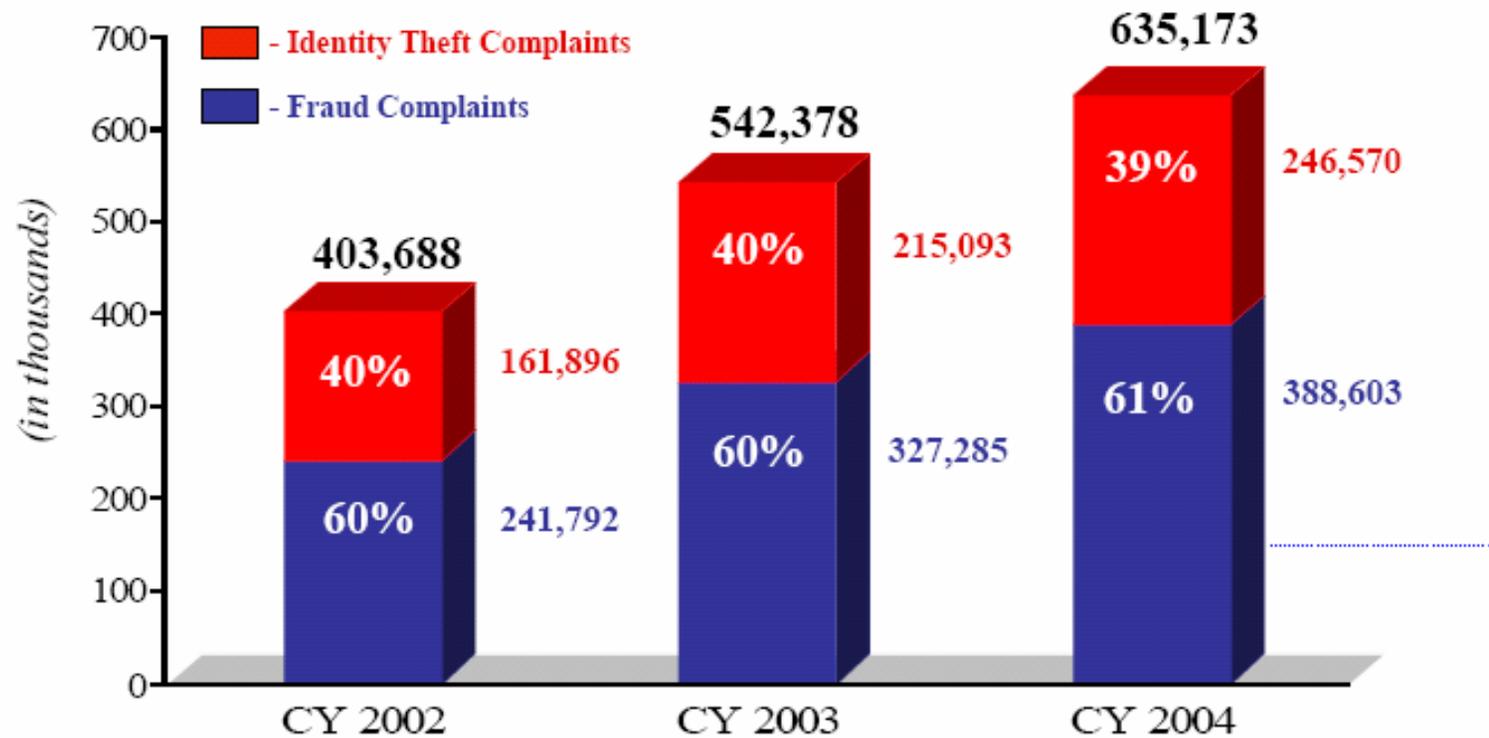


Internet Auction Fraud: What Can We Learn From Consumer Sentinel Data?

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Sentinel Complaints by Calendar Year¹



¹Percentages are based on the total number of Sentinel complaints by calendar year. These figures exclude "Do Not Call" registry complaints.

