

Cross-Border Fraud Complaints
with
Canadian and United States
Consumer Complaint Details
January – December 2009

Federal Trade Commission
May 2010

<u>Report Subject</u>	<u>Page No.</u>
Introduction	2
Executive Summary	3
Cross-Border Complaint Count by Calendar Year	4
Cross-Border Fraud and Non-Cross-Border Fraud Complaints	5
Cross-Border Fraud Complaints by Consumer and Company Location	6
 <u>U.S. Consumers</u>	
Complaints from U.S. Consumers Against Companies Located in Foreign Countries	7
Top Products or Services for Cross-Border Fraud Complaints from U.S. Consumers	8
Amount Paid Information for Cross-Border Fraud Complaints from U.S. Consumers	9
Methods of Payment for Cross-Border Fraud Complaints from U.S. Consumers	10
Methods of Initial Contact for Cross-Border Fraud Complaints from U.S. Consumers	11
 <u>Cross-Border U.S. & Canada</u>	
Fraud Complaints from U.S. Consumers	
Against Companies Located in Canada	12
Against Companies Located in Ontario	13
Against Companies Located in British Columbia	14
Against Companies Located in Alberta	15
Against Companies Located in Nova Scotia	16
 Canadian Consumer Fraud Complaints	
Against Companies Located in the U.S.	17
Located in Ontario	18
Located in British Columbia	19
Located in Alberta	20
Located in Nova Scotia	21
 <u>Econsumer.gov</u>	
Top Products or Services for Econsumer Complaints	22
Top Law Violations for Econsumer Complaints	23
Top Consumer and Company Locations for Econsumer Complaints	24
 <u>Appendices</u>	
Appendix A1: Description of the Consumer Sentinel Network	25
Appendix A2: Major Data Contributors	26
Appendix A3: Other Data Contributors	27
Appendix A4: Better Business Bureau Data Contributors	28

INTRODUCTION

The Consumer Sentinel Network (CSN) is a secure online database of millions of consumer complaints available only to law enforcement. In addition to storing complaints submitted to the FTC, the CSN also includes complaints filed with the Internet Crime Complaint Center, Better Business Bureaus, Canada's PhoneBusters, the U.S. Postal Inspection Service, the Identity Theft Assistance Center, and the National Fraud Information Center, among others.

Consumer Sentinel Network Leading Partners & Data Contributors

Begun in 1997 to collect fraud and identity theft complaints, the CSN now has more than 5.4 million complaints, including those about credit reports, debt collection, mortgages, and lending, among other subjects. The CSN has a five-year data retention policy; complaints older than five years are purged biannually. Between January and December 2009, the CSN received more than 1.3 million consumer complaints. Over 721,000 complaints were fraud-related; 11 percent of these fraud-related complaints were identified as cross-border. The following are a series of statistical reports from the CSN database presenting information about cross-border fraud-related complaints. For the purposes of this report, a fraud complaint is cross-border if (1) a U.S. consumer complained about a company located in Canada or another foreign country; (2) a Canadian consumer complained about a company located in the U.S. or another foreign country; or (3) a consumer from a foreign country complained about a company located in the U.S. or Canada. Company location is based on addresses reported by the complaining consumers and, thus, likely understates the number of cross-border complaints. In some instances the company address provided by the consumer actually may be a mail drop in the consumer's country rather than the physical location of the company in a foreign country, and in other cases, the consumer does not know whether the location is in the U.S. or abroad.

Some organizations transfer their complaints to CSN after the end of the calendar year, and as a result, the total number of complaints for 2009 will increase in a few months. For the same reason, totals from previous years may differ from prior CSN annual reports. The 2009 Cross-Border Fraud Complaints report is based on unified complaints reported by

Better Business Bureaus	Department of Defense
Federal Bureau of Investigation	Federal Trade Commission
Identity Theft Assistance Center	Internet Crime Complaint Center
National Association of Attorneys General	National Consumers League
Canada's PhoneBusters	U.S. Postal Inspection Service

For a detailed description of the CSN and a complete list of its data contributors, see Appendices A1 through A4.

