?

- 1. Purchased from a store
- 2. Ordered by phone, Internet, or mail
- 3. Made purchases BOTH from a store and ordered by phone, Internet, or mail
- DK. Don't know
- RF. Refused

[PROG.: ASK ALL; ELSE GO TO NEXT QUESTION IN THE RANDOMIZED SERIES OF Q2.1 TO Q6.1]

Q5a1. In the past YEAR, after receiving an unsolicited commercial email or SPAM, have you purchased anything from a seller with which you had NOT previously done business?

1. Yes
 2. No – Did not make any such purchases
- DK. Don't know
RF. Refused

[PROG.: IF Q5a1 is Yes, ASK Q5a2; ELSE GO TO NEXT QUESTION IN THE RANDOMIZED SERIES OF Q2.1 TO Q6.1]

Q5a2. In making this purchase, did you visit a store or did you place the order by phone, Internet, or mail?

1. Purchased from a store
 2. Ordered by phone, Internet, or mail
 3. Made purchases BOTH from a store and ordered by phone, Internet, or mail
- DK. Don't know
RF. Refused

[PROG.: ASK ALL]

Q6.1 In the past YEAR, after receiving an unsolicited piece of mail, have you purchased anything from a seller with which you had NOT previously done business?

1. Yes
 2. No – Did not make any such purchases
- DK. Don't know
RF. Refused

[IF Q6.1 IS Yes, Q6.2; ELSE GO TO NEXT QUESTION IN THE RANDOMIZED SERIES OF Q2.1 TO Q6.1]

Q6.2 In making this purchase, did you visit a store or did you place the order by phone, Internet, or mail?

1. Purchased from a store
 2. Ordered by phone, Internet, or mail
 3. Made purchases BOTH from a store and ordered by phone, Internet, or mail
- DK. Don't know
RF. Refused

Talking some more about the internet...

Q7 *Whether or not you use the internet*, how likely do you think it would be that your credit card information would be stolen and misused if you used your credit card to purchase something on the Internet or World Wide Web **(ROTATE TOP TO BOTTOM, BOTTOM TO TOP BETWEEN VERSION 1 AND VERSION 2)** — very likely, somewhat likely, not very likely, or not likely at all?

- 4. VERY LIKELY
- 3. SOMEWHAT LIKELY
- 2. NOT VERY LIKELY
- 1. NOT LIKELY AT ALL
- DK. Don't know
- RF. Refused

Now, moving on...

[PROG: RANDOMIZE STARTING WITH Q8, Q8A OR Q8B, Q8C, AND Q8D]

Q8. In general, thinking about how your close friends or family would be most likely to describe the way you deal with people you do NOT know, would they be more likely to describe you as being... **(ROTATE PUNCHES 1-2: HAVE VERSION 1 AND VERSION 2)**

- 1. Trusting and Friendly ...or...
- 2. Cautious and Suspicious
- 3. BOTH **(DO NOT READ)**
- 4. NEITHER **(DO NOT READ)**
- DK. Don't know
- RF. Refused

[PROG.: SPLIT SAMPLE: ASK Q8A OF ONE-HALF OF PARTICIPANTS AND Q8B OF THE OTHER HALF. PLEASE ADD MARKER SHOWING WHETHER A OR B IS ASKED]

Q8a. How much do you agree or disagree with the statement “Manufacturers’ advertisements are reliable sources of information about the quality and performance of products”? Do you strongly agree, agree, neither agree nor disagree, disagree, or strongly disagree with this statement **(ROTATE ORDER, TOP TO BOTTOM, BOTTOM TO TOP BETWEEN VERSION 1 AND VERSION 2) ?**

- 5. STRONGLY AGREE
- 4. AGREE
- 3. NEITHER AGREE NOR DISAGREE
- 2. DISAGREE
- 1. STRONGLY DISAGREE
- DK. Don’t know
- RF. Refused

Q8b. How much do you agree or disagree with the statement “Manufacturers’ advertisements usually present a true picture of the products advertised”? Do you strongly agree, agree, neither agree NOR disagree, disagree, or strongly disagree with this statement **(ROTATE ORDER, TOP TO BOTTOM, BOTTOM TO TOP BETWEEN VERSION 1 AND VERSION 2) ?**

- 5. STRONGLY AGREE
- 4. AGREE
- 3. NEITHER AGREE NOR DISAGREE
- 2. DISAGREE
- 1. STRONGLY DISAGREE
- DK. Don’t know
- RF. Refused

Q8c. How much do you agree or disagree with the statement “Many times I feel that I have little influence over the things that happen to me”? Do you strongly agree, agree, neither agree NOR disagree, disagree, or strongly disagree with this statement **(ROTATE ORDER, TOP TO BOTTOM, BOTTOM TO TOP BETWEEN VERSION 1 AND VERSION 2) ?**

- 5. STRONGLY AGREE
- 4. AGREE
- 3. NEITHER AGREE NOR DISAGREE
- 2. DISAGREE
- 1. STRONGLY DISAGREE
- DK. Don’t know
- RF. Refused

Q8d. How much do you agree or disagree with the statement “I am the kind of person who gives in easily when someone is pressuring me”? Do you strongly agree, agree, neither agree NOR disagree, disagree, or strongly disagree with this statement (**ROTATE ORDER, TOP TO BOTTOM, BOTTOM TO TOP BETWEEN VERSION 1 AND VERSION 2**) ?

- 5. STRONGLY AGREE
- 4. AGREE
- 3. NEITHER AGREE NOR DISAGREE
- 2. DISAGREE
- 1. STRONGLY DISAGREE
- DK. Don't know
- RF. Refused

**[PROG.: THERE ARE NO QUESTIONS 9-12]
[MAKE SURE Q8, Q8A/Q8B, Q8C, and Q8D ARE ASKED BEFORE MOVING ON]**

Now I'd like to read you a list of experiences that some consumers have had. For each of the following, please tell me which of these things, if any, have happened to you in the past YEAR.

[RANDOMIZE AS BLOCKS: A) Q13.1-Q17d, B) Q18.1-Q27, C) Q31-Q38, D) Q39-Q44, AND E) Q44a-Q44e) [PROG; SET A MARKER FOR THE ORDER OF BLOCK PRESENTATION]

[PROG: EVERYONE REPORTING A FRAUD SHOULD BE ASKED THE Q62 TO Q68 SERIES, FOR EACH TYPE OF FRAUD. CREATE SERIES Q62 TO Q68 UNIQUELY TO IDENTIFY EACH FRAUD REPORTED.]

BLOCK A STARTS HERE

[RANDOMIZE Q13.1 - Q17a]

Q13.1. In the past YEAR, have you paid money to anyone who promised or guaranteed To remove negative, but true, information from your credit record?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Yes IN Q13.1. ASK Q13.2; AND Q13a; ELSE GO TO NEXT QUESTION IN THE RANDOMIZED BLOCK OF Q13.1 TO Q17a]

Q13.2. How many times has this happened to you in the past year? If you made multiple payments in connection with the same transaction, please only count this as one incident

- Record number of times ____ [range 1-7]
- DK. Don't know
- RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7]

[PROG.: IF Q13.2: More-than-Once, Read: Thinking now about the most recent time this happened to you....]

