

MASS-MARKET CONSUMER FRAUD IN THE UNITED STATES: A 2017 UPDATE

*STAFF REPORT OF THE BUREAU OF ECONOMICS
FEDERAL TRADE COMMISSION*

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OCTOBER 2019

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This is a staff report of the Bureau of Economics 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.

Acknowledgements

Jan Pappalardo, Devesh Raval, and Andrew Stivers of the Bureau of Economics and Kati Daffan, Lois Greisman and Patti Poss of the Bureau of Consumer Protection provided useful assistance in developing the revised survey instrument and in reviewing drafts of the report. Assistance in developing the survey was also provided by Manas Chattopadhyay, Camille Lloyd, and Dawn Royal of Gallup who also administered the survey. Able research assistance was provided by Jason Chen. Errors and omissions are the responsibility of the author.

Contents

Executive Summary: Findings from the 2017 Survey	i
The Prevalence of Fraud: Overall and Most-Prevalent Types of Fraud	ii
Consumer Losses from an Incident of Mass-Market Consumer Fraud	iv
How Were the Surveyed Frauds Promoted?	iv
How Were Fraudulent Products Purchased?	v
Characteristics of Victims of Mass-Market Consumer Frauds	v
Responding to Certain Types of Solicitations	viii
1. Introduction	1
2. Survey Design	3
2.1 Survey Structure	4
2.2 Specific Types of Fraud Covered by the Survey	6
2.3 More-General Types of Fraud Included in the Survey	20
2.4 Advantages and Disadvantages of the Approach Used	20
2.5 Survey Administration	22
3. How Many Consumers Were Victims of Surveyed Categories of Fraud?	23
3.1 Overall Rates of Victimization and Number of Incidents	23
3.2 Changes in the Prevalence of Included Frauds	24
3.3 The Most-Prevalent Specific Surveyed Frauds	31
3.4 More-General Surveyed Frauds	39
3.5 Incidents of Fraud by Product	42
4. Characteristics of Transactions Involving Surveyed Frauds	47
4.1 Where Were Fraudulent Goods and Services Purchased?	47
4.2 How Were Fraudulent Goods and Services Promoted to Victims?	51
4.3 How Much Did Consumers Lose When They Fell Victim to a Fraudulent Offering? ..	56
4.4 How Victims Made Payments for Fraudulent Offerings	58
5. Characteristics Associated with Higher Victimization Rates	65
5.1 Methodological Approach	65
5.2 Age	76
5.3 Education	79
5.4 Gender	82
5.5 Military Service	82
5.6 Language: Comfortable Conducting Business in English	88
5.7 Telephone Number Listed on the Do-Not-Call Registry	91

5.8 Share of Calls Received on a Cell Phone.....	91
5.9 General Willingness to Take Risks.....	95
5.10 Risky Purchasing Practices.....	99
5.11 Comfort with Current Level of Debt.....	100
5.12 Serious Negative Life Event.....	106
5.13 Expected Future Income.....	109
5.14 Race and Ethnicity.....	112
5.15 Perceived Social Standing.....	114
5.16 Current Income.....	115
5.17 Population Density.....	115
5.18 Median Community Age.....	121
6. Consumer Responsiveness to Solicitations Delivered On Certain Media.....	123
6.1 A Purchase in Response to a Telemarketing Call.....	123
6.2 SPAM Email.....	127
6.3 Unsolicited Mail Advertisement.....	127
6.4 Television or Radio Advertisement or Infomercial.....	127
6.5 Charitable Donations and Telemarketing Solicitations.....	131
7. Conclusion.....	133

Tables

Table 1. Types of Fraud Included in the 2017 FTC Survey of Mass-Market Consumer Fraud....	7
Table 2. Estimated Number of Adults Who Were Victims of Mass-Market Consumer Frauds, 2017.....	25
Table 3. Estimated Number of Incidents of Mass-Market Consumer Fraud, 2017.....	28
Table 4. Most-Common Items That Were Reported to Have Been Paid for That Were Never Received.....	41
Table 5. Most-Common "Other" Items for Which An Unauthorized Bill Was Received.....	43
Table 6. Estimated Number of Incidents of Fraud by Product or Service, 2017.....	44
Table 7. How Fraudulent Goods and Services Were Purchased, 2017.....	48
Table 8. How Victims First Learned About Fraudulent Offers, 2017.....	52
Table 9. Consumer Loss per Incident of Mass-Market Consumer Fraud, 2017.....	57
Table 10. How Victims Made Payment in Fraudulent Transactions, 2017.....	59
Table 11. Fraud Victimization Rates, 2017, by Consumer Characteristics (Univariate Analysis).....	66
Table 12. Fraud Victimization Rates, 2017, by Consumer Characteristics (Multivariate Analysis).....	72
Table 13. Fraud Victimization Rate, 2017, by Age.....	77
Table 14. Fraud Victimization Rates, 2017, by Education.....	80
Table 15. Fraud Victimization Rates, 2017, by Gender.....	83
Table 16. Fraud Victimization Rates, 2017, by Current or Former Military Service.....	86
Table 17. Fraud Victimization Rates, 2017, by Whether Comfortable Doing Business in English.....	89
Table 18. Fraud Victimization Rates, 2017, by Whether Phone Number is on Do-Not-Call Registry.....	92
Table 19. Fraud Victimization Rates, 2017, by Share of Calls Received on a Cell Phone.....	96
Table 20. Fraud Victimization Rates, 2017, by General Willingness to Take Risks.....	97
Table 21. Fraud Victimization Rates, 2017, by Risky Purchase Practices.....	101
Table 22. Fraud Victimization Rates, 2017, by Comfort with Current Debt.....	104
Table 23. Fraud Victimization Rates, 2017, by Negative Life Event in Last Two Years.....	107
Table 24. Fraud Victimization Rates, 2017, by Expected Future Income.....	110
Table 25. Fraud Victimization Rates, 2017, by Race and Ethnicity.....	113
Table 26. Fraud Victimization Rates, 2017, by Perceived Social Rank.....	116
Table 27. Fraud Victimization Rates, 2017, by Current Income.....	117

Table 28. Fraud Victimization Rates, 2017, by Population Density	119
Table 29. Percentage of Consumers Who Made a Purchase from a Seller With Whom They Had Not Previously Done Business and Without Visiting a Store or the Seller's Place of Business in Response to a Solicitation via Various Media, 2017	124
Table 30. Percentage of Consumers Who Made a Purchase from a Seller With Whom They Had Not Previously Done Business and Without Visiting a Store or the Seller's Place of Business in Response to a Solicitation via Various Media, 2017, by Age	125
Table 31. Percentage of Consumers Who Made a Purchase from a Seller With Whom They Had Not Previously Done Business and Without Visiting a Store or the Seller's Place of Business in Response to a Solicitation via Various Media, 2017, by Race and Ethnicity.....	128
Table 32. Percentage of Consumers Who Made a Purchase from a Seller With Whom They Had Not Previously Done Business and Without Visiting a Store or the Seller's Place of Business in Response to a Solicitation via Various Media, 2017, by Gender	129
Table 33. Percentage of Consumers Who Made a Purchase from a Seller With Whom They Had Not Previously Done Business and Without Visiting a Store or the Seller's Place of Business in Response to a Solicitation via Various Media, 2005, 2011, 2017	130

Figures

Figure 1. Specific Surveyed Frauds, by Number of Victims, 2017	32
Figure 2. Specific Surveyed Frauds, by Number of Incidents, 2017	33
Figure 3. How Fraudulent Goods and Services Were Purchased, 2017	49
Figure 4. How Fraudulent Goods and Services Were Purchased, 2005, 2011, 2017, Selected Purchase Channels	50
Figure 5. How Fraudulent Offers Were Promoted to Victims, 2017.....	53
Figure 6. How Fraudulent Offers Were Promoted, 2005, 2011, 2017, Selected Channels of Promotion.....	55
Figure 7. How Victims Made Payment in Fraudulent Transactions, 2017.....	60
Figure 8. How Victims Made Payment in Fraudulent Transactions, 2005, 2011, 2017, Selected Payment Methods.....	62
Figure 9. Fraud Victimization Rates, 2017, by Age	78
Figure 10. Fraud Victimization Rates, 2017, by Education.....	81
Figure 11. Fraud Victimization Rates, 2017, by Gender	84
Figure 12. Fraud Victimization Rates, 2017, by Current or Former Military Service	87
Figure 13. Fraud Victimization Rates, 2017, by Comfortable Doing Business in English	90
Figure 14. Fraud Victimization Rates, 2017, by Registered on Do-Not-Call Registry	93
Figure 15. Fraud Victimization Rates, 2017, by Cell Phone Usage	94
Figure 16. Fraud Victimization Rates, 2017, by General Willingness to Take Risks	98
Figure 17. Fraud Victimization, 2017, by Risky Purchase Practices.....	102
Figure 18. Fraud Victimization Rates, 2017, by Comfort with Current Debt	105
Figure 19. Fraud Victimization Rates, 2017, by Negative Life Event	108
Figure 20. Fraud Victimization Rates, 2017, by Expected Future Income.....	111
Figure 21. Purchases or Donations in Response to Solicitations via Various Media, 2017	126

Executive Summary: Findings from the 2017 Survey

- Findings of the most-recent Federal Trade Commission-sponsored Survey of Mass-Market Consumer Fraud are presented in this report.¹ This survey was conducted in mid-2017 and provides insights into the prevalence of several types of consumer fraud in 2017.² It also provides information about the mechanisms through which such transactions occur. Finally, to improve understanding of why some people seem more susceptible to fraudulent offers, the survey explores the relationship between certain consumer characteristics, including demographics, and the likelihood of having been a victim of the surveyed frauds.
- As in the earlier FTC fraud surveys, consumers were asked questions designed to learn whether they had been victims of several types of fraudulent transactions (See Table 1), rather than being asked more generally whether the consumer had been a victim of a consumer fraud.
- The types of fraud included in the survey are frequently promoted and sold over wide areas rather than locally. In selecting the frauds to include in the survey, an attempt was made to be as consistent as possible with the previous surveys while also including those frauds that have generated the most fraud complaints in the FTC's Consumer Sentinel complaint system or been the subject of concerted FTC enforcement activity in recent years. Frauds involving investments are not included.
 - In addition to the areas included in the 2011 FTC survey, four new areas – Fraudulent Computer Repair, Falsely Told that You Owed Money to the

¹ The FTC has previously commissioned three surveys about mass-market consumer fraud. The first survey was conducted between May 20 and June 3, 2003. The findings from that survey are reported in Keith B. Anderson, *Consumer Fraud in the United States: An FTC Survey*, published in August 2004. Interviews for the second survey were conducted between November 16 and December 20, 2005, and the results are found in Keith B. Anderson, *Consumer Fraud in the United States: The Second FTC Survey*, which was published in October 2007. The third survey was conducted between November 28, 2011, and February 5, 2012. The results are reported in Keith B. Anderson, *Consumer Fraud in the United States, 2011: The Third FTC Survey*, March 2013. (These reports can be found at <https://www.ftc.gov/sites/default/files/documents/reports/consumer-fraud-united-states-ftc-survey/040805confraudrpt.pdf>, <https://www.ftc.gov/sites/default/files/documents/reports/consumer-fraud-united-states-second-federal-trade-commission-survey-staff-report-federal-trade/fraud.pdf>, and https://www.ftc.gov/sites/default/files/documents/reports/consumer-fraud-united-states-2011-third-ftc-survey/130419fraudsurvey_0.pdf.)

² Most of the interviews for the 2017 survey were conducted during June and July of 2017. The survey asked participants about their experiences during the one-year period before the interview. Thus, most responses should cover the period from mid-2016 to mid-2017. In this report, this period will be referred to as 2017.

Government, Unauthorized Billing for an Item for a Cell Phone, and Fraudulent Mystery Shopper Jobs – were added to the 2017 survey.³

The Prevalence of Fraud: Overall and Most-Prevalent Types of Fraud

- During 2017, 15.9 percent of survey participants – representing 40.0 million U.S. adult consumers – reported that they had been a victim of one or more of the frauds included in the 2017 FTC Survey of Mass-Market Consumer Fraud (Table 2). There were an estimated total of 61.8 million incidents of these frauds during 2017 (Table 3).⁴
- The 2017 survey included questions about consumer experiences in 19 specific areas where the Federal Trade Commission staff has historically seen concerns about fraud, as well as questions about two more-general types of fraud.
- Of the 19 specific types of fraud covered by the 2017 survey, those most frequently reported by survey participants were Fraudulent Weight-Loss Products, Fraudulent Computer Repair, Falsely Told That You Owed Money to the Government, Unauthorized Billing for Buyers' Club Memberships, and Unauthorized Billing for an Item for a Cell Phone.

Fraudulent Weight-Loss Products

- More consumers reported being victims of Fraudulent Weight-Loss Products than of any of the other specific types of fraud covered by the 2017 survey. 2.6 percent of survey participants – representing a total of 6.5 million U.S. adults – reported that they had purchased and used such fraudulent weight-loss products during 2017 (Table 2 and Figure 1). There were an estimated 10.0 million incidents of weight-loss fraud during the year (Table 3 and Figure 2).
- For purposes of this report, victims of Fraudulent Weight-Loss Products are defined as consumers who (1) purchased and used products such as nonprescription drugs, dietary supplements, skin patches, creams, wraps, or earrings that were promoted as making it easy for consumers to lose a substantial amount of weight or allowing them to lose weight without diet or exercise; and (2) lost less than half of the weight they had expected to lose.

Fraudulent Computer Repair

- The second-most-prevalent type of fraud among those covered by the survey was Fraudulent Computer Repair. 2.0 percent of survey participants – representing 5.0 million U.S. adults – reported that they had been victims of Fraudulent Computer Repair during 2017 (Table 2 and Figure 1). There were an estimated 5.5 million incidents of this type of fraud during 2017 (Table 3 and Figure 2).

³ The 2017 survey consisted of interviews with 3,717 U.S. adults at least 18 years of age. Interviews were conducted via telephone – both cell and landline – and in both English and Spanish.

⁴ The number of incidents of fraud is greater than the number of victims, because some consumers were victims of more than one of the frauds covered by the survey and because some consumers were victims of a particular type of fraud more than once during 2017.

- For purposes of this study, Fraudulent Computer Repair occurs if consumers are told that viruses or security vulnerabilities have been detected on their computers and the computer needs to be fixed immediately. This message may appear on the consumer’s computer screen – perhaps as a pop-up message – or it may be made by someone when the consumer contacts the seller in response to such a message. It may also be made when the consumer receives a telephone call about computer repairs from someone with whom the consumer has not previously done business. The seller may also seek to obtain remote access to the consumer’s computer supposedly to see what problems the computer may have.⁵

Falsely Told That You Owed Money to the Government

- Being Falsely Told That You Owed Money to the Government was the third-most-prevalent specific fraud in the survey. 1.4 percent of survey participants – representing an estimated 3.4 million U.S. adults – reported having been victims of this type of fraud during 2017. There were an estimated 4.5 million incidents of this type of fraud during 2017.
- Victims of this type of fraud paid money after being told that they owed money to the government or a government agency, or that a court case had been filed against them and they needed to make a payment in connection with that case. Frequently callers represent themselves as being with the Internal Revenue Service and claim the consumer owes back taxes. Callers may also claim to be calling from a court and that the consumer needs to make a payment to avoid being arrested.

Unauthorized Billing for Buyers’ Club Memberships and Cell Phone Products and Services

- Tied for fourth-most-prevalent specific fraud reported were two types of unauthorized billing fraud, situations in which consumers were billed and paid for services they had not agreed to purchase.
- The first of these involved consumers being billed for memberships in buyers’ clubs without the consumer having agreed to purchase such a membership. A buyers’ club is designed to permit consumers to purchase products at a lower price than is generally available.
- The second involved consumers being billed for an item for their cell phone when they had not agreed to purchase the item.
- 1.0 percent of survey participants – representing 2.5 million U.S. consumers – reported having been victims of unauthorized billing for each of these types of products or services during 2017.

⁵ This type of fraud is often referred to as a “tech support scam.” See, e.g., <https://www.consumer.ftc.gov/articles/how-spot-avoid-and-report-tech-support-scams>

More-General Types of Fraud

- In addition to the 19 specific types of fraud, survey participants were asked about two more-general situations that may have resulted in them having been a victim. First, had consumers paid for a product that they never received? Second, had consumers received an unauthorized bill for a product other than those about which the survey specifically inquired – buyers’ club memberships, something for their cell phone, or Internet services?
- 7.6 percent of survey participants – representing 19.2 million U.S. adults – reported that they had been victims of one or both of the more-general frauds about which the survey asked during 2017 (Table 2). There were an estimated 23.5 million incidents of these more-general types of fraud during 2017 (Table 3).
 - 4.0 percent of survey participants – representing 10.0 million consumers – reported that they had paid for an item that they never received and that the seller had been unwilling to provide a refund or make another adjustment that satisfied the consumer.
 - 3.9 percent of survey participants – representing 9.7 million consumers – reported that they had been billed for a product or service, other than the three types of products and services that the survey specifically inquired about, without having agreed to purchase the item.
- The most commonly identified types of products and services for which consumers had paid but never received were clothing, shoes, or accessories (28.6 percent of all instances in which consumers paid for something that they had not received) and health care products or services (10.5 percent of the total) (Table 4).
- The most commonly identified types of products or services for which consumers reported having received a bill without having agreed to purchase the item were health care products or services (43.4 percent of all instances where this problem arose) and cosmetics or beauty items (9.5 percent of the total) (Table 5).

Consumer Losses from an Incident of Mass-Market Consumer Fraud

- The median consumer loss from an incident of the consumer frauds covered by the survey – the amount the consumer paid – was \$100 (Table 9).
- In 25 percent of incidents, consumers paid at least \$250.
- The types of fraud with the highest median losses were Fraudulent Business Opportunities – with a median amount paid of \$650 – and Fraudulent Credit Repair – with a median payment of \$325.

How Were the Surveyed Frauds Promoted?

- The Internet was the most common way victims first learned about offers that turned out to be fraudulent. In total, over half of victims reported that they first learned about the product or service on the Internet – including Internet webpages, social media, and emails.

- The Internet, not including social media or email, was the source of information in almost 40 percent of instances (Table 8). The Internet has increased from being the source of information in almost 16 percent of incidents in 2005 to 23 percent in 2011, and to just under 40 percent of incidents in 2017 (Figure 6).
- Social media were the second-most-frequent source of information about offers that turned out to be fraudulent – about 12 percent of offers that turned out to be fraudulent. In 2011, social media accounted for 4 percent of incidents.
- Telemarketing was the initial source of information in 9 percent of incidents that turned out to involve fraud. Telemarketing was the initial source of information for a similar share of frauds in the two previous surveys.
- Television and radio advertising and print advertising were the initial source of information in 9 percent and 5 percent of instances, respectively. These media were the source of information for a much lower share of fraudulent offers in 2017 than in either 2011 or 2005.
- Emails were the initial source of information about fraudulent offers in less than 3 percent of cases in 2017. This was less than half the share of incidents involving email as the initial source of information as in the 2005 and 2011 surveys.

How Were Fraudulent Products Purchased?

- Orders were placed using the Internet in more than 60 percent of fraudulent incidents in 2017 (Table 7). This was an increase of 40 percentage points since the 2005 survey when roughly 20 percent of frauds were ordered via the Internet (Figure 4).
- Orders were placed by telephone in another 25 percent of incidents. This figure was slightly lower than the earlier surveys where the telephone was used to place orders in about 30 percent of incidents.
- The percentage of orders placed by mail decreased from just over 20 percent in 2005 to 3 percent in 2017, while the proportion of orders that were placed at the seller's place of business fell from around 16 percent to 6 percent.
- Credit and debit cards were the method of payment in 75 percent of all fraudulent transactions (Table 10). Credit cards were used in just over 40 percent of transactions, while debit cards were used in almost 35 percent.
- The use of money orders or wire transfers to pay for fraudulent transactions declined from 13 percent of transactions in 2011 to 3 percent in 2017 (Figure 8).

Characteristics of Victims of Mass-Market Consumer Frauds

- In addition to examining the prevalence of certain mass-market consumer frauds and the mechanisms through which such fraudulent transactions occurred, the survey also asked participants about various personal characteristics that may be related to the likelihood of having been a victim. The report analyzes the associations between these characteristics

and the prevalence of reporting having been a victim of the frauds covered by the survey.⁶

Age and Fraud

- Those between 35 and 54 had the highest rates of reported victimization from mass-market consumer fraud during 2017.
- 22.0 percent of those between 35 and 44 reported that they had been victims of one or more of the frauds covered by the survey during 2017. For those between 45 and 54, the figure was 20.0 percent (Table 11a).
- 14.3 percent of those between the ages of 55 and 64 reported having been victims – a rate that is a third lower than that among those between 35 and 44. 11.7 percent of those between 65 and 74 were estimated to have been victims – just over half of the 35 to 44 rate – and for those 75 and over, the rate was 7.9 percent.
- Consumers under the age of 35 were also somewhat less likely to have reported having been victims than those between 35 and 54 – 14.5 percent of those between 18 and 24 reported being victimized as did 14.9 percent of those between 25 and 34.
- With the exception of Fraudulent Computer Repair, those who were at least 65 years of age were less likely than were younger consumers to report having been victims of the most prevalent types of fraud. Fraudulent Computer Repair was most prevalent among those between 65 and 74 – 4.2 percent of those in this age group reported being victims of this type of fraud (Table 13, Figure 9). This type of fraud was also more prevalent among those between 54 and 65 years of age than among those younger than 55.

Education

- Consumers with a college education – a bachelor’s degree or more – were somewhat less likely to report having been victims of one or more of the frauds covered in the survey than those with less education.
- 13.5 percent of those with at least a bachelor’s degree reported having been victims, while the rate was 16.1 percent for those who had only graduated from high school and 18.9 percent for those who had attended some college, but did not receive a bachelor’s degree, or had attended technical school (Table 11b).

Gender

- Women had a higher rate of reported victimization from mass-market consumer fraud than did men.

⁶ Two different methodologies were used in examining the association between the various characteristics and the likelihood of having been a victim of various frauds. The first relies on simple cross-tabulations of the characteristic being considered and whether a person reported being a victim. As such, any effects of other characteristics on the reported relationship are not considered. The second approach includes all of the characteristics in a joint multivariate analysis. As such, the results show how a change in a single characteristic is associated with the likelihood of having been a victim of fraud after controlling for everything else. Unless otherwise noted, the results reported in this summary are taken from the cross-tabulation results.

- 19.0 percent of women reported having been victims, compared to 13.1 percent of men (Table 11c).

Language: Comfortable Doing Business in English

- Those who were uncomfortable doing business in English were less likely to report having been victims.
- 5.4 percent of those who indicated that they were not comfortable doing business in English reported having been victims of one or more of the frauds included in the survey during 2017 (Table 11e). This compares to 16 percent of those who indicated that they only used English or were at least comfortable doing business in English who reported being victims.
- In 97 percent of incidents where a victim of fraud reported they were comfortable doing business in English even though they also used another language in doing business, the person indicated that the solicitation they had received had been in English.

Risk-Taking

- The association between risk-taking and the likelihood of having been victimized by a fraudulent offering was examined using two measures of consumers' willingness to take risks. The more-general measure was based on survey participants' self-reported willingness to take risks, while the other considered whether consumers had engaged in Risky Purchasing Practices. Using either measure, those who were more willing to take risks were found to be at greater risk of being victimized.
- Looking at the more-general measure, among those who expressed a High willingness to take risks, 22.0 percent reported having been a victim, compared to 13.5 percent of those with a Low willingness (Table 11h).
- The second measure – “Risky Purchasing Practices” – looked at consumers' willingness to take risks in terms of the settings in which they were willing to make purchases. Some types of purchases may be riskier than others because consumers have more limited information about the seller and the product. (To serve as a proxy for the willingness to take risks in this context, a consumer was considered to have engaged in Risky Purchasing Practices if the consumer reported having purchased a product or service as a result of a telemarketing call, after seeing a television advertisement or infomercial, or after receiving an unsolicited commercial (“SPAM”) email where the purchase was from a company with whom the consumer had not previously done business and the consumer did not make the purchase at a store or the seller's place of business.)
- One-quarter of those who engaged in Risky Purchasing Practices reported that they had been victims of one or more of the included frauds during 2017 (Table 11i). This is twice the rate of those who had not made any such purchases (25.7 percent v. 12.9 percent).

Experienced a Serious Negative Life Event

- Those who reported that they had experienced a serious negative life event – such as a divorce, the death of a family member or close friend, a serious injury or illness in their

family, or the loss of a job – in the past two years were more likely to report having been a victim.

- 20.4 percent of those who had experienced a serious negative life event in the previous two years reported having been victims during 2017 (Table 11j). Only 13.1 percent of those who had not experienced such an event had been victims.

Too Much Debt

- Those who reported that they had more debt than they could handle financially were more likely to report having been victims than those who felt that they could, at least, handle the amount of debt they had.
- 30.5 percent of those who felt that they had more personal debt than they could handle financially reported that they had been victims of one of the mass-market consumer frauds covered by the survey during 2017 (Table 11k). In comparison, only 12 to 15 percent of those who felt more comfortable about their debt or did not have any debt had been victims.

Expected Future Income

- Those who said that they expected their income to be much higher three years in the future than it was at the time of the interview were more likely to report having been victims of mass-market consumer fraud than those who did not expect a large increase in their income.
- 25.2 percent of consumers who said that they expected their income to be much higher three years in the future reported that they had been victims during 2017 (Table 11i). Among those who said they expected smaller increases in their income, expected their incomes to remain about the same, or expected their incomes to fall, estimated victimization rates ranged from 15.4 percent to 11.5 percent.

Responding to Certain Types of Solicitations

- Finally, the report examines the share of consumers who reported having made purchases as a result of certain types of promotions, such as a telemarketing call or a SPAM email.
- 1.1 percent of survey participants reported that, in response to a telemarketing call, they had made a purchase during 2017 from a seller with whom they had not previously done business (Table 29).
 - Hispanics and African Americans were the most likely to report having made a purchase in response to a telemarketing call (Table 31).
 - The percentage of consumers who reported having made a purchase in response to a telemarketing call has not changed significantly over the past decade (Table 33).
- 4.7 percent of participants reported that, after receiving an unsolicited commercial email (“SPAM”) during 2017, they had made a purchase from a seller with whom they had not previously done business, and had done so without visiting a store or the seller’s place of business.

