



Cross-Border Fraud Complaints

January – December 2008



Federal Trade Commission

April 2009

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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 Phone Busters, the U.S. Postal Inspection Service, the Identity Theft Assistance Center, and the National Fraud Information Center, among others. Begun in 1997 to collect fraud and identity theft complaints, the CSN now has more than **7.2 million** complaints received by the FTC and other data contributors, including those about credit reports, debt collection, mortgages, and lending, among other subjects. Some organizations transfer their complaints to CSN after the end of the calendar year, and as a result, the total number of complaints for 2008 will increase in a few months. For the same reason, totals from previous years may differ from prior CSN annual reports.

During calendar year 2008 CSN received over **1.2 million** consumer complaints. Over 643,000 complaints were fraud-related; twelve 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. The 2008 Cross-Border Fraud Complaints report is based on unverified complaints reported by consumers. The data is not based on a consumer survey.

For more information about the Consumer Sentinel Network, visit www.FTC.gov/sentinel. Law enforcement personnel may join CSN at Register.ConsumerSentinel.gov

Consumer Sentinel Network Leading Partners & Data Contributors

 Australian Competition and Consumer Commission	 Better Business Bureaus
 Department of Defense	 Federal Bureau of Investigation
 Federal Trade Commission	 Internet Crime Complaint Center
 National Association of Attorneys General	 National Consumers League
 Canada's Phonebusters	 Social Security Administration
 U.S. Postal Inspection Service	 U.S. Secret Service

For Consumer Sentinel Network detailed description and data contributors, see Appendices A1 through A4.



Executive Summary

Cross-Border Fraud Complaints

January 1 – December 31, 2008

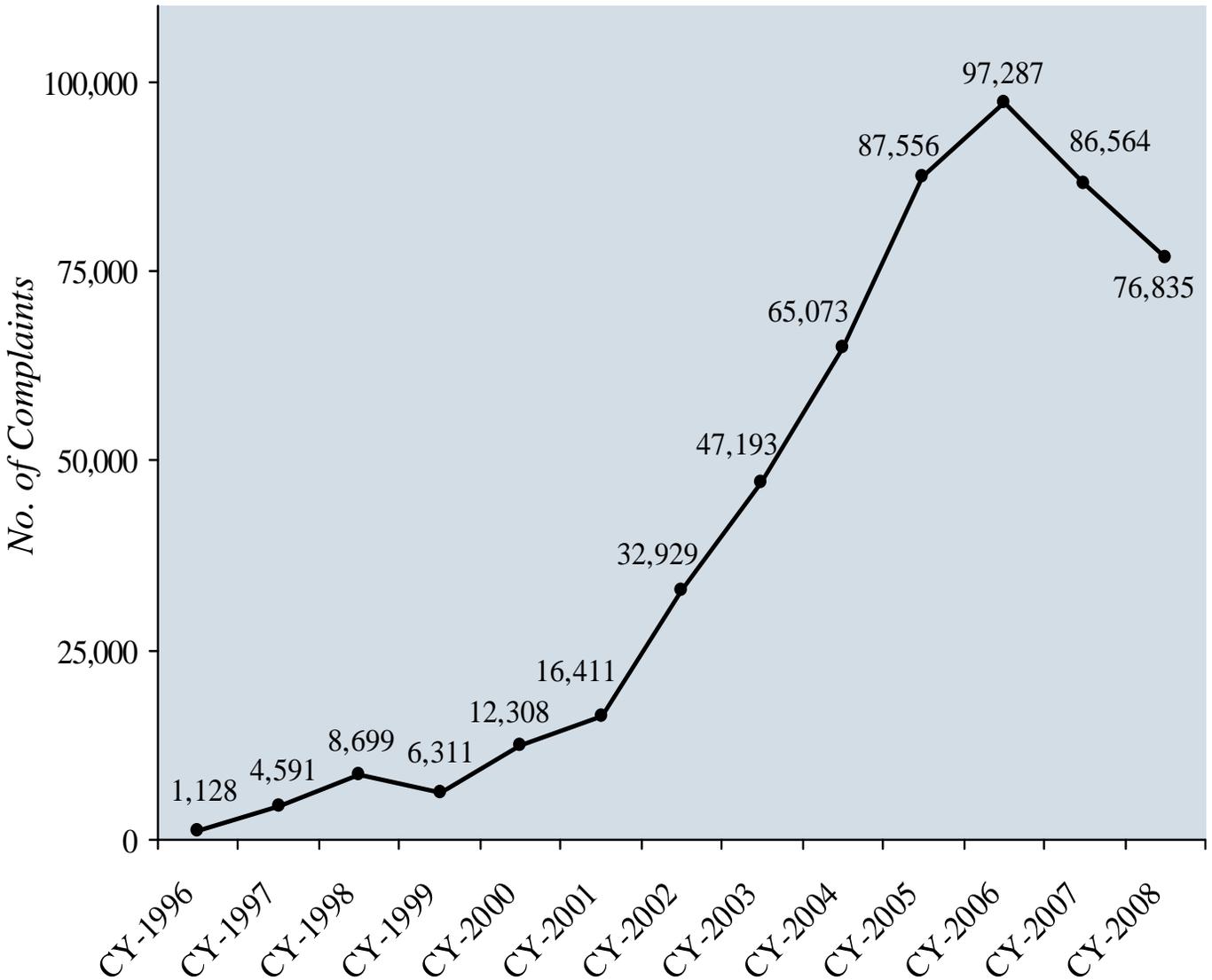
- The Commission received over 76,000 cross-border fraud complaints during calendar year 2008. Cross-border fraud complaints comprised 12% of all fraud complaints received during calendar year 2008, 23% and 15% for CY-2006 and CY-2007, respectively.
- Prizes\Sweepstakes\Gifts was the leading product/service category in U.S. consumers' cross-border complaints (18%), followed by Foreign Money Offers (9%), Shop-at-Home\Catalog Sales (7%), Lotteries\Lottery Ticket Buying Clubs (5%), and Recovery\Refund Companies (2%).
- Of all cross-border fraud complaints (76,835) in calendar year 2008, 50% (38,684) were from U.S. consumers complaining about other foreign companies and 30% (22,806) 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, and Foreign Money Offers 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 \$46 million against companies located in Canada, and losses of over \$167 million against companies located in other foreign countries in calendar year 2008.
- "Wire Transfer" was the highest reported payment method used in cross-border fraud complaints in calendar year 2008; 63% of the complaints from U.S. consumers who paid companies located in Canada reported "Wire Transfer" as the payment method, and 50% of the complaints from U.S. consumers who paid other foreign companies reported "Wire Transfer" as the payment method. Ten percent (10%) of cross-border complaints from U.S. consumers reported payment method information.
- Mail is the most frequently reported method used by companies located in Canada to initially contact U.S. consumers. From CY-2006 to CY-2008, the percentage of complaints from U.S. consumers contacted by companies located in Canada, where the initial contact was by mail, grew from 59% to 70%, while the percentage of complaints where the initial contact was by phone dropped from 20% to 3%.