Q13a. Was the negative, but true, information removed from your credit record as promised?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Q13a = NO, ASK Q62 TO Q68 (GENERAL FOLLOW-UP QUESTIONS) BEFORE CONTINUING WITH REST OF SERIES IN THE RANDOMIZED BLOCK OF Q13.1 TO Q17a.]

Q14.1. In the past YEAR, have you paid money to anyone who promised or guaranteed
To help you obtain credit by creating a new identity or new credit record?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

**[PROG.: IF Yes in Q14.1. ASK Q14.2; ELSE GO TO NEXT QUESTION IN THE
RANDOMIZED BLOCK OF Q13.1 TO Q17a]**

Q14.2. How many times has this happened to you in the past year? If you made multiple
payments in connection with the same transaction, please only count this as one incident.

Record number of times ____ [range 1-7]

- DK. Don't know
- RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7]

**[PROG: FOR ANY CODES IN Q14.2, ASK Q62 TO Q68 (GENERAL FOLLOW-UP
QUESTIONS) BEFORE CONTINUING WITH REST OF SERIES IN THE
RANDOMIZED BLOCK OF Q13.1 TO Q17a.]**

Q15.1. In the past YEAR, have you paid money to anyone who promised or guaranteed
To provide you with credit card insurance?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

**[PROG.: IF Yes in Q15.1. ASK Q15.2; ELSE GO TO NEXT QUESTION IN THE
RANDOMIZED BLOCK OF Q13.1 TO Q17a]**

Q15.2. How many times has this happened to you in the past year? If you made multiple
payments in connection with the same transaction, please only count this as one incident.

Record number of times ____ [range 1-7]

- DK. Don't know
- RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7]

[PROG.: IF Q15.2: More-than-Once READ:] Thinking now about the most recent time this happened to you...

Q15a. What was the insurance supposed to protect you against? Was it to protect you against:

[PROG.: READ BOTH 1 AND 2 IN RANDOM ORDER; THIS IS A SINGLE PUNCH RESPONSE]

1. UNAUTHORIZED USE IF YOUR CARD WAS LOST OR STOLEN
 2. FALLING BEHIND IN YOUR PAYMENTS IF YOU LOST YOUR JOB OR BECAME ILL
 3. BOTH (DO NOT READ)
 4. OTHER (SPECIFY) (DO NOT READ)
- DK. Don't know
RF. Refused

[PROG.: IF Q15a:1 OR 3 ASK GENERAL FOLLOW-UP QUESTIONS Q62 – Q68 BEFORE CONTINUING WITH REST OF SERIES; OTHERWISE CONTINUE WITH THE REST OF SERIES IN THE RANDOMIZED BLOCK OF Q13.1 TO Q17a]

Q16.1. In the past YEAR, have you paid money to anyone who promised or guaranteed: **To provide you with a credit card or loan, but required that you pay a fee before you received the credit card or loan?**

1. Yes
 2. No
- DK. Don't know
RF. Refused

[PROG.: IF Yes in Q16.1. ASK Q16.2; ELSE GO TO NEXT QUESTION IN THE RANDOMIZED BLOCK OF Q13.1 TO Q17a]

Q16.2. How many times has this happened to you in the past year? If you made multiple payments in connection with the same transaction, please only count this as one incident.

Record number of times ____ [range 1-7]

- DK. Don't know
RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7.]

[PROG.: IF Q16.2: More-than-Once, READ:] Thinking now about the most recent time this happened to you...

Q17a. Were you promised a credit card, a mortgage loan, or another type of loan? [PROG: ONE RESPONSE ONLY]

1. CREDIT CARD
 2. MORTGAGE LOAN
 3. OTHER LOAN
- DK. Don't know
RF. Refused

Q17. Did you actually receive the promised loan or credit card?

1. Yes
 2. No
- DK. Don't know
RF. Refused

[PROG.: IF Q17a: 1,3, ASK Q17b:]

Q17b. Were you required to make this payment before you received the credit card or loan or were you to pay after the credit card or loan was received? For example, if you were promised a credit card, did you make the payment before you got the card or was the charge to be included on your first bill?

1. PAID **BEFORE** CREDIT CARD OR LOAN WAS RECEIVED
 2. PAID **AFTER** CREDIT CARD OR LOAN WAS RECEIVED
- DK. Don't know
RF. Refused

[PROG.: IF Q17a:1,3, Q17:2, and Q17b:1, ASK GENERAL FOLLOW-UP QUESTIONS Q62 – Q68 BEFORE CONTINUING WITH REST OF SERIES]

Q16a.1 . In the past YEAR, have you paid money to anyone who promised or guaranteed: **To consolidate, reduce or eliminate your debts to credit card companies and others or reduce the size of your monthly payments?**

1. Yes
 2. No
- DK. Don't know
RF. Refused

[PROG.: If Yes on Q16a.1. ASK Q16a.1a; ELSE GO TO NEXT QUESTION IN THE RANDOMIZED BLOCK OF Q13.1 TO Q17a]

16a.1a. Did the person promise to do any of the following: (1) consolidate your monthly payments into one payment that would then be used to pay each of your creditors; (2) negotiate new lower interest rates for you; (3) lower the size of the total that you pay monthly on your debts; or (4) eliminate or reduce the size of your total debt?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Yes in Q16a.1a. ASK Q16a.2; ELSE GO TO NEXT QUESTION IN THE RANDOMIZED BLOCK OF Q13.1 TO Q17a]

Q16a.2. How many times has this happened to you in the past year? If you made multiple payments in connection with the same transaction, please only count this as one incident.

- Record number of times ____ [range 1-7]
- DK. Don't know
 - RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7.]

FOR ANY CODES IN Q16a.2, ASK Q17c, and Q17d ; then Q62 TO Q68 (GENERAL FOLLOW-UP QUESTIONS) BEFORE CONTINUING WITH REST OF SERIES IN THE RANDOMIZED BLOCK OF Q13.1 TO Q17a.]

[PROG.: IF Q16a.2 More-than-Once, READ: Thinking about the last company from whom you purchased these services...]

Q17c. Did the company in fact make it easier for you to pay off your debts?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

Q17d. If the company promised to make your payments for you, did they make the payments as promised and on time?