Executive Summary

Cross-Border Fraud Complaints

January 1 – December 31, 2009

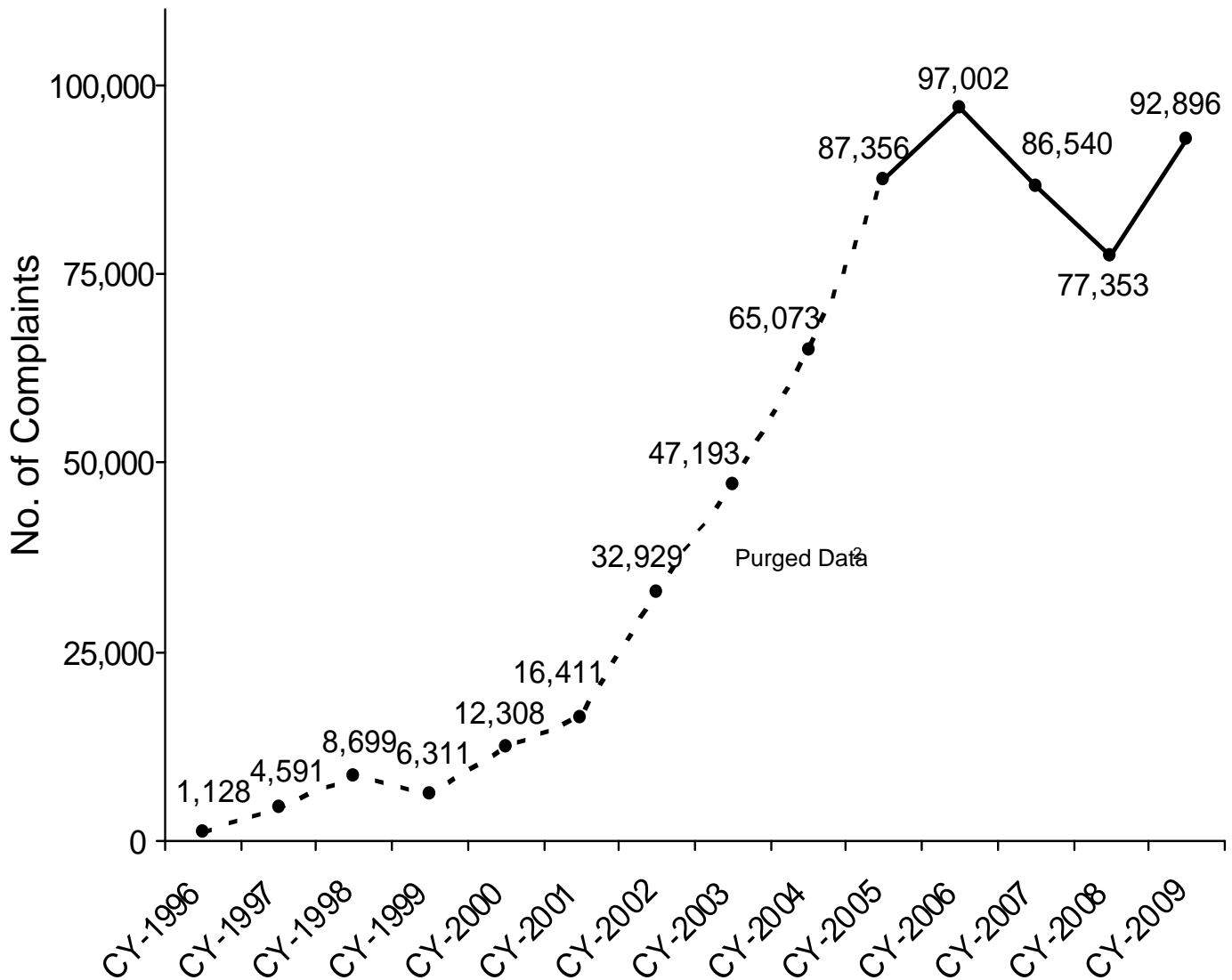
- The Commission received over 92,000 cross-border fraud complaints during calendar year 2009. Cross-border fraud complaints comprised 13% of all fraud complaints received during calendar year 2009, 15% and 12% for CY-2007 and CY-2008, respectively.
- Prizes/Sweepstakes/Gifts was the leading product/service category in U.S. consumers' cross-border complaints (15%), followed by Shop-at-Home/Catalog Sales (14%), Advance-Fee Loans, Credit Arrangements (10%), Internet Auction (8%), and Internet Access Services (7%).
- Of all cross-border fraud complaints (92,896) in calendar year 2009, 55% (51,477) were from U.S. consumers complaining about other foreign companies and 22% (20,329) were from U.S. consumers complaining about Canadian companies. Prizes/Sweepstakes/Gifts was the top reported product/service category in complaints from U.S. consumers against Canadian companies. Shop-at-Home/Catalog Sales was the top reported product/service category in complaints from U.S. consumers against other foreign companies.
- U.S. consumers reported fraud losses of over \$60 million against companies located in Canada, and losses of over \$208 million against companies located in other foreign countries in calendar year 2009.
- "Wire Transfer" was the highest reported payment method used in cross-border fraud complaints in calendar year 2009; 53% of the complaints from U.S. consumers who paid companies located in Canada reported "Wire Transfer" as the payment method, and 52% of the complaints from U.S. consumers who paid other foreign companies reported "Wire Transfer" as the payment method. Nine percent (9%) of cross-border complaints from U.S. consumers reported payment method information.
- Mail continued to be the most frequently reported method used by companies located in Canada to initially contact U.S. consumers in CY-2009 while Internet - E-mail continued to be the most frequently reported method used by companies located in other foreign countries to initially contact U.S. consumers.