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

- Econsumer received over 39,000 complaints between CY-2006 and CY-2008; 13,123 complaints in CY-2006, 15,601 in CY-2007, and 10,308 complaints in CY-2008.
- Shop-at-Home\Catalog Sales was the most commonly reported complaint category in Econsumer complaints during Calendar Years 2006 through 2008, comprising over 46% of all Econsumer complaints during that time period. "Merchandise or Service Never Received" accounts for over 21% of the Econsumer law violations during the same time period.

Cross-Border Complaint Count¹

Calendar Years 1996 through 2008

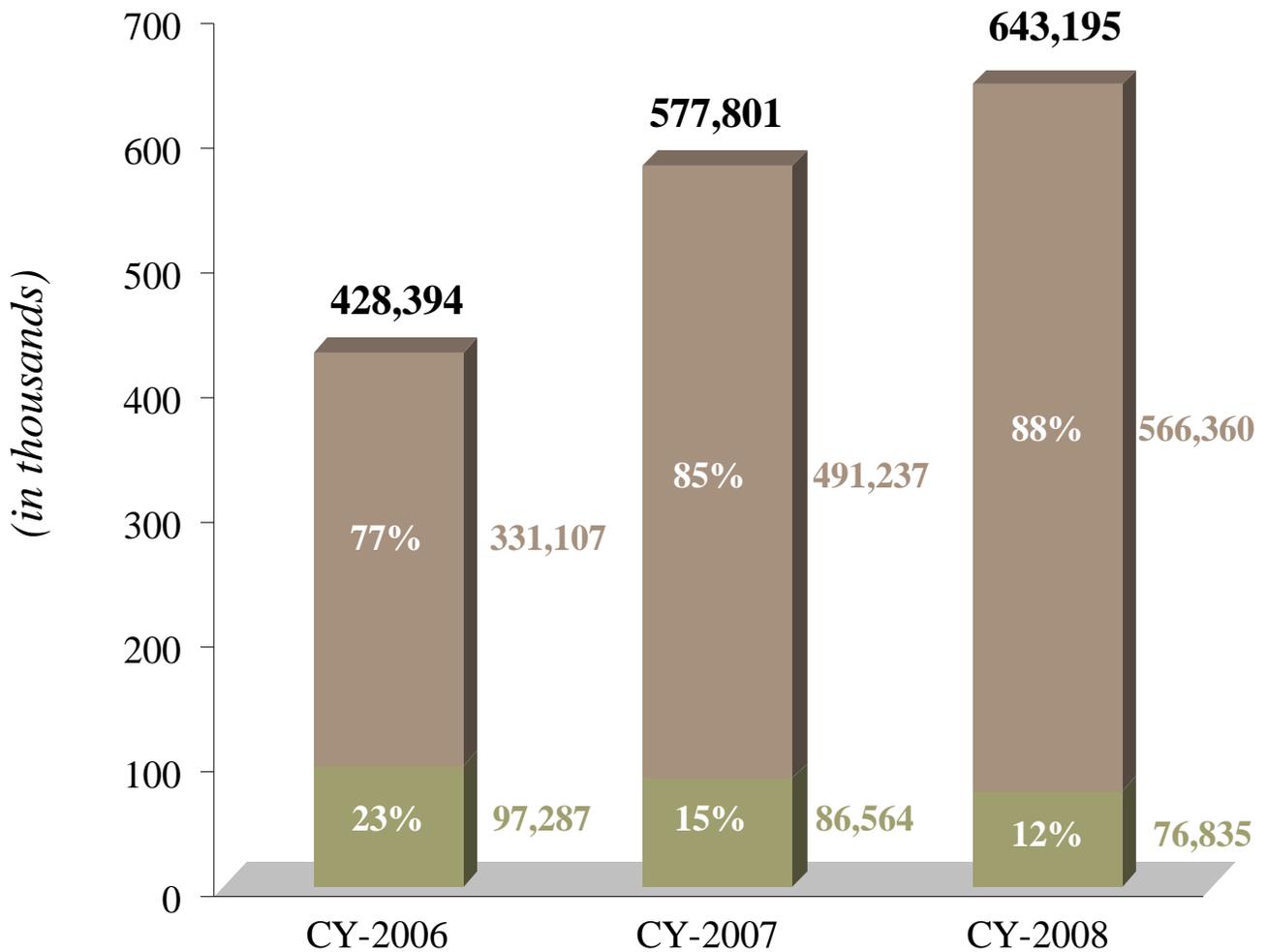


¹For the purposes of this report, a fraud complaint is “cross-border” if: (1) a U.S. consumer complained about a company located in Canada or another foreign country; (2) a Canadian consumer complained about a company located in the U.S. or another foreign country; or (3) a consumer from a foreign country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