Table 1: Internet Auction Complaints, FTC's Consumer Sentinel Database

	Internet Auction Complaints	All Fraud Complaints	Internet Auction as a Percent of All Fraud	Rank Among Fraud Categories
2005 -- Jan.-June	41,769	180,000	23.2%	1
2004	98,653	388,603	25.4%	1
2003	83,161	327,285	25.4%	1
2002	51,003	241,792	21.1%	1
2001	24,289	134,131	18.1%	1
2000	14,387	107,890	13.3%	1

Issue 1:

What are the characteristics of complaints involving Internet auction fraud?

Table 2: Problems About Which Complaints Were Filed, Internet Auction Complaints, 2004 ^a

	Number of Complaints	Percentage ^b
Item not received ^c	83	74.1%
Quality of the item	18	16.1%
Payment not received ^d	6	5.4%
Other ^e	5	4.5%
Not reported	17	
Total	129	

Notes.

- a. Based on a “content analysis” of a random sample of Internet Auction complaints filed in Consumer Sentinel during calendar year 2004.
- b. Percentage of complaints where problem was reported.
- c. Includes one case in which a purchaser complained about a product and received a refund, but failed to return the merchandise.
- d. Includes one instance in which a purchaser unsuccessfully attempted to obtain merchandise by paying with a phony credit card.
- e. Includes one unsuccessful attempt to defraud.

Table 3: Amount Paid, Internet Auction Complaints, 2004 ^a

	Number of Complaints	Percentage ^b	Cumulative Percentage
\$0	1	0.8%	0.8%
\$1 - \$10	3	2.4%	3.2%
\$11 - \$25	8	6.4%	9.6%
\$26 - \$50	15	12.0%	21.6%
\$51 - \$100	16	12.8%	34.4%
\$101 - \$250	17	13.6%	48.0%
\$251 - \$500	22	17.6%	65.6%
\$501 - \$1,000	16	12.8%	78.4%
\$1,001 - \$2,500	19	15.2%	93.6%
\$2,501 and over	8	6.4%	100.0%
Not reported	4		
Total	129		

Notes.

a. Based on a “content analysis” of a random sample of Internet Auction complaints filed in Consumer Sentinel during calendar year 2004.

b. Percentage of complaints for which the amount paid was reported.

Table 4: Payment Mechanism Used in Transactions That Generated Complaints, Internet Auction Complaints, 2004 ^a

	Number of Complaints	Percentage ^b
Online Payment Mechanism – Like PayPal or BidPay	43	42.2%
Money orders	18	17.6%
Wire Transfer – Inc. Western Union ^c	17	16.7%
Personal check	11	10.8%
Credit card	7	6.9%
Cashiers check	5	4.9%
Cash	1	1.0%
Not reported	27	
Total	129	

Notes.

- a. Based on a “content analysis” of a random sample of Internet Auction complaints filed in Consumer Sentinel during calendar year 2004.
- b. Percentage of complaints where method of payment was specified.
- c. Includes Western Union except where complaint indicated that a Western Union money order was the method of payment.

Table 5: Time Between Transaction and Filing of Complaint, Internet Auction Complaints, Item Not Received, 2004 ^a

	Number of Complaints	Percentage ^b
1 - 5 days	5	6.1%
6 - 10 days	5	6.1%
11 - 20 days	13	15.9%
21 - 30 days	15	18.3%
31 - 60 days	25	30.5%
61 or more days	19	23.2%
Not reported	1	
Total	83	

Notes.

a. Based on a “content analysis” of a sample of Internet Auction complaints filed in Consumer Sentinel during calendar year 2004.

b. Percentage of complaints for which the transaction date was reported.

Issue 2:

Are Internet auctions really responsible for 25 percent of consumer frauds?

Table 6: “How did the company initially contact you?”
-- Consumer Sentinel Complaints

	2002	2003	2004
Internet -- Email	25%	26%	35%
Internet -- Web Site / Others	29%	32%	22%
Phone	23%	18%	16%
Mail	13%	13%	14%

Table 7: “How did you first learn about the product or service involved in the fraud?”
-- Consumer Fraud Survey

	Mid-2002 - Mid-2003
Internet or Email	14.0%
Telemarketing	16.8%
Print advertising	33.0%
Television or radio advertising	10.6%