ECONSUMER.GOV – Collecting and sharing cross-border e-commerce complaints (for details see Appendix A1).

- Econsumer received over 37,000 complaints between CY-2007 and CY-2009; 15,601 complaints in CY-2007, 10,308 in CY-2008, and 11,431 complaints in CY-2009.
- Shop-at-Home/Catalog Sales was the most commonly reported complaint category in Econsumer complaints during calendar years 2007 through 2009, comprising over 45% of all Econsumer complaints during that time period. "Merchandise or Service Never Received" accounts for over 19% of the Econsumer law violations during the same time period.

Cross-Border Complaint Count¹

Calendar Years 1996 through 2009



¹For the purposes of this report, a fraud complaint is “cross-border” if: (1) a U.S. consumer complained about a company located in Canada or another foreign country; (2) a Canadian consumer complained about a company located in the U.S. or another foreign country; or (3) a consumer from a foreign country complained about a company located in the U.S. or Canada. Excludes identity theft and do not call registry complaints.

²Complaint counts from CY-1996 to CY-2004 represent historic figures as per the Consumer Sentinel Network’s five-year data retention policy.



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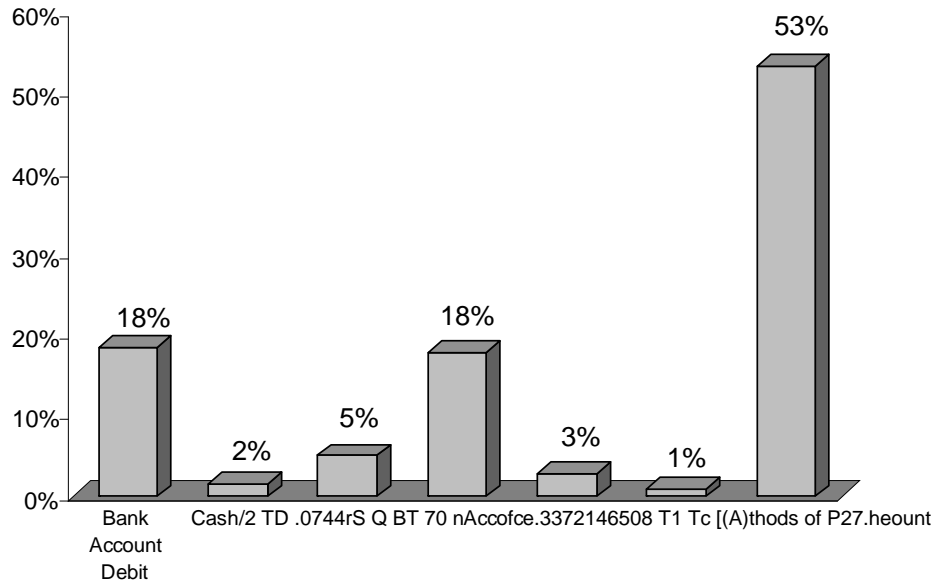
Fraud Complaints and Amount Paid by
U.S. Consumers Against Companies Located in Canada
Calendar Year 2007 through 2009

