



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

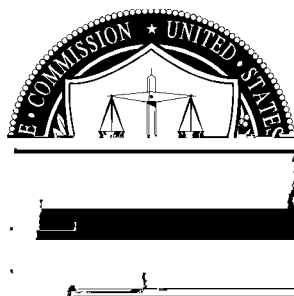
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

# Consumer Fraud in the United States: The Second FTC Survey



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

Keith B. Anderson

October 2007

# Federal Trade Commission

DEBORAH P. MAJORAS	Chairman
PAMELA JONES HARBOUR	Commissioner
JONATHAN LEIBOWITZ	Commissioner
WILLIAM E. KOVACIC	Commissioner
J. THOMAS ROSCH	Commissioner
MICHAEL R. BAYE	Director, Bureau of Economics
LYDIA B. PARNES	Director, Bureau of Consumer Protection

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



Table of Contents

vii

ix

Y jcv"ctg"vjg"Vqr"Rtqdn g o u"KfgpvkŁgf"d{"vjg"Uwtxg{A ..... S-1

Y jq"ku"Oquv"Nkmgn{"vq"dg"c"XkevkoA" ..... S-2

J qy"Ygtg"Htcwfwngpv"Qhhgtu"Rkvejgf"vq"Xkevko uA..... S-4

J qy"Ygtg"Htcwfwngpv"Rtqfwevu"RwtejcugfA..... S-4

Comparability With 2003 Survey Results ..... S-5

**2.1** New Frauds in the 2005 Survey .....3

2.2 Changes in Questions About Frauds Included in Both Surveys



## List of Tables

Table 1:	Types of Fraud Included in the 2005 FTC Fraud Survey .....	4
Table 2:	Estimated Number of Adults Who Were Victims of Fraud, Year Prior to the Survey .....	16
Table 3:	Estimated Number of Incidents of Fraud, Year Prior to the Survey .....	18
Table 4:	Fraud Incidents by Type of Product Involved, Year Prior to the Survey .....	24
Table 5:	Percent of Survey Participants Who Were Victims of Fraud, Year Prior to Survey, By Single Characteristic .....	27
Table 6:	Percent of Survey Participants Who Were Victims of Fraud, Year Prior to Survey, Selected Racial and Ethnic Groups.....	34
Table 7:	Percent of Survey Participants Who Were Victims of Fraud, Year Prior to Survey, By Comfort With Current Debt.....	38
Table 8:	Percent of Survey Participants Who Were Victims of Fraud, Year Prior to Survey, By Age .....	41
Table 9:	How Fraudulent Offers Were Promoted to Victims .....	44
Table 10:	How Purchases of Fraudulent Goods and Services Were Made .....	46
Table 11:	Amount Paid Per Incident of Fraud .....	47
Table 12:	How Victims Made Payment in Fraudulent Transactions.....	49
Table 13:	Comparison of Fraud Victims in 2005 and 2003 Surveys, Frauds Included in Both Surveys.....	53
Appendix Table A-1:	Comparison of Univariate and Multivariate Analyses of Factors Affecting Likelihood of Being a Fraud Victim .....	60
Cr r g p f k z " V c d n g " D / 3 < " S w g u v k q p u " k p " v j g " 4 2 2 7 " H V E " H t c w f " U w t x g { " W u g f " v q " F g L p g " G c e j " V { r g "	of Fraud.....	64





Hkiwtg"3<""UrgekLe"Htcwfu."d{"Pw o dgt"qh"Xkevko u .....	20
Hkiwtg"4<""UrgekLe"Htcwfu."d{"Pw o dgt"qh"Kpekfgpvu .....	2



## 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, 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 most common 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 survey). 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 survey) – were also identified. There were an estimated 48.7 million incidents of these frauds during this one year period (Table 3).

More consumers were victims of fraudulent weight-loss products than of any of the other most common frauds. 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).<sup>1</sup>

One of the most common frauds 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.

## Consumer Fraud in the United States

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).

Victims of this fraud often made a payment, or attending a sales presentation in order to receive something, making a payment, or attending a sales presentation in order to receive a reward or something 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).

The purchase of work-at-home programs where the purchaser earned less than half of what was promised was the most common type of fraud reported during 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?

More than 50 percent of the frauds covered by the survey than non-Hispanic whites. However, the percentage of fraud victims who are African American is higher than the percentage of the population that is African American.



*Consumer Fraud in the United States*

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 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

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

Vjg"Liwtgu"htqo"vjg"4227"uwtxg{"ctg"pqv"fktgevn{"eqo rctcdng"vq"vjqug"kp"vjg"4225"uwtxg{"0"  
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 htcwfwngpv"yqtm/cv/jqog"rtqitc"o"u"ó"v"yq"qh"vjg"o"qtg"htgswgpvn{/ekvgf"urgekLe"htcwfu" in the 2005 survey.
- Ugeqpf."hqt"ugxgtcn"qh"vjg"urgekLe"htcwfu"kpewfgf"kp"dqvj"uwtxg{u."vjg"swguvkqpu" 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 qh"htcwfu"ó"32"urgekLe"cpf"4"igpgtcn"ó"vjcv"ygtg"kpewfgf"kp"dqvj"uwtxg{u0""

- 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”).<sup>1</sup> 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.