Consumer Sentinel Network Fraud Complaints¹

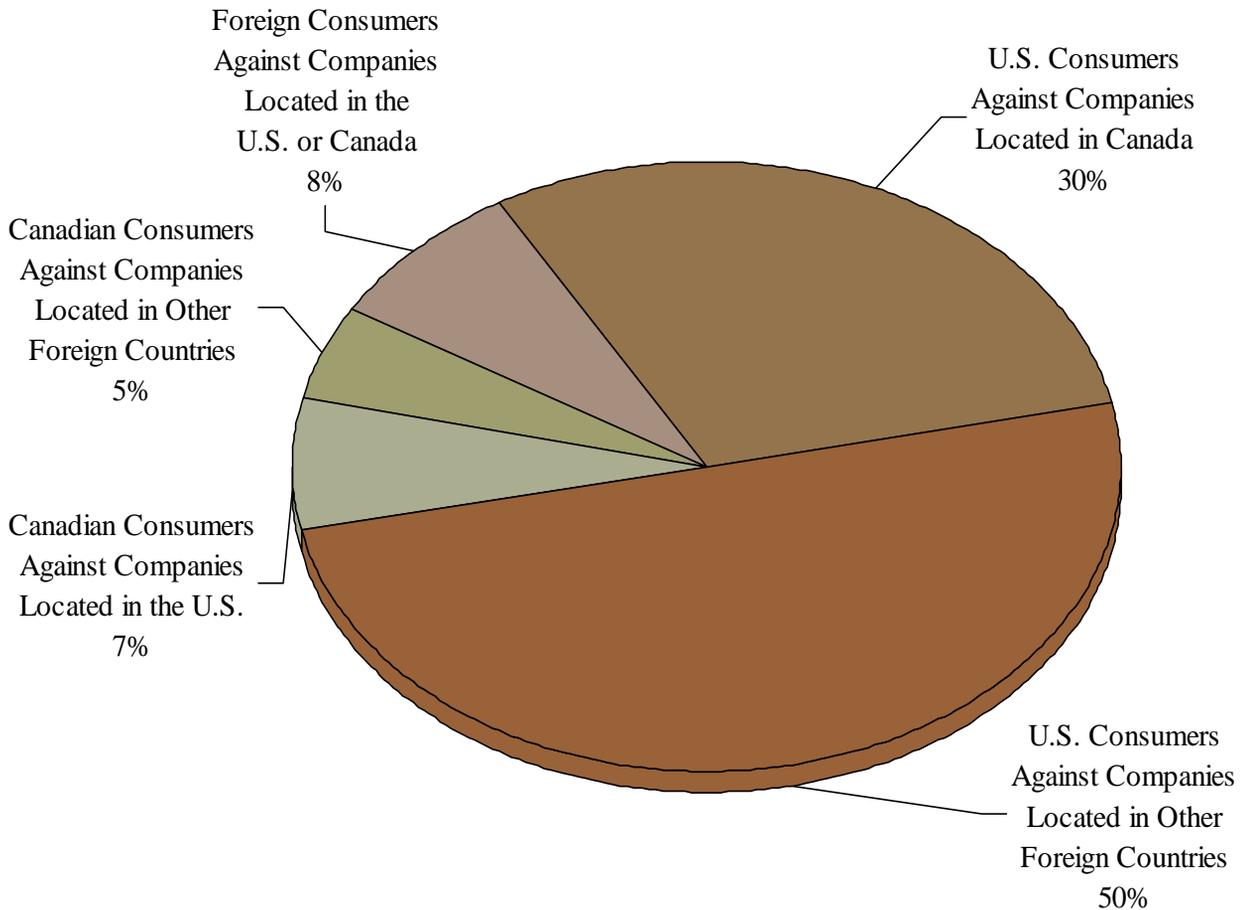
Calendar Years 2006 through 2008

- Non-Cross-Border Fraud Complaints
- Cross-Border Fraud Complaints



¹Percentages are based on the total number of Consumer Sentinel Network fraud complaints by calendar year. These figures exclude identity theft and do not call registry complaints.

Cross-Border Fraud Complaints By Consumer and Company Location¹ *January 1 – December 31, 2008*



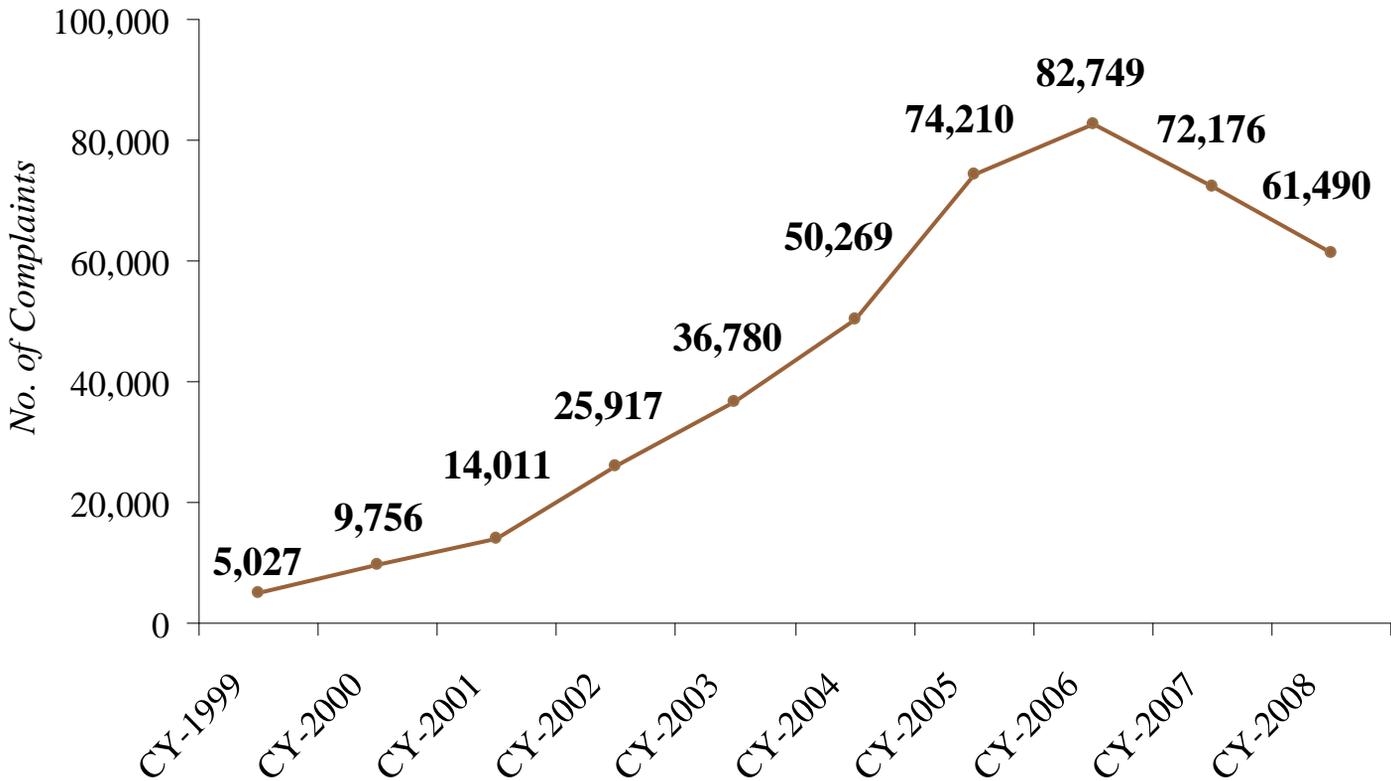
Cross-Border Fraud Complaints By Consumer and Company Location¹ *Calendar Years 2006 through 2008*

CY	U.S. Consumers Against Companies Located in Canada	U.S. Consumers Against Companies Located in Other Foreign Countries	Canadian Consumers Against Companies Located in the U.S.	Canadian Consumers Against Companies Located in Other Foreign Countries	Foreign Consumers Against Companies Located in the U.S. or Canada
2006	26%	59%	5%	4%	6%
2007	21%	62%	6%	5%	6%
2008	30%	50%	7%	5%	8%

¹Percentages are based on the total number of cross-border fraud complaints for each calendar year: CY-2006 = 97,287; CY-2007 = 86,564; and CY-2008 = 76,835.