¹Average is based on the total number of consumers ~~reported~~ amount paid for each calendar year: CY-2007 = 15,589;

Fraud Complaints and Amount Paid by
U.S. Consumers Against Companies Located in Other Foreign Countries
Calendar Year 2007 through 2009

Methods of Payment Reported by Consumers January 1 - December 31, 2009

U.S. Consumers Who Paid Companies Located in Canada



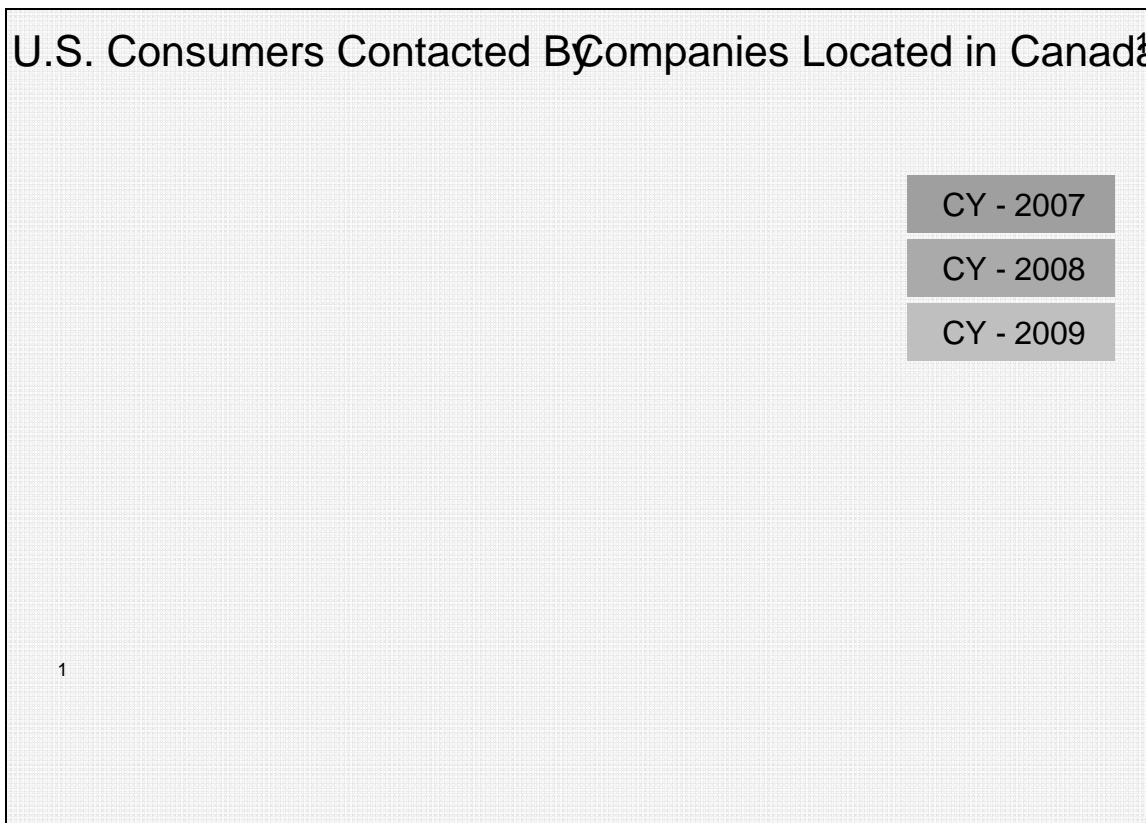
¹Percentages are based on the total number of consumers who reported the method of payment (1,517). 7% of consumers reported this information.