Dgy y ggp"Pqyg o dgt"38"cpf"Fgeg o dgt"42."4227."U{pqxcvg."c"uwtxg{"tgugcte j"Łt o."

*Consumer Fraud in the United States*

## 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 experienced any of the following types of fraud during the preceding one year period which, in the Commission's experience, indicate that a person was a victim of a fraudulent transaction.

As did the 2003 survey, the 2005 survey did not simply ask participants whether they experienced any of the following types of fraud during the preceding one year period which, in the Commission's experience, indicate that a person was a victim of a fraudulent transaction.<sup>3</sup>

*Consumer Fraud in the United States*

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

Fraud	Description	Was This Fraud Included in the 2003 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		









*Consumer Fraud in the United States*

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 victims of the advance fee loan frauds being considered.

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

*Types of Fraud Investigated and Differences with the 2003 Survey*

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

Kp"uggmkpi "vq"ngctp"cdqvv"vjg"Łtuv"v{ rg"qh"htcwfwnp"etgfkv"tgrckt"qhhtu."vjg"4225"  
uwtxg{"cumgf."kp"c"ukping"swgukqp."y jgvjgt"vjg"rgtuqp"jcf"rckf"o qpg{"õvq"cp{qpg"y jq"  
promised or guaranteed to remove negative, but true, information from your credit

*Consumer Fraud in the United States*

service that they had not previously used and had never agreed to purchase. Therefore,



*Consumer Fraud in the United States*

whether they (i) made roughly as much or more money than they had been led to expect,









**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
<b>Any Fraud Covered by the Survey</b>	<b>30.2 (27.3 - 33.0)</b>	<b>13.5% (12.3% - 14.8%)</b>
	<b>21.0 (18.6 - 23.3)</b>	<b>9.4% (8.3% - 10.5%)</b>
Weight-Loss Products <sup>a</sup>	4.8 (3.4 - 6.1)	2.1% (1.5% - 2.7%)
Foreign Lotteries <sup>b</sup>	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 <sup>c</sup>	2.7 (1.8 - 3.5)	1.2% (0.8% - 1.6%)
Work-at-Home Programs <sup>d</sup>	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 <sup>e</sup>	1.7 (1.0 - 2.4)	0.8% (0.3% - 1.3%)
Credit Repair	1.2 (0.5 - 1.9)	0.5% (0.2% - 0.8%)
Business Opportunities <sup>f</sup>	0.8 (0.3 - 1.3)	0.4% (0.2% - 0.6%)
Pyramid Schemes <sup>g</sup>	0.8 (0.3 - 1.3)	0.4% (0.2% - 0.6%)







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.



## Consumer Fraud in the United States

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

Vjg"hwvtvj" o quv"eq o o qpn{"tgrqtvf"qh"vjg"urgekLe"htcwf"y cu"htcwf"wnp"r tk|g" 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 purchased goods or services.<sup>28</sup>

The purchase of work-at-home programs where the consumer failed to earn at least 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).<sup>29</sup>

- 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.

---

490"Wpcwvjqt|gf"dknkp"i"ht" o g o dgtujkr"kp" c"dw{gtuø"enwd"ku"qpg"qh" c"pw o dgt"qh"urgekLe"htcwf" kpenwfgf"kp"vjg" 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 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 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 Figure 1). There were an estimated 6.5 million incidents of this type of fraud (Table 3 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 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 fraud.<sup>30</sup>

Cu"kp"Vcdng"5."Vcdng"6"ujqyu"vjcv"vjg" o quv"htgswgpvn{ " o gpvkqpgf"rtqfwevu"kpqxqxf"kp" 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**

<b>Product</b>	<b>Number of Incidents (millions)</b>
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 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 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 <sup>a</sup>	20.8%	+ 73.6%	**
	3,679		***

---



---

*Consumer Fraud in the United States*

**Table 5 (continued)**

**d. By Marital Status**

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

**e. Gender**

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

**f. By Current Income**

	<b>Percent Victims</b>	<b>Relative Risk</b>	<b>Statistical of Difference</b>
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%	
	3,174		***

**g. By Expected Income Three Years in the Future**

	<b>Percent Victims</b>	<b>Relative Risk</b>	<b>Statistical of Difference</b>
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%	
	3,606		

(Table continued on next page)