- 1. Yes
- 2. No, SOME PAYMENTS WERE MADE LATE OR WERE NOT MADE AT ALL
- 3. DID NOT PROMISE TO PAY CREDITORS
- DK. Don't know
- RF. Refused

[PROG.: IF Q17c:2 or Q17d:2, ASK GENERAL FOLLOW-UP QUESTIONS Q62 – Q68 BEFORE CONTINUING WITH REST OF SERIES IN THE RANDOMIZED BLOCK OF Q13.1 TO Q17a. ADD MARKER TIED TO Q17c]

BLOCK A ENDS HERE

(RANDOMIZE AS BLOCKS: A) Q13-Q17d, B) Q18-Q27, C) Q31-Q38, D) Q39-Q44, AND E) Q44a-Q44e)

BLOCK B BEGINS HERE

Q18.1. In the past year, have you been billed for a product or service which you did not agree to purchase or have you been billed for an amount that was substantially more than you expected to pay?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG: IF Q18.1 #1, CONTINUE; ELSE SKIP TO NEXT SECTION/NEXT BLOCK.]

[PROG.: RANDOMIZE Q19.1-Q22.1; ALWAYS ASK Q22.1/Q22.2 LAST]

[PROG.: WHEN RETURNING TO Q19-Q22 FROM Q23-Q27 PROMPT: "Thinking again about being billed for a product or service which you did not agree to purchase or being billed for an amount that was substantially more than you expected to pay..."]

Did you have this experience while purchasing

Q19.1. Internet-related services, such as internet access or web-site hosting or development

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Q19.1 IS Yes, ASK:Q19.2; ELSE NEXT QUESTION IN THE RANDOMIZED BLOCK OF Q19.1 TO Q22.1]

Q19.2. How many times has this happened to you in the past year? If you received more than one bill for the same unordered item or if an unauthorized charge for the same item or service from the same provider appeared on your credit card statement in more than one month, count this as only one event.

Record number of times ____ [range 1-7]

DK. Don't know

RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7.]

[PROG.: IF 19.2: More-than-Once, READ:] Thinking now about the most recent time this happened to you...

Q19a. Did this problem arise when you tried to cancel service with a firm whose service you had been using or did it involve a firm whose services you had not used and had never agreed to purchase?

1. After canceling an existing service
2. A company whose services I had never agreed to purchase
3. Other (**SPECIFY**)

DK. Don't know

RF. Refused

[PROG.: FOR ANY CODES IN Q19a ASK Q26, Q27, AND GENERAL FOLLOW-UP QUESTIONS Q62-Q68 BEFORE CONTINUING WITH REST OF RANDOMIZED SERIES Q19.1-Q22.1. IF Q27 = 1, DO NOT GO TO FOLLOW-UP QUESTIONS, GO TO NEXT QUESTION IN THE SERIES OR NEXT BLOCK AS NECESSARY.]

Did you have this experience while purchasing

Q20.1. 900 number pay per call or internet information services, such as adult entertainment, gambling or psychic services?

1. Yes

2. No

DK. Don't know

RF. Refused

[PROG.: IF Q20.1 IS Yes, ASK:Q20.2; ELSE NEXT QUESTION IN THE RANDOMIZED BLOCK OF Q19.1 TO Q22.1]

Q20.2. How many times has this happened to you in the past year? If you received more than one bill for the same unordered item or if an unauthorized charge for the same item or service from the same provider appeared on your credit card statement in more than one month, count this as only one event

Record number of times ____ [range 1-7]
DK. Don't know
RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7.]

[PROG.: FOR ANY CODES IN Q20.2 ASK Q26, Q27, AND GENERAL FOLLOW-UP QUESTIONS Q62-Q68 BEFORE CONTINUING WITH REST OF RANDOMIZED SERIES Q19.1-Q22.1. IF Q27 = 1, DO NOT GO TO GENERAL FOLLOW-UP QUESTIONS. GO TO NEXT QUESTION IN SERIES OR NEXT BLOCK AS NECESSARY.]

Did you have this experience while purchasing

Q21.1. A membership in a club that the seller told you would allow you to buy something for a lower price than is generally available?

1. Yes
2. No
DK. Don't know
RF. Refused

[PROG.: IF Q21.1 IS Yes, ASK:Q21.2; ELSE NEXT QUESTION IN THE RANDOMIZED BLOCK OF Q19.1 TO Q22.1]

Q21.2. How many times has this happened to you in the past year? If you received more than one bill for the same unordered item or if an unauthorized charge for the same item or service from the same provider appeared on your credit card statement in more than one month, count this as only one event

Record number of times ____ [range 1-7]
DK. Don't know
RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7.]

[PROG.: FOR ANY CODES IN Q21.2 ASK Q24, Q25, Q26, AND Q27, AND GENERAL FOLLOW-UP QUESTIONS Q62-Q68 BEFORE CONTINUING WITH REST OF RANDOMIZED SERIES Q19.1-Q22.1. IF Q27 = 1, DO NOT ASK GENERAL FOLLOW-UP QUESTIONS. GO TO NEXT QUESTION IN SERIES OR NEXT BLOCK AS NECESSARY.]

[PROG.: IF Q21.1:Yes OR ANY CODES IN Q21.2, ASK Q24, Q25, Q26, AND Q27]

[PROG.: IF Q21.2:More-than-Once, READ) Thinking now about the most recent time this happened to you...

Q24 Did the membership enable you to make purchases at reduced prices as you had been promised?

1. Yes
 2. No
- DK. Don't know
RF. Refused

Q25. And what kinds of products were you supposed to be able to purchase at a reduced price? **[PROG: DO NOT READ; OPEN-END PRE-CODE; 1ST, 2ND, AND 3RD MENTIONS]** Any other products?

1. Automobiles that had been seized by the government or had been repossessed
 2. Houses where the owner had fallen behind on their mortgage payments and the mortgage holder had foreclosed
 3. Travel services
 4. Medical goods and services, such as dental care, eye care, or prescription drugs
 5. Entertainment, such as restaurant meals or movie tickets
 6. General Merchandise, like food or household products
 7. OTHER (**SPECIFY**)
- DK. Don't know
RF. Refused

[PROG.: ALWAYS ASK Q22.1/Q22.2 LAST]

Did you have this experience while purchasing
Q22.1. Some other product or service

1. Yes
 2. No
- DK. Don't know
RF. Refused

[PROG.: IF Q22.1 IS Yes, ASK:Q22.2, Q23, Q26, Q27, THEN GENERAL FOLLOW-UP QUESTIONS Q62-Q68. IF Q27 = 1, DO NOT GO TO GENERAL FOLLOW-UP QUESTIONS. GO TO NEXT BLOCK.]

Q22.2. How many times has this happened to you in the past year? IF you received more than one bill for the same unordered item or if an unauthorized charge for the same item or service from the same provider appeared on your credit card statement in more than one month, count this as only one event

Record number of times ____ [range 1-7]

DK. Don't know

RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7.]

[ASK IF Q22.1:1]

[PROG.: IF Q22.2:More-than-Once, READ:] Thinking now about the most recent time this happened to you...