U.S. Consumers Who Paid Companies Located in Other Foreign Countries²

²Percentages are based on the total number of consumers who reported the method of payment (4,914). 10% of consumers reported this information.

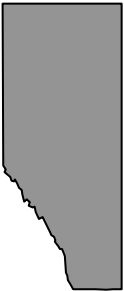
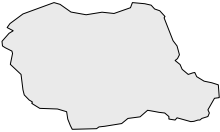
Methods of Initial Contact by Calendar Year

U.S. Consumers Contacted By Companies Located in Canada¹

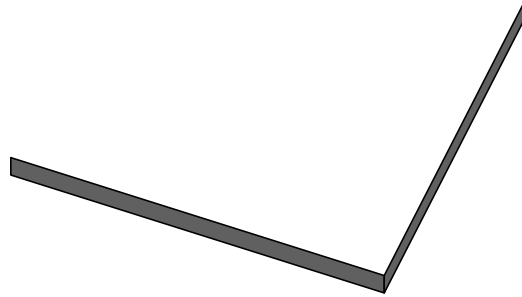


U.S. Consumers Contacted By Companies
Located in Other Foreign Countries²





Top Products or Services for Fraud Complaints
from U.S. Consumers Against Companies Located in
Ontario, Canada¹
January 1 – December 31, 2009

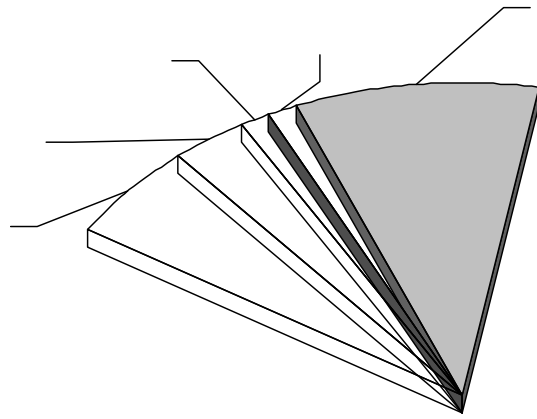


¹Percentages are based upon the total number of fraud complaints (9,627) by U.S. consumers complaining about companies in Ontario, Canada received between January and December 31, 2009.

Top Products or Services for Fraud Complaints
from U.S. Consumers Against Companies Located in
British Columbia , Canada¹
January 1 – December 31, 2009

¹Percentages are based upon the total number of fraud complaints (1,397) by U.S. consumers complaining about companies in British Columbia, Canada r

Top Products or Services for Fraud Complaints
from U.S. Consumers Against Companies Located in
Nova Scotia, Canada¹
January 1 – December 31, 2009

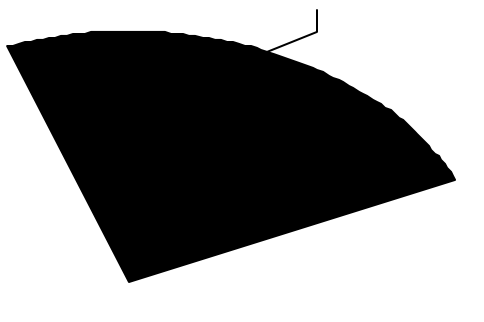


¹Percentages are based upon the total number of fraud complaints (943) by U.S. consumers complaining about companies in Nova Scotia, Canada received between January 1 and December 31, 2009.

Canadian Consumer Fraud Complaints Against
Companies Located in the U.S.
January 1 – December 31, 2009

<i><u>Totals</u></i>	
<u>Complaint Count</u>	<u>Amount Paid</u>
7,691	\$15,959,583

Top Products or Services by Complaint Count¹



¹Percentages are based upon the total number of fraud complaints (7,691) by Canadian consumers complaining about companies in the United States received between January 1 and December 31, 2009.

Consumer Sentinel Network Fraud Complaints from Consumers Located in Ontario, Canada January 1 – December 31, 2009

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²Average amount paid is based upon the total number of complaints where amount paid was reported.