**Table 5 (continued)**

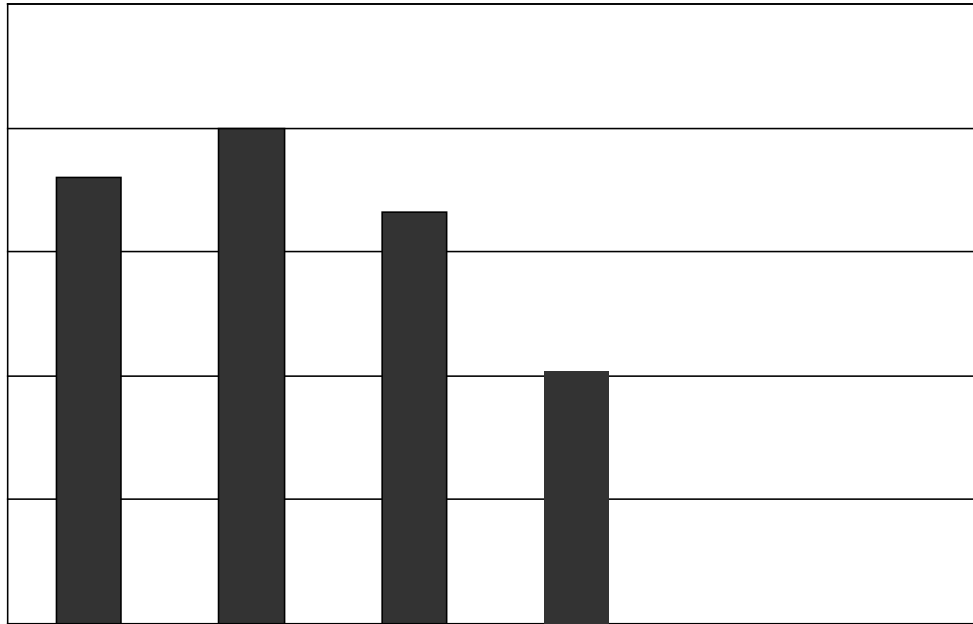
**h. By Education**

	<b>Percent Victims</b>	<b>Relative Risk</b>	<b>Statistical of Difference</b>
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%	*
	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 dif

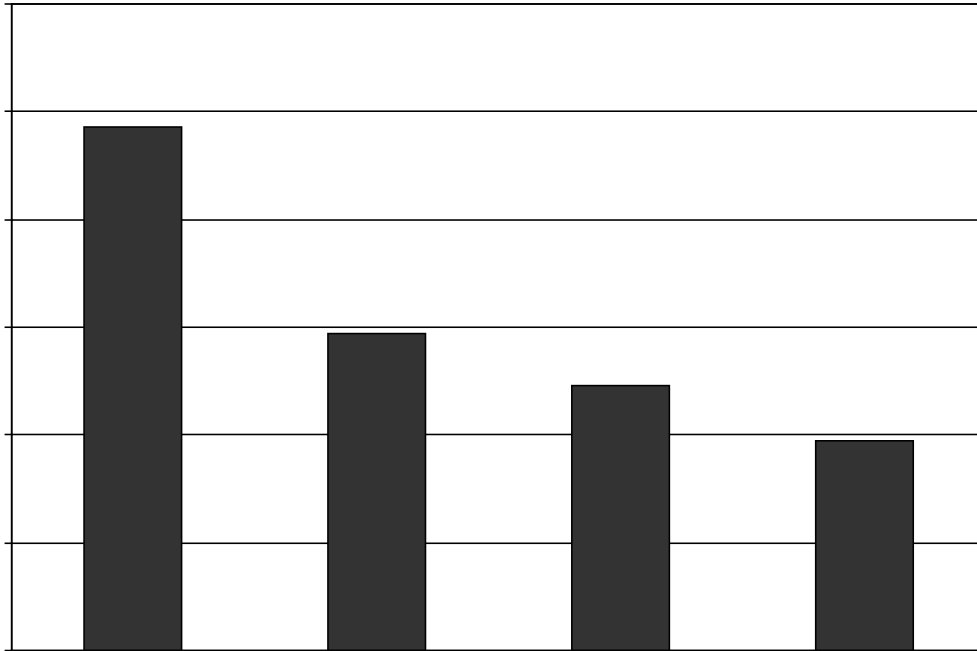


- Hispanics were 50 percent more likely than non-Hispanic whites to have been a victim of fraud with 18.0 percent of Hispanics estimated to have been a victim of one or more frauds.
- Hispanics and African Americans in the survey were more likely to be younger and more likely to report having more debt 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.<sup>34</sup> 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