Q23. What was the product or service? **(DO NOT READ LIST)(OPEN-END PRE-CODE-SINGLE-RESPONSE)**

1. Business opportunities / franchises / distributorships / work-at-home plans
 2. Buyers clubs
 3. Cameras (including digital cameras and camcorders)
 4. CDs / video tapes / DVDs
 5. Computers: equipment or software
 6. Health care products and services
 7. Information such as psychic or adult entertainment services delivered over the internet
 8. Internet access services
 9. Internet web site design / advertising on the internet
 10. Investments
 11. Magazines
 12. Office supplies
 13. Pay-per-call and information services such as adult entertainment, gambling or psychic services delivered over the telephone or internet
 14. Real estate (including timeshares)
 15. Travel services / vacations
 16. Other **(SPECIFY)**
- DK. Don't know
RF. Refused

[PROG.: IF Q24:2, ASK GENERAL FOLLOW-UP QUESTIONS Q62-Q68 AFTER Q26-Q27 AND BEFORE RETURNING TO THE REST OF SERIES]

[PROG: Q26 AND Q27 ARE ASKED UP TO 4 TIMES – FOR 19.1, Q20.1:1, Q21.1:1, AND Q22.1:1. EACH TIME ASKED THESE QUESTIONS WILL NEED TO BE UNIQUELY TIED TO THE APPROPRIATE QUESTION (19.1,Q20.1, Q21.1, OR Q22.1)]

[PROG.: WHEN ASKING ABOUT Q20.1, IF Q20.2: More-than-Once, READ:] Thinking now about the most recent time this happened to you...

[PROG.: WHEN ASKING ABOUT Q21.1, IF Q21.2: More-than-Once, READ:] Thinking now about the most recent time this happened to you...

[PROG.: WHEN ASKING ABOUT Q22.1, IF Q22.2: More-than-Once, READ:] Thinking now about the most recent time this happened to you...

Q26. Did you try to get the seller to give you a refund or otherwise make an adjustment?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Q26:1, ASK Q27; ELSE GO TO GENERAL FOLLOW-UP QUESTIONS Q62-Q68 BEFORE CONTINUING ON TO NEXT QUESTION IN THE SERIES Q20.1-Q22.1 OR TO THE NEXT BLOCK AS APPROPRIATE]

Q27. And was the seller willing to provide a refund, or otherwise make an adjustment that satisfied you?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

BLOCK B ENDS HERE

(RANDOMIZE AS BLOCKS: A) Q13-Q17d, B) Q18-Q27, C) Q31-Q38, D) Q39-Q44, AND E) Q44a-Q44e)

BLOCK C BEGINS HERE

In the past year, have you paid **anyone...**(RANDOMIZE Q31.1, Q31A.1, Q32.1)

Q31.1 For an opportunity to operate your own business, such as a business opportunity or a franchise?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Q31.1:1, ASK Q31.2, Q33 to Q37 BEFORE CONTINUING WITH REST OF SERIES; ELSE SKIP TO THE NEXT QUESTION IN THE RANDOMIZED SERIES OF Q31.1 TO Q38.1]

Q31.2. How many different such business opportunities have you purchased in the past year? If you made multiple payments in connection with the same transaction, please only count this as one incident.

- Record number of times ____ [range 1-7]
- DK. Don't know
- RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7]

[PROG.: IF Q31.2:More-than-Once, READ:] Thinking now about the most recent time this happened to you...

Q33. Were you led to believe that most of the money you earned from this business would be from recruiting others to join the business, rather than from the sale of products?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG: THERE IS No Q34]

Q35.1 Did the seller lead you to believe that you would earn a certain amount of income or profit from this business?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Q35.1 IS Yes ASK Q35.2; ELSE SKIP TO Q36.1]

Q35.2. Which of the following best describes the amount of money you made from this business?

- 1. Made roughly as much or more money than I had been led to expect
- 2. Made at least half as much money as I had been led to expect
- 3. Made less than half as much money as I had been led to expect
- 4. Did not make any money or lost money
- 5. Did not work at the business
- DK. Don't know
- RF. Refused

Q36.1. Were you promised help in locating customers who would use your services or allow you to sell your products from their premises?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Q36.1 IS Yes ASK Q36.2; ELSE SKIP TO INSTRUCTION BEFORE Q37]

Q36.2. Did you obtain the promised assistance?

- 1. Yes - Promised assistance was provided
- 2. No - Promised assistance was NOT provided
- DK. Don't know
- RF. Refused

[PROG.: IF Q35.1: YES OR Q36.2: No, ASK:Q37, ELSE SKIP TO INSTRUCTION AFTER Q37.]

Q37. And how many months ago did you purchase this business?

RECORD NUMBER OF MONTHS _____ [valid range 1-12 months]

- DK. Don't know
- RF. Refused

[PROG.: IF Q33:1, Q35.2:2-4 or Q36.2:2, ASK GENERAL FOLLOW-UP QUESTIONS

Q62-Q68 BEFORE CONTINUING WITH SERIES; ELSE SKIP TO Q31a.1]

In the past year, have you paid **anyone...**

Q31a.1. Who promised to provide you with work that you could do at home?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Q31a.1:1, ASK Q31a.2., Q37a - Q37b BEFORE CONTINUING WITH REST OF SERIES; ELSE SKIP TO THE NEXT QUESTION IN THE RANDOMIZED SERIES OF Q31.1 TO Q38.1]

Q31a.2. How many times has this happened to you in the past year? (This payment may have been to purchase equipment or supplies that the seller said were needed to perform the job.)

- Record number of times ____ [range 1-7]
- DK. Don't know
- RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7]

[PROG.: IF Q31a.2: More-than-Once, READ: Thinking now about the last time you responded to such an offer,...]

Q37a. Did the seller lead you to believe that you would earn at least a certain amount of money from this job?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

Q37b. Which of the following best describes the amount of money you made in this job?
(Read All Responses, Record Only One Answer.)

- 1. Made roughly as much or more money than I had been led to expect
- 2. Made at least half as much money as I had been led to expect
- 3. Made less than half as much money as I had been led to expect
- 4. Did not make any money or lost money
- 5. Did not work at the job
- DK. Don't know
- RF. Refused

[PROG.: IF Q37a:1 and Q37b: 2-4, ASK GENERAL FOLLOW-UP QUESTIONS Q62-

Q68 BEFORE CONTINUING WITH SERIES]

In the past year, have you paid **anyone...**

Q32.1. Who promised that you would get a job at the U.S. Postal Service or another branch of state or federal government?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Q32.1:1, ASK Q32.2., Q38 BEFORE CONTINUING WITH REST OF SERIES; ELSE SKIP TO THE NEXT QUESTION IN THE RANDOMIZED SERIES OF Q31.1 TO Q38.1]

Q32.2. How many times has this happened to you in the past year? If you made multiple payments in connection with the same transaction, please only count this as one incident.