Complaints from U.S. Consumers Against Companies Located in Foreign Countries¹

Calendar Years 1999 through 2008



¹Number of cross-border fraud complaints from U.S. consumers against companies located in Canada or other foreign countries by calendar year.

Top Products or Services for Cross-Border Fraud Complaints From U.S. Consumers¹

January 1 – December 31, 2008

Rank	Top Products or Services	Complaints	Percentage ¹
1	Prizes\Sweepstakes\Gifts	10,923	18%
2	Foreign Money Offers	5,605	9%
3	Shop-at-Home\Catalog Sales	4,253	7%
4	Lotteries\Lottery Ticket Buying Clubs	2,781	5%
5	Recovery\Refund Companies	1,416	2%

¹Percentages are based on the total number of cross-border fraud complaints (**61,490**) from U.S. consumers against companies located in Canada or other foreign countries received between January 1 and December 31, 2008. Forty-seven percent (28,966) of the cross-border complaints from U.S. consumers against companies located in Canada or other foreign countries did not contain specific product service codes.

Top Products or Services for Complaints from U.S. Consumers Against Companies Located in Canada

January 1 – December 31, 2008

Rank	Product or Service	Complaints	Percentage ²
1	Prizes\Sweepstakes\Gifts	9,749	43%
2	Foreign Money Offers	1,976	9%
3	Lotteries\Lottery Ticket Buying Clubs	1,662	7%
4	Recovery\Refund Companies	1,409	6%
5	Employ Agencies\Job Counsel\Overseas Work	1,192	5%

²Percentages are based on the total number of cross-border fraud complaints (**22,806**) from U.S. consumers against companies located in Canada received between January 1 and December 31, 2008.

Top Products or Services for Complaints from U.S. Consumers Against Companies Located in Other Foreign Countries

January 1 – December 31, 2008

Rank	Product or Service	Complaints	Percentage ³
1	Foreign Money Offers	3,637	9%
2	Shop-at-Home\Catalog Sales	3,184	8%
3	Prizes\Sweepstakes\Gifts	1,187	3%
4	Lotteries\Lottery Ticket Buying Clubs	1,126	3%
5	Internet Auction	1,012	3%

³Percentages are based on the total number of cross-border fraud complaints (**38,684**) from U.S. consumers against companies located in other foreign countries received between January 1 and December 31, 2008.

Fraud Complaints and Amount Paid by U.S. Consumers Against Companies Located in Canada *Calendar Years 2006 through 2008*

CY	Complaint Count		Percentage Reporting Amount Paid	Amount Paid		
	Total	Reporting Amount Paid		Reported	Average ¹	Median ²
2006	25,205	21,151	84%	\$65,014,051	\$3,074	\$2,475
2007	18,554	15,588	84%	\$56,220,929	\$3,607	\$2,500
2008	22,806	16,200	71%	\$46,353,927	\$2,861	\$2,510

¹Average is based on the total number of consumers who reported amount paid for each calendar year: CY-2006 = 21,151; CY-2007 = 15,588; and CY-2008 = 16,200. One consumer reported an amount paid of \$1 million or more during CY-2008; 3 consumers in CY-2006 and 8 consumers in CY-2007.

²Median 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.

Fraud Complaints and Amount Paid by U.S. Consumers Against Companies Located in Other Foreign Countries *Calendar Years 2006 through 2008*

CY	Complaint Count		Percentage Reporting Amount Paid	Amount Paid		
	Total	Reporting Amount Paid		Reported	Average ³	Median ⁴
2006	57,544	51,147	89%	\$153,846,915	\$3,008	\$1,050
2007	53,622	48,304	90%	\$214,958,022	\$4,450	\$750
2008	38,684	35,540	92%	\$167,932,694	\$4,725	\$942

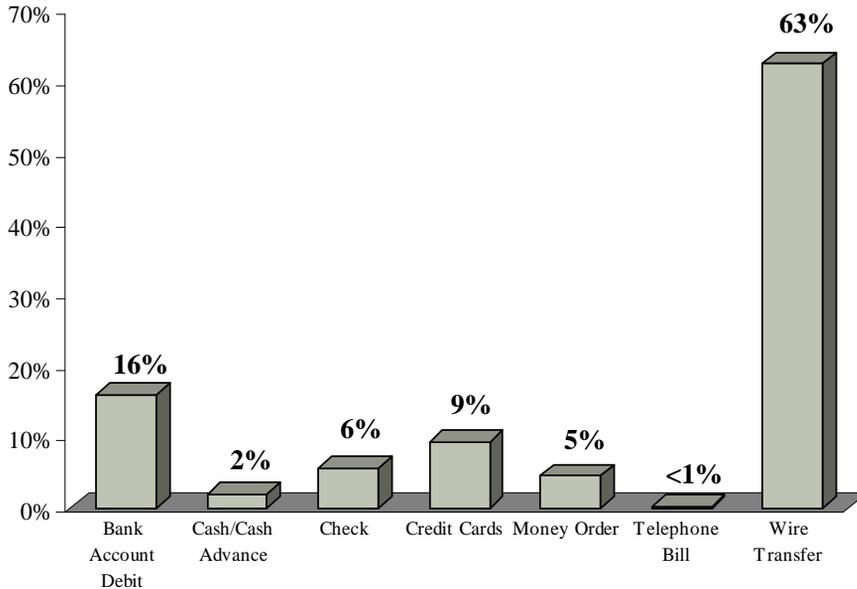
³Average is based on the total number of consumers who reported amount paid for each calendar year: CY-2006 = 51,147; CY-2007 = 48,304; and CY-2008 = 35,540. Twenty-two consumers reported an amount paid of \$1 million or more during CY-2008; 19 consumers in CY-2006 and 35 consumers in CY-2007.