³Median is the middle number in a set of numbers so that half the numbers have values are greater than the median and half have values that are less. Calculation of the median excludes complaints with amount paid reported as \$0.

Company's Method of Contacting Consumers⁴

Methods of Payment Reported by Consumers⁵

⁴Percentages are based on the total number of fraud complaints where company's method of initial contact was reported by consumers from Ontario, Canada (12,127). Fifty-three percent (6,419) consumers reported other methods of initial contact. 59% of consumers reported this information.

⁵Percentages are based on the total number of consumers from Ontario, Canada, who reported the method of payment (1,752) during the time period. 9% of consumers reported this information.

Consumer Sentinel Network Fraud Complaints from Consumers Located in British Columbia, Canada January 1 – December 31, 2009

Top 5 Products or Services¹



¹Percentages are based on the total number of fraud complaints received from consumers in British Columbia, Canada, during the time period. Fifty-five percent (3,308) of the total number of fraud complaints received from consumers in British Columbia, Canada were coded Other (Comments).

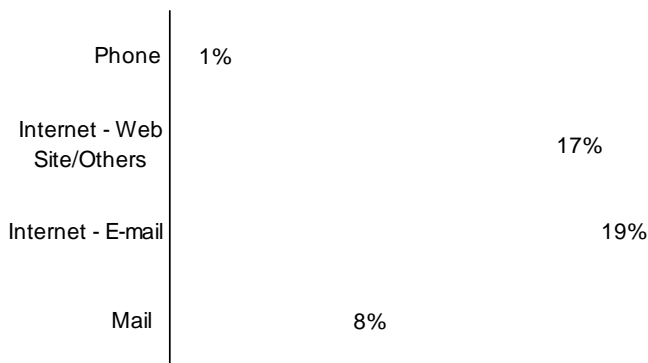
Reported Amount Paid

No. of Complaints	Complaints Reporting Amount Paid	Percentage of Complaints Reporting Amount Paid	Total Amount Paid Reported	Average Amount Paid ²	Median Amount Paid ³
6,029	2,599	43%	\$6,469,393	\$2,489	\$800

²Average amount paid is based upon the total number of complaints where amount paid was reported.

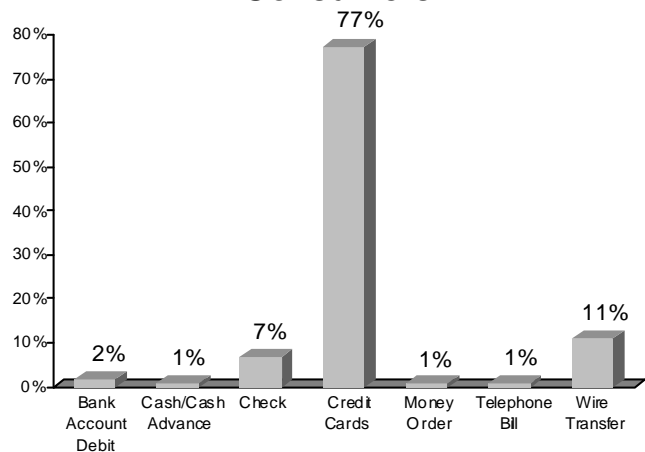
³Median is the middle number in a set of numbers so that half the numbers have values that are greater than the median and half have values that are less. Calculation of the median excludes complaints with amount paid reported as \$0.

Company's Method of Contacting Consumers⁴



⁴Percentages are based on the total number of fraud complaints where company's method of initial contact was reported by consumers from British Columbia, Canada (3,604). Fifty-four percent (429) of consumers reported other methods of initial contact. 60% of consumers reported this information.

Methods of Payment Reported by Consumers⁵



⁵Percentages are based on the total number of consumers from British Columbia, Canada, who reported the method of payment (675) during the time period. 10% of consumers reported this information.

Consumer Sentinel Network Fraud Complaints from Consumers Located in Alberta, Canada January 1 – December 31, 2009

Top 5 Products or Services¹

¹Percentages are based on the total number of fraud complaints received from consumers in Alberta, Canada, during the period. Fifty percent (2,774) of the total number of fraud complaints received from consumers in Alberta, Canada were coded Other (Note in Comments).