- Hispanics and Non-Hispanic Whites the most likely to report having made a purchase in response to a SPAM email.
- The percentage of consumers who reported having made a purchase in response to a SPAM email more than doubled between 2005 and 2017.
- 4.6 percent of survey participants reported that they had made a purchase from a seller with whom they had not previously done business and had done so without visiting a store or the seller's place of business after receiving an unsolicited advertisement in the mail.
- 19.1 percent of participants reported that, after seeing or hearing a radio or television advertisement or infomercial during 2017, they had made a purchase from a seller with whom they had not previously done business and had done so without visiting a store or the seller's place of business.
 - Those between 35 and 54 were the most likely to have made a purchase after hearing a radio or television advertisement or infomercial (Table 30).
- 2.8 percent of participants reported that they had contributed to a charity to which they had not previously contributed after received a telemarketing call.
 - Women were more likely than men to report having made such a contribution (Table 32).
 - The percentage of consumers who reported having made such contributions declined from 5.5 percent in 2005 to 2.8 in 2017.

1. Introduction

Findings of the most-recent Survey of Mass-Market Consumer Fraud commissioned by the Federal Trade Commission are presented in this report.⁷ The survey was conducted in June and July of 2017 and provides insights into the prevalence of certain types of mass-market consumer fraud in the year prior to when the interviews were conducted – which is referred to as 2017 in this report. It also provides information about the mechanisms through which such transactions occur. How did sellers of fraudulent products or services first contact their victims? How did victims order the fraudulent items? How did consumers pay for them?

In addition, to improve understanding of why certain people are more likely to be victimized by fraudulent offers, the survey also explores the relationship between various consumer characteristics, including demographics, and the likelihood of having been a victim of the surveyed frauds.

The approach used in the survey and the types of frauds included in the survey are summarized in the next chapter. The basic results of the survey are presented in Chapter 3. What percentage of consumers were victims? Which types of fraud were experienced the most often? In Chapter 4, the mechanisms involved in the transactions that involved fraudulent products or services are explored. How the likelihood of being a victim of fraud varied with consumer characteristics is considered in Chapter 5.⁸ The share of consumers who made purchases after being solicited by various media is considered in Chapter 6.

⁷ The first FTC Survey of Mass-Market Consumer Fraud was conducted between May 20 and June 3, 2003. The findings from that survey are reported in Keith B. Anderson, *Consumer Fraud in the United States: An FTC Survey*, published in August 2004. Interviews for the second survey were conducted between November 16 and December 20, 2005, and the results are found in Keith B. Anderson, *Consumer Fraud in the United States: The Second FTC Survey*, which was published in October 2007. The third survey was conducted between November 28, 2011, and February 5, 2012. The results are reported in Keith B. Anderson, *Consumer Fraud in the United States, 2011: The Third FTC Survey*, March 2013. (These reports can be found at <https://www.ftc.gov/sites/default/files/documents/reports/consumer-fraud-united-states-ftc-survey/040805confraudrpt.pdf>, <https://www.ftc.gov/sites/default/files/documents/reports/consumer-fraud-united-states-second-federal-trade-commission-survey-staff-report-federal-trade/fraud.pdf>, and https://www.ftc.gov/sites/default/files/documents/reports/consumer-fraud-united-states-2011-third-ftc-survey/130419fraudsurvey_0.pdf.)

⁸ For a review of other research that has sought to measure the prevalence of various types of consumer fraud and the characteristics that are related to victimization, see Keith B. Anderson, “Mass-Market Consumer Fraud: Who is Most Susceptible to Becoming a Victim?,” Working Paper No. 332, Bureau of Economics, Federal Trade Commission, September 2016 (available at https://www.ftc.gov/system/files/documents/reports/mass-market-consumer-fraud-who-most-susceptible-becoming-victim/working_paper_332.pdf). See also, Devesh Raval, “Who is Victimized by Fraud?: Evidence from Consumer Protection Cases,” June 2019 (available at www.devesh-raval.com/victim.pdf); Marguerite DeLiema, Martha Deevy, Annamaria Lusardi, and Olivia S. Mitchell, “Exploring the Risks and Consequences of Elder Fraud Victimization: Evidence from the Health and Retirement Study,” Michigan Retirement Research Center, Working Paper WP 2017-364 (available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3124952) and “Financial Fraud Among Older Americans:

Evidence and Implications,” Working Paper 24803, National Bureau of Economic Research, July 2018 (available at <https://www.nber.org/papers/w24803>); and Marguerite DeLiema, Gary Mottola, and Martha Deevy, “Findings from a Pilot Study to Measure Financial Fraud in the United States: A Collaboration Between the Stanford Center on Longevity and the FINRA Investor Education Foundation,” February 2017 (available at <http://longevity.stanford.edu/2017/02/01/findings-from-a-pilot-study-to-measure-financial-fraud-in-the-united-states/>).

2. Survey Design

The objective of the FTC fraud surveys is to estimate the extent of mass-market consumer fraud in the United States. This task is complicated by the absence of an agreed upon definition of “fraud.” Because there is no commonly understood definition, the approach taken in this survey, like that in prior FTC fraud surveys, was to build an estimate of the extent of fraud from the bottom up. Rather than ask consumers if they had been a victim of “fraud,” survey participants were asked if they had particular experiences without using the word “fraud.” As discussed further, respondents are categorized as “fraud” victims depending on their answers and a coding scheme developed to identify likely fraud situations.

The survey focuses on frauds that are frequently widely promoted and marketed – “mass-market frauds.” For example, the types of fraud included in the survey are often promoted by sellers who make cold-call telemarketing calls to consumers or promote their offerings on the Internet or late-night infomercials. The person promoting the product or making the sale may be located in a boiler room across the country – or even around the world – from the victim. The survey does not ask about frauds that are usually of a more-local nature – an auto mechanic who recommends repairs that are really not needed or a salesman who comes to the house and falsely tells the owners that their roof is in need of repair. The survey also does not cover frauds involving investments. In addition, frauds that draw principally on supposed personal, rather than commercial or legal, relationships – things like romance frauds, grandparent scams, or financial exploitation of elderly by a trusted caregiver – are not included.⁹

The 2017 FTC survey included questions designed to learn whether consumers had been the victim of 21 types of fraud.¹⁰ Each of the 17 types of fraud covered in the Commission’s previous fraud survey – the 2011 survey – were included in the 2017 survey, although the questions about Counterfeit Check Fraud were revised. In addition, four new types of fraud were added. The new areas are:

- Whether consumers had paid for fraudulent computer repair;
- Whether consumers had been billed and paid for something for a cell phone that the consumer had not agreed to purchase;
- Whether consumers had paid money for a job as a mystery shopper where they had not earned as much as they had been led to expect; and
- Whether consumers had paid money after being falsely told that they owed money to the government or that the payment was required to avoid legal proceedings.

⁹ For an exploration of financial exploitation fraud involving the elderly and comparison to other frauds involving the elderly, see Marguerite DeLiema, “Elder Fraud and Financial Exploitation: Application of Routine Activity Theory,” *The Gerontologist*, 58 (August 2018), pp. 706-718.

¹⁰ A copy of the survey instrument can be found in Appendix B.

These newly added types of fraud deal with problems that, in the experience of FTC staff, have posed increasing problems for consumers in recent years.

Interviews for the 2017 FTC Survey of Mass-Market Consumer Fraud were conducted between June 8 and July 30, 2017.¹¹ A total of 3,717 interviews were conducted. The survey asked about participants' experiences during the previous one-year period, for most participants from mid-2016 to mid-2017. In this report, this period will be referred to as 2017. The survey was designed to reflect the experiences of adults in the United States. Therefore, interviews were limited to those who were 18 years old or above.

2.1 Survey Structure

For each of the 21 types of fraud covered by the 2017 survey, the questions began with a question about whether the consumer had a particular experience in the past year. For example, in asking about Fraudulent Weight-Loss Products, participants were first asked "In the past year, have you paid anyone for a product such as nonprescription drugs, dietary supplements, skin patches, creams, wraps, or earrings that the seller suggested or implied would help you lose a substantial amount of weight" (Question 40_1). In asking about Fraudulent Work-at-Home Programs, the first question participants were asked is: "In the past year, have you paid anyone who promised to provide you with work that you could do at home?" (Question 28_1).

Following each of these initial questions, participants who answered "Yes" were asked how many times they had made such a purchase in the past year (See, e.g., Questions 40_2 and 28_2). This was followed, in many cases, by questions to aid in clarifying whether the experience satisfied the definition of a being a fraud. For example, in the case of Fraudulent Weight-Loss Products, there were questions asking whether the seller had suggested that using the product would make it easy to lose weight and whether the seller had suggested that weight could be lost without exercise and/or without reducing the amount one eats (Questions 40_4 and 40_5). There was also a question asking how much weight was lost relative to what the participant had expected (Question 40_6). In the case of Fraudulent Work-at-Home Programs, subsequent questions asked about whether the seller had led the participant to believe that she would earn a certain amount of money from the program and, if so, how the money that was actually earned compared to what had been promised (Questions 28_5 and 28_6).

Those who reported an experience that met the definition of fraud were asked how much money they actually paid (See, e.g., Question 41_5 and 29_5). Those who indicated that they, ultimately, had not paid anything are generally not counted as being victims. Exceptions or nuances are noted in the discussion of the relevant fraud. Finally, questions were asked about how the participant learned about the product, how the purchase was made, how much was paid, how the payment was made, and to whom, if anyone, the participant had complained about the experience (See, e.g., Questions 29_1 – 29_11 and 41_1 – 41_11).¹²

¹¹ In addition, 101 pre-test interviews were conducted between April 4 and April 20, 2017. As no significant changes were made following the pre-test, these interviews are included in the analysis reported here.

¹² For some of the types of fraud, these follow-up questions were presented in a different order if that seemed to make more sense in the context of a particular type of fraud. In addition, in some cases, a particular question was eliminated if it did not make sense in the context of the particular type of fraud.

In a further effort to elicit responses that were as clear and well defined as possible, participants who indicated that they had had an experience more than once in the previous year were asked to focus on the most-recent time a relevant event happened in answering the subsequent questions.¹³

In the case of several of the frauds covered by the survey, whether a participant was defined to be a victim of fraud or not depends on how well the product or service performed for them. How much weight did participants lose while using a weight-loss product that they had been told would allow them to lose weight without exercise or diet? How much money did participants who purchased a work-at-home offering earn? For purposes of this study, in general, participants who purchased products where this kind of issue arises are defined to be victims if they earned less than half of what they had been led to expect or lost less than half of the weight they expected to lose. Defining purchasers as victims of a fraud if they did not fully realize their expectations seems somewhat extreme. Furthermore, the assumption that victims are those who achieved less than half of the promised result facilitates comparisons with earlier surveys since that is what was assumed there.¹⁴

Several of the types of fraud included in the survey covered situations in which consumers may have been charged for something that they had never agreed to purchase and wound up paying the bill, perhaps because they failed to notice the charge on their credit card bill. Participants were asked about this experience in three specific areas – something for a cell phone, buyers’ clubs, and Internet-related services. In addition, the survey included questions about whether participants had experienced such unauthorized billing in a more-general, “any other” context.

When dealing with unauthorized billing, sometimes consumers may be billed for a product they did not order because of an honest mistake by a legitimate business. It seems inappropriate to treat such instances as incidents of fraud. To address this problem, at least partially, respondents who indicated that they had experienced a billing-related problem were asked whether they had sought a refund from the seller. When a refund had been sought, participants were then asked whether the seller provided a refund or other adjustment that the purchaser found acceptable.¹⁵ Survey participants who indicated that the seller had provided a

¹³ For example, where consumers indicated that they had purchased multiple weight-loss products in the previous year were asked whether the seller had led them to believe that using this product would make it easy to lose weight, the question was worded “Thinking now about the most recent time you purchased such a weight-loss product, did the seller suggest or imply that using this product would make it easy to lose weight?” (Question 40_4 and preceding Interviewer note).

¹⁴ In the initial fraud survey conducted in 2003, purchasers of business opportunity or pyramid offerings were considered to have been victims if they failed to earn as much as they had been led to expect. Beginning with the 2005 survey, purchasers were only considered to have been victims if they did not earn at least half as much as they had been led to expect.

¹⁵ See, e.g., Questions 20_5 and 20_6. These two questions were asked about any of the unauthorized billing problems.

A similar situation may arise where consumers have paid for a product but it has never been received. Therefore, the questions about refunds are also asked when inquiring about this type of situation (Questions 46_4 and 46_5).

refund or made another satisfactory adjustment were not defined to be victims of a fraud in most instances, because they did not suffer any monetary harm as a result of the billing error.^{16 17}

2.2 Specific Types of Fraud Covered by the Survey

Nineteen of the types of fraud covered in the survey are specific types of fraud, such as purchasing a weight-loss product that did not perform as expected or a work-at-home program that did not generate the level of income promised by the promoter. The other two types of fraud covered by the survey are more general in nature. Table 1 identifies each of the types of fraud

¹⁶ Some consumers who obtained refunds may, in fact, have been defrauded. In some cases, for example, fraudulent operators may provide refunds to consumers who complain – particularly if the consumer complains to a Better Business Bureau or a legal authority. In this way, the fraudulent operator can appear responsive to consumer complaints and therefore avoid attracting the attention of law enforcement, while continuing to profit from consumers who are less aggressive. Moreover, consumers who obtain refunds nonetheless experience some injury because they must spend time and effort to obtain the refund or other adjustment. Unfortunately, the survey data do not allow the researcher to differentiate between sellers who willingly provided a refund or cancelled a bill because an error had been made and one who only provided a refund in order to reduce the likelihood of attracting law enforcement attention. The decision of how to treat these cases is therefore a bit arbitrary, though it seems reasonable. In addition, it is consistent with what was done in previous surveys and therefore enhances cross-survey comparability.

Participants who did not ask for a refund are somewhat harder to categorize. Some who failed to seek a refund probably did fall victim to fraud and would not have obtained a refund if they had asked for one. Others were likely dealing with legitimate firms and would have received one – and thus should not be considered victims of fraud. To address this issue, it has been assumed that, had they asked, the same fraction of consumers who did not ask for a refund in connection with a particular type of product or service would have received a refund as is observed for those who did ask.

The decision to treat consumers who received refunds, and those who probably would have received a refund if they had asked, as not having been defrauded may undercount the number of victims of fraud. It may also initially seem to be at odds with some of the cases brought by the Commission. However, the analysis used in a study such as this cannot be applied to the FTC's fraud cases or vice versa. For example, the FTC has sued a number of companies that operated high-volume, low-dollar fraudulent credit card billing schemes that charge consumers' credit card accounts without their authorization. *See, e.g., FTC v. J.K. Publications, Inc.*, 99 F. Supp. 2d 1176, 1201 (C.D. Cal. 2000). In such cases, the FTC frequently argues that most or even all of the transactions are fraudulent. After a trial, the court in *J.K. Publications* found that more than 90 percent of the transactions were demonstrably fraudulent. Even so, only about 15 percent of the more than \$40 million billed to consumers was credited or refunded to victims before the FTC brought its case. Applying the standard used in this study to the facts in that case would have yielded a result whereby consumers who received refunds – and even some who did not – would have been excluded from the pool of victims, when in reality virtually all of the transactions associated with the defendants were fraudulent. Applying the analysis from such cases to this study, however, would lead to an equally erroneous result. In the context of a randomized telephone study, we have very limited information about the nature of the businesses with whom the consumers were interacting.

¹⁷ It could be argued that consumers were victimized if they were billed for something that they had not agreed to purchase, whether or not they ultimately paid that bill. Consumers who received such a bill – and, presumably, the product or service for which they were being billed – had to spend time contacting the seller and getting the bill and the continuing shipments cancelled. However, we have not collected data on what consumers who did not pay the bill did. And, the cost borne by the consumer who was able to obtain a refund seems much smaller than the cost borne by the consumer who actually paid the disputed bill.

Table 1. Types of Fraud Included in the 2017 FTC Survey of Mass-Market Consumer Fraud

Fraud	Description	Included in Previous Surveys?
Specific Types of Fraud Included in the Survey		
Fraudulent Weight-Loss Products	Purchased a weight-loss product that was promoted as making it easy to lose weight or to lose weight without diet or exercise. Only lost a little of the weight anticipated or lost no weight.	2005, 2011
Fraudulent Computer Repair	Paid for computer repairs after someone with whom you had not previously done business contacted you and told you either that your computer had viruses or security vulnerabilities and/or that the seller needed to remotely access your computer.	No
Falsely Told That You Owed Money to the Government	Paid money to someone after receiving a telephone call claiming that they owed money to the government or a government agency or that a court case had been filed against them and they needed to make a payment in connection with that case.	No
Unauthorized Billing for Buyers' Club Memberships	Billed for a buyers' club membership had not agreed to purchase.	2005, 2011
Unauthorized Billing for an Item for a Cell Phone	Billed for an item for a cell phone had not agreed to purchase.	No
Fraudulent Prize Promotions	Paid money, made a purchase, or attended a sales presentation to receive a promised prize or lottery winnings. Did not receive the prize or winnings or the prize was not as promised.	2005, 2011 – Questions changed in 2011
Unauthorized Billing for Internet Services	Billed for Internet services had not agreed to purchase.	2005, 2011
Fraudulent Work-at-Home Programs	Purchased a work-at-home program. Did not earn at least half of the promised level of earnings.	2005, 2011
Fraudulent Business Opportunities	Purchased a business opportunity. Did not earn at least half as much as promised or did not receive promised assistance.	2005, 2011
Fraudulent Credit Repair	Paid someone who promised to remove negative, but accurate, information from credit report or promised to provide information on how to establish a new credit record that would not contain negative information in current credit report.	2005, 2011
Fraudulent Grant Offers	Paid someone who promised to obtain a grant either from the government or from someone else. No grant was received.	2011
Debt Relief Fraud	Paid someone who promised to arrange to pay off credit card debts for less than the amount owed or to arrange a lower interest rate on current credit card debt and then failed to provide the promised services.	2005, 2011 – Questions changed in 2011
Fraudulent Pyramid Schemes	Purchased a membership in a pyramid scheme. Did not earn at least half of the amount the promoter promised would be earned.	2005, 2011

(Table continued on next page)

Table 1 (continued)

Fraud	Description	Included in Previous Surveys?
Counterfeit Check Fraud	Received a check and sent some of the money back to the sender or to someone else. Later learned that the check was counterfeit.	2011 – Questions changed in 2017
Fraudulent Credit Card Insurance	Purchased insurance against the misuse of a lost or stolen credit card.	2005, 2011
Fraudulent Advance Fee Loans and Credit Cards	Paid an advance fee to obtain a promised or guaranteed loan or credit card. Promised credit was not received.	2005, 2011
Fraudulent Mystery Shopper Jobs	Paid someone to obtain work as a mystery shopper. Did not earn at least half of the amount the promoter promised you would earn.	No
Fraudulent Promises of Government Jobs	Made a payment to someone who falsely represented that the purchaser would receive a government job.	2005, 2011
Fraudulent Mortgage Relief	Made an advance payment to someone other than a mortgager or mortgage servicer to obtain a mortgage modification. The modification was either not received or the terms offered were significantly worse than what had been promised.	2011
More-General Types of Fraud Included in the Survey		
Paid for Something That Was Never Received	Paid for a product that was not received.	2005, 2011
Unauthorized Billing for a Product or Service Other Than Buyers' Clubs, Cell Phone Products, or Internet Services	Billed for a product or service had not agreed to purchase, products other than those identified above.	2005, 2011

Source: 2017 FTC Survey of Mass-Market Consumer Fraud

included in the 2017 fraud survey, indicates whether it was included in the earlier surveys, and if so, whether significant changes were made to the questions.¹⁸

The 19 specific types of fraud covered by the survey are:

Fraudulent Weight-Loss Products

In this report, victims of Fraudulent Weight-Loss Products are defined as consumers who (1) purchased and used products such as nonprescription drugs, dietary supplements, skin patches, creams, wraps, or earrings that were promoted as making it easy for consumers to lose a substantial amount of weight or allowing them to lose weight without diet or exercise; and (2) lost less than half of the weight they had expected to lose.

Survey questions about Fraudulent Weight-loss Products asked whether, in the past year, participants had:

- Purchased a weight-loss product such as nonprescription drugs, dietary supplements, skin patches, creams, wraps, or earrings that were promoted as making it easy for consumers to lose a substantial amount of weight or allowing them to lose weight without diet or exercise (Questions 40_1, 40_4, and 40_5);
- Used the product (Question 40_6), and;
- Lost less than half of the weight they expected to lose or did not lose any weight (Question 40_6).¹⁹

Fraudulent Computer Repair

Consumers are defined as victims of Fraudulent Computer Repair if they paid someone to repair their computers after being told that viruses or security vulnerabilities had been detected on the computer, and the computer needed to be fixed immediately. Consumers are also defined as victims if they were told that a seller needed to access the consumer's computer remotely. Consumers often become victims of this type of fraud after receiving a message on their computer screen – such as a pop-up message – telling them that problems have been detected. In other instances, consumers receive telephone calls informing them that their computers purportedly have problems and that the caller can fix them. Victims do not include consumers who took their computers to a store to get them fixed or where the consumer had previously dealt with the seller.

Survey questions about Fraudulent Computer Repair asked whether, in the past year, participants had paid money for computer repairs after:

- A seller told them that their computers had viruses or security vulnerabilities that needed to be repaired immediately to keep the computer running or that the seller needed to

¹⁸ Questions about the different types of fraud were presented to different survey participants in different orders in order to minimize the risk of any order bias.

¹⁹ Question 40_6 asked participants who indicated that they had purchased weight-loss products which of the following best described their experience in using the product. “Did you (1) Lose about as much or more weight than you expected to lose, (2) Lose about half of the weight you expected to lose, (3) Only lose a little of the weight you expected to lose, (4) Lose no weight or gain weight, or (5) Not use the product.” Those who gave responses (3) or (4) were considered to have been victims.

remotely examine their computers for viruses or security vulnerabilities (Questions 42_1A and 42_1B), and

- Where the claim was made as part of, or following, the receipt of a message such as a pop-up message on their computer screens or during a telephone call from someone claiming to know that the consumer's computer needed repair, or after consumers conducted an online search for someone to repair their computers (Question 42_4).

Falsely Told That You Owed Money to the Government

Victims of this type of fraud are defined as consumers who paid money to someone after being told that they allegedly owed money to the government or a government agency, or that a court case had been filed against them and they needed to make a payment in connection with that case. Frequently callers represent themselves as being with the Internal Revenue Service and claim the consumer owes back taxes.²⁰ Callers may also claim to be calling from a court and that the consumer needs to make a payment to avoid being arrested.

The survey included a question related to being Falsely Told You Owed Money to the Government which asked whether, in the past year, participants had “paid money after being contacted by someone claiming that you owed money to the government or a government agency such as the Internal Revenue Service of the U.S. Treasury or that a court case or law enforcement action had been filed against you” (Question 44_1).

Unauthorized Billing for Buyers' Club Memberships

Victims of Unauthorized Billing for Buyers' Club Memberships are defined as consumers who were billed and paid for a membership in a buyers' club that they had not agreed to purchase and that did not deliver the savings they had been told could be realized.

Survey questions about Unauthorized Billing for Buyers' Club Memberships asked participants whether, in the past year:

- They had been charged or billed for a buyers' club membership which they had not agreed to purchase or had been billed for an amount that was substantially more than they expected to pay (Questions 18A and 18BC);
- They had not been able to make purchases at the reduced prices they had been promised (Question 22_3); and
- The seller was not willing to provide a refund or make another adjustment that satisfied the consumer (Questions 22_5 and 22_6).

²⁰ Reports about government impersonation scams, particularly the IRS impersonation scam, have been one of the top complaints received by the FTC in recent years. See FTC Data Spotlight, *Growing wave of Social Security imposters overtakes IRS scam* (April 12, 2019) available at <https://www.ftc.gov/news-events/blogs/data-spotlight/2019/04/growing-wave-social-security-imposters-overtakes-irs-scam> (illustrating the large number of reports about the IRS scam during 2016 and comparing it to the growth of the recent Social Security Administration impersonation scam).

Unauthorized Billing for an Item for a Cell Phone

Victims of Unauthorized Billing for an Item for a Cell Phone are defined as consumers who were billed and paid for something for a cell phone that they had not agreed to purchase. Examples of such items could include ring tones or games.

Survey questions about Unauthorized Billing for an Item for a Cell Phone asked participants whether, in the past year:

- They had been charged or billed for a cell phone-related product which they had not agreed to purchase or had been billed for an amount that was substantially more than they expected to pay (Questions 18A and 18BB); and
- The seller was not willing to provide a refund or make another adjustment that satisfied the consumer (Questions 20_5 and 20_6).

Fraudulent Prize Promotions

Victims of Fraudulent Prize Promotions are consumers who made a payment, purchased a product, or attended a sales presentation in order to obtain a promised prize or award such as money or a free vacation. However, after making the payment or purchase, or attending the required sales presentation, the consumer either did not receive the prize or award or found that the prize was not what had been described. Even when the seller does not directly tell consumers that they must make a purchase, consumers may be misled into believing that they are more likely to win the prize if they make a purchase.

Survey questions about Fraudulent Prize Promotions asked whether, in the past year, participants had:

- Been told that they had won a prize, but that they had to make a payment or a purchase, or attend a sales presentation in order to receive the prize (Question 34A and 34B);
- Paid the money, made the purchase, or attended the sales presentation (Question 34_1), and;
- Not received the promised prize or the prize was not what had been promised (Question 34_4A and 34_4B).

Unauthorized Billing for Internet Services

Victims of Unauthorized Billing for Internet Services are defined as consumers who were billed and paid for Internet services such as Internet access or website hosting or development that they had not agreed to purchase, where the service was promoted by a company with which the consumer had not previously done business.

Survey questions about Unauthorized Billing for Internet Services asked participants whether, in the past year:

- They had been charged or billed for an Internet-related service, such as Internet access or website hosting or development, which they had not agreed to purchase or had been billed for an amount that was substantially more than they expected to pay (Questions 18A and 18BA);

- The bill involved a service for which the consumer had never agreed to purchase, rather than being continued billing after the consumer attempted to cancel the service (Question 18_4); and
- The seller was not willing to provide a refund or make another adjustment that satisfied the consumer (Questions 18_5 and 18_6).

Fraudulent Work-at-Home Programs

Consumers are sometimes interested in work that they can perform at home. Sometimes, sellers of such work-at-home programs may require that consumers make an upfront payment to obtain the work. They also may promise greater earnings than consumers can actually earn – such as promising large payments to consumers who agree to stuff envelopes or construct craft items.

Victims of Fraudulent Work-at-Home Programs are defined as consumers who had (1) purchased a work-at-home program where the seller promised that a certain amount of income would be earned; and (2) failed to earn at least half of the amount that they had been told they would earn.