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

**Figure 4: Likelihood of Being a Victim of Fraud, by Debt Level**



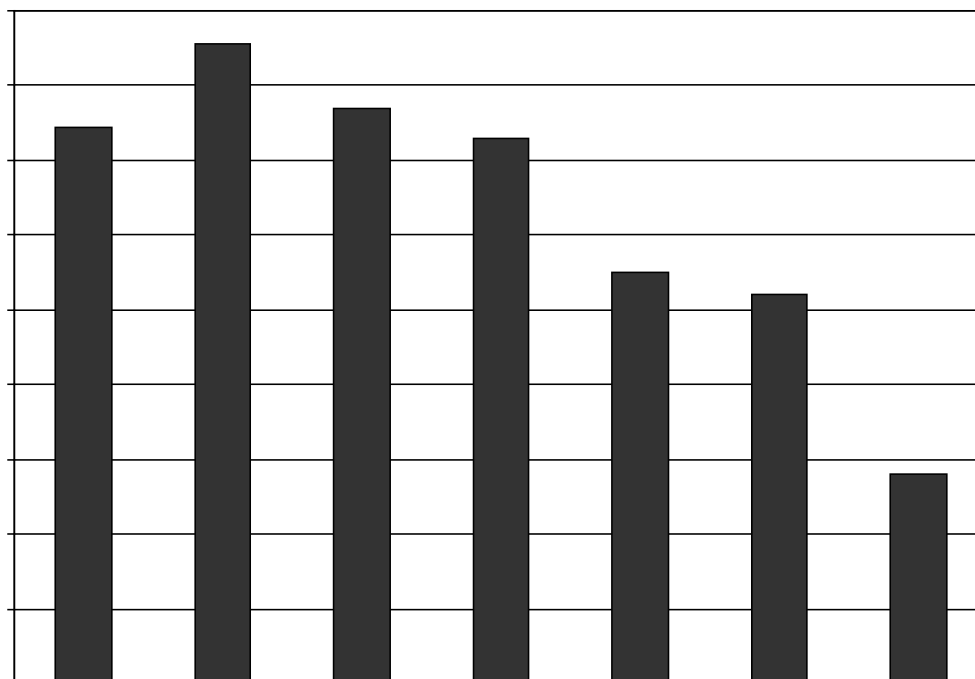
- Hispanic victims of fraud are not the result of being uncomfortable with the English language. Just over 85 percent of Hispanics indicated either that they spoke only English (35 percent of all Hispanics) or that while they spoke another language, they were comfortable doing business in English (50 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 9.7 percent.
- 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 had a 24.3 percent estimated rate of victimization among those having too much debt, while it was 9.7 percent – 60 percent lower – for those who report no debt (Table 5b and Figure 4).<sup>36</sup>

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).



Figure 5: Likelihood of Being a Victim of Fraud, by Age



the survey. While 15.4 percent of those who were between 35 and 44 years of age were victims – 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).<sup>37</sup>

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 victimization rates are not statistically significant (Table 5g).

Consumers with more education were less likely to have experienced one or more of the types of fraud 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 one or more types of fraud with at least a college degree to those with, at most, a high school diploma (FTC 2004, pp. 68-69).









Those who felt that they had more debt than they could comfortably handle were 7.5 percent more likely to be victims 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 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 debt.

**Table 7:**





### 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).<sup>40</sup> The difference between the rate for those who are 65 and over and the rate for those who are under 65

Prize promotion fraud and fraudulent buyers' club billing were the frauds seniors 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

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

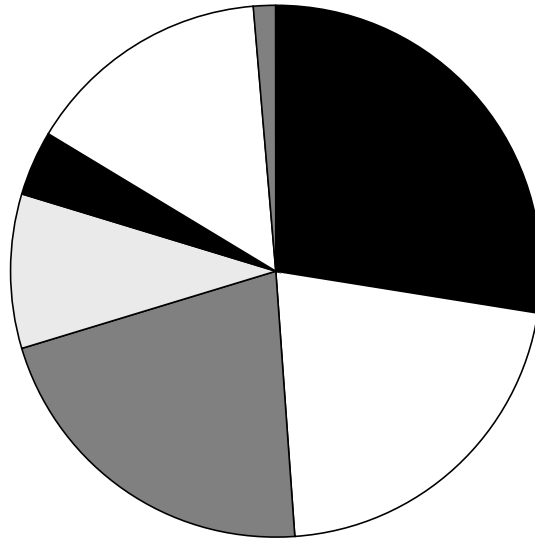
---

<sup>40</sup> The rate for seniors is 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.





**Figure 9: Media Used to Promote Frauds**



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. Direct mail advertising is 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 32 percent of cases, victims learned about fraudulent offers via Internet website, other than an auction site.
- Victims learned about fraudulent offers via email in almost 6 percent of all cases.



- Xkevk o u"kp fkecvg"vj cv"vj g{"Łtuv"ngctpgf"cdqww"vj g"qhhtg"htq o"cp"Kpvgtpgv"cwevkqp"ukvg"kp" 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).<sup>41</sup> 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).<sup>42</sup> (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 htcwf."cpf"rtk|g"rtqo qkqp"htcwf"ctg"pqv"kpewfgf"kp"vj g"Łi wtgu"tgrqtvgf"kp"vj ku"ugevkqp"ukpeg"vj g"xkevk o u"qh"vj gug"htcwf" 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.