⁴Median 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.

Methods of Payment Reported by Consumers

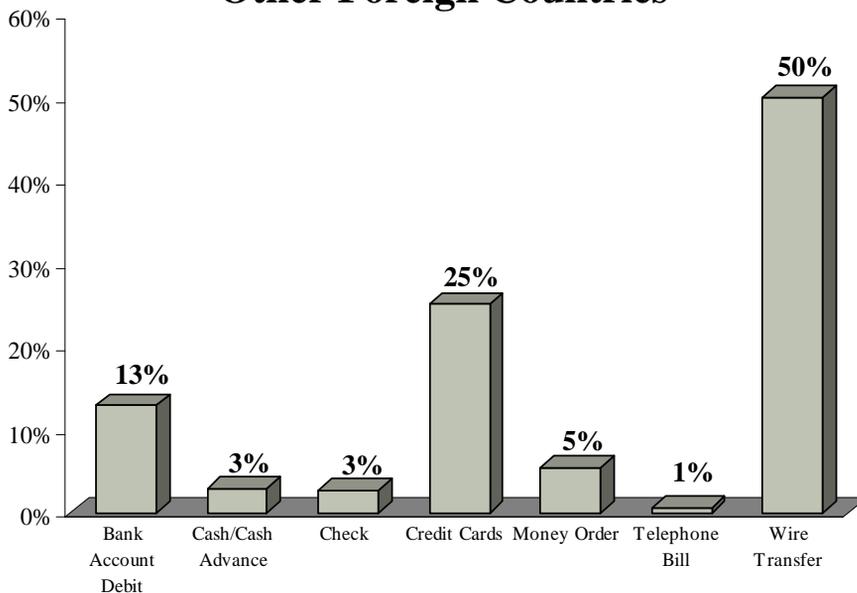
January 1 - December 31, 2008

U.S. Consumers Who Paid Companies Located in Canada¹



¹Percentages are based on the total number of consumers who reported the method of payment (2,218). **10%** of consumers reported this information.

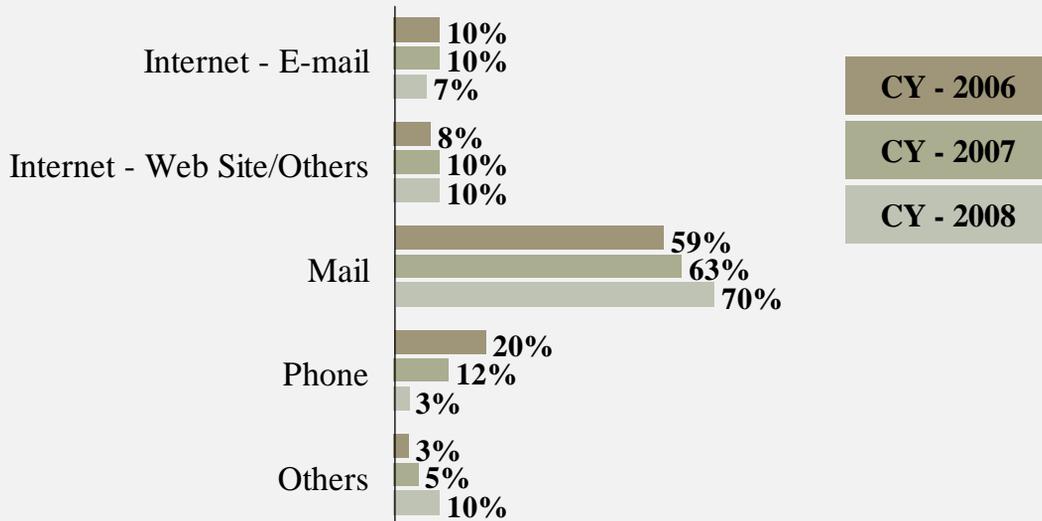
U.S. Consumers Who Paid Companies Located in Other Foreign Countries²



²Percentages are based on the total number of consumers who reported the method of payment (4,131). **11%** of consumers reported this information.

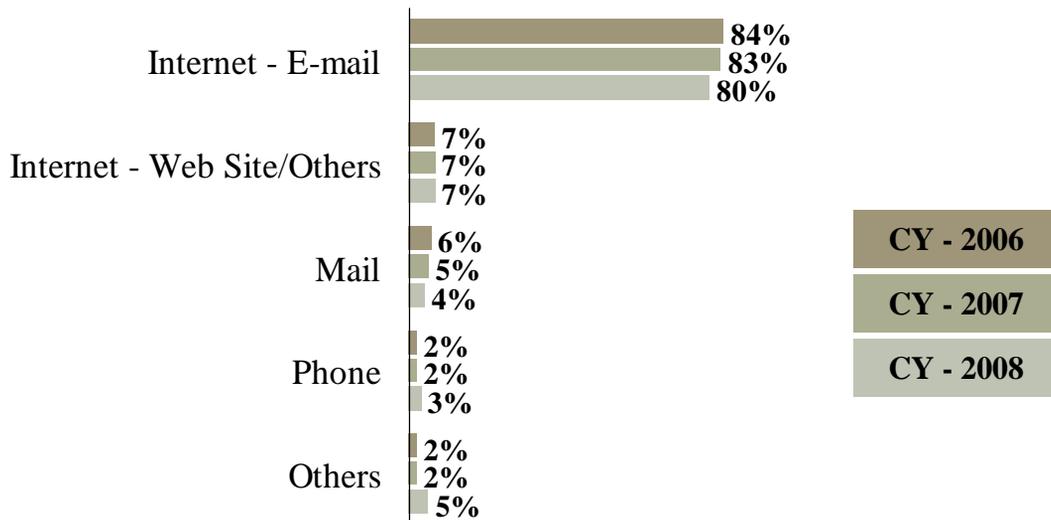
Methods of Initial Contact by Calendar Year