Survey questions about Fraudulent Work-at-Home Programs asked participants whether, in the past year:

- They had purchased a work-at-home program (Question 28_1);
- The seller had led them to believe that they would earn a certain amount from the work-at-home program (Question 28_5); and
- The consumer had earned less than half as much as the seller had led them to expect (Question 28_6).²¹

Fraudulent Business Opportunities

Business opportunity offerings generally include some package of information, equipment, and services that purportedly will enable consumers to establish and operate a successful business. Such offerings may appeal to consumers who have little or no business experience, because they appear to provide everything needed to own and operate the business successfully. One way in which a seller may convince buyers that they are assured to succeed is by promising that the business is certain to make at least a specific income. This can lead potential purchasers to believe that there is little risk in purchasing the business. Similarly,

²¹ Those who purchased a work-at-home program and then did not work at the program are included among the fraud victims in estimating the number of victims of this type of fraud. In the FTC’s enforcement experience, some victims of Fraudulent Work-at-Home Programs realize that the program will not work as soon as they receive the program materials. As a result, they do not attempt to operate the program.

Question 28_6 asked participants who indicated that they had purchased a work-at-home opportunity which of the following best described the amount of money they had made from the opportunity. “Did you (1) Make roughly as much or more money than you had been led to expect, (2) Make at least half as much money as you had been led to expect, (3) Make less than half as much money as you had been led to expect, (4) Not make any money or lost money, or (5) Not work at the business.” Those who gave responses (3), (4), or (5) were considered to have been victims.

claims that the seller will provide certain assistance in establishing the business, such as providing customers or selling locations, can also convince potential purchasers that they do not need to do much work to operate this business and that they are highly likely to succeed.

Unfortunately, business opportunity offerings sometimes involve false promises that purchasers will make a large amount of money. Similarly, sellers sometimes make false promises that they will provide purchasers with assistance in finding customers or locations in which to place their equipment. For example, sellers of fraudulent vending machine business opportunities may promise to provide high-volume locations where purchasers can place their machines.

Victims of Fraudulent Business Opportunities are defined as consumers who purchased an opportunity to start or operate their own business and were promised that they would earn a certain amount from the business or that they would receive assistance in establishing the business. In fact, victims either did not receive the promised assistance or earned less than half of the amount they had been led to expect.

Survey questions about Fraudulent Business Opportunities asked whether, in the past year, participants:

- Had paid someone for an opportunity to start or operate their own business (Question 26_1);
- Were led to believe that most of the money they would earn would be from the sale of products, rather than from recruiting others to join the business (Question 26_4); and
- Were led to believe that they would earn a certain amount of income or profit from the business and earned less than half of that amount (Questions 26_5 and 26_6);²² or
- Were promised help or assistance in setting up the business that was not provided (Questions 26_7 and 26_8).

²² Survey participants who reported having purchased a business opportunity, but not working at it, were considered to have been victims.

Question 26_6 asked participants who indicated that they had purchased a business opportunity which of the following best described the amount of money they had made from the opportunity. “Did you (1) Make roughly as much or more money than you had been led to expect, (2) Make at least half as much money as you had been led to expect, (3) Make less than half as much money as you had been led to expect, (4) Not make any money or lost money, or (5) Not work at the business.” Those who gave responses (3), (4), or (5) were considered to have been victims.

Fraudulent Credit Repair

Consumers who have trouble obtaining credit because of negative information in their credit records are sometimes targets of offers claiming that the seller, in exchange for a fee, will help the consumer improve their credit records and thus enable the consumers to obtain credit. The survey asked specific questions about two types of so-called “credit repair,” both of which are illegal under the Credit Repair Organizations Act.²³

The first type involves a false claim that the seller can improve the consumer’s ability to obtain credit by removing derogatory information from a credit report – even though the information is accurate and even though a credit-reporting agency is legally permitted to include the information in a credit report. Consumers are generally required to make an up-front payment to obtain these services. Not surprisingly, little, if any, of the negative information is actually removed after consumers pay the required fee.

In the second type of credit repair, the seller promises – in exchange for a payment – to tell consumers how to create a new identity to use in applying for credit. Typically, the seller directs consumers to obtain a new personal identification number, often an employer identification number (“EIN”), and then to use this number in applying for credit, rather than their Social Security numbers. The seller claims that by using the new identity on credit applications, the consumer can hide derogatory credit report information from potential lenders.

The definition of victims of Fraudulent Credit Repair includes consumers who had paid to have derogatory information removed from their credit reports – even though the information was accurate – and the information was not removed as promised. The definition also includes those who had paid someone who promised to help the consumer obtain credit by creating a new credit identity or new credit record.

Survey questions about Fraudulent Credit Repair asked whether, in the past year, participants had paid someone who promised to:

- Remove negative, but true, information from their credit record and the information was not removed (Questions 8_1 and 8_4);²⁴ or
- Help the consumer obtain credit by creating a new identity or a new credit record (Question 10_1).

²³ 15 U.S.C. 1679.

²⁴ Although the survey questions only asked about instances where the participant paid money for credit repair services that were not, in fact, provided, the Credit Repair Organizations Act (“CROA”) makes it illegal for a credit repair organization to charge or accept payment for any credit repair services in advance of providing those services in full. (15 U.S.C. 1679c(b)). Accordingly, the survey results may not indicate the full extent of CROA violations.

Fraudulent Grant Offers

Another fraudulent offering involves the promise of free grants for which prospective victims are told that they are qualified. Often the claim is that the government is making these grants available and that the money can be used for most any purpose, for example, paying off existing debt or remodeling a home. Sometimes the party making the offer states that consumers who pay a required fee are guaranteed to receive a grant. In other cases, the claim is that the seller offers services that will help consumers apply for the grant – which they are then certain to obtain.

Survey questions about Fraudulent Grant Offers asked whether, in the past year, participants:

- Had been told they were eligible to receive a grant, either from the government or from someone else or that someone would help them prepare a proposal for a grant that was certain to be approved, but that they had to pay a fee to receive the grant (Questions 36_1 and 36_1A);
- Had made the required payment (Question 36_3); and
- Did not receive the grant or the grant was not what had been described to them (Questions 36_4 and 36_5).

Debt Relief Fraud

As used in this survey, Debt Relief Fraud can take two forms. Perpetrators may suggest that they can get a consumer's creditors to settle outstanding debts for a fraction of the amount owed and then fail to obtain the promised results. Alternatively, there may be a promise of a reduced interest rate on an existing credit card. Again, the promised rate reduction is not provided.²⁵

Survey questions about Debt Relief Fraud asked participants whether, in the past year:

- They had paid money to someone who promised either
 - To reduce or eliminate their existing credit card debt (Question 16_1A); or
 - To get the interest rate or monthly payments on their credit cards reduced (Question 16_1B); and
- If the promise was to settle existing debt,
 - The consumer was no longer making payments under this program (Question 16_5);²⁶ and, if so, either

²⁵ In 2010, the Commission amended its Telemarketing Sales Rule to address many of the abuses that were arising in this area. See, "FTC Issues Final Rule to Protect Consumers in Credit Card Debt: Amendments to Telemarketing Sales Rule Prohibiting Debt Relief Companies From Collecting Advance Fees Will Take Effect in October 2010," FTC Press Release, July 29, 2010, available at <http://www.ftc.gov/opa/2010/07/tsr.shtm>.

²⁶ Of course, some consumers who were still making payments for a debt settlement service at the time they were interviewed may have wound up being victimized if the service ultimately failed to deliver the promised services. There is, however, no way to know based on questions that were asked before the consumer completed or dropped out of the program whether this was the case. For this reason, the estimates may undercount the number of victims.

- The seller had not settled any of the consumer’s existing credit card debts and had not provided a refund when the consumer dropped out of the program (Questions 16_6 and 16_7); or
- The seller had promised to reduce the amount the consumer had to pay to settle their debts and the seller had only obtained a reduction in the amount the consumer had to pay to settle the debts that was less than half as much as the consumer had been led to expect (Questions 16_8 and 16_9).
- If the promise was to obtain a reduction in the interest rate on the consumer’s credit cards, any interest rate reduction obtained had been less than half of what they consumer had been led to expect (Question 16_10).

Fraudulent Pyramid Schemes

Victims of Fraudulent Pyramid Schemes are defined as consumers who purchased an opportunity to start or operate a business where they were led to expect that most of the money they earned would come from recruiting others to participate in the business rather than from the sale of products. Furthermore, the seller led the consumer to believe that they would earn a certain amount from this business and, in fact, the consumer earned less than half of the amount they had been led to expect to earn.

Survey questions about Fraudulent Pyramid Schemes asked whether, in the past year, participants:

- Had paid someone for an opportunity to start or operate their own business (Question 26_1);
- Were led to believe that most of the money they would earn would be from recruiting others to join the business, rather than from the sale of products (Question 26_4); and
- Were led to believe that they would earn a certain amount of income or profit from the business and earned less than half of that amount (Questions 26_5 and 26_6).²⁷

Counterfeit Check Fraud

Counterfeit Check Fraud involves the victim being sent a check that turns out to be counterfeit. Consumers may be sent such checks in different contexts. In the context of a prize promotion or a grant promotion, the perpetrator of the underlying prize or grant fraud may send a check purportedly to cover the cost of a fee or payment that the victim is told must be paid before receiving the promised prize or grant. In other contexts, the victim may be selling a

²⁷ Survey participants who reported having purchased a pyramid scheme, but not having worked at it, were considered to have been victims.

Question 26_6 asked participants who indicated that they had purchased a pyramid scheme which of the following best described the amount of money they had made from the opportunity. “Did you (1) Make roughly as much or more money than you had been led to expect, (2) Make at least half as much money as you had been led to expect, (3) Make less than half as much money as you had been led to expect, (4) Not make any money or lost money, or (5) Not work at the business.” Those who gave responses (3), (4), or (5) were considered to have been victims.

product in which the perpetrator pretends to be interested, and the counterfeit check is provided purportedly to cover the cost of the item being purchased.

Instead of just covering the fee or payment for the item being sold, the check that is sent is written for an amount greater than the fee or the price of the item. This may be explained as being a mistake made by an assistant who misunderstood the amount for which the check was supposed to be written. The perpetrator then asks the consumer to cash the check and return the excess amount to him or to send the excess to a supposed third party. While it may initially appear that the check was successfully deposited into the victim's checking account, the check later bounces and the victim is required to repay the bank the amount of the bad check. However, the perpetrator's hope is that the victim will send the "excess money" before he or she discovers that the check is bogus. If this happens, the victim will be out the amount of money that was sent.

Survey questions about Counterfeit Check Fraud asked participants whether, in the past year:

- Someone had sent them a check and asked that they send some of the money from the check back to the sender or to someone else (Question 38_1);
- The consumer had sent the money as requested (Question 38_1A); and
- The check the consumer had received was not good so that the consumer's bank either refused to cash the check or later required the consumer to return the money (Question 39_9E).

Fraudulent Credit Card Insurance

Questions were included in the survey to learn about the extent of fraudulent offers of credit card insurance promoted as protecting consumers against the misuse of their credit cards in the event the card is lost or stolen. Federal law limits consumers' liability for the misuse of their credit cards to \$50.00,²⁸ and credit card companies often do not require that consumers pay even this amount. Nevertheless, some fraudulent operators attempt to defraud consumers by misrepresenting that cardholders face considerable financial risk if their credit cards are misused. These operators then offer to sell consumers insurance to protect against this purported risk.

Survey questions about Fraudulent Credit Card Insurance asked participants whether, in the past year:

- They had purchased credit card insurance (Question 12_1); and
- The insurance was supposed to protect them against unauthorized use if their credit card was lost or stolen (Question 12_4).

²⁸ 15 U.S.C. 1643. See also, Federal Trade Commission, "Consumer Information: Credit Card Loss Protection," available at <http://www.consumer.ftc.gov/articles/0093-credit-card-loss-protection> (visited June 27, 2019).

Fraudulent Advance Fee Loans and Credit Cards

The FTC receives complaints about offers for a loan or credit card in return for the payment of a fee. These offers, which are often directed to consumers with tarnished credit records, require that the consumer pay the fee before the promised loan or credit card is received. However, consumers who pay the required fee may not receive the promised loan or credit card. Indeed, it is a violation of the Telemarketing Sales Rule to ask for a payment before delivering a promised credit card or loan, if the offer is made by telephone.²⁹

Survey questions about Fraudulent Advance Fee Loans and Credit Cards asked participants whether, in the past year:

- They paid money to someone who promised to provide them with a credit card or loan, but required that they pay a fee before receiving the promised credit (Question 14_6);
- They were applying for a loan or credit card other than a mortgage loan (Question 14_4);³⁰
- They did not receive the promised credit (Question 14_5); and
- The payment was required before the credit was received rather than after the credit was received, such as being included on the first credit card bill (Question 14_6).

Fraudulent Mystery Shopper Jobs

Retailers sometimes use mystery shoppers to make purchases in their stores and evaluate the level of service they receive. A mystery shopper may be asked to visit a store, make a particular purchase, and then report on the price paid and the quality of the service. Or, the shopper may be asked to visit an outlet of a restaurant chain and report on the quality of the food and the service they received. Unfortunately, fraudsters also operate in this space, promising to get consumers jobs as mystery shoppers, but requiring that consumers pay a fee to be connected with a company that is hiring mystery shoppers. After paying the fee, these fraudulent mystery-shopping offers frequently fail to provide any jobs at all or to provide jobs that pay as much as was promised.³¹

Survey questions about Fraudulent Mystery Shopper Jobs asked participants whether, in the past year:

- They had paid money to someone who promised to provide work as a mystery or undercover shopper where the consumer would be paid to shop at a store and then report on their experience (Question 30_1);
- The seller had led the consumer to believe that they would earn a certain amount of money from their work as a mystery shopper (Question 30_5); and

²⁹ See Telemarketing Sales Rule, 16 C.F.R. § 310.4(a)(4).

³⁰ Mortgage loans were excluded because it is common business practice for those applying for a mortgage to pay for items such as credit reports and property appraisals before the loan is provided.

³¹ See, “Beware of Mystery Shopping Scams,” Federal Trade Commission Consumer Information, June 2012. (available at <https://www.consumer.ftc.gov/articles/0053-mystery-shopper-scams>.)

- The consumer earned less than half of the expected amount (Question 30_6).³²

Fraudulent Promises of Government Jobs

Victims of Fraudulent Promises of Government Jobs are defined as consumers who paid someone who guaranteed or represented that it was highly likely that consumers would obtain a government job, but who did not actually obtain the promised job. Often, these offers promise jobs with the U.S. Postal Service. The ads often look like “Help Wanted” ads, but in fact, they are not placed by the government or anyone who can provide the promised jobs. Rather, they typically are offers to sell a course or study guide that supposedly will improve the consumer’s score on a test that is allegedly required to obtain the promised job. It is not clear that the materials offered can actually improve consumers’ scores, and in any event the ads frequently appear in areas where the test will not even be offered, because there are no job vacancies to be filled.

Survey questions about Fraudulent Promises of Government Jobs asked whether, in the past year, participants:

- Had paid someone who promised that they would get a job at the U.S. Postal Service or another branch of state or federal government (Question 32_1); and
- Did not obtain the promised job (Question 32_5).

Fraudulent Mortgage Relief

Victims of Fraudulent Mortgage Relief are defined as consumers who paid money to someone – other than their lenders or the servicers of their mortgages – who promised to arrange a modification of the consumer’s mortgage so that the consumer could avoid foreclosure and stay in their home. However, this seller either did not succeed in arranging a loan modification or arranged a modification that was significantly worse than what the consumer had been promised.³³

Survey questions about Fraudulent Mortgage Relief asked participants whether, in the past year:

- They had paid money to someone who promised to obtain a modification on the consumer’s home mortgage so that the consumer could avoid foreclosure and keep their home (Question 6_1);
- The money was paid to someone other than the consumer’s mortgage lender or the loan servicer (Question 6_4);
- Payments had been required before the modification was received (Question 6_5); and
- Either
 - No loan modification was received (Question 6_6); or

³² As with other types of fraud that involved the consumer’s labor, consumers who paid for a mystery shopper offer but then did not work at it are counted as victims.

³³ The Mortgage Assistance Relief Services Rule prohibits any mortgage assistance relief service provider from requesting or receiving any fee before the consumer has accepted a mortgage modification (12 C.F.R. §1015.5(a)).

- The modification that was received was significantly worse than what the seller had described to the consumer (Questions 6_7 and 6_8).

2.3 More-General Types of Fraud Included in the Survey

In addition to the 19 specific types of fraud covered by the survey, questions were also included that asked about two more-general types of fraud.

Paid for Something That Was Never Received

Victims of this type of general fraud are consumers who paid for a product or service that was never received and the seller was unwilling to provide a refund or make some other adjustment that satisfied the consumer.

Survey questions about having Paid for Something That Was Never Received asked participants whether, in the past year:

- They had purchased and paid for something, other than something that had been discussed as part of their responses to questions about any other fraud covered by the survey, that had never been received (Question 46_1); and
- The seller had not been willing to provide a refund or other adjustment that satisfied them (Questions 46_4 and 46_5).

Unauthorized Billing for a Product or Service Other Than Buyers' Clubs, Cell Phone Products, or Internet Services

Victims of Unauthorized Billing for a Product or Service Other Than Buyers' Clubs, Cell Phone Products, or Internet Services are defined as consumers who were billed and paid for a product or service, other than something about which the survey questions had specifically asked, that they had not agreed to purchase.

Survey questions about Unauthorized Billing for a Product or Service Other Than Buyers' Clubs, Cell Phone Products, or Internet Services asked participants whether, in the past year:

- They had been charged or billed for a product or service other than Internet-related services, cell phone-related product, or a buyers' club membership where they had not agreed to purchase the item or had been billed for an amount that was substantially more than they expected to pay (Questions 18A and 18BD); and
- The seller was not willing to provide a refund or make another adjustment that satisfied the consumer (Questions 24_5 and 24_6).

2.4 Advantages and Disadvantages of the Approach Used

As noted, the survey questions address particular experiences rather than asking more generally whether the participants believe that they have been the victim of a mass-market consumer fraud. In part because there is no commonly accepted definition of consumer fraud, a problem with simply asking whether the consumer has been the victim of a consumer fraud in an open-ended manner would be that each survey participant would be left to define what she considered to be a fraud, and what was not. This would lead to inconsistencies in the survey

responses because different respondents would have different interpretations of the word “fraud.” By asking participants about specific event patterns and applying clearly articulated standards to determine whether a particular set of responses is taken to represent a fraud or not, the survey should reduce this problem.³⁴ Inconsistencies are further reduced because the survey questions never use the term fraud.³⁵

This approach should result in generally consistent reporting across consumers. However, it is also important to recognize that the results of the survey are limited to consumers having been victims of the specific set of problems included in the survey. In designing the survey, attempts were made to include questions about those types of consumer fraud that the experience of the FTC staff suggests are common and that are within areas where FTC enforcement action may occur.³⁶ However, the results should not be interpreted as measuring the total extent of consumer fraud. Rather, the reported overall-prevalence figures reflect only the likelihood of having been a victim of the set of frauds covered by the survey.

In addition, it is important to remember that this is a survey of consumers and what information they provide about their experiences. As a result, the results will only be as accurate as are consumers’ reports of their experiences. If consumers are unable to observe whether a product works as the seller claims or do not recall and report their experiences with the types of issues about which the survey is asking, this will introduce inaccuracies in the survey results. This issue may be relevant for some of the types of fraud that are included in the survey. For example, some of the types of fraud involve consumers being charged, perhaps on a credit card bill, for an item that they have never agreed to purchase, and then paying the charge. However, if some consumers did not recognize that charges were for items that they had not agreed to purchase and simply paid the amount of the bill, they would be unable to report that they had been victimized in this way. Problems may also arise with some of the types of fraud that ask participants how much money they earned after purchasing a money-making opportunity – e.g., a

³⁴ Recent work by DeLiema, et al., suggests another possible reason to identify specific event patterns rather than ask more generally about fraud victimization. DeLiema, et al., found that when asked about specific behaviors that they defined as being indicators of investment fraud, participants in the Health and Retirement Survey were more likely to answer in the affirmative than when asked a single question – Have you been a victim of fraud. They interpret this as suggesting that participants needed to be informed about what the researcher considered to be fraud. (Marguerite DeLiema, Martha Deevy, Annamaria Lusardi, and Olivia S. Mitchell, “Exploring the Risks and Consequences of Elder Fraud Victimization: Evidence from the Health and Retirement Study,” Michigan Retirement Research Center, Working Paper WP 2017-364.)

An additional benefit of not using the word “fraud” in asking about specific consumer experiences is that the choice of words and the context within which the survey is set can affect participant’s responses. See, e.g., Michaela E. Beals, Dawn C. Carr, Gary R. Mottola, Martha J. Deevy, and Laura L. Carstensen, “How Does Survey Context Impact Self-Reported Fraud Victimization?,” *The Gerontologist*, 57 (April 2015), pp. 329-340.

³⁵ As part of the first FTC survey in 2003, participants were asked generally if they felt that they had been the subject of a consumer fraud and were then asked about specific experiences. The analysis of these responses showed that many consumers who reported having been victims of one of the specifically defined frauds said that they had not been a victim of consumer fraud when asked the more general question. In addition, many of the consumers who said that they had been the subject of a consumer fraud described something other than the problems included in the specific questions. See Anderson (2004), *supra* n.1, pp. 41-48, for additional details about this analysis.

³⁶ Because the survey is limited to areas in which the FTC has enforcement responsibilities, it does not include every type of fraud. For example, they survey did not cover investment frauds or frauds that are local in nature.

business or work-at-home opportunity. Consumers who have only recently purchased such an opportunity may not know how successful they will be with the offering.

An additional concern is that some consumers may be hesitant to admit that they have been victimized. One group that one might believe would be hesitant to report victimization are seniors if they are concerned that having been victimized may reflect on their continued ability to manage their own affairs. While there is no way to assure that this has not happened, steps have been taken to ameliorate any hesitancy to report. First, survey participants are chosen randomly and are not asked for any identifying information. Thus, there should be less concern that the responses will be tied back to an individual, such as reflecting on the individual's competence. Second, the questions are worded such that they do not inform the participant that they are describing something that the sponsor of the survey would consider a fraud.

2.5 Survey Administration

The survey was conducted by telephone by Gallup, a commercial survey research firm. Interviews were conducted in both English and Spanish using computer-assisted telephone interviewing ("CATI") and random digit dialing. Calls were made to randomly selected phone numbers – both cell and landline.³⁷ A total of 3,717 interviews were completed with U.S. adults who were at least 18 years of age.³⁸ Interviews were conducted with consumers in all 50 states and the District of Columbia. As is standard practice in such surveys, weights were applied to the survey data to ensure that the overall results are as representative as possible of the national population.³⁹ The response rate for the survey was 11.3 percent for cell numbers and 12.1 percent for landlines.⁴⁰

³⁷ More precisely, cell phone calls were made to randomly selected numbers in exchanges dedicated to cell phones. Because of number portability, it is possible that some calls placed to what is believed to be a landline phone will, in fact, be a cell phone, and vice versa. This problem arose in about 2 percent of calls.

³⁸ Two of the interviews were not included when analyzing the survey results because the person being interviewed refused to answer the initial question about at least three of the 21 types of fraud included in the survey. These two individuals answered "No" on all of the other types of fraud.

³⁹ Additional detail about the administration of the survey, including the construction of the sample, weighting of observations, non-response bias, and comparison of early and late respondents, can be found in a methodology report prepared by the contractor, Gallup. See Appendix B.

⁴⁰ AAPOR Response Rate 3 (See The American Association for Public Opinion Research, Standard Definitions: Final Dispositions of Case Codes and Outcome Rates for Surveys, 9th Edition, AAPOR, 2016.) A total of 73,780 telephone numbers – 53,049 cell phone and 20,731 landline – were called while conducting the survey. If a call to a particular telephone number did not result in contact with a consumer – e.g., if no one answered the call – the number was redialed, up to at least seven attempts, in order to increase the chances of finding a potential participant at that number.

3. How Many Consumers Were Victims of Surveyed Categories of Fraud?

The basic results of the 2017 FTC Survey of Mass-Market Consumer Fraud are presented in this chapter. What share of consumers were victims of the frauds examined in the survey during the year before they were interviewed? How many incidents occurred during the year? Which of the types of fraud included in the survey were the most prevalent?

Throughout the report, the estimated number of victims of the various frauds and the number of incidents are projections from the responses of those interviewed as part of the survey.^{41 42}

3.1 Overall Rates of Victimization and Number of Incidents

- **Overall estimated rate of victimization:** 15.9 percent of participants in the 2017 survey – representing 40.0 million people – reported that they had been victims of one or more of

⁴¹ As noted, most of the interviews for the 2017 survey were conducted during June and July of 2017. The survey asked participants about their experiences during the one-year period before the interview. Thus, most survey responses should cover the period from mid-2016 to mid-2017. In this report, this period will be referred to as 2017.

Because the survey was designed to reflect the experiences of U.S. adults and interviews were limited to those aged 18 and above, the projections are based on the estimated U.S. population of 252.06 million adults – 18 and older – as of July 1, 2017. (U.S. Census Bureau, Population Division, Estimates of the Total Resident Population and Resident Population Age 18 Years and Older for the United States, States, and Puerto Rico: July 1, 2017 (SCPRC-EST2017-18+POP-RES)). The approach used in analyzing the number of victims and the number of incidents in this report is the same as was used in the analysis of the previous surveys. For a description of this methodology, see the “Methodological Appendix to Chapter 3” in the report on the 2003 survey. (Anderson (2004), *supra* n.1, pp. 45-48.)

⁴² In order to perform the statistical tests in this Chapter where the analysis is of a subset of those who participated in the survey, it was sometimes necessary to omit a few observations from the test. In examining responses to questions that were only asked of a subset of survey participants, in some cases it turns out that there is only a single person in a particular stratum for which the question being analyzed was relevant. Where this happens, it is not possible to calculate a standard error if those observations are included. It is therefore necessary to delete such observations when performing the analysis.

the types of fraud covered by this survey (“Any Fraud Included in the Survey”) during the year before they were interviewed (Table 2).⁴³

- **Overall estimated incidence of fraud:** 61.8 million incidents of the frauds covered by the survey were estimated to have occurred during 2017 (Table 3). Some victims experienced more than one incident of fraud, either because they were victims of more than one type of fraud or because they were victims of the same type of fraud multiple times.
 - **Specific vs. general frauds:** Of the estimated 40 million victims during 2017, 24.4 million were victims of one or more of the specific frauds covered by the survey (“Any Specific Fraud Included in the Survey”), while 19.2 million were victims of one or both of the two more-general frauds (“Any More General-Type of Fraud Included in the Survey”).⁴⁴ Of the 61.8 million estimated incidents, 38.4 million involved one of the specific frauds included in the survey and 23.5 million involved the more-general frauds.

3.2 Changes in the Prevalence of Included Frauds

It is tempting to compare the prevalence of the various frauds included in the current survey with that found with the previous survey, which was conducted in 2011. However, care must be taken in interpreting any comparisons in prevalence because of changes between the two surveys.