*Consumer Fraud in the United States*

**Table 10:**

**Table 11: Amount Paid Per Incident of Fraud**

Type of Fraud	Percentile			Number of Obs.
	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	
<b>All Frauds Included in the Survey</b>	<b>\$35</b>	<b>\$60</b>	<b>\$200</b>	<b>323</b>
	<b>\$35</b>	<b>\$60</b>	<b>\$200</b>	<b>223</b>
Work-at-Home	\$50	\$200	\$300	23
Unauthorized Billing – Internet Services	\$30	\$80	\$190	17



## *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).

**Table 12: How Victims Made Payment in Fraudulent Transactions**




## 4. Comparability with 2003 Survey Results

Table 13 compares the results of the 2003 and 2005 surveys by examining the percentage of victims of sexual violence 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







## 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





## 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.

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

and multivariate analyses. Ugeqpf."kp" o quv"ecugu."v j g"eqghLekgpvu"ctg"xgt{"u o cmm"cpf"jki jn{"kpuki pkLecpv"kp"dqvj"v j g"wpkxctkcvg"cpn{uku" 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.

Hkpcmm{"eqpuk fgt"v j g"uvcvkuvkecn"uki pkLecpeg"qh"v j g"eqghLekgpvu"wukpi "v j g"v y q"fkhhgtgpv" cr r t q c e j g u 0 " " K p " i g p g t c n . " v j g " u v c v k u v k e c n " u k i p k L e c p e g " q h " v j g " e q g h L e k g p v u " c r r g c t u " v q " v g m " 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 eqpuw o g t u " c r r g c t " v q " d g " u k i p k L e c p v n { " n g u u " n k m g n { " v q " j c x g " d g g p " x k e v k o u " v j c p " { q w p i g t " q p g u 0 " " V j g " e q g h L e k g p v u " q p " v j q u g " y j q " y g t g " d g v y g g p " 8 7 " c p f " 9 6 " c p f " v j q u g " y j q " y g t g " 9 7 " q t " q x g t " c t g " p g i c v k x g " c p f " u k i p k L e c p v " \* r > 2 0 2 7 " q t " d g v v g t + " k p " d q v j " e c u g u 0 " " K p " c f f k v k q p . " v j g " q x g t c m n " t g n c v k q p u j k r " k u " u k i p k L e c p v " \* r > 2 0 3 2 " q t " d g v v g t + " k p " d q v j " e c u g u 0

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 o q t g " f g d v " v j c p " v j g { " e q w n f " j c p f n g " y g t g " u k i p k L e c p v n { " o q t g " n k m g n { " v q " d g " x k e v k o u " q h " h t c w f " 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, t g n c v k x g " v q " j k i j " u e j q q n " i t c f w c v g u . " k u " q p n { " u v c v k u v k e c n { " u k i p k L e c p v " h q t " v j q u g " y j q " y g t g " college graduates. Gender, marital status, and the individual's expectations about his or j g t " h w w t g " k p e q o g " j c f " p q " u k i p k L e c p v " g h h g e v " q p " v j g " n k m g n k j q q f " q h " d g k p i " c " x k e v k o " k p " g k v j g t " analysis, while the relationship between income and fraud risk does not appear to be systematic in either analysis.

V j g " q p g " c t g c " y j g t g " v j g " r c w g t p " q h " u k i p k L e c p e g " k p " v j g " u k p i n g " h c e v q t " c p c n { u k u " f q g u " 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, v j g " f k h h g t g p e g " y c u " : 0 2 " r g t e g p v c i g " r q k p v u 0 " " K p " d q v j " e c u g u . " v j g " f k h h g t g p e g u " c t g " u k i p k L e c p v " \* r > 2 0 2 7 " q t " d g v v g t + 0 " " J q y g x g t . " c h v g t " e q p v t q n k p i " h q t " v j g " q v j g t " h c e v q t u . " J k u r c p k e u " y g t g " 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 u k i p k L e c p v " k p " g k v j g t " e c u g 0 " " H w t v j g t o q t g . " y j k n g " v j g " t c e g " c p f " g v j p k e k v { " x c t k c d n g u " c t g " l q k p v n { " u k i p k L e c p v " \* r > 2 0 2 3 + " k p " v j g " w p k x c t k c v g " c p c n { u k u . " v j g { " c t g " p q v " u k i p k L e c p v " k p " v j g " o w n v k x c t k c v g " 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 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



Appendix Table A-1 (continued)

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

**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







Vjg"hktuv"hg y"swguvkqpu"ctg"cdqvw"uq o g"gzr g t k g p e g u" { q w" r g t u q p c m n" { " o k i j v" j c x g" c u" c" e q p u w o g t 0 0 0"

S30" J c x g" { q w." { q w t u g n h." t g e g k x g f" c" v g n g o c t m g v k p i" r j q p g" e c m n" k p" v j g" r c u v" { g c t A"

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

S4030" K p" v j g" r c u v" [ G C T." j c x g" { q w" d q w i j v" c p" { v j k p i" h t q o" c" v g n g o c t m g v g t" y j q" e c m n g f" { q w A"

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

"Fkf"{qw"ocmg"ujej"eqpvtkdwwkqpu"vq"cejctkv{"vq"yjkej"{qw"jcf"PQV"rtgkxqwun{"fqpcvfgA"

1.