Reported Amount Paid

²Average amount paid is based upon the total number of complaints where amount paid was reported.

³Median is the middle number in a set of numbers so that half the numbers have values

⁵Percentages are based on the total number of consumers from Alberta, Canada, who reported the method of payment (488) during the time period. 9% of consumers reported this information.

Consumer Sentinel Network Fraud Complaints from Consumers Located in Nova Scotia, Canada January 1 – December 31, 2009

Top 5 Products or Services¹

¹Percentages are based on the total number of fraud complaints (received from consumers in Nova Scotia, Canada, during the time period. Fifty-eight percent (701) of the total number of fraud complaints received from consumers in Nova Scotia, Canada were coded Other (No Comments).

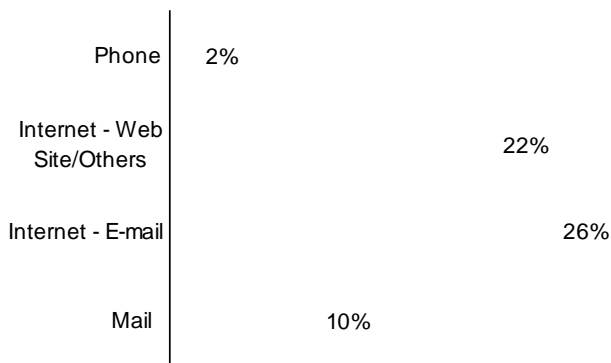
Reported Amount Paid

No. of Complaints	Complaints Reporting Amount Paid	Percentage of Complaints Reporting Amount Paid	Total Amount Paid Reported	Average Amount Paid ²	Median Amount Paid ³
1,201	454	38%	\$850,880	\$1,874	\$564

²Average amount paid is based upon the total number of complaints where amount paid was reported.

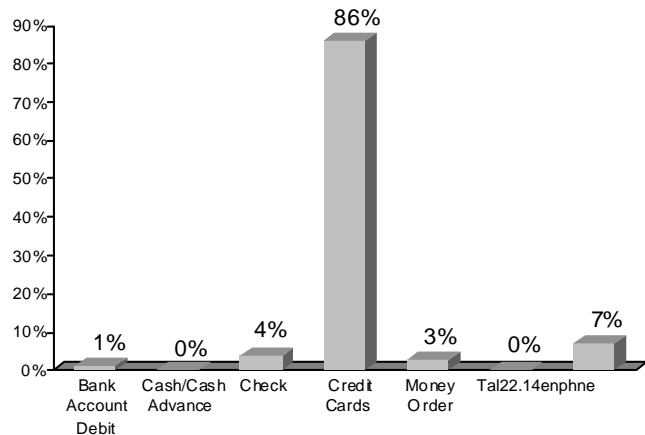
³Median is the middle number in a set of numbers so that half the numbers have values that are greater than the median and half have values that are less. Calculation of the median excludes complaints with amount paid reported as \$0.