- Recall that the surveys are designed to capture experiences with particular types of mass-market consumer fraud, not mass-market frauds more generally. Therefore, if the set of frauds covered by the survey varies from one year to another, looking at changes in the overall victimization from the frauds that are included in the survey from one year to the next may result in a distorted picture of how fraud has changed. In particular, adding frauds may result in higher overall estimates even if there is no real change in the prevalence of fraud.
 - Four new specific types of fraud were added to the 2017 survey – (1) Fraudulent Computer Repair, (2) Unauthorized Billing for an Item for a Cell Phone, (3) Falsely Told that You Owed Money to the Government, and (4) Fraudulent

⁴³ The results reported here are based on the responses of those who participated in the survey. If survey participants either over- or under-reported that they had been victims of any of the included frauds, the reported figures will differ from the actual values. In addition, if the experiences of those who refused to participate in the survey differed from those who did participate, this can introduce error in the estimates. Errors may also arise if participants did not understand and answer the questions in the way that was intended. Unfortunately, there is no way to measure or adjust for these types of problems. The confidence intervals in the report reflect uncertainty arising from the number of people interviewed and the way the sample was selected. However, they do not reflect uncertainty resulting from any non-response or wording problems. (Appendix B does report on analyses of the possibility that non-respondents differed in some significant way from those who did participate in the survey. As reported there, no evidence of substantial bias due to non-response was found.)

⁴⁴ Because the same individual could have been a victim of both specific and general frauds, the sum of those experiencing specific frauds and those experiencing general frauds exceeds the total number of victims. Similarly, the sum of the number of victims experiencing each of the 21 types of fraud exceeds the total number of victims because some individuals were victims of more than one type.

Table 2. Estimated Number of Adults Who Were Victims of Mass-Market Consumer Frauds, 2017

Type of Fraud	Number of Victims (millions)	Victims as Percent of Adult Americans
Any Fraud Included in the Survey	40.0 (36.0 – 44.1)^a	15.9% (14.3% - 17.5%)^a
Any Specific Fraud Included in the Survey	24.4 (21.0 – 27.8)	9.7% (8.3% - 11.0%)
Fraudulent Weight-Loss Products ^b	6.5 (4.6 – 8.3)	2.6% (1.8% - 3.3%)
Fraudulent Computer Repair ^c	5.0 (3.5 – 6.4)	2.0% (1.4% - 2.5%)
Falsely Told that You Owed Money to the Government ^d	3.4 (2.0 – 4.9)	1.4% (0.8% - 2.0%)
Unauthorized Billing for Buyers' Club Memberships ^e	2.5 (1.3 – 3.8)	1.0% (0.5% - 1.5%)
Unauthorized Billing for an Item for a Cell Phone ^f	2.5 (1.4 – 3.7)	1.0% (0.6% - 1.5%)
Fraudulent Prize Promotions ^g	2.4 (1.2 – 3.5)	0.9% (0.5% - 1.4%)
Unauthorized Billing for Internet Services ^h	1.5 (0.7 – 2.4)	0.6% (0.3% - 1.0%)
Fraudulent Work-at-Home Programs ⁱ	1.3 (0.5 – 2.1)	0.5% (0.2% - 0.8%)
Fraudulent Business Opportunities ^j	1.0 (0.4 – 1.6)	0.4% (0.2% - 0.6%)
Fraudulent Credit Repair	1.0 (0.2 – 1.7)	0.4% (0.1% - 0.7%)
Fraudulent Grant Offers	0.9 (0.1 – 1.7)	0.4% (0.0% - 0.7%)
Debt Relief Fraud ^k	0.7 (0.2 – 1.3)	0.3% (0.1% - 0.5%)
Fraudulent Pyramid Schemes ^l	0.4 (0.0 – 0.7)	0.2% (0.0% - 0.3%)
Counterfeit Check Fraud	0.4 (0.0 – 0.7)	0.1% (0.0% - 0.3%)
Fraudulent Credit Card Insurance	0.3 (0.0 – 0.7)	0.1% (0.0% - 0.3%)
Fraudulent Advance Fee Loans and Credit Cards ^m	0.2 (0.0 – 0.5)	0.1% (0.0% - 0.2%)
Fraudulent Mystery Shopper Jobs ⁿ	0.1 (0.0 – 0.3)	0.1% (0.0% - 0.1%)
Fraudulent Promises of Government Jobs	0.1 (0.0 – 0.2)	0.0% (0.0% - 0.1%)
Fraudulent Mortgage Relief	(z) ^o	(z) ^o

(Table continued on next page)

Table 2. (Continued)

Type of Fraud	Number of Victims (millions)	Victims as Percent of Adult Americans
Any More-General Type of Fraud Included in the Survey	19.2 (16.3 – 22.1)	7.6% (6.5% - 8.8%)
Paid for Something That Was Never Received	10.0 (7.7 – 12.3)	4.0% (3.1% - 4.9%)
Unauthorized Billing for a Product or Service Other Than Buyers' Clubs, Cell Phone Products, or Internet Services ^P	9.7 (7.8 – 11.6)	3.9% (3.1% - 4.6%)

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

Notes.

Numbers are rounded to the nearest 0.1 million and percentages to the nearest 0.1 percent. 0.0 denotes a value of less than 0.05 million. 0.0% denotes a value of less than 0.05 percent.

Amounts in individual categories will not sum to totals because some individuals are victims of more than one of the listed frauds.

Projections are based on estimated U.S. population of 252.06 million adults – 18 and over – as of July 1, 2017. (See U.S. Census Bureau, Population Division, Estimates of the Total Resident Population and Resident Population Age 18 Years and Older for the United States, States, and Puerto Rico: July 1, 2017 (SCPRC-EST2017-18+POP-RES).

Interviews were conducted between June 8 and July 30, 2017, with 101 pre-test interviews being conducted between April 4 and April 20, 2017. The survey was designed to inquire about consumer experiences during the one-year period prior to when the interview was conducted. Thus, interviews included in the data could cover periods ranging from April 1, 2016, to April 1, 2017, to July 30, 2016, to July 30, 2017.

a. Figures in parentheses are 95 percent confidence intervals.

b. These figures do not include those who purchased a weight-loss product and then did not use it. If these people are included as victims, there were an estimated 8.2 million victims – 3.3 percent of the adult population. If the definition of a victim is limited to those who purchased and used a product that was promoted as allowing one to lose weight without diet and/or exercise – but not products that only claimed that weight loss would be easy – there were only 5.1 million victims – 2.0 percent of the adult population. (All of the estimates only include those who lost less than half of the weight anticipated.)

c. These figures do not include those who were told that their computer required immediate repair or that the seller needed to remotely access the computer when they took their computer to a store for repair. If those who took their computers to a store are counted as victims, the prevalence of computer repair fraud was 2.3 percent – an estimated total of 5.8 million U.S. adults.

d. These figures are based on the assumption that anyone who answered yes to a question about whether they had paid money after being contacted “by someone claiming that you owed money to the government or a government agency such as the Internal Revenue Service or the U.S. Treasury or that a court case or law enforcement action had been filed against you” was a victim. A subsequent question asked whether the participant had actually owed the money they paid. While those who said that they did owe the money may have just paid a debt that they, in fact, owed, it seemed likely that many of these people did not know whether they actually owed the money and just had accepted the word of the caller. If those who said that they actually owed the money they were asked to pay are not counted as victims, there were 1.1 million victims of this type of fraud – 0.4 percent of the U.S. adult population.

(Notes continued on next page.)

Table 2. (Notes continued)

- e. Does not include as victims those who received an unauthorized bill for a buyers' club but did not pay anything. Considering these consumers to be victims has only a minimal effect on the estimated number of victims.
- f. Does not include as victims those who received an unauthorized bill for an item for a cell phone but did not pay anything. Counting these folks as victims increases the estimated number of victims to 2.8 million – 1.1 percent of the U.S. adult population
- g. If those who did not receive a promised prize after attending a sales presentation were not included as victims, the estimated number of victims would be 1.7 million – 0.7 percent of the adult population.
- h. Does not include as victims those who received an unauthorized bill for an Internet service but did not pay anything. Counting these consumers as victims increases the estimated number of victims to 1.8 million.
- i. These figures include those who purchased a work-at-home program but then did not work at it. If these people are not counted as victims, the estimated number of victims is 1.2 million – 0.5 percent of the adult population.
- j. These figures include those who purchased a business opportunity but then did not work at the offering. If these people are not considered to be victims, there were 0.9 million victims – 0.4 percent of the adult population.
- k. Debt Relief Fraud is defined as paying someone who promises to negotiate a reduction in your debt and then fails to deliver at least half of what is promised. However, no survey participant who reported having purchased this type of service reported that the seller had settled any of their debts for at least half of the amount promised. Therefore, the prevalence of this fraud would be unchanged if it was defined as promising relief and failing to deliver as much as promised.
- l. These figures include only those who purchased a membership in a pyramid scheme, were told that they would realize a promised level of earnings, and then earned less than half of that promised amount. Consumers who purchased a membership in a pyramid scheme but then did not work at the offering are considered to be victims. If people who purchased a pyramid scheme but did not work at it are not counted as victims, there were 0.3 million victims – 0.1 percent of the adult population.
- m. These estimates assume that those who were required to pay an advance fee were not victims if they, in fact, received the promised credit card or loan. If everyone who paid a fee is considered to be a victim, whether or not the credit card or loan was received, the estimated number of victims would be 1.7 million – 0.7 percent of the adult population.
- n. These figures include those who purchased a mystery shopping opportunity but then did not work at the offering. If these people are not considered to be victims, there were only 0.2 million victims.
- o. (z) = zero. No survey participants indicated that they had been victims of this type of fraud during 2017.
- p. Does not count as victims those who received an unauthorized bill but did not pay anything. Including those who received a bill but did not pay anything as victims the estimated number of victims to 12.6 million – 5.0 percent of adults.

Table 3. Estimated Number of Incidents of Mass-Market Consumer Fraud, 2017

Type of Fraud	Number of Incidents (millions) ^a	Incidents per Hundred Adult Americans	Incidents per Victim
Any Fraud Included in the Survey	61.8 (53.8 – 69.8) ^a	24.5 (21.4 – 27.7) ^a	1.5
Any Specific Fraud Included in the Survey	38.4 (31.8 – 44.9)	15.2 (12.6 – 17.8)	1.6
Fraudulent Weight-Loss Products ^b	10.0 (6.7 – 13.4)	4.0 (2.7 – 5.3)	1.6
Fraudulent Computer Repair ^c	5.5 (3.9 – 7.0)	2.2 (1.6 – 2.8)	1.1
Falsely Told That You Owed Money to the Government ^d	4.5 (2.4 – 6.6)	1.8 (1.0 – 2.6)	1.3
Unauthorized Billing for an Item for a Cell Phone ^e	2.8 (1.6 – 4.0)	1.1 (0.6 – 1.6)	1.1
Fraudulent Prize Promotions ^f	2.8 (1.3 – 4.2)	1.1 (0.5 – 1.7)	1.2
Unauthorized Billing for Buyers' Club Memberships ^g	2.6 (1.3 – 3.9)	1.0 (0.5 – 1.5)	1.0
Fraudulent Work-at-Home Programs Programs ^h	1.9 (0.7 – 3.1)	0.7 (0.3 – 1.2)	1.5
Fraudulent Credit Repair	1.7 (0.2 – 3.3)	0.7 (0.1 – 1.3)	1.8
Unauthorized Billing for Internet Services ⁱ	1.6 (0.7 – 2.5)	0.6 (0.3 – 1.0)	1.1
Fraudulent Business Opportunities ^j	1.0 (0.4 – 1.6)	0.4 (0.2 – 0.6)	1.0
Fraudulent Grant Offers	0.9 (0.1 – 1.7)	0.4 (0.1 – 0.7)	1.0
Counterfeit Check Fraud	0.9 (0.0 – 1.9)	0.4 (0.0 – 0.8)	2.5
Debt Relief Fraud ^k	0.8 (0.2 – 1.4)	0.3 (0.1 – 0.5)	1.1
Fraudulent Pyramid Schemes ^l	0.4 (0.0 – 0.8)	0.2 (0.0 – 0.3)	1.0
Fraudulent Credit Card Insurance	0.4 (0.0 – 1.0)	0.2 (0.0 – 0.4)	1.3
Fraudulent Advance Fee Loans and Credit Cards ^m	0.2 (0.0 – 0.5)	0.1 (0.0 – 0.2)	1.0
Fraudulent Mystery Shopper Jobs ⁿ	0.2 (0.0 – 0.3)	0.1 (0.0 – 0.1)	1.2
Fraudulent Promises of Government Job	0.1 (0.0 – 0.2)	0.0 (0.0 – 0.1)	1.0
Fraudulent Mortgage Relief	(z) ^o	(z) ^o	

(Table continued on next page)

Table 3. (Continued)

Type of Fraud	Number of Incidents (millions)	Incidents per Hundred Adult Americans	Incidents per Victim
Any More-General Type of Fraud Included in the Survey	23.5 (19.4 – 27.5)	9.3 (7.7 – 10.9)	1.2
Paid for Something That Was Never Received	12.3 (9.1 – 15.3)	4.9 (3.6 – 6.1)	1.2
Unauthorized Billing for a Product or Service Other Than Buyers' Clubs, Cell Phone Products, or Internet Services ^P	11.2 (8.6 – 13.9)	4.5 (3.4 – 5.5)	1.2

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

Notes.

Values are rounded to the nearest 0.1 million. 0.0 denotes a value of less than 0.05 million.

Projections are based on estimated U.S. population of 252.06 million adults – 18 and over – as of July 1, 2017. (See U.S. Census Bureau, Population Division, Estimates of the Total Resident Population and Resident Population Age 18 Years and Older for the United States, States, and Puerto Rico: July 1, 2017 (SCPRC-EST2017-18+POP-RES).

Interviews were conducted between June 8 and July 30, 2017, with 101 pre-test interviews being conducted between April 4 and April 20, 2017. The survey was designed to inquire about consumer experiences during the one-year period prior to when the interview was conducted. Thus, interviews included in the data could cover periods ranging from April 1, 2016, to April 1, 2017, to July 30, 2016, to July 30, 2017.

- a. Figures in parentheses are 95 percent confidence intervals.
- b. These figures do not include instances in which a consumer purchased a weight-loss product and then did not use it. If these incidents are included, there were an estimated 13.6 million incidents of weight-loss fraud – 5.4 per hundred adult Americans. If only those cases where a product was promoted as allowing one to lose weight without diet and/or exercise – but not products that only claimed that weight loss would be easy – are included, there were only 7.1 million estimated incidents – 2.8 per hundred adults. (All of the estimates only include those who lost less than half of the weight anticipated.)
- c. These figures do not include those who were told that their computer required immediate repair or that the seller needed to remotely access the computer when they took their computer to a store for repair. If those who took their computers to a store are counted as victims, there were an estimated 2.5 incidents of computer repair fraud per 100 consumers – an estimated total of 6.4 million incidents. .
- d. These figures are based on the assumption that anyone who answered yes to a question about whether they had paid money after being contacted “by someone claiming that you owed money to the government or a government agency such as the Internal Revenue Service or the U.S. Treasury or that a court case or law enforcement action had been filed against you” was a victim. If those who said that they actually owed the money they were asked to pay are not counted as victims, there were 1.3 million incidents of this type of fraud – 0.5 incidents per 100 adults.
- e. Does not count as victims those who received an unauthorized bill for an item for a cell phone but did not pay anything. Treating these consumers as victims, there were an estimated number 3.1 million incidents – 1.2 incidents per 100 adults.
- f. If instances in which a person did not receive a promised prize after attending a sales presentation are not included, there were an estimated 2.0 million incidents of prize promotion fraud – 0.8 per hundred adults.

(Notes continued on next page)

Table 3. (Notes continued)

- g. Does not count as victims those who received an unauthorized bill for a buyers' club but did not pay anything. Treating such consumers as victims, however, has no significant effect on the estimated number of incidents of this type of fraud.
- h. These figures include instances in which consumers purchased a work-at-home program but then did not work at it. If these incidents are not included, the estimated number of incidents is 1.6 million – 0.6 per hundred adults.
- i. Does not count as victims those who received an unauthorized bill for an Internet service but did not pay anything. Treating such consumers as victims, the estimated number of incidents is 1.9 million – 0.7 incidents per hundred adults.
- j. These figures include incidents in which consumers purchased a business opportunity but then did not work at it. Excluding those who did not work at the business opportunity has only a negligible effect on the estimated number of incidents.
- k. Debt Relief Fraud is defined as paying someone who promises to negotiate a reduction in your debt and then fails to deliver at least half of what is promised. However, no survey participant who reported having purchased this type of service reported that the seller had settled any of their debts for at least half of the amount promised. Therefore, the incidence of this fraud would be unchanged if it was defined as promising relief and failing to deliver the total debt reduction promised.
- l. Instances in which consumers purchased a membership in a pyramid scheme and earned at least half as much money as had been promised are not included in these figures. Instances in which the consumer did not work at pyramid offering are included. If all incidents involving the purchase of a pyramid scheme are included, the estimated number of incidents would be 0.8 million – 0.3 per hundred adults. If instances in which consumers did not actually work at the pyramid program are not included, there were only an estimated 0.3 million incidents – 0.1 per hundred adults.
- m. These estimates do not include instances in which consumers were required to pay an advance fee, but received the promised credit card or loan. If all incidents in which a fee was required prior to receipt of a credit card or loan are included, the estimated number of incidents would be 2.0 million – 0.8 per hundred adults.
- n. These figures include those who purchased a mystery shopping opportunity but then did not work at the offering. If these people are not considered to be victims, there were only 0.1 million incidents.
- o. (z) = zero. No survey participants indicated that they had been victims of this type of fraud during 2017.
- p. Does not count as victims those who received an unauthorized bill for an item but did not pay anything. Treating such consumers as victims, there were an estimated 14.6 million incidents of this type fraud – 5.8 incidents per 100 U.S. adults.

Mystery Shopper Jobs. In addition, the way the survey asked about Counterfeit Check Fraud was also changed between the two surveys.

- Three of the four types of fraud that were added – Fraudulent Computer Repair, Unauthorized Billing for an Item for a Cell Phone, and Falsely Told that You Owed Money to the Government – were among the five most frequently reported specific types of fraud in the present survey.
- In 2017, 4.3 percent of survey participants reported having been victims of one or more of the four types of fraud that were not included in the 2011 survey, but were added to the 2017 survey.
- While this may suggest that one should look only at changes in the frauds that remain unchanged between the two surveys, doing so may also misrepresent the overall change in the extent of fraud. Comparing a consistent subset of fraud may understate any increase, or overstate any decrease, in fraud if, at least some of, those who perpetrate mass-market consumer fraud have flexibility in choosing the kind of fraud in which they will engage. If this kind of flexibility exists, a reduction in the prevalence of a subset of frauds may just reflect a switch to other, more lucrative types of fraud.
 - The skill of perpetrators of fraud may be primarily in their skills in promoting fraudulent offerings and their willingness to do so. These traits may be easy to transfer from one type of fraud to another.
 - As noted previously, each survey has attempted to cover both the types of fraud included in the previous surveys and new frauds that, based on the experience of FTC staff, are important at the time the survey was being designed. Changes in general economic conditions may make certain types of fraud more or less attractive over time.

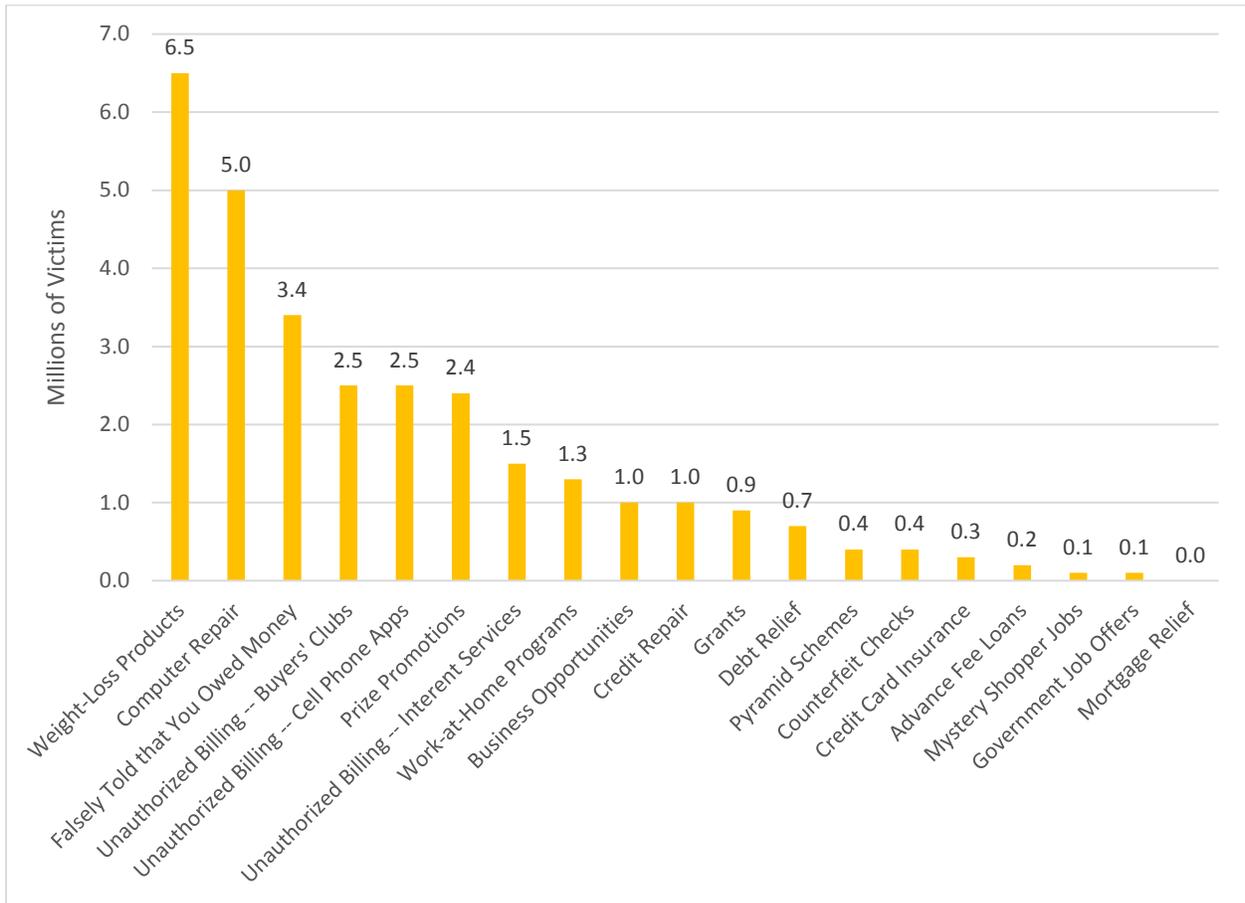
3.3 The Most-Prevalent Specific Surveyed Frauds

The survey results for the specific types of fraud that were responsible for the largest number of victims (those types of fraud where at least 0.5 percent of adults were estimated to have been victims) are discussed in this section. The prevalence of each of the types of fraud covered by the survey (including those not discussed in detail in the text) are reported in Table 2 and Figure 1, while figures for the number of incidents of each type of fraud are reported in Table 3 and Figure 2.

Fraudulent Weight-Loss Products #1

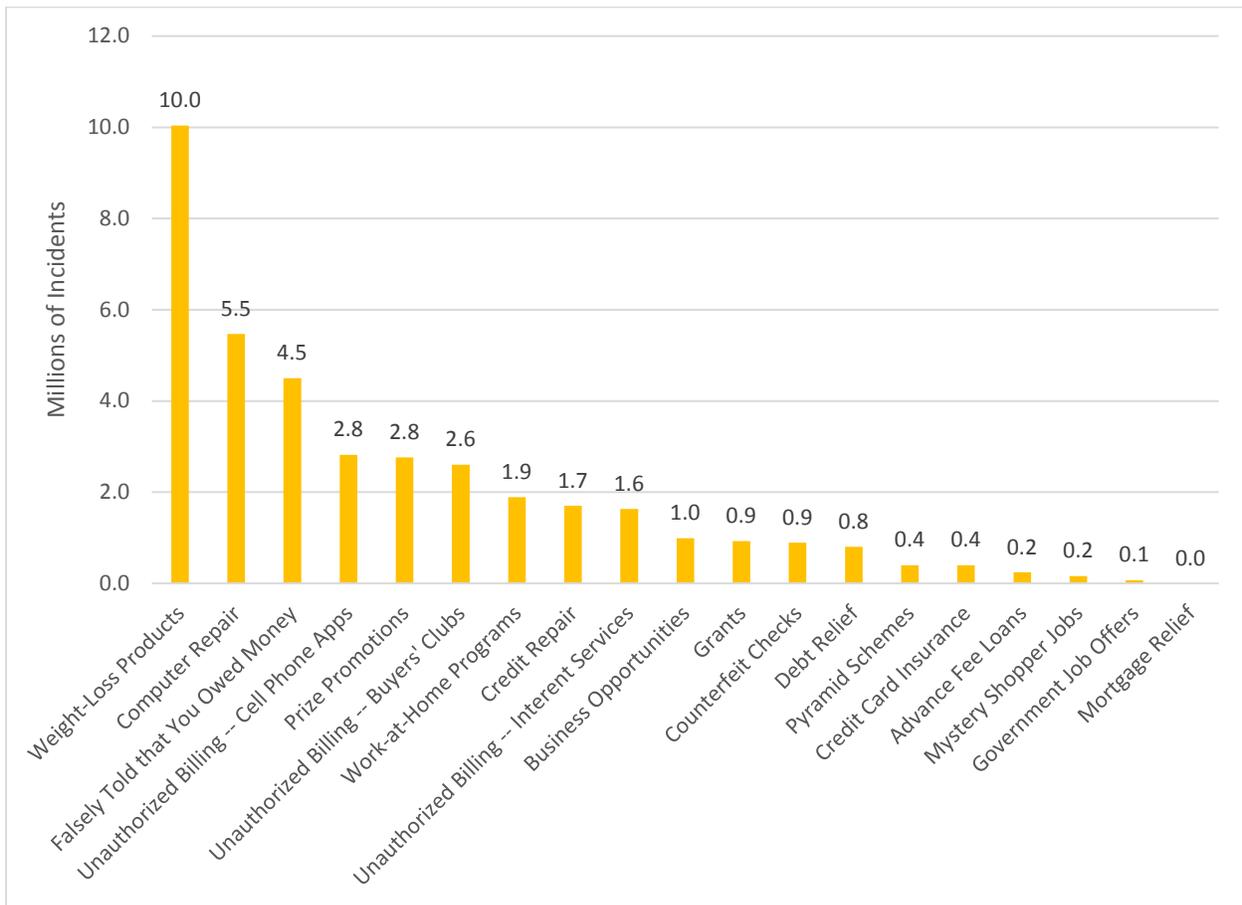
- **Estimated victims:** 2.6 percent of survey participants – representing 6.5 million consumers – reported that they had purchased and used fraudulent weight-loss products during 2017.
- **Estimated incidence:** 10.0 million incidents of Fraudulent Weight-Loss Products were estimated to have occurred during 2017. On average, consumers who were victims of weight-loss fraud purchased and used 1.6 such fraudulent weight-loss products during the year.