Record number of times ____ [range 1-7]
DK. Don't know
RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7]

[PROG.: IF Q32.1:Yes, ASK)

[PROG.: IF Q32.2:More-than-Once, READ:] Thinking now about the most recent time this happened to you...

Q38. Did you get the job that was promised?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Q38:2, ASK GENERAL FOLLOW-UP QUESTIONS Q62-Q68 BEFORE CONTINUING WITH SERIES; ELSE GO TO NEXT BLOCK]

BLOCK C ENDS HERE

(RANDOMIZE AS BLOCKS: A) Q13-Q17d, B) Q18-Q27, C) Q31-Q38, D) Q39-Q44, AND E) Q44a-Q44e)

BLOCK D BEGINS HERE

Q39. In the past year, has anyone told you that you had won a prize or a lottery or had been selected to receive an award such as money, a free vacation, or other product or service?

- 1. Yes [ASK Q39a]
- 2. No [GO TO NEXT SECTION]
- DK. Don't know [GO TO NEXT SECTION]
- RF. Refused [GO TO NEXT SECTION]

Q39a. Were you told that you had won a foreign lottery?

- 1. Yes [CONTINUE TO Q39b]
- 2. No [GO TO Q40.1]
- DK. Don't know [GO TO Q40.1]
- RF. Refused [GO TO Q40.1]

Q39b. Had you, in fact, entered the lottery you were told you had won?

- 1. Yes [GO TO Q39g]
- 2. No [CONTINUE TO Q39c]
- DK. Don't know [GO TO Q39g]
- RF. Refused [GO TO Q39g]

[PROG.: IF Q39b:2, ASK]

Q39c. How many times has this happened to you in the last year?

Record number of times ____ [range 1-7]

DK. Don't know

RF. Refused

**[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7]
[ANY CODES IN Q39c GO TO Q39d.1]**

[PROG.: IF Q39c: More-than-Once, READ: Thinking about the most recent time this happened to you...]

Q39d.1. Were you asked to provide your bank account number or other personal information in order to receive your winnings?

- 1. Yes **[CONTINUE TO Q39d.2]**
- 2. No- Personal information was not sought **[GO TO Q39e.1]**
- DK. Don't know **[GO TO Q39e.1]**
- RF. Refused **[GO TO Q39e.1]**

Q39d.2. Did you provide the requested bank account information or other personally identifying information?

- 1. Personal information was provided
- 2. Personal information was sought but was not provided
- DK. Don't know
- RF. Refused

Q39e.1. Were you told that you had to make a payment in order to receive your lottery winnings?

- 1. Yes **[CONTINUE TO Q39e.2]**
- 2. No- Payment was not sought **[GO TO Q39f.1]**
- DK. Don't know **[GO TO Q39f.1]**
- RF. Refused **[GO TO Q39f.1]**

Q39e.2. Did you make the required payment?

- 1. Payment was made
- 2. Payment was requested, but was not made
- DK. Don't know
- RF. Refused

Q39f.1. Were you sent a check for part of the amount you had supposedly won, but were told to send part of the money from the check back to the sender, perhaps to cover taxes or other expenses related to your winnings?

- 1. Yes **[CONTINUE TO Q39f.2]**
- 2. No – Did not receive a check for money that was supposed to be sent back to sender **[GO TO INSTRUCTION BEFORE Q39g]**
- DK. Don't know **[GO TO INSTRUCTION BEFORE Q39g]**
- RF. Refused **[GO TO INSTRUCTION BEFORE Q39g]**

Q39f.2. Did you cash the check and send the money as requested?

1. Received a check and sent money back to the sender
 2. Received a check, but did not send money back to the sender
- DK. Don't know
RF. Refused

[PROG: IF Q39d.2:1, OR Q39e.2:1, OR Q39f.2:1, ASK Q62-Q62b, Q64I, Q66-Q68]

Q39g. Other than being told that you had won a foreign lottery, in the past year, has anyone told you that you had been selected to receive an award such as money, a free vacation, or other product or service?

1. Yes
 2. No
- DK. Don't know
RF. Refused

[PROG.: IF Q39g:1 GO TO Q40.1, OTHERWISE GO TO THE NEXT SECTION]

Q40.1 Were you told that you had to pay something, purchase a good or service, or attend a sales presentation in order to receive your prize or award?

1. Yes **[CONTINUE TO Q40.2]**
 2. No – **DID NOT HAVE TO DO OR PAY ANYTHING TO RECEIVE PRIZE**
- DK. Don't know
RF. Refused

[PROG.: IF Q40.1 IS "No – DID NOT HAVE TO DO OR PAY ANYTHING TO RECEIVE PRIZE", "DON'T KNOW", OR "REFUSED." GO TO THE NEXT SECTION]

Q40.2. Which did you have to do? (IF RESPONDENT SAYS MORE THAN ONE OF THESE ANSWERS, ASK FOR THE ONE THAT WAS REQUIRED BY THE MOST RECENT OFFER RECEIVED)

1. MAKE A PAYMENT
 2. PURCHASE GOODS OR SERVICES
 3. ATTEND A SALES PRESENTATION
- DK. Don't know
RF. Refused

Q41. Did you make the required payment or purchase or did you attend the required sales presentation?

1. Yes
 2. No
- DK. Don't know
RF. Refused

[PROG.: IF Q41 IS "Yes" CONTINUE; ELSE GO TO THE NEXT SECTION]

Q42. How many times has this happened to you in the past year?

- Record number of times ____ [range 1-7]
DK. Don't know
RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7]

[PROG.: IF Q42:More-than-Once, READ:] Thinking now about the most recent time this happened to you...

Q43. Did you ever receive the prize or award?

1. Yes
2. No
3. Don't know/Refused (**DO NOT READ**)

[PROG.: IF Q43:1, ASK]

Q44. And was the prize or award essentially what had been described to you?

1. Yes
 2. No
- DK. Don't know
RF. Refused

[PROG.: IF (Q43 IS "No" OR Q44 IS "No") AND Q40.2 IS "Make a payment" OR "Purchase Goods or Services, ASK Q62 - Q62b AND Q64b - Q68. BEFORE CONTINUING WITH THE NEXT BLOCK]

[PROG: IF (Q43 IS "No" OR Q44 IS "No") AND Q40.2 IS "ATTEND A SALES PRESENTATION, ASK Q62 - Q62b AND Q66- Q68 BEFORE CONTINUING WITH THE NEXT BLOCK]

BLOCK D ENDS HERE

(RANDOMIZE AS BLOCKS: A) Q13-Q17d, B) Q18-Q27, C) Q31-Q38, D) Q39-Q44, AND E) Q44a-Q44e)

BLOCK E STARTS HERE

Q44a. In the past year, have you paid anyone for a product such as nonprescription drugs, dietary supplements, skin patches, creams, wraps, or earrings that the seller suggested or implied would help you lose a substantial amount of weight?