U.S. Consumers Contacted By Companies Located in Canada¹



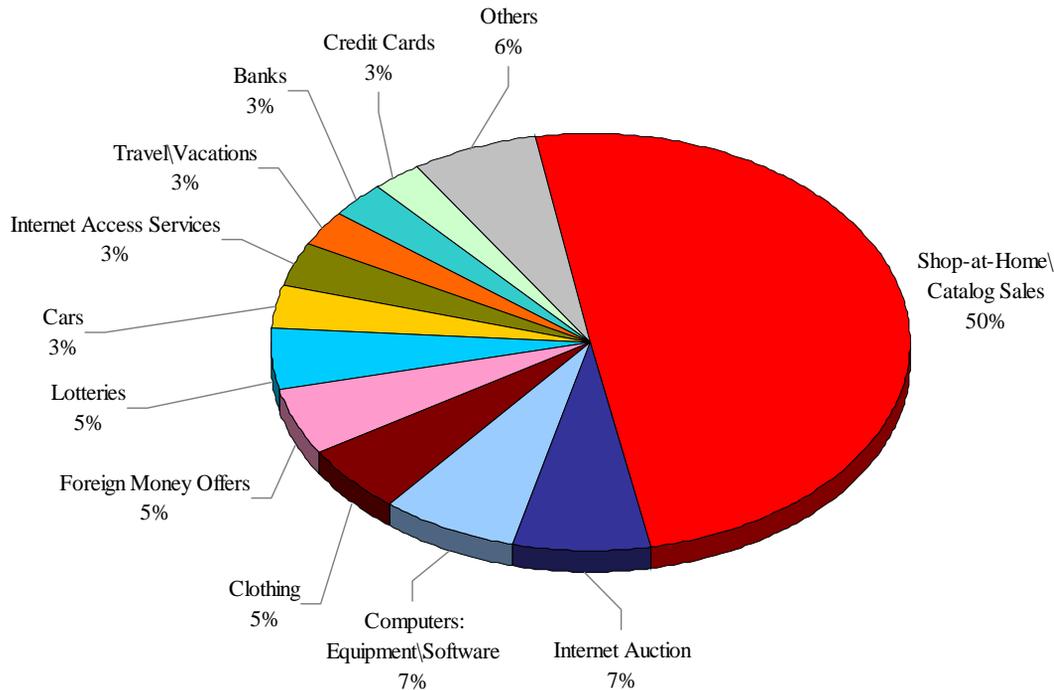
¹Percentages are based on the total number of consumers who reported the company's method of initial contact: CY-2006 = 21,603 with 86% reporting this information; CY-2007 = 15,807 with 85% reporting this information; and CY-2008 = 18,710 with 82% reporting this information. Unknown contacts counts for the majority of the "Others" initial contacts reported in calendar years 2007 and 2008.

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



²Percentages are based on the total number of consumers who reported the company's method of initial contact: CY-2006 = 43,510 with 76% reporting this information; CY-2007 = 41,915 with 78% reporting this information; and CY-2008 = 29,795 with 77% reporting this information.

Top Products or Services for Econsumer Complaints¹ January 1 – December 31, 2008



¹Percentages are based on the **10,308** econsumer complaints received from January 1 to December 31, 2008.

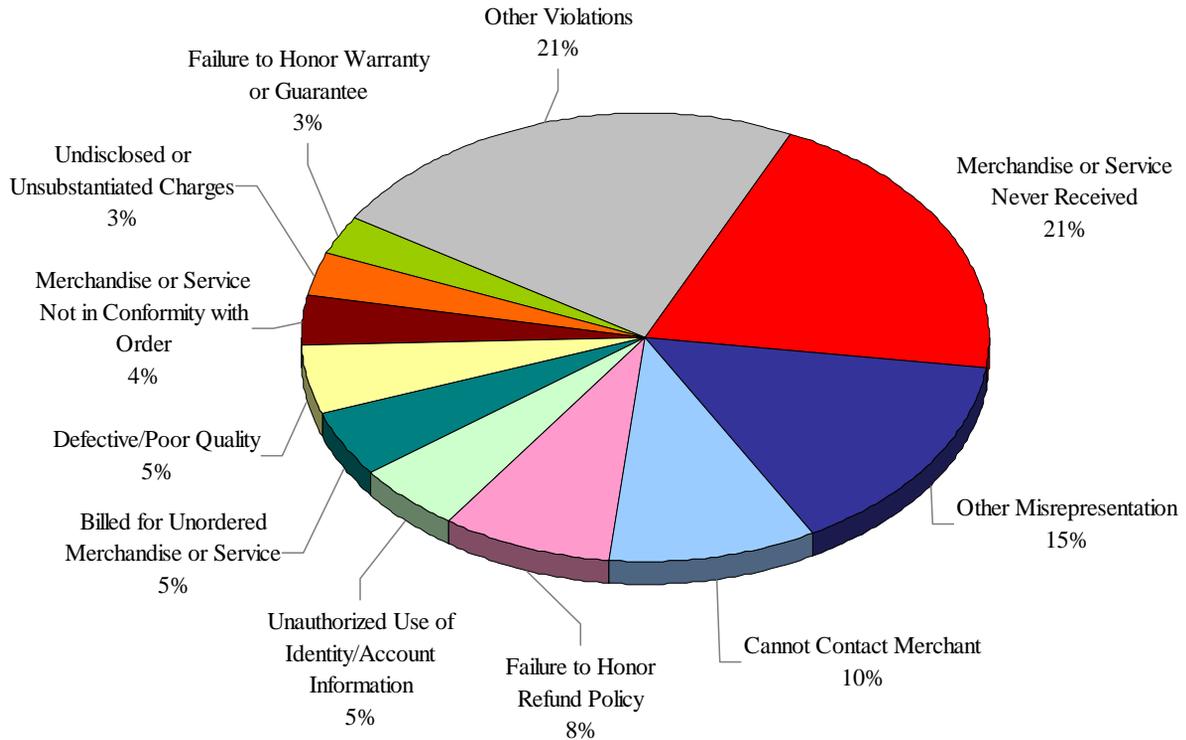
Top Products or Services for Econsumer Complaints Calendar Years 2006 through 2008

Top Product or Service	CY-2006		CY-2007		CY-2008	
	Complaints	Percentages ²	Complaints	Percentages ²	Complaints	Percentages ²
Shop-at-Home\Catalog Sales	5,827	44.4%	7,143	45.8%	5,134	49.8%
Internet Auction	1,441	11.0%	1,179	7.6%	715	6.9%
Computers: Equipment\Software	859	6.5%	1,008	6.5%	705	6.8%
Clothing	358	2.7%	511	3.3%	548	5.3%
Foreign Money Offers	659	5.0%	833	5.3%	528	5.1%
Lotteries\Lottery Ticket Buying Clubs	1,117	8.5%	1,290	8.3%	495	4.8%
Cars	492	3.7%	442	2.8%	351	3.4%
Internet Access Services	367	2.8%	377	2.4%	324	3.1%
Travel\Vacations	289	2.2%	397	2.5%	308	3.0%
Banks	349	2.7%	417	2.7%	281	2.7%
Credit Cards	426	3.2%	381	2.4%	260	2.5%

²Percentages are based on the total number of econsumer complaints reported in each time period: CY-2006 = 13,123; CY-2007 = 15,601; and CY-2008 = 10,308.