Figure 1. Specific Surveyed Frauds, by Number of Victims, 2017



Source. Table 2.

Figure 2. Specific Surveyed Frauds, by Number of Incidents, 2017



Source. Table 3.

- **Reported weight loss outcomes:** Of those who purchased a weight-loss product that was supposed to make it easy to lose weight or allow them to lose weight without diet or exercise,⁴⁵
 - 59 percent reported that they lost less than half of the weight that they had expected to lose.
 - 21 percent said that they lost only a little of the weight they expected to lose,
 - 38 percent said that they had not lost any weight, or had gained weight, while using the product.
 - 20 percent reported that they had lost at least half of the expected weight
 - 15 percent reported that they lost at least as much weight as they had expected to lose.
 - 5 percent reported losing about half of the weight they expected to lose.
 - 20 percent said that they had not used the product they had purchased.⁴⁶
- **Alternative measures of victimization:** Two alternative definitions of who was a victim were also considered.
 - One of the alternatives considered was to count as victims those who said that they had not used the Fraudulent Weight-Loss Product they had purchased in addition to those who had used the product and did not lose at least half of the weight they had expected to lose. Using this definition, an estimated 3.3 percent of U.S. adults – 8.2 million consumers – were victims and there were an estimated 13.6 million incidents of weight-loss fraud.
 - The second alternative considered was to count as victims only those who purchased and used a product that they were told would permit them to lose weight without diet or exercise and had not lost at least half of the weight they had expected to lose. (That is, consumers who bought a product that the seller only claimed would make it easy to lose weight were not counted as victims.) Using this alternative, 2.0 percent of U.S. adults – 5.1 million – were victims and there were 7.1 million incidents.

Fraudulent Computer Repair #2

- **Estimated victims:** 2.0 percent of survey participants – representing 5.0 million U.S. adult consumers – reported having been victims of Fraudulent Computer Repair during 2017.

⁴⁵ Based on the responses to Question 40_6 by 113 survey participants who reported that they had purchased a weight-loss product where the seller had told them that the product would make it easy to lose weight or that they could lose weight without diet or exercise.

⁴⁶ The distribution of responses as to the amount of weight lost by consumers using a Fraudulent Weight-Loss Product is not significantly different from the distribution of responses in the 2011 survey (p=0.5124).

- **Estimated incidence:** 5.5 million incidents of Fraudulent Computer Repair were estimated to have occurred during 2017.
- **Method for contacting victims about alleged computer problems:** Of incidents in which consumers reported that they had been told that their computers required immediate repair to keep running or that the seller needed to access their computers remotely,⁴⁷
 - 62 percent reported incidents that met the definition of fraudulent computer repair fraud.
 - 38 percent began with a message on the victim’s computer screen, such as a pop-up message.
 - 19 percent involved claims made during a telephone call from the person marketing the repair services.
 - 5 percent occurred when consumers called someone after an online search to find someone to help them fix problems that they believed they were having with their computers.
 - 12 percent occurred when consumers took their computers to a store to have it repaired.
 - 17 percent occurred when consumers contacted a seller with whom they had previously done business.⁴⁸
- **Alternative measures of victimization:** If those who took their computers to a store for repair and were told that their computers needed immediate repair or that the seller needed to examine the computer remotely are included in the definition of this type of fraud, 2.3 percent of U.S. adults representing 5.8 million consumers were victims. Using this definition, there were an estimated 6.4 million incidents.⁴⁹

⁴⁷ Based on the responses to Question 42_4 by 151 survey participants who reported that they had been told that their computers had viruses or security vulnerabilities and needed to be repaired right away or that someone needed to remotely examine their computer to determine if the computer had viruses or other security vulnerabilities.

⁴⁸ The remaining 9 percent either indicated that something else had happened, did not know how they had found the seller or refused to answer the question.

⁴⁹ The Commission has brought at least one case in which it has alleged that consumers have been deceived by claims made when they took their computers to a store to be repaired. (See, *FTC v. Office Depot, Inc., and Support.com, Inc.* No. 9:19-cv-80431 (S.D. Florida, filed March 2019.)) The practices in this case involved hooking consumers’ computers up to the Internet and running a diagnostic program.

The experiences of those who reported having been told one of the two triggering claims when they took their computers to a store to get it repaired appear to differ from that of those who were so told via a message like a pop-up, during a phone call from a seller, or in a phone call or email in response to a pop-up message. Of those who responded to a pop-up, etc., 69 percent said that they had been told that their computers required immediate repair to keep functioning. Of those who took their computers to a store, only 33 percent said that this claim had been made to them. (The remaining 67 percent of those who took their computers to a store said that a salesman at the store said that they needed to have the computer examined remotely.)

Falsely Told That You Owed Money to the Government #3

- **Estimated victims:** 1.4 percent of survey participants – representing a total of 3.4 million consumers – reported having made a payment in 2017 after being told that they owed money to a government agency or because of a law enforcement action.
- **Estimated incidence:** 4.5 million incidents of this type of fraud were estimated to have occurred in 2017.
- **Why payment allegedly needed to be made:** Of those who said that they had made this kind of payment,⁵⁰
 - 38 percent said that they were told that they needed to make the payment because of taxes they owed.
 - 22 percent said that they were told that they needed to make a payment to keep from being arrested or to avoid having to go to court
 - 20 percent said that they were told it was because of a traffic ticket.
 - 10 percent said that the payment was a result of a bill that they owed.
 - 7 percent said that they were told they owed the money because of student loans.
- **Alternative measure of victimization:** One alternative measure of victimization was also considered. In the above estimates, those who said that they, in fact, owed the money they paid were counted as victims.⁵¹ If consumers who said that they actually owed the money are not defined as being victims, 0.4 percent of U.S. adults – a total of 1.1 million consumers were victims of this type of fraud in 2017. Using this definition, 1.3 million incidents of this type of fraud in 2017.

Unauthorized Billing for Buyers' Club Memberships #4 (tied)

- **Estimated victims:** 1.0 percent of survey participants – representing 2.5 million consumers – reported having been billed and paid for a buyer's club membership that they had not agreed to purchase in 2017.
- **Estimated incidence:** 2.6 million incidents of Unauthorized Billing for Buyers' Club Memberships were estimated to have occurred in 2017.
- **Typical products:** Buyers' clubs for which unauthorized bills were sent and which did not deliver the promised savings involved a wide range of products and services including health care products and services, Internet-access services, magazines, and clothing, shoes or accessories.

⁵⁰ Based on the responses of 29 participants who reported being a victim of this type of fraud and who answered Question 44_4.

⁵¹ 65 percent of participants who said that they had made a payment after being contacted about an alleged debt for taxes or necessary payment in connection with a legal action indicated that they actually owed the money or that the court case had been filed. This included 76 percent of those who said that they were told that they owed back taxes. While it is possible that these participants were accurately reporting that debts were owed, it seemed more likely that many of these people were just reporting as accurate what they had been told.

- **Alternative measures of victimization:** Including consumers who were billed for a buyers' club membership that they had not agreed to purchase as victims even if they did not pay any money has only a minimal effect on the estimated number of victims and the number of incidents of this type of fraud.

Unauthorized Billing for an Item for a Cell Phone #4 (tied)

- **Estimated victims:** 1.0 percent of survey participants – representing 2.5 million consumers – reported having been billed and paid for an item for a cell phone that they had not agreed to purchase during 2017.
- **Estimated incidence:** 2.8 million incidents of Unauthorized Billing for an Item for a Cell Phone were estimated to have occurred in 2017.⁵²
- **Alternative measures of victimization:** If consumers who were billed for a cell phone-related product that they had not agreed to purchase are counted as victims even if they did not pay any money, 1.1 percent of the U.S. adult population were victims in 2017 – 2.8 million people. There were an estimated 3.1 million incidents using this definition.

Fraudulent Prize Promotions

- **Estimated victims:** 0.9 percent of survey participants – representing 2.4 million consumers – reported that they had been victims of Fraudulent Prize Promotions in 2017.
- **Estimated incidence:** 2.8 million incidents of Fraudulent Prize Promotions were estimated to have occurred in 2017.
- **Receipt of promised prizes:** Of survey participants who indicated that they had made a payment, a purchase, or attended a required sales presentation in order to receive a promised prize,⁵³
 - 41 percent said that they had received the promised prize and that the prize was as it had been described to them. These participants were, therefore, not counted as victims.
 - 44 percent said that they had not received the prize,
 - 15 percent said that they had received a prize, but that it was not as it had been described.
- **Requirements to win:** Approximately 41 percent of those who reported being a victim of a Fraudulent Prize Promotion said that they had made a purchase in order to obtain their

⁵² While the prevalence of Unauthorized Billing for an Item for a Cell Phone is essentially equal to that for Unauthorized Billing for Buyers' Club Memberships, the number of incidents involving items for a cell phone exceeds that for buyers' club memberships. This is because some of those who were victims of unauthorized billing for cell phone items reported that this had happened to them multiple times. Those who were victims of Unauthorized Billing for Buyers' Club Memberships all reported having been victimized in this way only once.

⁵³ Based on the responses to Questions 34_4A and 34_4B from 55 survey participants who reported that they had made a required purchase, made a payment, or attended a sales presentation in order to obtain a promised prize.

prize. An additional 32 percent said that they had made a payment, while 25 percent said that they had been required to attend a sales presentation.⁵⁴

- **Inducements to pay:** Over half – 56 percent – of victims of Fraudulent Prize Promotions indicated that they had been told that they had won a free vacation. Almost 15 percent indicated that they had been told that they had won a sweepstakes, while 10 percent indicated that they were told that they had won a computer or a tablet.⁵⁵
- **Alternative measure of victimization:** If only those who made a payment or purchase in order to receive a promised prize – and not those who attended a sales promotion – are considered to be victims of Fraudulent Prize Promotions, there were an estimated 1.7 million victims (0.7 percent of the U.S. adult population).

Unauthorized Billing for Internet Services

- **Estimated victims:** 0.6 percent of survey participants – representing 1.5 million U.S. adults – reported that during 2017 they had been charged and had paid for Internet services, such as Internet access or website hosting or development, that they had not agreed to purchase.
- **Estimated incidence:** 1.6 million incidents of Unauthorized Billing for Internet Services were estimated to have occurred in 2017.
- **Alternative measure of victimization:** If consumers who were billed for an Internet service that they had not agreed to purchase are counted as victims even if they did not pay any money, 0.7 percent of the U.S. adult population were victims in 2017 – 1.8 million people. Using this definition, there were an estimated 1.9 million incidents.

Fraudulent Work-at-Home Programs

- **Estimated victims:** 0.5 percent of survey participants – representing 1.3 million consumers – reported that they had purchased a Fraudulent Work-at-Home program in 2017.
- **Estimated incidence:** 1.9 million incidents of Fraudulent Work-at-Home Programs were estimated to have occurred in 2017.

⁵⁴ Based on the responses to Question 34_4D from 33 survey participants who reported that they had made a required purchase, made a payment, or attended a sales presentation in order to obtain a promised prize, but had not received the prize or found the prize not to be essentially what had been described to them.

The remaining 20 percent indicated that they did not know what they had been promised or that they had been promised something else.

The differences in the distribution of what victims of Fraudulent Prize Promotions did to obtain the promised prize – buy a product, make a payment, or attend a sales presentation – in 2011 and 2017 do not meet a threshold for statistical significance ($p=0.253$).

⁵⁵ Based on the responses to Question 34_4C from 33 survey participants who reported that they had made a required purchase, made a payment, or attended a sales presentation in order to obtain a promised prize, but had not received the prize or found the prize not to be essentially what had been described to them.

- Victims of Fraudulent Work-at-Home Programs were more likely to report having experienced multiple incidents of this fraud than was the case for the more-prevalent frauds with the exception of the purchase of Fraudulent Weight-Loss Products. On average, victims of Fraudulent Work-at-Home Programs purchased 1.5 different programs during 2017.
- **Reported outcomes from work-at-home programs:** Of survey participants who bought work-at-home programs during 2017:⁵⁶
 - In approximately 35 percent of cases, purchasers indicated that the seller of the program had not represented that they would earn a particular amount of income. These people were, therefore, not victims.
 - 12 percent of purchasers indicated that they had made at least half as much money as they had expected to earn and are therefore not victims.
 - 5 percent of purchasers indicated that they had made as much or more money than they had expected to make.
 - 7 percent indicated that they had made at least half as much as, but less than the total amount, they had expected.
 - 53 percent reported that they had earned less than half of the anticipated earnings.
 - 19 percent said that they made less than half of the money they had been told that they would make from the program.
 - 24 percent said that they made no money or lost money.
 - 10 percent said that they had not worked at the program after buying it.
- **Alternative measures of victimization:** If consumers who purchased a work-at-home program, but did not attempt to work at it are not counted as victims, 0.5 percent of U.S. adults – 1.2 million consumers – were estimated to be victims of Fraudulent Work-at-Home Programs, and there were 1.6 million incidents.

3.4 More-General Surveyed Frauds

More participants reported being victims of one or both of the two more-general types of fraud included in the survey than were victimized by any of the specific types of fraud included in the survey. The first of these two types of fraud involved having paid for a product or service that was never received. The second involved being billed for a product or service that the consumer had never agreed to purchase, other than Internet services, an item for a cell phone, or buyers' clubs.

⁵⁶ Based on responses to Questions 28_5 and 28_6 by 23 survey participants who reported that they had purchased a work-at-home program.

The distribution of responses concerning whether an earnings representation was made, and if so, how much the purchaser earned relative to what they had been told to expect does not meet a threshold for statistical significant difference from that in the 2011 survey ($p=0.285$).

Paid for Something That Was Never Received

- **Estimated victims:** 4.0 percent of survey participants – representing 10.0 million consumers – reported that they had Paid for Something That Was Never Received during 2017.
- **Estimated incidence:** 12.3 million incidents of having Paid for Something That Was Never Received were estimated to have occurred during 2017.
- **Distribution of purchased items:** Clothing, shoes, or accessories were the types of products victims most frequently reported having been paid for but never received, accounting for a bit more than one-quarter of such incidents – 29 percent. Health care product or services accounted for 11 percent of such incidents. This was followed by toys or games and office supplies (Table 4).⁵⁷
- **Distribution of retail channels where orders were placed:** More than three quarters – 78 percent – of items for which consumers paid but never received were ordered via the Internet. This compares to a rate of 62 percent for all of the types of fraud covered by the survey. Orders placed by telephone were responsible for 19 percent of incidents of this type of fraud. This compares to a rate of 26 percent for all of the types of fraud included in the survey. Mail orders were involved in only 2 percent of the incidents of this type of fraud.⁵⁸
- **Distribution of retail channels where fraud was initiated:** In 46 percent of incidents involving items that had been paid for but were never received, victims of this type of fraud reported that they first learned about the product or service from an Internet webpage. Internet auction websites were the source of information for an additional 10 percent of these incidents.⁵⁹

Unauthorized Billing for a Product or Service Other Than Buyers' Clubs, Cell Phone Products, or Internet Services

- **Estimated victims:** 3.9 percent of survey participants – representing 9.7 million U.S. consumers – reported that they had been billed and paid for a product that they had not agreed to purchase, other than those about which the survey questions specifically asked, during 2017.
- **Estimated incidence:** 11.2 million incidents of Unauthorized Billing for a Product or Service Other Than Buyers' Clubs, Cell Phone Products, or Internet Services were estimated to have occurred in 2017.

⁵⁷ Based on responses to Question 46_6 by 70 survey participants who reported having been victims of Paid-Not-Received fraud.

⁵⁸ Based on responses to Question 47_4 by 70 survey participants who reported having been victims of Paid-Not-Received fraud.

⁵⁹ Based on responses to Question 47_1 by 70 survey participants who reported having been victims of Paid-Not-Received Fraud.

Table 4. Most-Common Items That Were Reported to Have Been Paid for That Were Never Received

	Percent of Cases
Clothing, Shoes, or Accessories	28.6%
Health Care Products or Services	10.5%
Toys or Games	9.3%
Office Supplies	5.1%
Plants	4.2%
Cable or Satellite TV Services	4.2%
Home Décor, Bedding, Appliances, Flags	3.5%
Tobacco, Alcohol, Cigarettes	3.0%
Automobile Products or Services	2.8%
Books	2.5%
Cell Phone Service or Equipment	2.5%

Source. 2017 FTC Survey of Mass-Market Consumer Fraud, Question 46_6

Note. Based on responses of 70 survey participants who reported having been victims of Paid-Not-Received Fraud.

- **Distribution of products and services:** Health care products or services were the most frequently mentioned types of products for which consumers reported being billed without having agreed to a purchase. Health care products and services accounted for 43 percent of all incidents of this type of problem. The next most frequently identified areas involving such billing practices were cosmetics or beauty items and fitness products or services (Table 5).⁶⁰

3.5 Incidents of Fraud by Product

Unlike Table 3, which showed the number of incidents for each of the types of fraud covered by the survey, Table 6 shows the estimated number of incidents by the product involved.⁶¹

- **Weight-Loss Products** were the product or service in the greatest number of mass-market consumer fraud incidents covered by the survey with an estimated 10.1 million incidents of fraud involving weight-loss products during 2017.
 - Almost all of the incidents involving weight-loss products reported by survey participants involved the specific fraud of weight-loss products that failed to deliver the promised amount of weight loss, which was the specific fraud that was responsible for the largest estimated number of incidents.
- **Health care products and services, other than weight-loss products,** were involved in the second highest number of incidents – 6.0 million fraud incidents – during 2017. While there were no specific frauds asking about such health care products or services,
 - 4.7 million incidents are estimated to have involved being charged for a health care product or service without having agreed to the purchase, while
 - 1.3 million incidents are estimated to have involved a health care product or service for which a consumer paid but never received.
- **Computers and False Claims that the Consumer Owes Money to the Government** were the third and fourth largest product categories in terms of the number of incidents of fraud, essentially the same as their second and third ranking in terms of the number of incidents resulting from specific frauds included in the survey.

⁶⁰ Based on the responses to Question 24_4 by 93 survey participants who reported having been victims of Unauthorized Billing for a Product or Service Other Than Buyers' Clubs, Cell Phone Products, or Internet Services.

⁶¹ The two tables differ in that incidents involving having Paid for Something That Was Never Received or incidents involving Unauthorized Billing for a Product or Service Other Than Buyers' Clubs, Cell Phone Products, or Internet Services could involve any number of products. In deriving the figures in Table 6, incidents of these two types of fraud are assigned to the type of product involved and, when there is also a specific type of fraud that involves the same product, added to the estimated incidents for the specific fraud. For example, Table 3 shows that there were 2.8 million incidents in 2017 involving Unauthorized Billing for an Item for a Cell Phone. However, there were also instances in which consumers reported that they had been a victim of unauthorized billing or had paid for but not received cell phone service or equipment or games or other programs that were supposed to be delivered on their cell phones. These incidents are estimated to have accounted for another 0.5 million incidents in 2017. Thus, on Table 6 a total of 3.2 million incidents are assigned to the category Cell Phone Service or Equipment.

Table 5. Most-Common "Other" Items for Which An Unauthorized Bill Was Received^a

	Percent of Cases
Health Care Products or Services	43.4%
Cosmetics or Beauty Items	9.5%
Fitness Products or Services	8.5%
Credit Monitoring Services, ID Theft Services, or a Copy of Your Credit Report	4.1%
Business Opportunities, Franchises, Distributorships, or Work-at-Home Plans	2.4%
Magazines	2.2%
Automobile Product or Service	1.9%
Clothing, Shoes, or Accessories	1.8%
Warranties or Insurance	1.7%

Source. 2017 FTC Survey of Mass-Market Consumer Fraud, Question 24_4

Note. Based on the responses of 93 survey participants who reported having been victims of Unauthorized Billing for a Product or Service Other Than Buyers' Clubs, Cell Phone Products, or Internet Services.

- a. Does not include buyers' clubs, an item for a cell phone, or Internet services.

Table 6. Estimated Number of Incidents of Fraud by Product or Service, 2017

Product or Service	Number of Incidents (millions)
Weight-Loss Products	10.1
Health Care Products and Services, Other than Weight-Loss Products	6.0
Computers: Equipment, Software, or Repair	5.6
Falsely Told That You Owed Money that You Did Not Owe	4.5
Business Opportunities, Franchises, Distributorships, Work-at-Home	3.9
<i>Work-at-Home Programs</i>	1.9
<i>Business Opportunities</i>	1.0
<i>Pyramids</i>	0.4
<i>Mystery Shopper Jobs</i>	0.2
<i>Government Job Promises</i>	0.1
<i>Not specified</i>	0.3
Clothing, Shoes, and Accessories	3.7
Cell Phone Service or Equipment	3.2
Prize Promotions	2.8
Buyers' Clubs	2.7
Credit Repair, Credit Monitoring, ID Theft Service, Copy of a Credit Report	2.2
Internet Services: Internet Access, Internet Advertising, Website Design or Hosting	1.9
Cosmetic or Beauty Items	1.2
Toys and Games	1.1
Fitness Products or Services	1.0
Grants	0.9
Counterfeit Checks	0.9
Books, Magazines, or Newspapers	0.9
<i>Books</i>	0.3
<i>Magazines</i>	0.3
<i>Newspapers</i>	0.3
Debt Relief	0.7
Cable or Satellite TV Services	0.7
Office Supplies	0.6
Automobile Product or Service	0.6
Other Electronics	0.5
Plants	0.5
Home Items (Décor, Bedding, Appliances, Flags)	0.5
Other	4.8
Don't Know / Refused	0.2

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

- **Clothing, Shoes, and Accessories** were also involved in a significant number of incidents of fraud – an estimated 3.7 million incidents – ranking sixth in terms of the products involved in the most fraudulent transactions. None of the specific frauds covered by the survey dealt with problems involving these products.⁶²
 - 3.5 million incidents involved having paid for clothing, shoes, or accessories that were never received; and
 - 0.2 million incidents involved being charged for clothing, shoes or accessories that the consumer had not agreed to purchase.

⁶² The fifth-largest category in Table 6 – Business Opportunities, Franchises, Distributorships, and Work-at-Home Offerings – covers several of the specific types of fraud included in the survey. This was necessary because of the way the data on the product involved in the more- general types of fraud was collected.

4. Characteristics of Transactions Involving Surveyed Frauds

The nature of the transactions that involved the types of fraud covered by the 2017 survey is explored in this chapter.⁶³ How did victims order the fraudulent products or services? How were these products or services promoted to victims? How much did victims pay, and how did victims make these payments? How do the characteristics vary over the three surveys – 2005, 2011, and 2017?

4.1 Where Were Fraudulent Goods and Services Purchased?

- *How did victims purchase the goods or services involved in the types of fraud covered by the 2017 survey that involved a purchase?* (Table 7, Figure 3)⁶⁴
 - Internet: 62 percent of incidents
 - Telephone: 26 percent
 - Brick-and-mortar store, other place of business or while attending a seminar: 6 percent
 - Mail-order: 3 percent
- *Changes from past surveys:* (Figure 4)⁶⁵
 - Internet purchases: 40 percentage-point increase from 2005
 - 2005 Survey: 21 percent of incidents
 - 2011 Survey: 40 percent
 - 2017 Survey: 62 percent
 - Telephone purchases: Slight decline in 2017
 - 2005 and 2011 Surveys: 29 to 30 percent of incidents
 - 2017 Survey: 26 percent
 - Purchases at brick-and-mortar stores or other place of business: 10 percentage-point decrease relative to 2005
 - 2005 Survey: 16 percent of incidents
 - 2017 Survey: 6 percent

⁶³ Because of the way the estimates are constructed, tests of whether the differences across surveys reported in this chapter are statistically significant were not performed.

⁶⁴ Frauds involving unauthorized billing, Fraudulent Prize Promotions or Fraudulent Grant Promotions, Counterfeit Check Fraud, or being Falsely Told That You Owe Money are not included in these figures since, in many cases, the victim of these frauds does not knowingly purchase anything.

⁶⁵ Data on how purchases were made in 2011 are found in Table 6 on page 35 of Anderson (2013). Data for 2005 are found in Table 10 on page 46 of Anderson (2007).

Table 7. How Fraudulent Goods and Services Were Purchased, 2017^a

Purchased by:	Percent of Incidents
Internet	61.8%
Telephone	25.5%
Store, seminar, other place of business	6.4%
Mail	2.6%
Seller came to victim's home	0.7%
Other	2.2%
Don't Know / Refused	0.7%

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

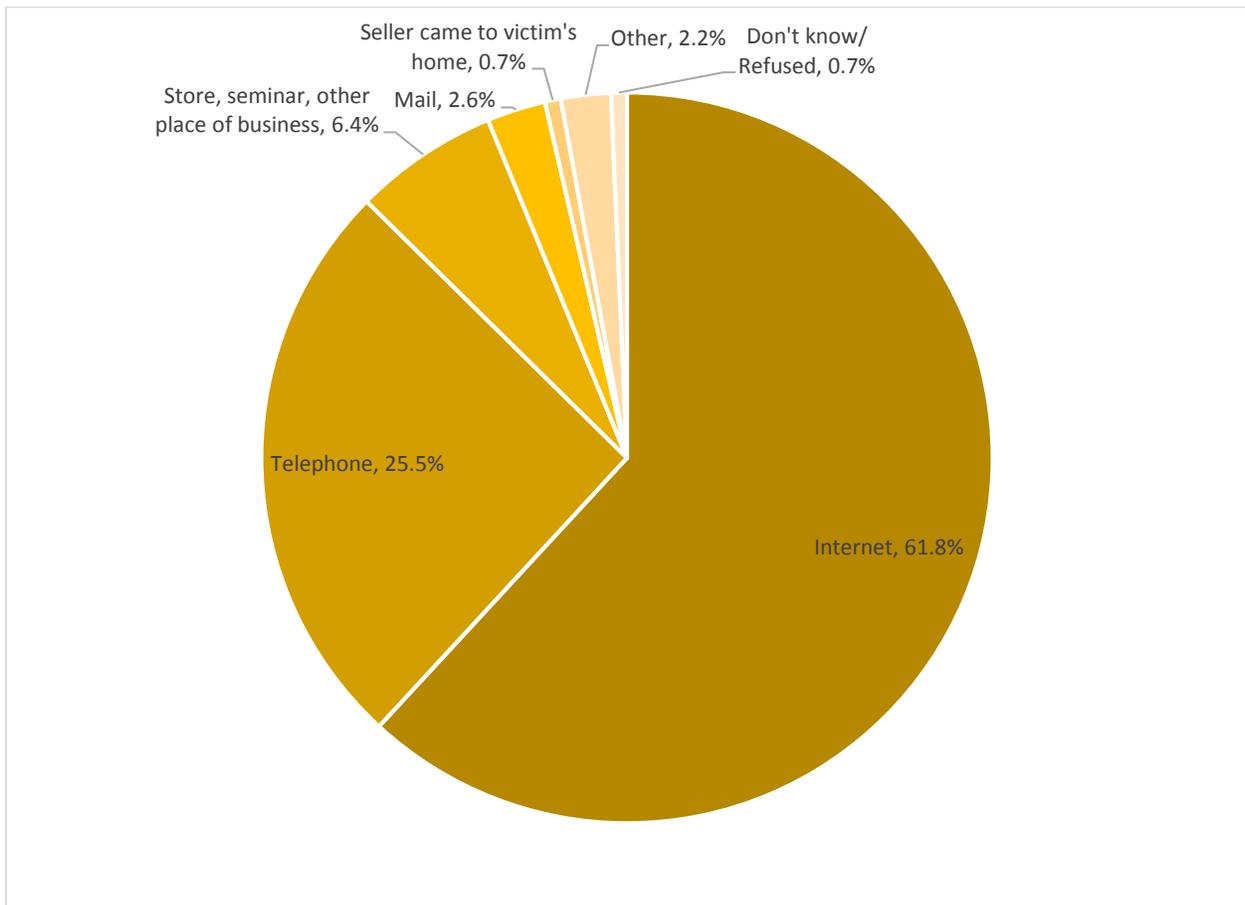
Notes.