- 1. Yes
- 2. No (**GO TO NEXT SECTION**)
- DK. Don't know (**GO TO NEXT SECTION**)
- RF. Refused (**GO TO NEXT SECTION**)

Q44b. How many different such weight-loss products have you purchased in the last year?

Record number of times ____ [range 1-7]

- DK. Don't know
- RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7]

[PROG.: IF Q44b MORE THAN 1, READ: Thinking about the last such product you purchased:

Q44c. Did the seller suggest or imply that using this product would make it easy to lose weight?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

Q44d. Did the seller suggest or imply that by using this product you could lose weight without exercise and/or without reducing the amount you eat?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

Q44e. Which of the following best describes your experience in using the product: (**Read All Responses, Record Only One Response**)

1. Lost about as much or more weight than I expected to lose
2. Lost about half of the weight I expected to lose
3. Only lost a little of the weight I expected to lose
4. Lost no weight or gained weight
5. Did not use the product

**[PROG.: IF Q44c:1 or Q44d:1, ASK GENERAL FOLLOW UP QUESTIONS Q62-Q68)
ADD MARKER TIED TO Q44a.]**

BLOCK E ENDS HERE

Q45. Other than the things we have already discussed, in the past year have you purchased something which you paid for but NEVER received?

- 1. Yes (CONTINUE)
- 2. No (GO TO Q49a)
- DK. Don't know (GO TO Q49a)
- RF. Refused (GO TO Q49a)

[PROG.: IF Q45:1, ASK:]

Q46. How many times has this happened to you in the past year?

- Record number of times ____ [range 1-7]
- DK. Don't know
- RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7]

[PROG.: IF Q46:More-than-Once, READ:] Thinking now about the most recent time this happened to you...

Q47. Did you try to get the seller to give you a refund or otherwise make an adjustment?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Q47:1, ASK]

Q48. And was the seller willing to provide a refund or otherwise make an adjustment that satisfied you?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Q45:1, ASK:]

Q49. What was the item that you purchased? (DO NOT READ LIST)(OPEN-END PRE-CODE)

1. Business opportunities / franchises / distributorships / work-at-home plans
 2. Buyers clubs
 3. Cameras (including digital cameras and camcorders)
 4. CDs / video tapes / DVDs
 5. Computers: equipment or software
 6. Health care products and services
 7. Information such as psychic or adult entertainment services delivered over the internet
 8. Internet access services
 9. Internet web site design / advertising on the internet
 10. Investments
 11. Magazines
 12. Office supplies
 13. Pay-per-call and information services such as adult entertainment, gambling or psychic services delivered over the telephone or internet
 14. Real estate (including timeshares)
 15. Travel services / vacations
 16. Other (SPECIFY)
- DK. Don't know
RF. Refused

[PROG.: IF Q47:2 or Q48:2, ASK GENERAL FOLLOW-UP QUESTIONS Q62-Q68. ADD MARKER TIED TO Q45]

Q49a. In the past year, have you received an unsolicited email from someone who claimed to represent a company with whom you do business, such as a bank, credit card company, or Internet service provider, and asking you to provide them with your Social Security number, bank or credit card account number, date of birth, mother's maiden name, or other personal information? (In answering this question, please do not include any instances in which you provided your credit card account number in order to purchase a product promoted in the email.)

1. Yes
 2. No **(GO TO Q71a)**
- DK. Don't know **(GO TO Q71a)**
RF. Refused **(GO TO Q71a)**

[PROG.: IF Q49a:1, ASK:]

Q49b. How many times has this happened to you in the past year?

Record number of times ____ [range 1-7]

DK. Don't know

RF. Refused

[INTERVIEWER: PUNCH IN ACTUAL NUMBER. RECORD "7 OR MORE" AS CODE 7]

[PROG.: IF **Q49b More-than-Once**, READ: Thinking about the last time this happened to you,]

Q49c. How did you respond to this request for your personal information? (**Randomize and continue until an affirmative response is received**) 1ST, 2ND, AND 3RD MENTIONS] Any other way?

1. Provided the information as requested
2. Contacted the company myself to see if the request was legitimate
3. Did not respond to the request
4. Other (**Specify**)

DK. Don't know

RF. Refused

[PROG.: IF Q49c:1, ASK:]

Q49d. In the past year, has anyone misused your existing credit card or credit card number to place charges on your account without your permission?

1. Yes

2. No

DK. Don't know

RF. Refused

[PROG.: IF Q49c:1, ASK:]

Q49e. In the past year, has anyone misused your existing debit card to withdraw money from your bank account without your permission?

1. Yes

2. No

DK. Don't know

RF. Refused

[PROG.: IF Q49c:1, ASK:]

Q49f. In the past year, has anyone misused any of your existing accounts other than a credit card account or debit card – for example, a bank or wireless telephone account – without your permission to run up charges or to take money from your accounts?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Q49c:1, ASK:]

Q49g. In the past year, has anyone used your personal information without your permission to obtain NEW credit cards, bank accounts or loans in your name, to run up debts in your name, to open other accounts, or to otherwise commit theft, fraud, or some other crime?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: ALL GO TO Q71a]

[PROG: THERE ARE NO QUESTIONS 50 – 61]

GENERAL FOLLOW-UP QUESTIONS (Q62-Q68)

Q62. How did you first learn about (INSERT POP-IN LANGUAGE)? **[READ, RANDOMIZE LIST]**

1. from the Internet
 2. from a television advertisement or infomercial
 3. from a mail advertisement or solicitation, including from a catalog
 4. from a telemarketer
 5. from a store you visited
 6. from someone who came to your home
 7. from a radio advertisement
 8. from a poster or flier
 9. from a magazine or newspaper advertisement
 10. when you received the bill
 11. other **(SPECIFY)**
- DK. Don't know
RF. Refused

[PROG.: IF Q62:1, ASK; ELSE GO TO Q62b]

Q62a. Was this an Internet auction site, an email, or an Internet web site other than an auction site?

1. AN INTERNET AUCTIONS SITE
 2. AN EMAIL
 3. AN INTERNET WEB SITE OTHER THAN AN AUCTION SITE
 4. OTHER **(SPECIFY)**
- DK. Don't know
RF. Refused

Q62b. Was the information about (INSERT POP-IN LANGUAGE) presented in English or some other language? **[PROG.: IF OTHER LANGUAGE, ASK:]** In what language was the information provided?

1. ENGLISH
 2. SPANISH
 3. CHINESE/MANDARIN
 4. JAPANESE
 5. FRENCH
 6. HINDI
 7. OTHER **(SPECIFY)**
- DK. Don't know
RF. Refused

Q63. And how did you purchase this product (**RANDOMIZE**)?

1. VISITED A STORE
2. ORDERED ON THE TELEPHONE
3. MAILED IN AN ORDER
4. ORDERED FROM INTERNET SITE
5. SOME OTHER WAY (**SPECIFY**) [**READ LAST**]

DK. Don't know

RF. Refused

Q64b. How much money were you billed (INSERT POP-IN LANGUAGE)? (PROBE ANY RESPONSE OVER \$500 – You said this is (READ AMOUNT ENTERED) – is that correct?