Company's Method of Contacting Consumers⁴

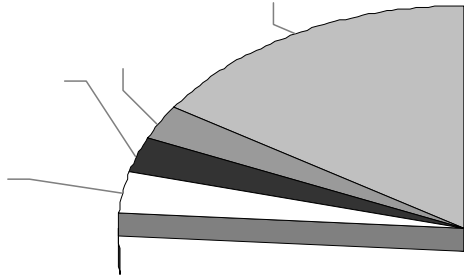


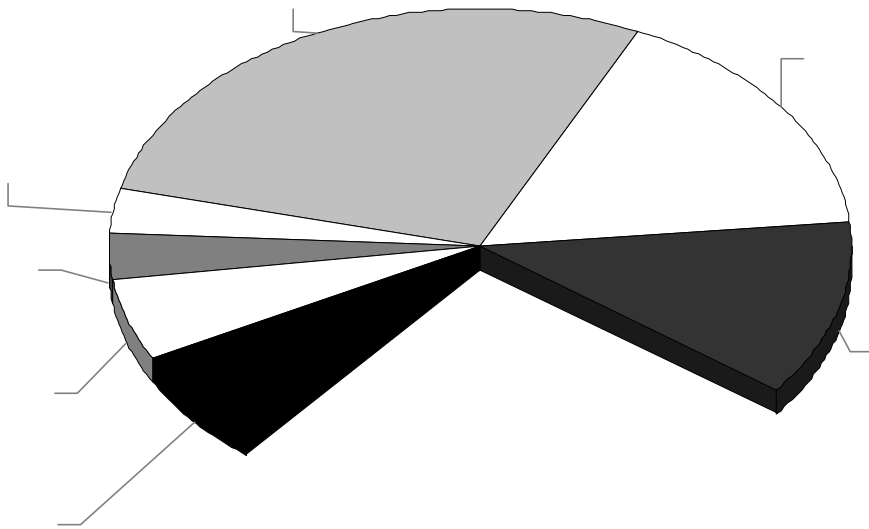
⁴Percentages are based on the total number of fraud complaints where company's method of initial contact was reported by consumers from Nova Scotia, Canada (529). Forty percent (211) of consumers reported other methods of initial contact. 44% of consumers reported this information.

Methods of Payment Reported by Consumers⁵



⁵Percentages are based on the total number of consumers from Nova Scotia, Canada, who reported the method of payment (119) during the time period. 10% of consumers reported this information.

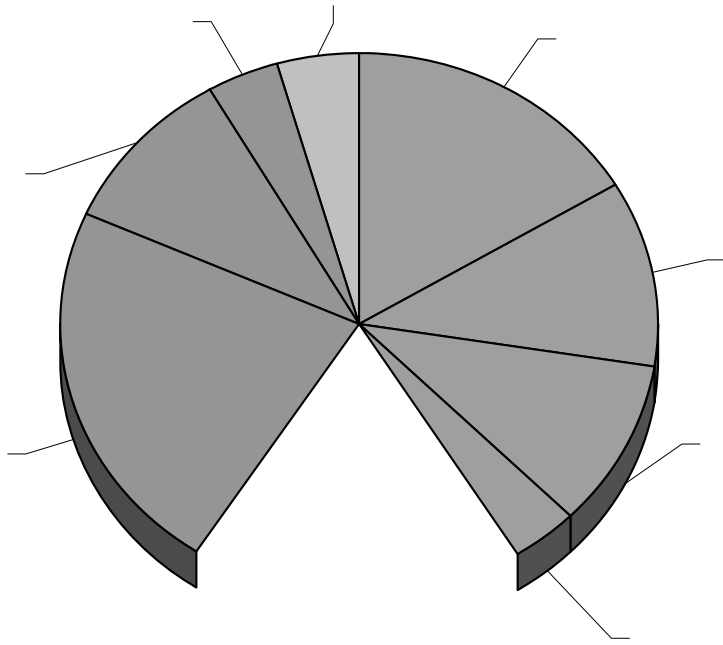




Econsumer Complaints
Top Consumer and Company Locations
January 1 – December 31, 2009

Top Consumer Locations

United States	7,408
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Appendix A3: Consumer Sentinel Network Other Data Contributors January 1 – December 31, 2009

Federal Agencies

Department of Defense Police, Criminal Investigations Unit

US Immigration and Customs Enforcement

Appendix A4: Consumer Sentinel Network Better Business Bureau Data Contributors January 1 – December 31, 2009

Better Business Bureaus

Alabama, Birmingham
Alabama, Huntsville
Alberta, Edmonton (Canada)
Arizona, Tucson
Arkansas, Little Rock
British Columbia, Vancouver (Canada)
California, San Joaquin Valley (Fresno)
Colorado, Colorado Springs
Colorado, Denver
Colorado, Fort Collins
District of Columbia, Washington
Florida, Clearwater
Florida, Pensacola
Georgia, Atlanta, Athens and Northeast Georgia
Georgia, Macon
Georgia, Savannah
Hawaii, Honolulu
Illinois, Chicago
Illinois, Peoria
Indiana, Evansville
Indiana, Fort Wayne
Iowa, Des Moines
Kansas, Kansas Cit