Numbers are rounded to the nearest 0.1 percent.

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

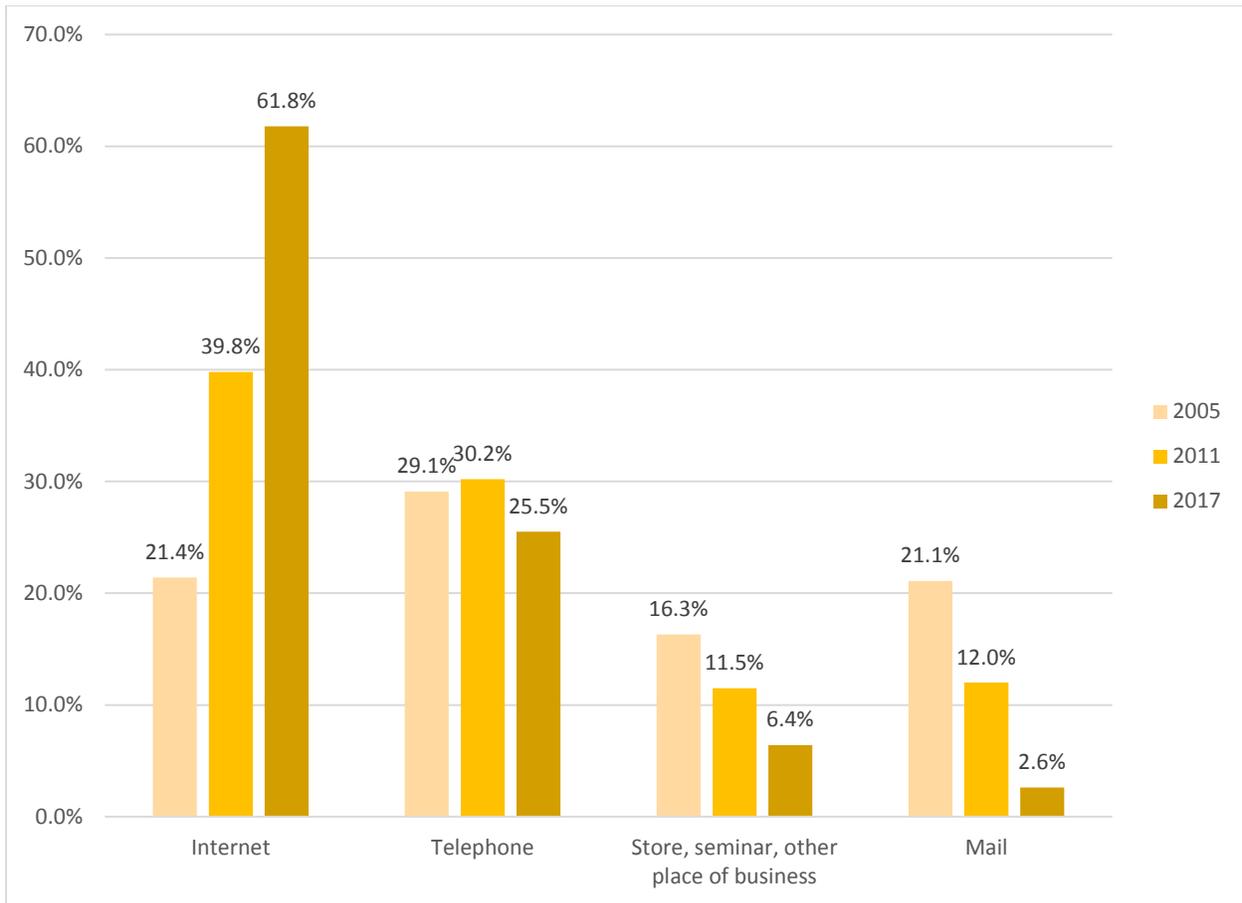
- a. Does not include frauds involving unauthorized billing, Fraudulent Prize Promotions or Fraudulent Grant Promotions, Counterfeit Check Fraud, or being Falsely Told That You Owe Money since, in many cases, the victim of these frauds does not knowingly purchase anything.

Figure 3. How Fraudulent Goods and Services Were Purchased, 2017



Source. Table 7.

Figure 4. How Fraudulent Goods and Services Were Purchased, 2005, 2011, 2017, Selected Purchase Channels



Source. 2017 data from Table 7; 2011 data from Anderson (2013) *supra n.1*, Table 6; 2005 data from Anderson (2007) *supra n.1*, Table 10.

- Mail-order purchases: 18 percentage-point decrease relative to 2005
 - 2005 Survey: 21 percent of incidents
 - 2017 Survey: 3 percent

4.2 How Were Fraudulent Goods and Services Promoted to Victims?

- *How did victims first learn about the fraudulent goods and services they purchased in the areas covered by the 2017 survey?* (Table 8, Figure 5)⁶⁶
 - In 54 percent of all incidents of fraud, the products or services were promoted on the Internet
 - In 39 percent of incidents – 72 percent of incidents that involved Internet promotion – the products or services were promoted on an Internet website (including classified advertising sites and Internet auction sites, but not including social media or emails)
 - In 29 percent of all incidents, the products or services were promoted on general web pages
 - In 5 percent of all incidents, the products or services were promoted on Internet classified advertising sites and
 - In 3 percent of all incidents, the products or services were promoted on Internet auction sites.
 - In 12 percent of incidents, the products or services were promoted via social media
 - In 3 percent of incidents, the products or services were promoted via email
 - In 9 percent of incidents, the products or services were promoted by telemarketing
 - In 9 percent of incidents, the products or services were promoted by television and radio advertising

⁶⁶ Victims of Counterfeit Check Fraud and being Falsely Told You Owed Money to the Government are not included in these calculations since these types of fraud do not involve promoting a (fraudulent) product or service to consumers. Victims of Fraudulent Computer Repair are also not included. In almost two-thirds of cases of this type of fraud, victims first learned about the alleged need to get their computers fixed via a pop-up message that appeared on their computer screens. In the case of being Falsely Told You Owed Money to the Government, it is likely that most of the initial contacts were by telephone.

While, overall, the Internet was the most common initial source about the fraudulent offers covered by the 2017 fraud survey, this was not the case for all types of fraud. For example, telemarketing was the most frequent initial source of information about prize offers that turned out not to provide the promised prizes. Those who reported being charged for an item for their cell phone that they had not agreed to purchase most often reported that they first discovered that they had been billed for the item when the charge appeared on their bill.

Table 8. How Victims First Learned About Fraudulent Offers, 2017

Media	Percent of Incidents
All Internet	53.7%
Internet Web Pages (Including classified ad and auction sites)	38.7%
General web pages	29.2%
Internet classified ad site	5.0%
Internet auction sites	3.0%
Social Media	12.3%
Email	2.7%
Telemarketing	9.0%
Television and Radio Advertising	8.8%
Television advertising, including infomercials	7.2%
Radio advertising	1.6%
Print Advertising	5.1%
Direct mail, including catalogs	3.1%
Newspaper and magazine advertising	1.5%
Posters and flyers	0.5%
Only Realized Being Charged When Received a Bill or a Product	5.9%
Others	16.0%
Word-of-mouth / A friend or family member	6.3%
Visiting a store	2.1%
Someone visiting the consumer's home	1.4%
Don't Know / Refused	1.4%

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

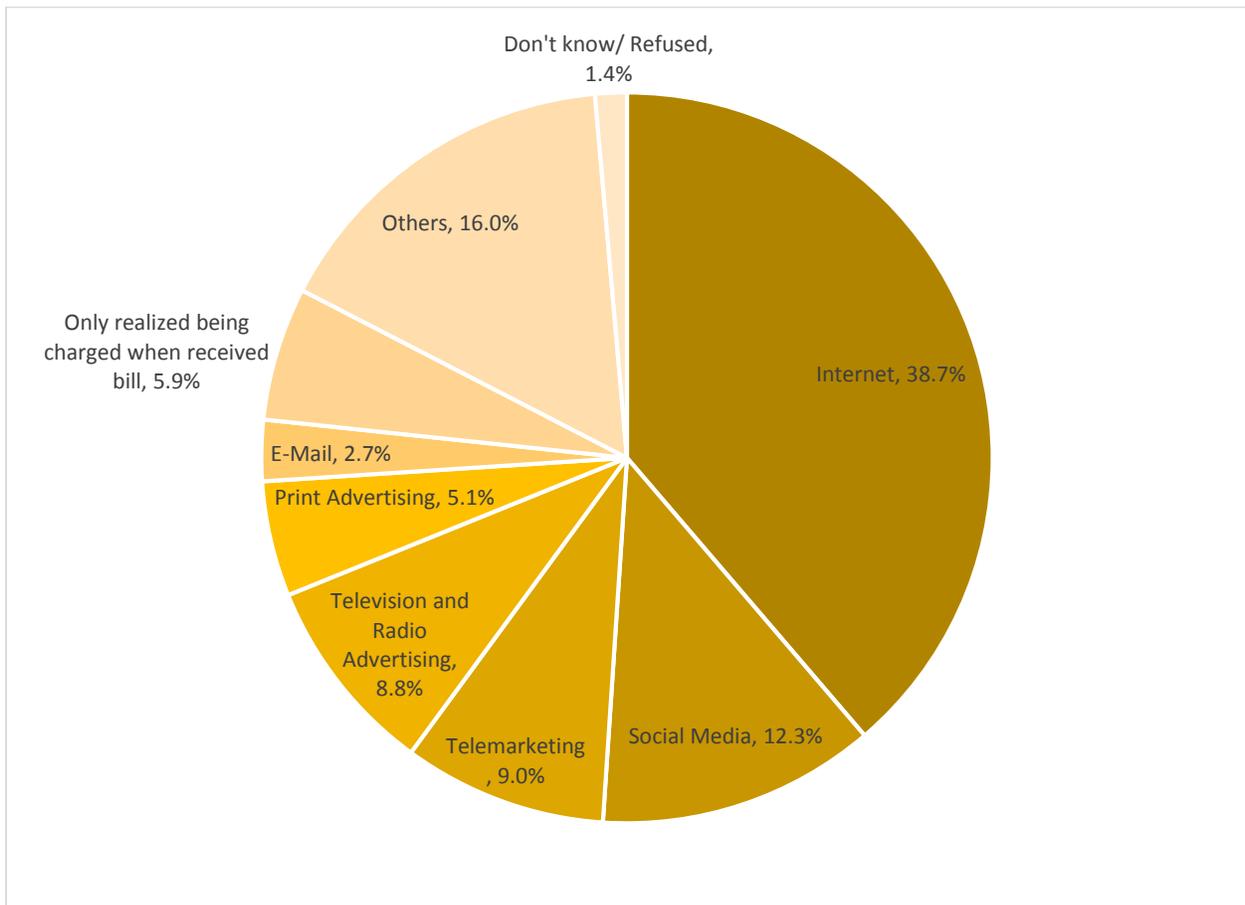
Notes.

Percentages are rounded to the nearest 0.1 percent.

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

Data for Counterfeit Check Fraud, being Falsely Told that You Owe Money to the Government, and Fraudulent Computer Repair are not included.

Figure 5. How Fraudulent Offers Were Promoted to Victims, 2017



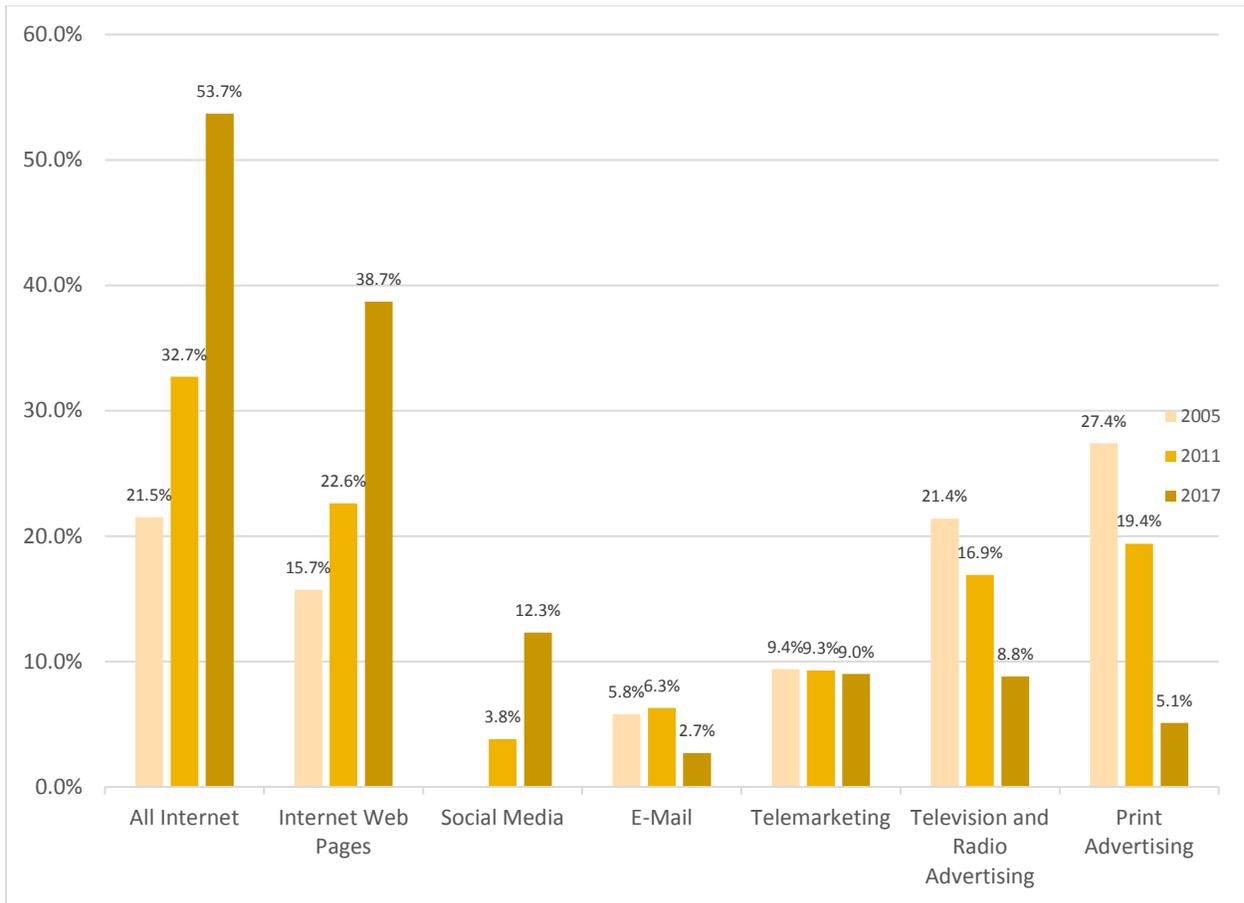
Source. Table 8.

- *Changes from past surveys:* (Figure 6)⁶⁷
 - Total Internet, including Internet websites, social media, and email, promotions: 32 percentage-point increase from 2005
 - 2005 Survey: 22 percent of incidents⁶⁸
 - 2011 Survey: 33 percent of incidents
 - 2017 Survey: 54 percent of incidents
 - Internet website promotions (including classified advertising and Internet auction sites): 23 percentage-point increase from 2005
 - 2005 Survey: 16 percent of incidents
 - 2011 Survey: 23 percent
 - 2017 Survey: 39 percent
 - Social media promotions: 8 percentage-point increase from 2011
 - 2011 Survey: 4 percent of incidents
 - 2017 Survey: 12 percent
 - Email promotions: 3 percentage-point decrease since 2011
 - 2005 Survey: 6 percent
 - 2011 Survey: 6 percent
 - 2017 Survey: 3 percent
 - Telemarketing promotions: Constant at 9 percent of all incidents in all three surveys
 - Television and radio promotions: 12 percentage-point decrease from 2005
 - 2005 Survey: 21 percent of incidents
 - 2017 Survey: 9 percent

⁶⁷ Data on the initial source of information from the 2011 survey is found in Table 7 on page 38 of Anderson (2011). Data for 2005 is found in Table 9 on page 44 of Anderson (2007). In both of the earlier reports, instances in which victims reported that they had first learned about the fraudulent product or service in an email were combined with those involving the Internet. Similarly, in reporting the results of the 2011 survey, instances in which the initial information came via social media were also included in the category “Internet and Email.” The figures reported here have been adjusted to separate these two categories from the Internet figures. In the 2005 survey, information on social media as a source of initial information was not sought. Therefore, no figures on social media in the 2005 survey are included in Figure 6.

⁶⁸ The data for 2005 is the sum of figures for Internet websites and email. Separate data for social media solicitations were not collected in the 2005 survey. Because social media were quite new in 2005, it is unlikely that this omission distorts the data to any significant degree.

Figure 6. How Fraudulent Offers Were Promoted, 2005, 2011, 2017, Selected Channels of Promotion



Source. 2017 data, Table 8; 2011 data, Anderson (2013) *supra n. 1*, Table 7; 2005 data, Anderson (2007) *supra n. 1*, Table 9.

- Print advertising (including direct mail, catalogs, newspaper and magazine advertising, posters, and flyers): 22 percentage-point decrease from 2005
 - 2005 Survey: 27 percent of incidents
 - 2017 Survey: 5 percent

4.3 How Much Did Consumers Lose When They Fell Victim to a Fraudulent Offering?

- *Overall distribution of the amounts consumers paid when they fell victim to one of the frauds covered by the 2017 survey: (Table 9)⁶⁹*
 - 50 percent of incidents – the 50th percentile or median – involved payments of \$100 or more
 - 25 percent of incidents – the 75th percentile – involved payments of \$250 or more
- *Types of fraud where the median victim losses were the highest:⁷⁰*
 - Business opportunity fraud
 - 50 percent of incidents involved payments of \$650 or more
 - 25 percent involved payments of \$2,450 or more
 - Fraudulent Credit Repair
 - 50 percent of incidents involved payments of \$325 or more
 - 25 percent involved payments of \$450 or more
- *Types of fraud where the median victim paid the least:*
 - Unauthorized Billing for Buyers’ Club Memberships
 - 50 percent of incidents involved payments of \$85 or more
 - 25 percent involved payments of \$160 or more
 - Fraudulent Weight-Loss Products
 - 50 percent of incidents involved payments of \$60 or more
 - 25 percent involved payments of \$105 or more

⁶⁹ Losses are measured by the amount consumers reported having paid. Data are not included for consumers who reported having been promised a prize if they attended a sales promotion.

⁷⁰ There is only limited data on the amounts paid by victims of the various kinds of fraud. Statistics on the amount paid by type of fraud are only reported for those fraud types where at least 10 victims reported the amount that they had paid.

Table 9. Consumer Loss per Incident of Mass-Market Consumer Fraud, 2017^a

Type of Fraud	Percentile			Number ^b
	25 th	50 th	75 th	
Any Fraud Covered by the Survey	\$45	\$100	\$250	433
Any Specific Fraud	\$50	\$115	\$300	270
Fraudulent Business Opportunities	\$125	\$650	\$2,450	12
Fraudulent Credit Repair	\$100	\$325	\$450	10
Fraudulent Prize Promotions	\$50	\$155	\$400	16
Unauthorized Billing for an Item for a Cell Phone	\$60	\$140	\$300	22
Fraudulent Computer Repair	\$60	\$140	\$300	70
Fraudulent Work-at-Home Programs	\$100	\$135	\$235	12
Unauthorized Billing for Internet Services	\$45	\$115	\$160	10
Unauthorized Billing for Buyers' Club Memberships	\$40	\$85	\$160	15
Fraudulent Weight-Loss Products	\$35	\$60	\$105	59
More-General Frauds	\$30	\$80	\$180	163
Unauthorized Billing for a Product or Service Other Than Buyers' Clubs, Cell Phone Products, or Internet Services	\$50	\$100	\$200	93
Paid for Something That Was Never Received	\$20	\$40	\$120	70

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

Notes.

Dollar figures rounded to nearest \$5.

Data are not provided for frauds where the amount paid was available for less than 10 observations.

- a. Consumer loss is measured by the amount the consumer reported having paid in connection with an incident. Figures do not include losses for victims who were required to attend a sales presentation but did not make a monetary payment or purchase any required goods or services.
- b. Number of cases in which a victim reported the amount paid.

- *Changes from past surveys:* No clear trends ⁷¹
 - 50 percent of incidents in both 2011 and 2017 surveys involved a payment of \$100 or more
 - The 25 percent of incidents involving the most money involved payments that were slightly lower in the 2017 survey – \$250 in 2017, compared to \$300 in 2011

4.4 How Victims Made Payments for Fraudulent Offerings

- *Overall distribution of method of payment for products and services involved in types of fraud covered by the 2017 fraud survey:* (Table 10, Figure 7)
 - Credit or debit cards: 75 percent of all payments
 - Credit cards: 41 percent
 - Checking accounts: 40 percent
 - Debit card linked to checking account: 31 percent of all payments (75 percent of payments from a checking account)
 - Gave seller checking account number: 5 percent of all payments (12 percent of payments from a checking account)
 - Wrote a check: 4 percent of all payments (11 percent of incidents from a checking account)
 - Almost three quarters of payments made by writing a check involved paying: (i) an amount the consumer was falsely told was owed to the government or as part of a court action, (ii) a fee related to a grant, (iii) a fee or make a purchase related to receipt of a prize, or (iv) a payment in connection with a counterfeit check
 - Cash: 6 percent
 - Online payment mechanism (for example, PayPal): 3 percent

⁷¹ Data on the amount paid from the 2011 survey can be found on Table 8 on page 41 of Anderson (2013). 2011 data do not include payments in connection with prize promotions.

Table 10. How Victims Made Payment in Fraudulent Transactions, 2017

Payment Mechanism	Percent of Incidents
Credit or Debit Card	75.0%
Credit Card	40.6%
Checking Account	40.4%
Debit Card Linked to Checking Account	31.2%
Seller Took Money Directly from the Victim's Checking Account	4.6%
Wrote a check	4.5%
Cash	6.0%
Online Payment Mechanism, Like PayPal	3.3%
Pre-Paid Debit Card	3.2%
Money Order, Postal or Non-Postal	3.1%
Gift Card	1.3%
Charged to Telephone, Cable Television, or Internet Services Account	0.1%
Other	1.6%
Don't Know	0.4%

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

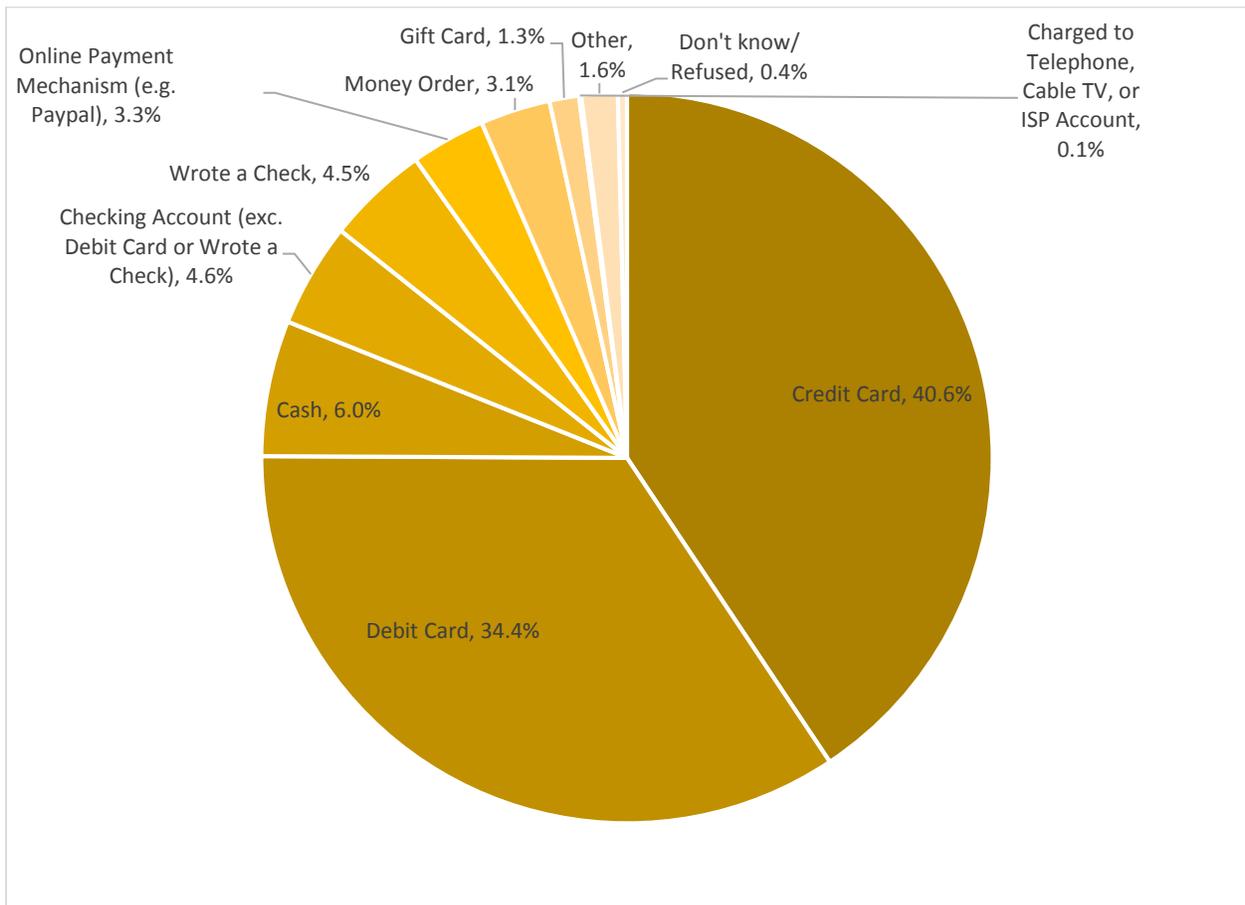
Notes.