S6030""kp"vjg"rcuv" [ GCT."jcxg"{qw"rwtejcugf"uq o gvjkpi"htq o "cp"Kpvgtpgv" ygd"ukvgA



*Talking some more about the internet...*

*Q7 Whether or not you use the internet*

Q8a. How much do you agree or disagree with the statement “Manufacturers’ advertisements are agree, agree, neither agree nor disagree, disagree, or strongly disagree with this statement

(

A

- 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 agree NOR disagree, disagree, or strongly disagree with this statement (

A

- 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 disagree, disagree, or strongly disagree with this statement (

A

- 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  
kp"gcukn{" y jgp"uq o gqpg"ku"rtguuwtkpi" o göA""Fq"{qw"uvtqpin{"citgg."citgg."pgkvjgt"citgg"PQT"  
disagree, disagree, or strongly disagree with this statement (

A

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

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.

[

]

In the past YEAR, have you paid money to anyone who promised or guaranteed

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

S35040" J qy" o cp{ "vk o gu" j cu" v jku" j cr r gpgf" vq" {qw"kp"v jg"rcuv" {gctA""Kh" {qw" o c f g" o wnvkrng"  
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

Thinking now about the most recent time this  
happened to you....]

S35c0" Y cu" v j g" p g i cvkxg. "d wv" v t w g. "k p h q t o c v k q p" t g o q x g f" h t q o " { q w t" e t g f l v" t g e q t f" c u" r t q o k u g f A"

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

In the past YEAR, have you paid money to anyone who promised or guaranteed

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

S36040"" Jqy" ocp{"vk o gu"jcu"v jku"jcr rgpgf"vq"{qw"kp"vjg"rcuv"{gctA""Kh"{qw" o c f g" o wnvkrng" 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

In the past YEAR, have you paid money to anyone who promised or guaranteed

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

S37040"" Jqy" ocp{"vk o gu"jcu"v jku"jcr rgpgf"vq"{qw"kp"vjg"rcuv"{gctA""Kh"{qw" o c f g" o wnvkrng" 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

Thinking now about the most recent time this

happened to you...

S37c0"" Y jcv" y cu"vjg"kpawtcpeg"uwrrqugf"vq"rtqvgev"{qw"ci ckpuvA"" Y cu"kv"vq"rtqvgev"{qw"ci ckpuv<"

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 (            ) (            )
- DK. Don't know  
RF. Refused

[PROG.: IF

Thinking now about the most recent time this

happened to you...

S39c0" Ygtg" {qw"rtq okugf" c"etgfkv"ectf."c" o qtvicig"nqcp."qt"cpqvjgt"v{ rg"qh"nqcpA"]RTQ I <"QPG"  
RESPONSE ONLY]

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

S390"" Fkf" {qw"cevwcmn{ "tgegkxg"vjg"rtq okugf"nqcp"qt"etgfkv"ectfA"

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

S39d0" Ygtg" {qw"tgswktgf"vq" o cmg"vjkurc{ o gpv"dghqtg" {qw"tgegkxgf"vjg"etgfkv"ectf"qt"nqcp"qt"  
ygtg" {qw"vq"rc{ "chvgt"vjg"etgfkv"ectf"qt"nqcp" ycu"tgegkxgfA""Hqt"gzco r ng."kh" {qw" ygtg"rtq okugf" c"  
credit card, did you make the payment before you got the card or was the ch1(e)-1( c)-1(h0510022>62 0 0 12 72

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

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

S38c040 J qy" o cp{"vk o gu" jcu" vjku" jcr rpggf" vq" {qw" kp" vjg" rcuv" {gctA" Kh" {qw" o c f g" o wnvkrng" 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

---

IF Thinking about the last company from whom you purchased these services...]

S39e0 Fkf" vjg" eq o rcp{ "kp" hcev" o cmg" kv" gcukgt" hqt" {qw" vq" rc{ "qhh" {qwt" fgdvuA"

- 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

- 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

[



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

“Thinking again  
about being billed for a product or service which you did not agree to purchase or being billed



S3;040"" J qy " ocp{ "vk o gu" jcu"vjku" jcr r gpgf"vq" {qw"kp"vjg"rcuv" {gctA""Kh" {qw"tgegkxgf" o qtg"vjcp"  
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

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  
rwtejcugA

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

DK. Don't know

RF. Refused

\_\_\_\_\_

Did you have this experience while purchasing

S42040"" J qy " ocp{ "vk o gu" jcu"vjku" j c r r g p g f"vq" {qw"kp"vjg"rcuv" {gctA""Kh" {qw"tgegkxgf" o qtg"vjcp"  
one bill for the same unordered item or if an unauthorized charge for the same item or servi1( f)-1(o)-1(r)-1( c)-1

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  
rtqokugfA"

1.