Top Law Violations for Econsumer Complaints¹

January 1 – December 31, 2008



¹Percentages are based on the **14,124** econsumer law violations reported from January 1 to December 31, 2008. One complaint may have multiple law violations.

Top Law Violations for Econsumer Complaints

Calendar Years 2006 through 2008

Law Violation	CY-2006		CY-2007		CY-2008	
	Complaints ²	Percentages ³	Complaints ²	Percentages ³	Complaints ²	Percentages ³
Merchandise or Service Never Received	3,832	21.5%	4,180	20.1%	2,905	20.6%
Other Misrepresentation	3,017	17.0%	3,486	16.8%	2,092	14.8%
Cannot Contact Merchant	1,792	10.1%	1,973	9.5%	1,394	9.9%
Failure to Honor Refund Policy	1,055	5.9%	1,405	6.8%	1,145	8.1%
Unauthorized Use of Identity/Account Information	1,081	6.1%	1,149	5.5%	699	4.9%
Billed for Unordered Merchandise or Service	732	4.1%	874	4.2%	689	4.9%
Defective/Poor Quality	489	2.7%	783	3.8%	679	4.8%
Merchandise or Service Not in Conformity with Order	419	2.4%	623	3.0%	529	3.7%
Undisclosed or Unsubstantiated Charges	661	3.7%	643	3.1%	431	3.1%
Failure to Honor Warranty or Guarantee	364	2.0%	503	2.4%	385	2.7%

²Number of complaints reporting each econsumer law violation in each time period. The total number of law violations are more than the number of complaints reported in each time period because one complaint may have multiple law violations. The total number of econsumer complaints reported in each time period are: CY-2006 = 13,123; CY-2007 = 15,601; and CY-2008 = 10,308.

³Percentages are based on the total number of econsumer law violations reported in each time period: CY-2006 = 17,789; CY-2007 = 20,780; and CY-2008 = 14,124. One complaint may have multiple law violations.

Appendix A1: The Consumer Sentinel Network

Consumer Sentinel is the unique investigative cyber tool that provides law enforcement members of the Consumer Sentinel Network secure access to millions of consumer complaints. Consumer Sentinel is free to any federal, state or local law enforcement agency. In addition, Consumer Sentinel information is also available to select international law enforcement authorities. Consumer Sentinel is based on the premise that sharing information can make law enforcement even more effective. To that end, the Consumer Sentinel Network provides law enforcement members with access to consumer complaints provided directly to the FTC, as well as providing members with access to complaints shared by other data contributors.

www.FTC.gov/Sentinel



The Identity Theft Data Clearinghouse was launched in November 1999 and is the sole national repository of consumer complaints about identity theft. The Clearinghouse provides specific investigative material for law enforcement and broader reports that provide insight to both private and public sector partners on ways to reduce the incidence of identity theft. Information in the Clearinghouse is available to law enforcement members via the Consumer Sentinel Network. This access enables law enforcers to readily spot identity theft problems in their own backyards, and to coordinate with other law enforcement officers where the data reveals common schemes or perpetrators.

www.FTC.gov/idtheft



Econsumer.gov was created in April 2001 to gather and share cross-border e-commerce complaints in order to respond to the challenges of multinational Internet fraud, and enhance consumer confidence in e-commerce. The multilingual public Web site provides general information about consumer protection in all countries that belong to the International Consumer Protection and Enforcement Network, contact information for consumer protection authorities in those countries, and an online complaint form. All information is available in English, French, German, Korean, Polish, and Spanish. Using the existing Consumer Sentinel Network, the incoming complaints are shared through the government Web site with participating consumer protection law enforcers from 23 nations.

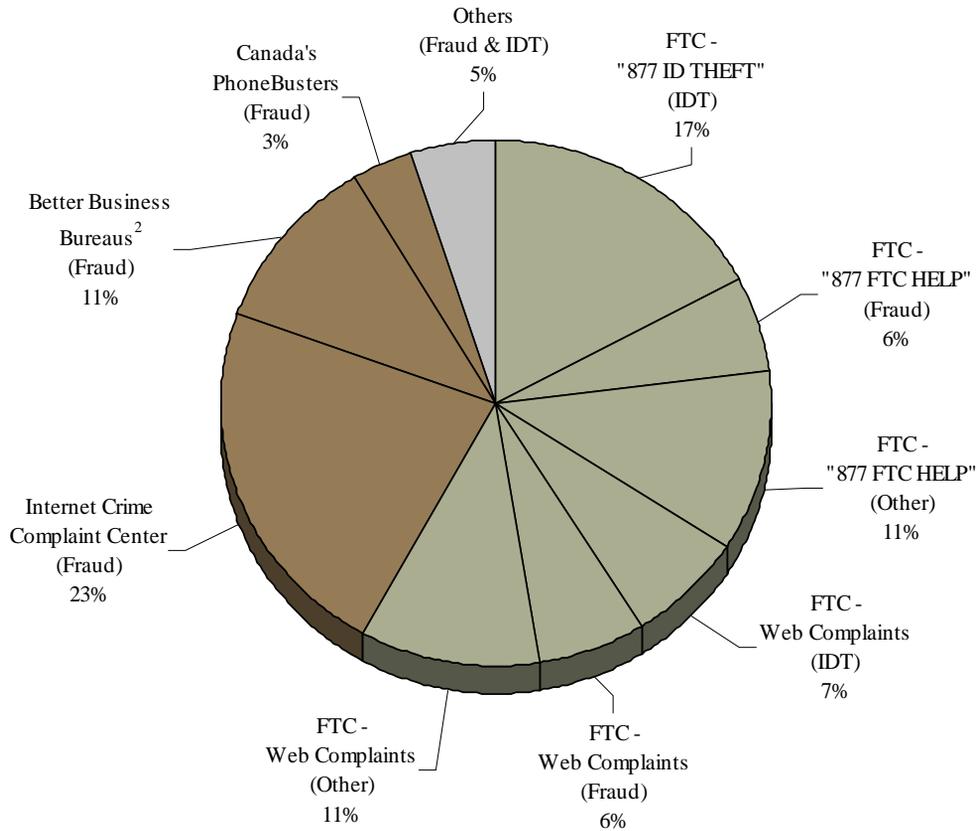
www.econsumer.gov



Consumer Sentinel/Military, which was established in September 2002, is a project of the Federal Trade Commission and the Department of Defense to identify and target consumer protection issues that affect members of the United States Armed Forces and their families. Consumer Sentinel/Military also provides a gateway to consumer education materials covering a wide range of consumer protection issues, such as auto leasing, identity theft, and work-at-home scams. Members of the United States Armed Forces can enter complaints directly into Consumer Sentinel. This information is used by law enforcement agencies, members of the Judge Advocate General staff, and others in the Department of Defense to help protect armed services members and their families from consumer protection-related problems.