Numbers are rounded to the nearest 0.1 percent. Estimates for individual categories may not add to total due to rounding.

Based on all frauds except Fraudulent Prize Promotions where victims were required to attend a sales presentation rather than make a payment or purchase.

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

Figure 7. How Victims Made Payment in Fraudulent Transactions, 2017



Source. Table 10.

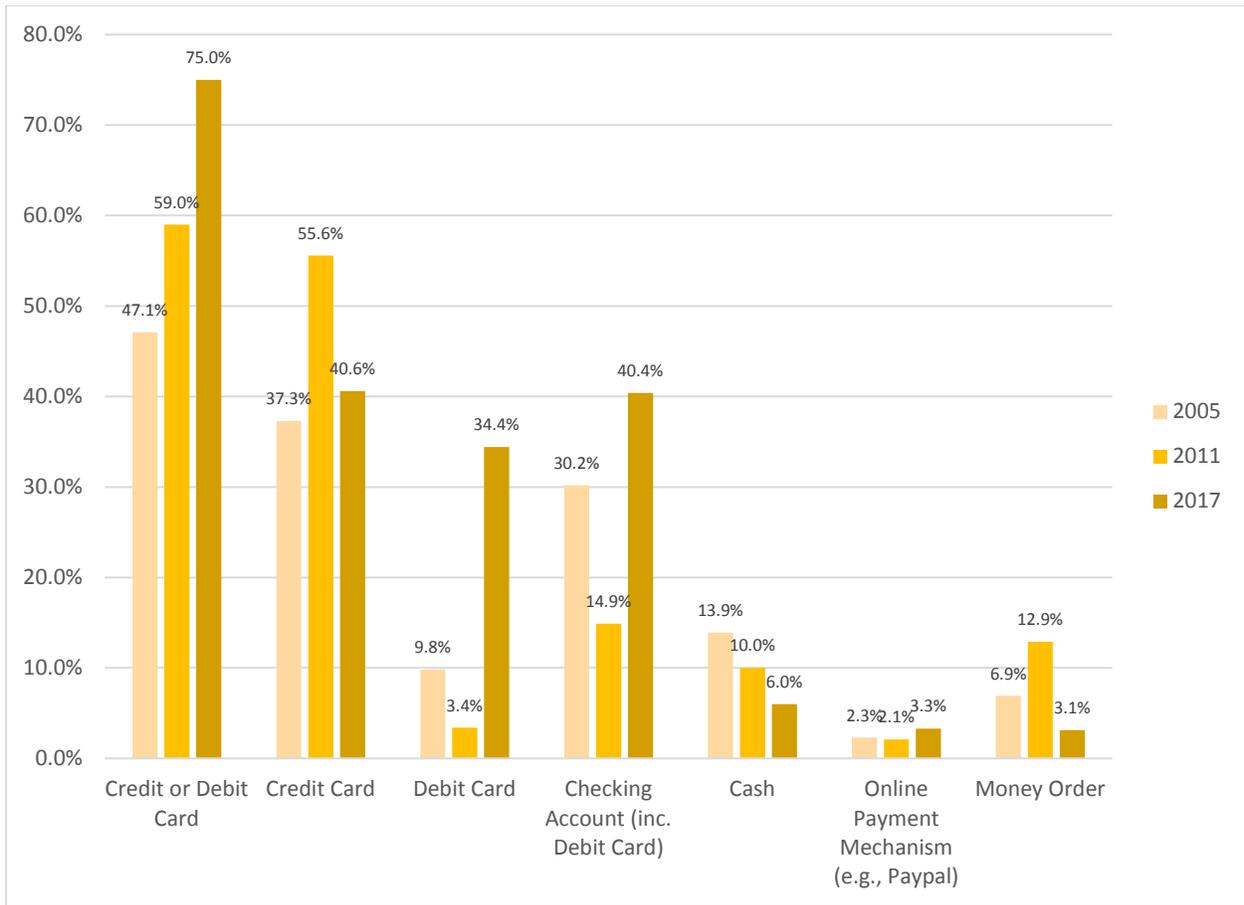
- Money orders or wire transfers (whether obtained from the Post Office, from a non-bank private provider such as Western Union or MoneyGram or from a bank): 3 percent⁷²
- Pre-paid debit cards: 3 percent
- *Changes from past surveys:* (Figure 8)⁷³
 - Payment made by card (credit, debit card linked to checking account, and pre-paid debit): 28 percentage-point increase between 2005 and 2017
 - 2005 Survey: 47 percent of all payments
 - 2011 Survey: 59 percent
 - 2017 Survey: 75 percent
 - Credit card payments: 15 percentage-point decrease from 2011, 3 percentage-point increase from 2005
 - 2005 Survey: 37 percent of all payments
 - 2011 Survey: 56 percent
 - 2017 Survey: 41 percent
 - Bank account payments, including debit cards:⁷⁴ 25 percentage-point increase from 2011, 10 percentage-point increase from 2005
 - 2005 Survey: 30 percent of all payments
 - 2011 Survey: 15 percent
 - 2017 survey: 40 percent

⁷² Questions were included in the 2017 survey attempting to ascertain whether those who reported paying by a money order had used a money order offered by the Postal Service, by a bank, or by a non-bank private provider, such as Western Union or MoneyGram. If the transfer was arranged through a non-bank private provider, questions also sought to learn whether the money was transferred in a cash-to-cash electronic transaction or whether it involved the printing of a paper payment order. Unfortunately, in many cases – 41 percent of incidents involving payment by a money order – the responses to the survey did not provide the desired detail. Of those instances in which this level of detail was obtained, a postal money order was used in 38 percent of cases. In 34 percent of cases, the transfer was arranged through a non-bank private provider, such as Western Union, or MoneyGram, and in 28 percent of cases, the consumer obtained the money order at a bank. In 24 percent of transactions that involved payment by a money order and in which the necessary detail was provided, the transfer had been an electronic cash-to-cash transfer offered by a non-bank private company.

⁷³ Data on the method by which payment was made for fraudulent offers from the 2011 survey is found in Table 9 on page 44 of Anderson (2013). Data from 2005 can be found in Table 12 on page 49 of Anderson (2007).

⁷⁴ The 2005 and 2011 surveys did not differentiate between payments that were made using a debit card linked to a checking account and a prepaid debit card. The figures reported here therefore are based on the assumption that all payments made by debit card were made with a debit card linked to bank accounts in 2005 and 2011.

Figure 8. How Victims Made Payment in Fraudulent Transactions, 2005, 2011, 2017, Selected Payment Methods



Source. 2017 data from Table 10; 2011 data from Anderson (2013), *supra n.1*, Table 9; 2005 data from Anderson (2007), *supra n.1*, Table 12.

- Debit cards payments, including both cards linked to checking accounts and prepaid cards: 31 percentage-point increase from 2011, 24 percentage-point increase from 2005
 - 2005 Survey: 10 percent
 - 2011 Survey: 3 percent
 - 2017 Survey: 34 percent
- Cash payments: 8 percentage-point decrease from 2005 – 14 percent of incidents in 2005, down to 6 percent in 2017
- Online payment mechanisms, such as PayPal; Consistent small percentage of payments in each of the surveys – 2 or 3 percent
- Money orders or wire transfers: 10 percentage-point decrease from 2011, 4 percentage-point decrease from 2005⁷⁵
 - 2005 Survey: 7 percent
 - 2011 Survey: 13 percent
 - 2017 Survey: 3 percent

⁷⁵ In December 2015, the Federal Trade Commission amended the Telemarketing Sales Rule to prohibit the use in telemarketing transactions of cash-to-cash payment methods such as wire transfers (See “FTC Amends Telemarketing Rule to Ban Payment Methods Used by Scammers,” FTC Press Release, November 18, 2015, available at <https://www.ftc.gov/news-events/press-releases/2015/11/ftc-amends-telemarketing-rule-ban-payment-methods-used-scammers>).

5. Characteristics Associated with Higher Victimization Rates

The associations between the prevalence of mass-market consumer fraud and various consumer characteristics will be examined in this chapter. Some of these characteristics are demographic. Were older consumers more likely to report that they had been victims than those who are younger? Does gender make a difference? How about income or education?

The survey also included questions about other consumer characteristics that previous surveys have suggested may be correlated with the likelihood of having been a victim. Is a consumer who is more willing to take risks more likely to have been a victim of fraud? Is having more debt than one can handle associated with victimization? How about having experienced a significant negative life event or believing that one's income is going to increase in the next few years?

5.1 Methodological Approach

Two different approaches are used in the present analysis. The results of the first approach are reported in Table 11, and also in Tables 13 through 28. This analysis looks only at how victimization rates differ across groups of consumers who differ in terms of the specific characteristic being examined – a cross-tab analysis. For example, as shown in the left hand column of Part a of Table 11, 14.5 percent of survey participants who were between 18 and 24 years of age reported that they had been victims of any of the frauds included in the 2017 survey during 2017. This rate increases to 22.0 percent for those between 35 and 44, and then declines to 11.7 percent for those between 65 and 74 and to 7.9 percent for those who were 75 or over.

As shown in the row labeled “Number of Observations / p-value on Test of Joint Significance,” at the bottom of Part a of the table, a total of 3,715 observations were used in deriving these estimates and these differences across different age groups are highly significant ($p=0.000$).⁷⁶ It should be noted that this is a test of whether there are significant differences in reported victimization rates across all of the age categories. That is, does the likelihood of reporting having been a victim differ depending on your age? The answer to that question here is yes, there are significant differences in the prevalence of reporting fraud depending on age. The test does not, however, reflect whether the differences between any two specific categories are statistically significant – for example, whether the 14.5 percent prevalence rate for those between 18 and 24 was significantly different from the 14.9 percent rate for those between 25 and 34.

⁷⁶ The p-value is the probability that differences at least as great in absolute value as the observed differences would have been observed if, in fact, the likelihood of being a victim did not differ across the categories. In traditional hypothesis testing, p-values of less than 0.1, 0.05, and 0.01 are described as being significant at the 10 percent, 5 percent, and 1 percent levels.

While all survey participants provided information on their age, not all participants provided information on some of the other characteristics considered with the result that fewer than 3,715 observations were available.

Table 11. Fraud Victimization Rates, 2017, by Consumer Characteristics (Univariate Analysis)^a

a. Age	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
18 – 24	14.5%		8.0%		7.4%	
25 – 34	14.9%		8.1%		7.3%	
35 – 44	22.0%		13.0%		12.2%	
45 – 54	20.0%		12.7%		8.5%	
55 – 64	14.3%		9.5%		6.6%	
65 – 74	11.7%		8.1%		4.6%	
75 and over	7.9%		4.9%		3.7%	
<i>Number of Observations / p-value and significance of test of joint significance^b</i>	3,715	0.000 ***	3,715	0.006 ***	3,715	0.001 ***

b. Education	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
Some High School or Less	14.0%		12.4%		2.8%	
High School Graduate	16.1%		10.9%		6.4%	
Some College or Technical School	18.9%		10.8%		10.0%	
College Graduate or More	13.5%		6.9%		8.0%	
<i>Number of Observations / p-value and significance of test of joint significance^b</i>	3,636	0.040 **	3,636	0.007 ***	3,636	0.000 ***

c. Gender	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
Male	13.1%		7.9%		6.1%	
Female	19.0%		11.8%		9.1%	
<i>Number of Observations / p-value and significance</i>	3,560	0.000 ***	3,560	0.005 ***	3,560	0.011 **

d. Have Served in the Military	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
No	16.6%		10.1%		7.8%	
Yes	11.2%		6.7%		6.5%	
<i>Number of Observations / p-value and significance</i>	3,649	0.004 ***	3,649	0.019 **	3,649	0.400

(Table continued on next page)

Table 11. (Continued)

e. Comfortable Doing Business in English	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
Yes	16.4%		9.9%		7.9%	
No	5.4%		5.3%		0.0%	
<i>Number of Observations / p-value and significance</i>	3,635	0.000 ***	3,635	0.110	3,635	0.004 ***

f. Telephone Number on Do-Not-Call Register	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
No	17.3%		11.2%		7.5%	
Yes	15.0%		8.2%		8.3%	
<i>Number of Observations / p-value and significance</i>	3,281	0.173	3,281	0.041 **	3,281	0.514

g. Share of Calls Received on Cell Phone	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
All or Almost All Received on Cell Phone	17.1%		10.3%		8.2%	
Some on Cell Phone / Some on Landline	17.3%		10.7%		8.9%	
Few or None on Cell Phone	8.6%		6.1%		3.0%	
<i>Number of Observations / p-value and significance of test of joint significance^b</i>	3,568	0.000 ***	3,568	0.029 **	3,568	0.000 ***

h. General Willingness to Take Risks	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
Low	13.5%		9.0%		5.3%	
Low Moderate	14.1%		7.9%		7.3%	
High Moderate	18.2%		10.2%		10.3%	
High	22.0%		14.4%		9.8%	
<i>Number of Observations / p-value and significance of test of joint significance^b</i>	3,676	0.006 ***	3,676	0.044 **	3,676	0.008 ***

(Table continued on next page)

Table 11. (Continued)

i. Engaged in Risky Purchasing Practices	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
No	12.9%		7.7%		6.0%	
Yes	25.7%		16.6%		12.6%	
<i>Number of Observations / p-value and significance</i>	3,674	0.000 ***	3,674	0.000 ***	3,674	0.000 ***

j. Experienced a Serious Negative Life Event	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
No	13.1%		7.4%		6.6%	
Yes	20.4%		13.4%		9.3%	
<i>Number of Observations / p-value and significance</i>	3,702	0.000 ***	3,702	0.000 ***	3,702	0.032 **

k. Comfort with Current Debt	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
More Debt than Can Handle Financially	30.5%		24.9%		11.1%	
About as Much Debt as Can Handle Financially	15.0%		8.7%		7.4%	
Could Handle More Debt	15.2%		8.2%		8.1%	
Do Not Have Any Personal Debt	12.3%		7.7%		5.5%	
<i>Number of Observations / p-value and significance of test of joint significance^b</i>	3,390	0.000 ***	3,390	0.000 ***	3,390	0.228

l. Expected Future Income	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
Much Lower	11.5%		4.7%		9.2%	
Slightly Lower	14.2%		8.1%		6.6%	
About the Same	13.7%		8.5%		6.9%	
Slightly Higher	15.4%		9.5%		7.1%	
Much Higher	25.2%		16.2%		11.1%	
<i>Number of Observations / p-value and significance of test of joint significance^b</i>	3,449	0.001 ***	3,449	0.003 ***	3,449	0.214

(Table continued on next page)

Table 11. (Continued)

m. Race and Ethnicity	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
African American	19.2%		13.4%		8.7%	
Hispanic	17.3%		9.9%		9.5%	
Non-Hispanic White	14.9%		8.8%		7.0%	
Asian Americans	9.4%		4.9%		6.4%	
Other ^c	23.0%		16.2%		8.8%	
<i>Number of Observations / p-value and significance of test of joint significance^b</i>	3,545	0.040 **	3,545	0.031 **	3,545	0.656

n. Perceived Social Rank	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
Low	18.9%		13.0%		8.1%	
Low Moderate	16.9%		10.6%		7.3%	
High Moderate	15.9%		9.3%		7.5%	
High	14.0%		8.3%		8.0%	
<i>Number of Observations / p-value and significance of test of joint significance^b</i>	3,626	0.386	3,626	0.364	3,626	0.961

o. Current Income	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
Less than \$24,000	15.5%		9.3%		7.2%	
\$24,000 - \$35,999	17.5%		11.5%		7.6%	
\$36,000 - \$59,999	19.7%		11.8%		9.8%	
\$60,000 - \$89,999	17.7%		11.4%		8.0%	
\$90,000 - \$179,999	14.9%		9.9%		6.9%	
\$180,000 or over	15.4%		7.7%		9.2%	
<i>Number of Observations / p-value and significance of test of joint significance^b</i>	3,136	0.579	3,136	0.515	3,136	0.725

(Table continued on next page)

Table 11. (Continued)

p. Population Density	Any Fraud		Any Specific Fraud		Any General Fraud	
	Percent Victims	p=	Percent Victims	p=	Percent Victims	p=
Low	10.3%		5.9%		5.6%	
Low Moderate	16.1%		10.4%		7.0%	
High Moderate	17.6%		10.5%		8.9%	
High	13.5%		6.6%		7.3%	
<i>Number of Observations / p-value and significance of test of joint significance^b</i>	3,479	0.038 **	3,479	0.039 **	3,479	0.324

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

Notes.

- a. Percent victim figures are based on simple cross-tabulations, not taking into account other characteristics.
- b. The p-value and significance for a test of whether there are significant differences in the percentage of participants reporting being victims across the various categories for the characteristic being examined, not whether the difference between two specific coefficients are statistically significant.

The p-value is the probability that differences at least as great in absolute value as the observed differences would have been observed if, in fact, the likelihood of being a victim did not differ across the categories. In traditional hypothesis testing, p-values of less than 0.1, 0.05, and 0.01 are described as being significant at the 10 percent, 5 percent, and 1 percent levels.

*** denotes significance at the 1 percent level, ** denotes significance at the 5 percent level, * denotes significance at the 10 percent level.

- c. Those included in the Other racial and ethnic group include those who described themselves as American Indian or Alaska Native, those who described themselves as Native Hawaiian or Pacific Islander, and those who indicated that they belonged to more than one racial group. Of those in the Other group, 23 percent identified as American Indian or Alaska Native, 20 percent were Native Hawaiian or Pacific Islander, and 57 percent identified themselves as belonging to more than one racial group.

The other columns of Table 11a show a similar pattern. If one looks just at all of the specific frauds included in the survey (the middle columns of the table), 8.0 percent of those between 18 and 24 reported that they had been victims of one or more of the specific frauds included in the survey, while 4.9 percent of those 75 and over were victims. If one looks just at the more-general frauds included in the survey (the right-hand columns), 7.4 percent of the 18 to 24 group reported that they had been victims, while 3.7 percent of those 75 and over were victims. The differences are statistically significant for both of these groups of frauds ($p=0.006$ and 0.001 , respectively).

The strength of this analytic approach is that one can estimate the actual average victimization rates for those who have a particular level of the characteristic being analyzed – e.g., 14.5 percent of consumers between 18 and 24 years of age were victims of one or more of the frauds included in the survey. A weakness with this approach, however, is that it is not possible to say anything about whether any association is the result of the characteristic being analyzed or whether it arises because the characteristic being analyzed is correlated with some other factor, and that other factor is what is actually related to being a victim of fraud.

Unfortunately, the survey results cannot really be used to answer this second question. Most of the characteristics that are examined here have been included in the previous surveys. However, together they are a somewhat ad hoc set. Some of the characteristics are standard demographics such as age, race or ethnicity, education, and gender. Others have been included because it seemed like there might be a relationship between a characteristic and the likelihood of having been a victim of mass-market consumer fraud. For example, one may conjecture that consumers who are more willing to take risks may be at greater risk of becoming victims of mass-market consumer fraud. Because they were included in previous studies, questions about consumers' ability to handle their current debt comfortably, whether they expect their income to increase or decrease in the next few years, and whether they have experienced a serious negative life event in the past two years were included in the current survey.⁷⁷

However, there is no underlying theory or model of a mechanism that explains why certain characteristics are included and others are not. Given this, the results presented here should be seen as associations or correlations and not as suggesting causative relationships between the characteristics and the likelihood of becoming a victim of fraud. Some insights may, however, be obtained by considering whether there is a significant correlation between a characteristic and the likelihood of having been a victim, after controlling for all of the other characteristics included in the present analysis.

The results of this multivariate analysis are presented in Table 12. Using the multivariate approach, an average victimization rate for those with a certain characteristic cannot be calculated. Rather, this approach only provides estimates of the difference between victimization rates of those with a certain value of a characteristic and those with a different value for that same characteristic while holding the value of all of the other characteristics constant.

⁷⁷ While most of the characteristics analyzed here were included in previous iterations of the survey, some of the characteristics that were measured in the 2011 survey – specifically, participants' self-rating on a number of personal characteristics and on numeric ability – were not included in the 2017 survey due to limitations on the amount of time that one could expect participants to be willing to spend responding to such a survey.

Table 12. Fraud Victimization Rates, 2017, by Consumer Characteristics (Multivariate Analysis)

	Any Fraud		Any Specific Fraud		More General Frauds	
		p= ^a		p= ^a		p= ^a
Age (Relative to Being 35 to 44 Years Old)						
18 – 24	- 17.5%		- 12.5%		- 8.1%	
25 – 34	- 16.4%		- 11.3%		- 9.1%	
45 – 54	- 3.2%		- 3.0%		- 3.8%	
55 – 64	- 7.6%		- 3.9%		- 6.0%	
65 – 74	-6.9%		- 2.4%		- 7.1%	
75 and over	-11.3%		- 6.3%		- 7.5%	
<i>p-value and significance of test of joint significance^a</i>		0.000 ***		0.000 ***		0.034 **
Education (Relative to High School Graduate)						
Some High School or Less	- 3.5%		- 0.2%		- 3.1%	
Some College or Technical School	- 2.8%		- 3.6%		+ 1.2%	
College Graduate or More	- 6.6%		- 6.4%		- 0.4%	
<i>p-value and significance of test of joint significance^a</i>		0.093 *		0.036 **		0.399
Female (Relative to Male)						
	+ 6.7%	0.001 ***	+ 4.5%	0.010 ***	+ 3.2%	0.022 **
Have Served in the Military (Relative to Never Having Served in the Military)						
	- 3.0%	0.233	- 2.5%	0.204	+ 0.9%	0.651
Not Comfortable Doing Business in English						
	- 20.2%	0.000 ***	- 10.5%	0.006 ***	- 10.2%	0.001 ***
Phone Number is on the Do-Not-Call List (Relative to Not Being on Do Not Call)						
	- 3.8%	0.058	- 4.1%	0.013	+ 0.4%	0.780
Share of Calls Received on a Cell Phone (Relative to All or Almost All Received on a Cell Phone)						
Some on Cell Phone / Some on Landline	+ 3.4%		+ 3.5%		+ 1.3%	
Few or None on Cell Phone	- 5.9%		- 1.0%		- 5.1%	
<i>p-value and significance of test of joint significance^a</i>		0.006 ***		0.175		0.000 ***

(Table continued on next page)

Table 12. (Continued)

	Any Fraud		Any Specific Fraud		More General Frauds	
		p= ^a		p= ^a		p= ^a
General Willingness to Take Risks (Relative to Low Willingness to Take Risks)						
Low Moderate	+ 0.3%		- 2.6%		+ 3.7%	
High Moderate	+ 3.2%		- 0.7%		+ 6.0%	
High	+9.0%		+ 5.8%		+ 5.4%	
<i>p-value and significance of test of joint significance^a</i>		0.039 **		0.031 **		0.004 ***
Engaged in Risky Purchasing Practices (Relative to No Risky Purchasing Practices)						
	+ 13.5%	0.000 ***	+ 8.8%	0.000 ***	+ 7.8%	0.000 ***
Serious Negative Life Event (Relative to No Serious Negative Life Event)						
	+ 4.3%	0.029 **	+ 4.1%	0.020 **	+ 1.5%	0.303
Comfort with Current Debt (Relative to Having About As Much Debt as Can Comfortably Handle)						
More Debt than Can Comfortably Handle	+ 10.9%		+ 13.0%		+ 3.2%	
Could Handle More Debt	+ 1.4%		+ 0.2%		+ 0.6%	
Do Not Have Any Personal Debt	+ 1.9%		+ 1.5%		+ 1.0%	
<i>p-value and significance of test of joint significance^a</i>		0.074 *		0.021 **		0.758
Expected Future Income (Relative to Expected Future Income About Same as Current Income)						
Much Lower	- 0.5%		- 3.4%		+ 4.1%	
Slightly Lower	+ 2.1%		- 1.1%		+ 1.4%	
Slightly Higher	+ 1.0%		+ 1.8%		- 1.5%	
Much Higher	+ 13.0%		+ 9.3%		+ 3.2%	
<i>p-value and significance of test of joint significance^a</i>		0.002 ***		0.009 ***		0.124
Race and Ethnicity (Relative to Non-Hispanic White)						
African American	+ 0.8%		+ 2.3%		+ 0.4%	
Hispanic	+ 4.8%		+2.4%		+ 4.3%	
Asian Americans	- 2.8%		+ 2.5%		- 1.9%	
Other	+ 5.8%		+ 6.8%		- 0.7%	
<i>p-value and significance of test of joint significance^a</i>		0.357		0.517		0.525

(Table continued on next page)

Table 12. (Continued)

	Any Fraud		Any Specific Fraud		More General Frauds	
		p= ^a		p= ^a		p= ^a
Perceived Social Rank (Relative to Low)						
Low Moderate	+ 0.3%		+ 0.6%		- 1.3%	
High Moderate	+ 1.2%		+ 0.9%		- 0.6%	
High	- 1.5%		+ 0.6%		- 1.5%	
<i>p-value and significance of test of joint significance^a</i>		0.694		0.996		0.903
Current Income (Relative to \$36,000 – \$59,999)						
Less than \$24,000	- 6.3%		- 6.4%		- 1.5%	
\$24,000 - \$35,999	- 2.2%		- 1.2%		- 1.4%	
\$60,000 - \$89,999	- 2.1%		- 0.1%		- 2.5%	
\$90,000 - \$179,999	- 5.3%		+ 0.2%		- 5.4%	
\$180,000 or over	-5.3%		- 2.0%		- 4.2%	
<i>p-value and significance of test of joint significance^a</i>		0.344		0.302		0.314
Community Population Density (Relative to Low Moderate Density)						
Low	- 5.2%		- 2.6%		- 2.2%	
High Moderate	+ 0.1%		- 1.0%		+ 1.2%	
High	- 2.9%		- 5.0%		+ 0.6%	
<i>p-value and significance of test of joint significance^a</i>		0.248		0.269		0.581

(Table continued on next page)

Table 12. (Continued)

	Any Fraud		Any Specific Fraud		More General Frauds	
		p= ^a		p= ^a		p= ^a
Community Median Age (Relative to Median Age of 35 to 44)						
18 – 24	+ 9.9%		+ 10.7%		- 0.4%	
25 – 34	- 0.1%		+ 0.0%		- 1.1%	
45 – 54	- 0.7%		- 3.7%		+ 1.6%	
55 – 64	+ 1.5%		- 6.7%		+ 9.4%	
65 and over	- 8.0%		- 12.6%		+ 2.0%	
<i>p-value and significance of test of joint significance^a</i>		0.714		0.008 ***		0.622
Constant						
	+ 18.8%		+ 12.7%		+ 8.0%	
<i>R² / Overall Significance</i>	0.137	0.000 ***	0.114	0.000 ***	0.077	0.000 ***
<i>Number of Observations</i>	2,515		2,515		2,515	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

Notes.