S44040"" J q y " o c p { " v k o g u " j c u " v j k u " j c r r g p g f " v q " { q w " k p " v j g " r c u v " { g c t A " " K H " { q w " t g e g k x g f " o q t g " v j c p " 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

Thinking now about the most recent time this happened to you...

S450"" Y j c v " y c u " v j g " r t q f w e v " q t " u g t x k e g A ""

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. E q o r w g t u < " g s w k r o g p v " q t " u q h v y c t g "
  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
- DK. Don't know  
RF. Refused

]

now about the most recent time this happened to you...

Thinking

now about the most recent time this happened to you...

Thinking

now about the most recent time this happened to you...

Thinking

S480""Fkf"{qw"vt{"vq"igv"vjg"ugnngt"vq"ikxg"{qw"c"tghwpcf"qt"qvjgt ykug"o cmg"cp"cf lwuv o gpvA"

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

[PROG.: IF

S490""Cpf"ycu"vjg"ugnngt"yknp i"vq"rtqxf g"tghwpcf."qt"qvjgt ykug"o cmg"cp"cf lwuv o gpv"vjcv"ucvkuhkgf"{qwA"

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

In the past year, have you paid

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

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

S53040" J qy " o cp { " fkhgtgpv" uwej " dwukpguu" qr rqtvpkvgu" jcxg" {qw" rwtejcugf" kp" vjg" rcuv" {gctA" Kh" 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

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

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

Q35.1 Did the seller lead you to believe that you would earn a certain amount of income or  
rtqhkvtq o "vjku"dwukpguuA"

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

[PROG.: IF Q35.1 IS

Which of the following best describes the amount of money you made from this  
dwukpguuA"

- 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  
{qw"vq"ugm}{qwt"rtqfwetu"htq o "vjgkt"rtg o kuguA"

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

Fkf" {qw"qdvckp"vjg"rtq o kugf"cuukvcpegA"

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

S590"Cpf"jqy" ocp{" oqp vju"ciq"fkf" {qw"rwtejcug"vjku"dwukpguuA"

RECORD NUMBER OF MONTHS

- DK. Don't know
- RF. Refused

[PROG.: IF

In the past year, have you paid

S53c030"" Yjq"rtqokugf"vq"rtqxfqg"{qw"ykvj"yqtm"vcv"{qw"eqwnf"fq"cv"jqogA""

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

Q31a.2. Jqy"ocp{"vkogu"jcu"vjkujcrrgpgf"vq"{qw"kp"vjg"rcuv"{gctA""\*Vjku"rc{ogpv"oc{"jcxg"dggp"vq"rwtejcug"gswkr"ogpv"qt"uwr"rnkgu"vcv"vjg"ugmgt"uckf"ygtg"pggfgf"vq"rgthqto"vjg"lqd0+"

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

Q37a. Did the seller lead you to believe that you would earn at least a certain amount of money  
htqo"vjkulqdA"

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

S59d0"" Yjkej"qh"vjg"hqnnqykp"i"dguv"fguetkdgu"vjg"coqwpv"qh"oqpg{"{qw"ocfg"kp"vjkulqdA""  
)

- 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. Fkf"pqv"yqtm"cv"vjg"lqd"
- DK. Don't know
- RF. Refused



In the past year, have you paid

for any of the following services: U.S. Postal Service or another branch of

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



happened to you...]

Thinking about the most recent time this

"S5;h040""Fkf"{qw"ecuj"vjg"ejgem"cpf"ugpf"vjg" o qpg{"cu"tgswguvgfA"

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

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

rtqfwev"qt"ugtxkegA"

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

[PROG.: IF

Q40.1 Were you told that you had to pay something,

ucngu"rtgugpvcvkqp"kp"qtfgt"vq"tgegkxg"{qwt"rtk|g"qt"cy

1. Yes
  2. No – DID NOT HAVE TO DO OR PAY ANYTHING
- DK. Don't know  
RF. Refused

S630" Fkf" {qw" o cmg" vjg" tgswtgf" rc{ o gpv" qt" rwtejcug" qt" fkf" {qw" cwvopf" vjg" tgswtgf" ucngu"  
rtgugpvcvkqpA"

1. Yes
2. No



Q44e. Which of the following best describes your experience in using the product: ( )

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.

Q45. Other than the things we have already discussed, in the past year have you purchased

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

S680" J q y " o c p { " v k o g u " j c u " v j k u " j c r r g p g f " v q " { q w " k p " v j g " r c u v " { g c t A "

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

Thinking now about the most recent time this happened to you...