1. AMOUNT BILLED _____ (RANGE 1 – 99,999)

DK. Don't know

RF. Refused

Q64p. And how much did you actually end up paying? (PROBE ANY RESPONSE OVER \$500 OR ANY AMOUNT PAID THAT IS GREATER THAN AMOUNT BILLED – You said (READ AMOUNT ENTERED) – Is this correct?)

1. AMOUNT PAID _____ (RANGE 0 – 99,999)

DK. Don't know

RF. Refused

(ASK ONLY IF Q39d2 = 1 OR Q39e.2 = 1 OR Q39f.2 = 1)

Q64l. How much money did you lose to the persons who told you that you had won the foreign lottery? (PROBE ANY RESPONSE OVER \$500 – You said this is (READ AMOUNT ENTERED) – is that correct?

1. AMOUNT LOST _____ (RANGE 0 – 99,999)

DK. Don't know

RF. Refused

[**PROG.: IF Q64b OR Q64p Greater-than-Zero, ASK:**]

(DO NOT ASK IF Q39d2 = 1 OR Q39e.2 = 1 OR Q39f.2 = 1 – GO TO Q66)

Q65. And how did you pay or how were you billed for this transaction? [**DO NOT READ LIST**]

1. Credit Card
 2. Cash
 3. Check
 4. Debit card
 5. On-line payment system like PayPal,
 6. Seller took money directly from my checking account
 7. Charged to my telephone bill
 8. Other (**SPECIFY**)
- DK. Don't know
- RF. Refused

Q66. What actions, if any, did you take in attempting to resolve this incident?[**PROG.: DO NOT READ, OPEN-END PRE-CODE. PROBE FOR MULTIPLE RESPONSES AND CAPTURE 1ST, 2ND, AND 3RD MENTIONS**] What other action did you take?

1. Did nothing
2. Asked for a refund or replacement
3. Stopped payment or refused to pay
4. Stopped buying from the company
5. Consulted a lawyer or other professional
6. Complained to family or friends / told family or friends not to buy from the seller
7. Complained to salesperson, manager or owner of the company that sold the product
8. Complained to the product manufacturer
9. Complained to the Better Business Bureau
10. Complained to a bank
11. Complained to a credit card company
12. Complained to a local consumer agency
13. Complained to the local police department
14. Complained to the Department of Motor Vehicles
15. Complained to a local consumer help line
16. Complained to the state Attorney General or state consumer agency
17. Complained to the FTC (Federal Trade Commission)
18. Complained to another federal agency (SPECIFY)
19. Complained to the phone company
20. Complained to an Internet service provider
21. Complained to the company who appeared to have sent the phony email. (ONLY DISPLAY WHEN GOING THROUGH GENERAL FOLLOW UP ASSOCIATED WITH Q49a.)
22. Other (SPECIFY)

DK. Don't know

RF. Refused

[IF CODES 7 – 21 MENTIONED, SKIP TO Q71a ONLY AFTER COMPLETE SERIES IS FINISHED, OR BACK TO NEXT QUESTION BLOCK AS NECESSARY.]

[IF Q66:1-6, 22, OR DK/REF ONLY, ASK]

Q67. And, did you complain to anyone about your experience?

1. Yes

2. No

DK. Don't know

RF. Refused

[PROG.: IF Q67:1, ASK]

**Q68. To whom did you complain? [PROG.: DO NOT READ OPEN-END PRE-CODE)
(PROBE FOR MULTIPLE RESPONSES. AND CAPTURE 1ST, 2ND, AND 3RD
MENTIONS]. Did you complain to anyone else?**

1. Family or friends / tell family or friends not to buy from the seller
 2. Salesperson, manager or owner of the company that sold the product
 3. The product manufacturer
 4. The Better Business Bureau
 5. A bank
 6. A credit card company
 7. A local consumer agency
 8. The local police department
 9. The Department of Motor Vehicles
 10. A local consumer help line
 11. The state Attorney General or state consumer agency
 12. The FTC
 13. Another federal agency (SPECIFY)
 14. Complained to the phone company
 15. Complained to an Internet service provider
 16. Complained to the company who appeared to have sent the phony email. (ONLY
DISPLAY WHEN GOING THROUGH GENERAL FOLLOW UP ASSOCIATED
WITH Q49a.)
 17. Other (SPECIFY)
- DK. Don't know
- RF. Refused

DEMOGRAPHICS (ASK ALL)

Changing Topics and thinking some more about you...

Q71a. Have you listed your home telephone number on the national do-not-call registry?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

Q72. Do you ever go online – either at work or at home – to access the Internet or World Wide Web or to send and receive e-mail?

- 1. Yes
- 2. No
- DK. Don't know
- RF. Refused

[PROG.: IF Q72:1, ASK]

Q73a. How many hours EACH WEEK *in total* would you say you spend on the Internet at work?

- 1. 0 hours
- 2. Less than 1 hour
- 3. 1 to 5 hours
- 4. 5 to 15 hours
- 5. 15 to 30 hours
- 6. More than 30 hours
- DK. Don't know
- RF. Refused

[PROG.: IF Q72:1, ASK]

Q73b. How many hours EACH WEEK *in total* would you say you spend on the Internet at home?

- 1. 0 hours
- 2. Less than 1 hour
- 3. 1 to 5 hours
- 4. 5 to 15 hours
- 5. 15 to 30 hours
- 6. More than 30 hours
- DK. Don't know
- RF. Refused

And for statistical purposes only...

Q74. In what year were you born?

_____ (9999 = DK/Refused)

Q75. Are you married, widowed, separated, divorced or have you never been married?

1. MARRIED
2. WIDOWED
3. SEPARATED
4. DIVORCED
5. NEVER BEEN MARRIED
6. NOT SURE/Refused (**DO NOT READ**)

Q76. And what was the last grade you completed in school? (**DO NOT READ CATEGORIES**)

1. SOME GRADE SCHOOL (1-8)
2. SOME HIGH SCHOOL (9-11)
3. GRADUATED HIGH SCHOOL (completed 9-12)
4. TECHNICAL OR VOCATIONAL SCHOOL (12)
5. SOME COLLEGE (13-15)
6. GRADUATED COLLEGE (16)
7. GRADUATE/PROFESSIONAL SCHOOL (16+)

DK. Don't know

RF. Refused

Q77. Have you or anyone in your household served or are you or a household member currently serving in the United States military? [**PROG: DO NOT READ LIST, ACCEPT MULTIPLE RESPONSES AND CAPTURE 1ST, 2ND, AND 3RD MENTIONS**]

1. Yes SELF CURRENTLY
2. Yes HH MEMBER CURRENTLY
3. Yes SELF PAST
4. Yes HH MEMBER PAST
5. No

DK. Don't know

RF. Refused

Q78. Other than English, what languages, if any, do you regularly use in conducting personal business? **[PROG.: DO NOT READ LIST, ACCEPT MULTIPLE RESPONSES AND CAPTURE 1ST, 2ND, AND 3RD MENTIONS]**

1. NONE – ENGLISH ONLY
 2. SPANISH
 3. CHINESE/MANDARIN
 4. JAPANESE
 5. FRENCH
 6. HINDI
 7. OTHER (SPECIFY)
- DK. Don't know
RF. Refused

[PROG.: IF Q78:2-7, ASK:]

Q78a. If you were engaged in a somewhat complicated transaction, such as trying to buy a home, rent an apartment or purchase a car, would you be comfortable conducting the transaction in English?