www.FTC.gov/sentinel/military

Appendix A2: Consumer Sentinel Network Major Data Contributors¹ January 1 – December 31, 2008



¹Percentages are based on the total number of Consumer Sentinel Network complaints for the 2008 calendar year (1,223,370). The type of complaints provided by the organization is indicated in parentheses.

²For a list of Better Business Bureaus contributing to the Consumer Sentinel Network, see Appendix A4.

Data Contributors	CY - 2006		CY - 2007		CY - 2008	
	Complaints	Percentages ³	Complaints	Percentages ³	Complaints	Percentages ³
FTC - "877 ID THEFT"	179,685	20%	186,814	18%	209,351	17%
FTC - "877 FTC HELP" (Fraud)	57,045	6%	49,498	5%	72,414	6%
FTC - "877 FTC HELP" (Other)	114,288	13%	102,671	10%	136,660	11%
FTC - Web Complaints IDT	59,140	7%	56,655	5%	83,536	7%
FTC - Web Complaints Fraud	75,060	8%	77,862	7%	78,423	6%
FTC - Web Complaints Other	101,789	11%	111,093	11%	128,568	11%
Internet Crime Complaint Center	201,953	23%	208,393	20%	276,452	23%
Better Business Bureaus ²	20,197	2%	169,332	16%	132,265	11%
Canada's PhoneBusters	33,720	4%	28,477	3%	43,667	3%
Others	47,189	5%	59,434	6%	62,034	5%
U.S. Postal Inspection Service	27,610	3%	24,308	2%	29,390	2%
Identity Theft Assistance Center	6,716	1%	15,378	1%	20,616	2%
National Fraud Information Center	10,403	1%	17,829	2%	11,055	1%
Other Data Contributors ⁴	2,460	<1%	1,919	<1%	973	<1%
Total Number of Complaints	890,066		1,050,229		1,223,370	

³Percentages are based on the total number of CSN complaints: CY-2006 = 890,066; CY-2007 = 1,050,229; and CY-2008 = 1,223,370.

⁴For a list of other organizations contributing to the Consumer Sentinel Network, see Appendix A3.

Appendix A3: Consumer Sentinel Network Other Data Contributors

January 1 – December 31, 2008

Federal Agencies

Federal Bureau of Investigation
US Attorney's Office Western District of Pennsylvania

Attorneys General Offices

Arkansas Attorney General
Colorado Attorney General
Maine Attorney General
North Dakota Attorney General

Other State Agencies

Minnesota Department of Commerce
North Dakota Department of Financial Institutions
Washington Securities Division
Wisconsin Department of Financial Institutions

Local Police/Sheriff Departments

California, Inglewood Police Department
Iowa, Clinton Police Department
Maine, Lincoln County Sheriff's Office
Michigan, Genesee County Sheriff's Department
Michigan, South Haven Police Department
New Jersey, Bergenfield Police Department
New York, Town of New Hartford Police Department
New York, Office of the Sheriff of Niagara County
North Carolina, Sheriff's Office of Cabarrus County
North Carolina, Chowan County Sheriff's Office
Pennsylvania, Palmerton Police Department
South Dakota, Miner County Sheriff's Office
Washington, Whatcom County Sheriff's Office
Wisconsin, Adams County Sheriff's Department

Others

U.S. Army, Fort Dix Police
Xerox Corporation

Appendix A4: Consumer Sentinel Network Better Business Bureau Data Contributors

January 1 – December 31, 2008

Better Business Bureaus

Alabama, Birmingham	Nebraska, Omaha
Alabama, Huntsville	Nevada, Reno
Alberta, Edmonton (Canada)	New Hampshire, Concord
Arizona, Phoenix	North Carolina, Charlotte
Arizona, Tucson	North Carolina, Greensboro
Arkansas, Little Rock	North Carolina, Raleigh
British Columbia, Vancouver (Canada)	Ohio, Canton
California, San Joaquin Valley (Fresno)	Ohio, Cincinnati
California, Silicon Valley (San Jose)	Ohio, Cleveland
Colorado, Colorado Springs	Ohio, Columbus
Colorado, Denver	Ohio, Dayton
Colorado, Fort Collins	Ohio, Lima
Delaware, Wilmington	Ohio, Toledo
Florida, Clearwater	Oklahoma, Oklahoma City
Florida, Pensacola	Oklahoma, Tulsa
Georgia, Atlanta, Athens and Northeast Georgia	Ontario, Kitchener (Canada)
Georgia, Macon	Pennsylvania, Pittsburgh
Georgia, Savannah	Pennsylvania, Scranton
Hawaii, Honolulu	South Carolina, Columbia
Illinois, Chicago	South Carolina, Greenville
Illinois, Peoria	Tennessee, Chattanooga
Indiana, Evansville	Tennessee, Knoxville
Indiana, Fort Wayne	Tennessee, Nashville
Indiana, Indianapolis	Texas, Abilene
Iowa, Des Moines	Texas, Amarillo
Kansas, Kansas City	Texas, Austin
Kansas, Topeka	Texas, Brazos Valley
Louisiana, Acadiana (Lafayette)	Texas, Corpus Christi
Louisiana, Baton Rouge	Texas, Dallas
Louisiana, Lake Charles	Texas, El Paso
Louisiana, New Orleans	Texas, Houston
Louisiana, Shreveport	Texas, South Plains
Maryland, Baltimore	Texas, Tyler
Massachusetts, Natick (Eastern Massachusetts, Maine, Rhode Island and Vermont)	Texas, Wichita Falls
Massachusetts, West Springfield	Utah, Salt Lake City
Michigan, Grand Rapids	Virginia, Roanoke
Minnesota, Saint Paul	Washington, Seattle
Missouri, Saint Louis	Washington, Spokane
Missouri, Springfield	Wisconsin, Milwaukee