S690" F k f " { q w " v t { " v q " i g v " v j g " u g n n g t " v q " i k x g " { q w " c " t g h w p f " q t " q v j g t y k u g " o c m g " c p " c f l w u v o g p v A "

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

S6:0" C p f " y c u " v j g " u g n n g t " y k n k p i " v q " r t q x k f g " c " t g h w p f " q t " q v j g t y k u g " o c m g " c p " c f l w u v o g p v " v j c v " u c v k u h k g f " { q w A "

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







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

1. Yes

2. No

DK. Don't know

RF. Refused

Q49g. In the past year, has anyone used your personal information without your permission to

"S840" J qy "fkf" {qw"hktuv"ngctp"cdqww"\*KPUGTV"RQR/KP"NCP IWC I G+A"

1. from the Internet
2. from a television advertisement or infomercial
- 3.

Q63. And how did you purchase this product ( +A

- 1. VISITED A STORE
- 2. ORDERED ON THE TELEPHONE
- 3. MAILED IN AN ORDER
- 4. ORDERED FROM INTERNET SITE
- 5. SOME OTHER WAY

DK. Don't know

RF. Refused

S86d0" J qy " o wej " o qpg { " y gtg " { qw " dknng f " \* K PUGTV " RQR / KP " NCP I WC I G + A " \* RTQDG " CP [ " TGURQPUG " QXGT " & 722 " ó " [ qw " uck f " v j ku " ku " \* TGCF " COQWPV " GPVGTGF + " ó " ku " v j cv " eqttge v A "

1. AMOUNT BILLED \_\_\_\_\_ (RANGE 1 – 99,999)

DK. Don't know

RF. Refused

S86r0" Cpf " j qy " o wej " f kf " { qw " cevwcnn { " gpf " wr " rc { kpi A " " \* RTQDG " CP [ " TGURQPUG " QXGT " & 722 " OR ANY AMOUNT PAID THAT IS GREATER THAN AMOUNT BILLED – You said \* TGCF " COQWPV " GPVGTGF + " ó " ku " v j ku " eqttge v A + "

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

DK. Don't know

RF. Refused

Q64l. How much money did you lose to the persons who told you that you had won the foreign nqvvgt { A " \* RTQDG " CP [ " TGURQPUG " QXGT " & 722 " ó " [ qw " uck f " v j ku " ku " \* TGCF " COQWPV " ' PVGTGF + " ó "

[PROG.: IF

S870"Cpf"jqy "fkf"{qw"rc{"qt"jqy"ygtg"{qw"dkmgf"hqt"vjkv"vtcpucevkqpA"

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
- DK. Don't know  
RF. Refused

S880" Y jcv"cevkqpu."kh"cp{."fkf"{qw"vcmg"kp"cvvg o rvkpi "vq"tguqnxg"vjku"kpekfgpvA

---

Y jcv"qvjgt"cevkqp"fkf"{qw"vcmgA"

1. Did nothing
2. Asked for a refund or replacement
3. Stopped payment or refused to pay
4. Stopped buying from the com2e0 0 12 90 60.4401 TmF2 90 60.4401 Tm w0048>10003004C>15/TT0 1 T





Changing Topics and thinking some more about you...

S93c0" Jcxg" {qw"nkuvgf" {qwt"jq o g"vgngr j qpg"pw o dgt"qp"vj g"pcvkqpcn"fq/pqv/ecm"tg ikvvt {A"

- 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  
Ygd"qt"vq"ugpf"cpf"tgegkxg"g/o cknA"

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

Q73a. How many hours EACH WEEK *in total* yqwnf" {qw"uc" { {qw"urgpf"qp"vj g"kpvgtpgv"cv"y qtmA"

- 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

Q73b. How many hours EACH WEEK *in total* would you say you spend on the Internet at  
jq o gA"

- 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...



Q80. Thinking ahead to three years from now, how do you think your income will compare to

- 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...

- 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

DK. Don't know

RF. Refused

S : 60 Ctg {qw"qh" J kur cpke"qt"Ncvk pq"qtk i kpA"

- 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

kp fkecvgu" {qwt"tceg0"Ctg" {qWA"JRTQ I 0<" \_\_\_\_\_  
\*RTQDG<" Y qwnf"cp {"qv jgt"tceg"cr rn{A+" \_\_\_\_\_

Ctg" {qw" g o r nq {gf" q wvuk fg" qh" v j g" j q o g." ctg" {qw" c" j q o g o cmgt." qt" ctg" {qw" tgvktg fA"

1. Employed outside the home
  2. Homemaker
  3. Retired
  4. Not in the workforce
- DK. Don't know  
RF. Refused

Cpf." ctg" {qw" rckf" qp" cp" j q wtn { "dcuku" qt" fq" {qw" ftc y" c" {gctn { "ucnct {A"

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

READ TO ALL:

V j qug" ctg" c n n" v j g" s w g u v k q p u" y g" j c x g" h q t" { q w" v q f c { 0" " V j c p m" { q w" x g t { " o w e j" h q t" { q w t" v k o g" o" y g" 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.



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