1. Yes
 2. No
- DK. Don't know
RF. Refused

Q79. And for statistical purposes only...is your total annual HOUSEHOLD income greater or less than \$60,000 dollars?

[PROG.: IF LESS THAN \$60,000, ASK:] Is it...

1. UNDER \$20,000
 2. BETWEEN \$20,000 - \$40,000
 3. OVER \$40,000
- RF. REFUSED

[PROG.: IF GREATER THAN \$60,000, ASK:] Is it...

4. UNDER \$80,000
 5. BETWEEN \$80,000 - \$100,000
 6. OVER \$100,000
- RF. Refused

Q80. Thinking ahead to three years from now, how do you think your income will compare to your income today? Do you think it will be **(ROTATE TOP TO BOTTOM, BOTTOM TO TOP BETWEEN VERSION 1 AND VERSION 2) ...?**

1. MUCH LOWER
2. SLIGHTLY LOWER
3. ABOUT THE SAME
4. SLIGHTLY HIGHER
5. MUCH HIGHER

DK. Don't know

RF. Refused

Q81. And thinking for a moment about your personal debt on which you currently make interest payments. I am talking about your debts you partially pay-off each month for things like mortgages, credit cards, personal loans or car loans. Would you say the amount of debt you currently have is...**(DO NOT ROTATE)**

1. More than you can handle financially
2. About as much as you can handle financially ...or...
3. You could handle more debt than you currently have
4. Do not have any personal debt **(DO NOT READ)**

DK. Don't know

RF. Refused

Q84. Are you of Hispanic or Latino origin?

1. Yes
2. No

DK. Don't know

RF. Refused

Q85 . I am going to read a list of racial categories. Please choose one or more categories that best indicates your race. Are you? [PROG.: **CAPTURE 1ST, 2ND, AND 3RD MENTIONS**]
(PROBE: Would any other race apply?)

1. WHITE
2. BLACK OR AFRICAN AMERICAN
3. AMERICAN INDIAN OR ALASKA NATIVE
4. ASIAN
5. NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER
6. OTHER **(DO NOT READ)**

DK. Don't know

RF. Refused

Q86.1. Gender **(BY OBSERVATION)**

- 1.. MALE
2. FEMALE

Q86.2. Are you employed outside of the home, are you a homemaker, or are you retired?

1. Employed outside the home (**GO TO Q86.3**)
 2. Homemaker (**SKIP TO INSTRUCTION AFTER Q86.3**)
 3. Retired (**SKIP TO INSTRUCTION AFTER Q86.3**)
 4. Not in the workforce (**SKIP TO INSTRUCTION AFTER Q86.3**)
- DK. Don't know (**SKIP TO INSTRUCTION AFTER Q86.3**)
RF. Refused (**SKIP TO INSTRUCTION AFTER Q86.3**)

Q86.3. [PROG.: IF EMPLOYED OUTSIDE THE HOME, ASK:]

And, are you paid on an hourly basis or do you draw a yearly salary?

1. HOURLY
 2. SALARY
- DK. Don't know
RF. Refused

READ TO ALL:

Those are all the questions we have for you today. Thank you very much for your time – we appreciate it very much. Have a good (day/evening).

READ ONLY IF ASKED: This study was sponsored by the Federal Trade Commission, an agency of the US government. Your answers today will be used to help shape future policies protecting US consumers. We appreciate your help.

Q62 / Q64 POP-INS

Q13a = No

Q62 “this offer to remove information from your credit report”

Q62b “this offer to remove information from your credit report”

Q64b “to have the information removed from your credit report”

Q14.1 = Yes

Q62 “this information about creating a new identity or new credit record”

Q62b “creating a new identity or credit record”

Q64b “for this information about creating a new identity or credit record”

Q15a.= Unauthorized use or Both

Q62 “this credit card insurance”

Q62b “this credit card insurance”

Q64b “for this credit card insurance”

Q17b = Paid Before

Q62 “the promised credit card or loan”

Q62b “the promised credit card or loan”

Q64b “for this loan or credit card”

Q16a.1 = Yes

Q62 “this help in paying off your debts”

Q62b “this help in paying off your debts”

Q64b “for this help in paying off your debts”

Q19.1 = Yes

Q62 “these Internet services”

Q62b “these Internet services”

Q64b “for these Internet services”

Q20.1 = Yes

Q62 “these 900 number or Internet information services”

Q62b “these 900 number or Internet information services”

Q64b “for these 900 number or Internet information services”

Q21.1 = Yes

Q62 “this club membership”

Q62b “this club membership”

Q64b “for this club membership”

Q22.1 = Yes

Q62 “the product or service you had not agreed to purchase”

Q62b “the product or service you had not agreed to purchase”

Q64b “for this product or service”

Q31.1 = Yes

Q62 “this business opportunity”

Q62b “this business opportunity”

Q64b “for this business opportunity”

Q37a = Yes

Q62 “this home-based job opportunity”

Q62b “this home-based job opportunity”

Q64b “for this home-based job opportunity”

Q32.1 = Yes

Q62 “this job opportunity”

Q62b “this job opportunity”

Q64b “for this job opportunity”

Q39d, Q39e, Q39f = Yes

Q62 “allegedly winning this foreign lottery”

Q62b “winning this foreign lottery”

Q64b “for this foreign lottery”

Q40.1 = Yes

Q62 “this prize, lottery, or award”

Q62b “this prize, lottery, or award”

IF Q40.2 = PAYMENT Q64b SHOULD READ “for the payment associated with this prize, lottery, or award”

IF Q40.2 = BUY A PRODUCT OR SERVICE Q64b SHOULD READ “for the product or service you were required to buy to get the prize or award”

IF Q40.2 = ATTEND A SALES PRESENTATION, DO NOT READ Q64b OR Q64p

Q44a = Yes

Q62 “this weight loss product”

Q62b “this weight loss product”

Q64b “for this weight-loss product”

Q45 = Yes

Q62 “this product or service you paid for but didn’t receive”

Q62b “this product or service you paid for but didn’t receive”

Q64b “for this product or service”