- a. The p-value and significance for a test of whether there are significant differences in the percentage of participants reporting being victims across the various categories for the characteristic being examined, not whether the difference between two specific coefficients are statistically significant.

The p-value is the probability that differences at least as great in absolute value as the observed differences would have been observed if, in fact, the likelihood of being a victim did not differ across the categories. In traditional hypothesis testing, p-values of less than 0.1, 0.05, and 0.01 are described as being significant at the 10 percent, 5 percent, and 1 percent levels.

*** denotes significance at the 1 percent level, ** denotes significance at the 5 percent level, * denotes significance at the 10 percent level.

Thus, the left-hand column at the top of Table 12 reports that those who were between 18 and 24 years of age were 17.5 percentage points less likely to have been a victim *ceteris paribus* (that is, “all else equal”) than someone between 35 and 44.⁷⁸ For those between 65 and 74 or those 75 and over, the likelihood of being a victim was 6.9 percent and 11.3 percentage points lower than for someone with between 35 and 44, respectively. As with the univariate analysis, the differences in the likelihood of having been a victim across the seven age categories are statistically significant ($p=0.000$). Similarly, separate analyses of just the specific frauds included in the survey shows that those between 18 and 24 were 12.5 percentage points less likely to have been victims, than those between 35 and 44, while those between 65 and 74 and those 75 and over were 2.4 and 6.3 percentage points less likely to have reported having been a victim. Again, age is significantly correlated with the likelihood of having been a victim ($p=0.000$).

5.2 Age

Those between 35 and 54 were the most likely to report that they had been victims of one or more of the surveyed mass-market consumer frauds.

- 22.0 percent of survey participants between 35 and 44 reported that they had been victims of one or more of the surveyed frauds during 2017. This age group had the highest prevalence, followed by 20.0 percent of those between 45 and 54 (Table 11a, Figure 9).
- The rate of reported victimization among those aged 55 and over – 14.3 percent of consumers between 55 and 64 years of age, 11.7 percent of consumers between 65 and 74, and 7.9 percent of those 75 – was significantly lower than for those between 35 and 54 ($p=0.000$).
- Younger consumers – those under 35 – were also less likely to report having been victims than were those between 35 and 54 ($p=0.025$). (14.5 percent of those between 18 and 24 reported having been the victim of at least one of the frauds covered by the survey, 14.9 percent of those between 25 and 34 reported being a victim.)
- **By Individual Type of Fraud:** As shown in Table 13 and Figure 9, with one exception, older consumers – those who are 65 or older – were less likely to report having been victims of the more-prevalent of the types of fraud covered by the survey.⁷⁹ However, in two cases, the relationship between age and victimization is not statistically significant.
 - Fraudulent Computer Repair is the one among the more-prevalent types of fraud where older consumers – more specifically, those between 55 and 74 – were more likely than younger consumers to have reported being victims. 4.2 percent of those between 65 and 74 and 3.2 percent of those between 55 and 64 reported being victims of this type of fraud. Those 75 and over had a higher rate of victimization from this type of fraud – 2.3 percent – than the 2.0 percent rate

⁷⁸ Because this analysis only estimates the differences between the listed value of the characteristic and that for the comparison group – those between 35 and 44 in this case – the comparison group does not appear on the table.

⁷⁹ The figures in Table 13 and similar tables are the result of univariate analysis.

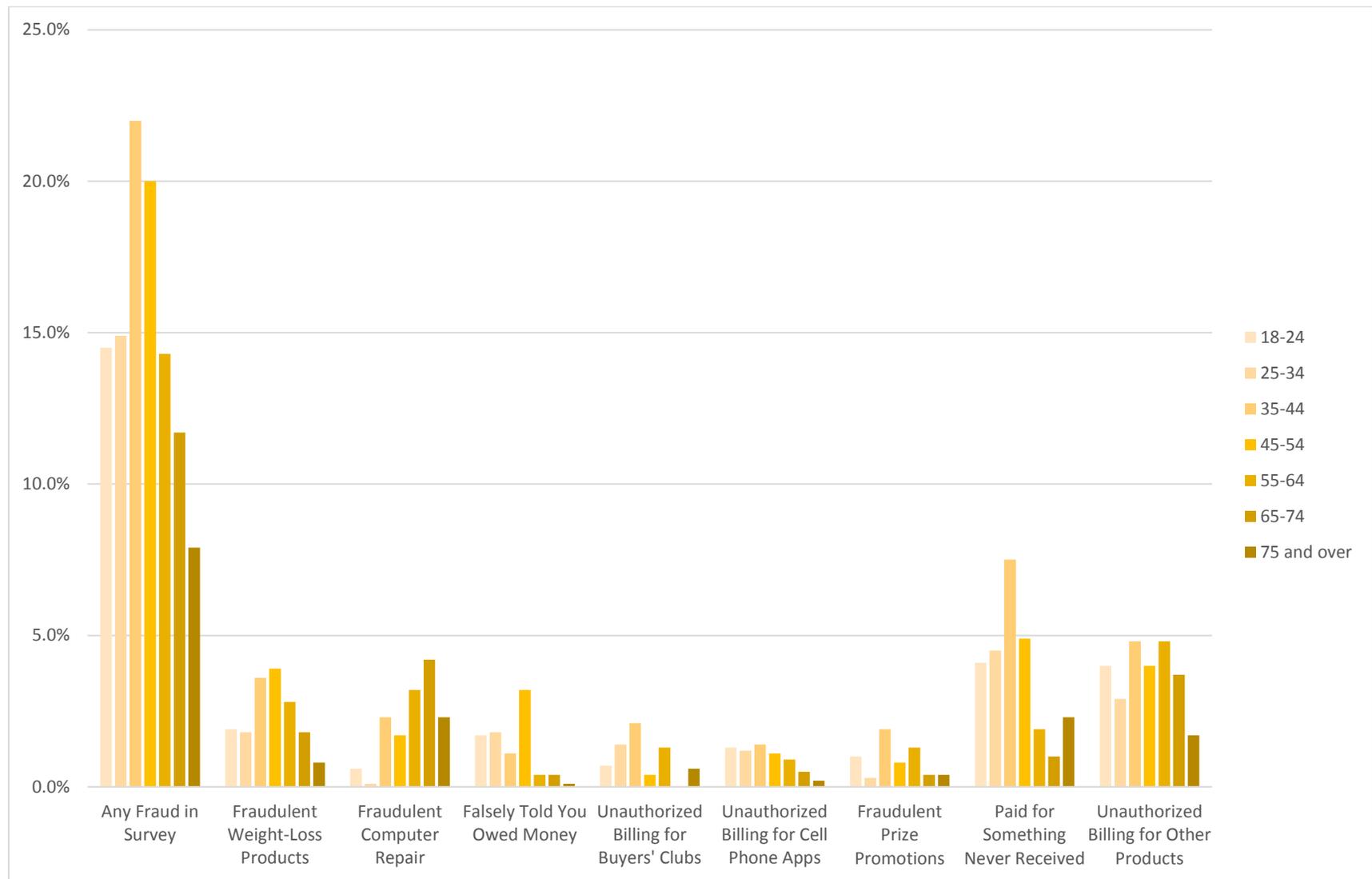
Table 13. Fraud Victimization Rate, 2017, by Age^a

Type of Fraud	Overall	Age							Overall Sig. ^b
		18-24	25-34	35-44	45-54	55-64	65-74	75 and over	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	14.5% (9.6% - 19.4%)	14.9% (11.1% - 18.7%)	22.0% (16.9% - 27.1%)	20.0% (15.7% - 24.4%)	14.3% (11.3% - 17.4%)	11.7% (8.6% - 14.7%)	7.9% (5.0% - 10.9%)	0.000 ***
<i>Most-Prevalent Specific Frauds</i>									
Weight-Loss Products	2.6% (1.8% - 3.3%)	1.9% (0.0% - 4.0%)	1.8% (0.4% - 3.2%)	3.6% (1.0% - 6.2%)	3.9% (1.8% - 6.1%)	2.8% (1.4% - 4.2%)	1.8% (0.4% - 3.2%)	0.8% (0.0% - 1.8%)	0.092 *
Computer Repair	2.0% (1.4% - 2.5%)	0.6% (0.0% - 1.3%)	0.1% (0.0% - 0.2%)	2.3% (0.1% - 4.4%)	1.7% (0.4% - 2.9%)	3.2% (1.8% - 4.6%)	4.2% (2.1% - 6.4%)	2.3% (0.7% - 3.8%)	0.000 ***
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	1.7% (0.1% - 3.2%)	1.8% (0.4% - 3.2%)	1.1% (0.0% - 2.2%)	3.2% (0.7% - 5.7%)	0.4% (0.0% - 0.8%)	0.4% (0.0% - 1.0%)	0.1% (0.0% - 0.4%)	0.013 **
Unauthorized Billing – Buyers’ Clubs	1.0% (0.5% - 1.5%)	0.7% (0.0% - 1.7%)	1.4% (0.0% - 3.0%)	2.1% (0.0% - 4.2%)	0.4% (0.0% - 0.8%)	1.3% (0.3% - 2.2%)	0.0% (0.0% - 0.1%)	0.6% (0.3% - 1.5%)	0.004 ***
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	1.3% (0.0% - 3.2%)	1.2% (0.0% - 2.4%)	1.4% (0.1% - 2.7%)	1.1% (0.2% - 2.0%)	0.9% (0.0% - 1.7%)	0.5% (0.0% - 0.9%)	0.2% (0.0% - 0.6%)	0.201
Prize Promotions	0.9% (0.5% - 1.4%)	1.0% (0.0% - 2.1%)	0.3% (0.0% - 0.9%)	1.9% (0.0% - 3.9%)	0.8% (0.0% - 1.9%)	1.3% (0.0% - 2.6%)	0.4% (0.0% - 0.8%)	0.4% (0.0% - 0.9%)	0.495
<i>More-General Frauds</i>									
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	4.1% (1.1 - 7.1%)	4.5% (2.1% - 6.9%)	7.5% (4.2% - 10.8%)	4.9% (2.7% - 7.1%)	1.9% (0.6% - 3.1%)	1.0% (0.3% - 1.7%)	2.3% (0.5% - 4.0%)	0.000 ***
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	4.0% (1.5% - 6.5%)	2.9% (1.5% - 4.3%)	4.8% (2.4% - 7.3%)	4.0% (2.0% - 6.0%)	4.8% (2.9% - 6.7%)	3.7% (2.3% - 5.1%)	1.7% (0.7% - 2.7%)	0.029 **
<i>Number of Observations</i>	3,715	321	498	497	591	738	678	392	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

Figure 9. Fraud Victimization Rates, 2017, by Age



Source. Table 13.

across all age groups. The relationship between age and the prevalence of Fraudulent Computer Repair is statistically significant ($p=0.000$).

- **Comparison to 2011:** The 2011 survey also showed that older consumers were less likely to have been victims. The differences among age groups in the current survey are not significantly different from those found in the 2011 survey ($p=0.475$).⁸⁰
- **Multivariate Analysis:** After controlling for other characteristics, age continues to have a significant association with the prevalence of victimization ($p=0.000$). Those between 65 and 74 were estimated to be 6.9 percentage points less likely to have been a victim of any of the frauds covered by the survey than were those between 35 and 44 (Table 12). Those who were 75 or over were estimated to be 11.3 percentage points less likely to have been a victim.

5.3 Education

Those with at least a bachelor's degree were the least likely to report having been a victim.

- 13.5 percent of survey participants with a bachelor's degree or more education reported having been victims of one or more of the frauds during 2017 (Table 11b, Figure 10).
- 16.1 percent of high school graduates and 18.9 percent of those who had attended some college or technical school but did not obtain a BA were estimated to have been victims.
- The relationship between level of education and the prevalence of fraud is statistically significant ($p=0.040$).
- **By Individual Types of Fraud:** There is an association between the likelihood of being a victim and the level of education that is at least marginally significant for three of the most-prevalent frauds (Table 14, Figure 10). However, in two of those cases – Having Paid for Something That Was Never Received and Having Received an Unauthorized Bill for Something Other than an Item for a Cell Phone, a Buyers' Club Membership, or Internet Service – college graduates were not the least likely to have been victims. Rather, those who lacked a high school diploma were estimated to have been the least likely to have been victims.
- **Comparison to 2011:** The association between education level and being a victim of any fraud in the survey in 2017 differs to a marginally significant degree from the results in the 2011 survey ($p=0.068$). For the two more-general types of fraud, the difference is significant ($p=0.016$).
- **Multivariate Analysis:** Those with more education are at least marginally significantly less likely to have been victims of any fraud after controlling for other characteristics ($p=0.093$).

⁸⁰ As discussed previously, overall observed rates of fraud differed between the 2011 and 2017 surveys. Therefore, in testing for differences among levels of specific characteristics, a dummy is included to capture the differences in levels.

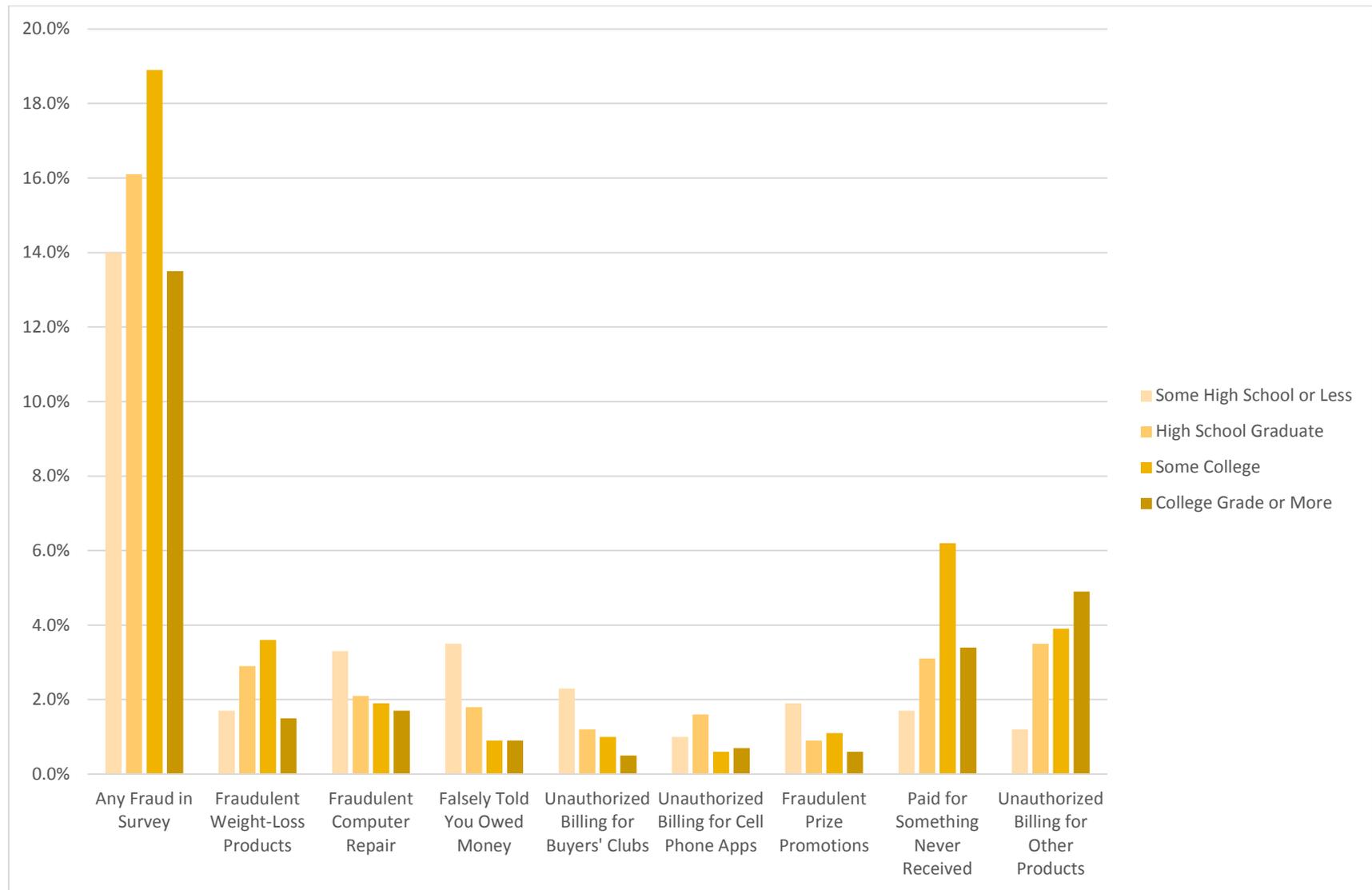
Table 14. Fraud Victimization Rates, 2017, by Education^a

Type of Fraud	Overall	Some High School or Less	High School Graduate	Some College, Technical, or Vocational School	College Graduate or More	Overall p= ^b
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	14.0% (7.7% - 20.4%)	16.1% (12.9% - 19.4%)	18.9% (15.6% - 22.1%)	13.5% (11.6% - 15.4%)	0.040 **
<i>Most-Prevalent Specific Frauds</i>						
Weight-Loss Products	2.6% (1.8% - 3.3%)	1.7% (0.0% - 3.3%)	2.9% (1.4% - 4.5%)	3.6% (1.9% - 5.3%)	1.5% (0.8% - 2.2%)	0.071 *
Computer Repair	2.0% (1.4% - 2.5%)	3.3% (0.2% - 6.4%)	2.1% (0.9% - 3.2%)	1.9% (0.9% - 2.9%)	1.7% (1.0% - 2.3%)	0.725
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	3.5% (0.0% - 7.6%)	1.8% (0.5% - 3.0%)	0.9% (0.2% - 1.6%)	0.9% (0.3% - 1.5%)	0.370
Unauthorized Billing – Buyers' Clubs	1.0% (0.5% - 1.5%)	2.3% (0.0% - 5.6%)	1.2% (0.3% - 2.1%)	1.0% (0.1% - 2.0%)	0.5% (0.2% - 0.8%)	0.277
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	1.0% (0.0% - 2.6%)	1.6% (0.4% - 2.8%)	0.6% (0.2% - 1.0%)	0.7% (0.3% - 1.2%)	0.413
Prize Promotions	0.9% (0.5% - 1.4%)	1.9% (0.0% - 4.4%)	0.9% (0.0% - 1.8%)	1.1% (0.1% - 2.1%)	0.6% (0.2% - 1.0%)	0.579
<i>More-General Frauds</i>						
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	1.7% (0.0% - 3.5%)	3.1% (1.6% - 4.6%)	6.2% (3.9% - 8.5%)	3.4% (2.3% - 4.5%)	0.028 **
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	1.2% (0.0% - 2.3%)	3.5% (1.9% - 5.2%)	3.9% (2.5% - 5.3%)	4.9% (3.8% - 6.1%)	0.000 ***
<i>Number of Observations</i>	3,715	202	794	991	1,649	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

Figure 10. Fraud Victimization Rates, 2017, by Education



Source. Table 14.

5.4 Gender

Women were more likely to report having been victims.

- 19.0 percent of female survey participants reported that they had been victims of one or more of the frauds included in the FTC survey during 2017 (Table 11c, Figure 11). This compares to 13.1 percent of males. The difference is statistically significant ($p=0.000$).
- **By Individual Type of Fraud:** While the relationships are only statistically significant in two of the eight most-prevalent types of fraud, women were more likely to report having been victims of each of the more-prevalent frauds, with one exception (Table 15, Figure 11).
 - The relationship is statistically significant when looking at
 - Fraudulent Weight-Loss Products, where 3.7 percent of women participants reported that they had been victims, compared to 1.6 percent of men ($p=0.006$), and
 - Having Received an Unauthorized Bill for Something Other than an Item for a Cell Phone, a Buyers' Club Membership, or Internet Service where an estimated 4.9 percent of women were victims, compared to 2.7 percent of men ($p=0.005$).
 - Men were more likely to report having been victims of being Falsely Told that You Owed Money to the Government – an estimated 1.7 percent of men and 1.1 percent of women were reported being victims of this type of fraud. However, this difference is not statistically significant ($p=0.289$).
- **Comparison to 2011:** The difference between men and women in the likelihood of being a victim of any included fraud was greater in the 2017 survey than in 2011. This change is marginally significant ($p=0.061$).
- **Multivariate Analysis:** Women were significantly more likely to have been victims after controlling for other characteristics ($p=0.001$).

5.5 Military Service

Those who had served in the military were less likely to report having been victims of the surveyed mass-market frauds, though this may be due to differences in age and gender between veterans and non-veterans.

- 11.2 percent of survey participants who were either currently serving in the military or had served in the past reported having been victims of one or more of the frauds covered

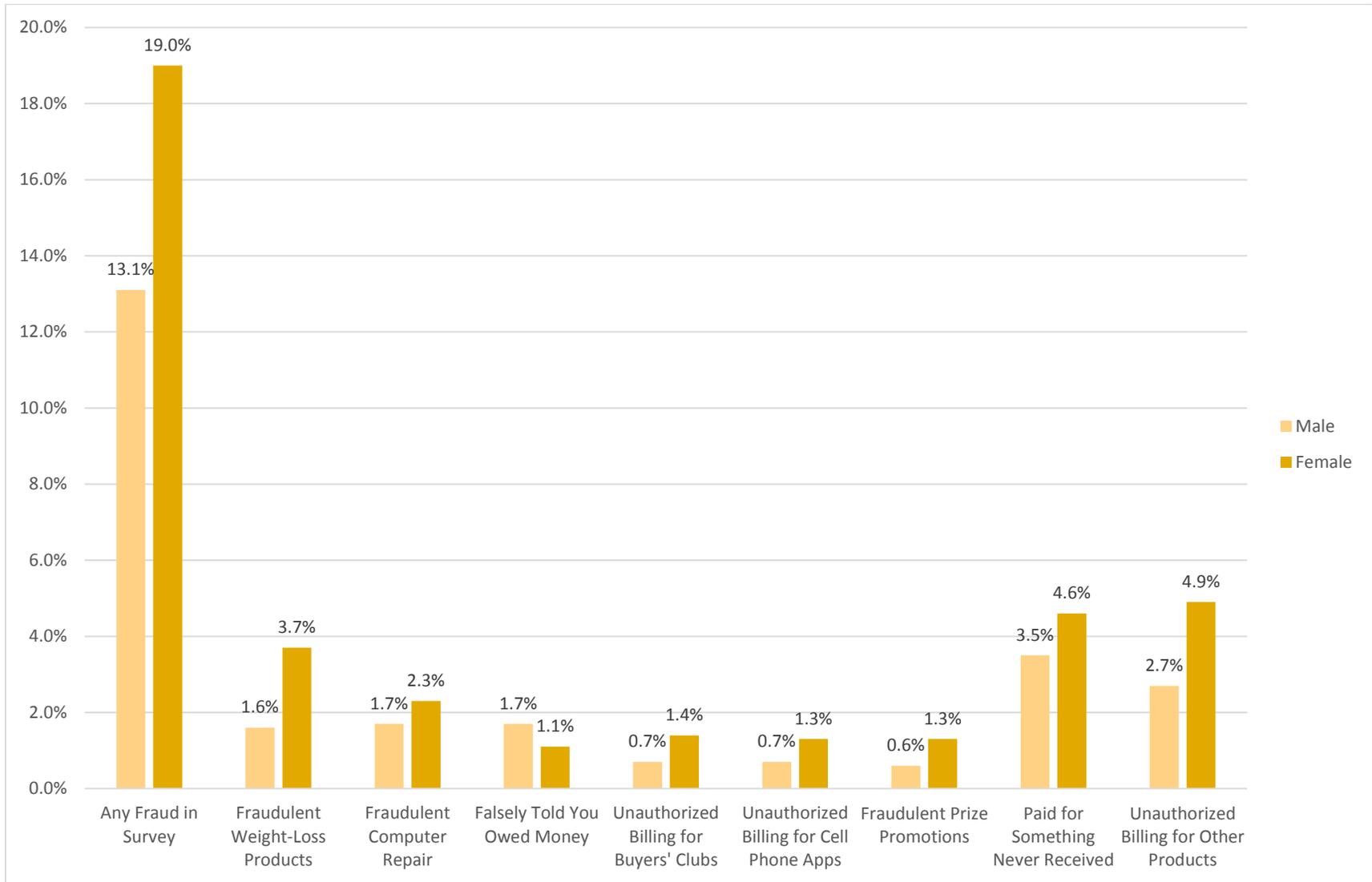
Table 15. Fraud Victimization Rates, 2017, by Gender^a

Type of Fraud	Overall	Gender		p= ^b
		Male	Female	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	13.1% (11.1% - 15.1%)	19.0% (16.4% - 21.5%)	0.000 ***
<i>Most-Prevalent Specific Frauds</i>				
Weight-Loss Products	2.6% (1.8% - 3.3%)	1.6% (0.8% - 2.3%)	3.7% (2.4% - 5.0%)	0.00***
Computer Repair	2.0% (1.4% - 2.5%)	1.7% (1.1% - 2.3%)	2.3% (1.3% - 3.2%)	0.325
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	1.7% (0.1% - 2.7%)	1.1% (0.3% - 1.8%)	0.289
Unauthorized Billing – Buyers’ Clubs	1.0% (0.5% - 1.5%)	0.7% (0.1% - 1.2%)	1.4% (0.5% - 2.3%)	0.149
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	0.7% (0.2% - 1.3%)	1.3% (0.6% - 2.0%)	0.228
Prize Promotions	0.9% (0.5% - 1.4%)	0.6% (0.2% - 1.1%)	1.3% (0.4% - 2.1%)	0.173
<i>More-General Frauds</i>				
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	3.5% (2.4% - 4.6%)	4.6% (3.1% - 6.1%)	0.233
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	2.7% (1.9% - 3.5%)	4.9% (3.6% - 6.1%)	0.004 ***
<i>Number of Observations</i>	3,715	1,896	1,664	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

Figure 11. Fraud Victimization Rates, 2017, by Gender



Source. Table 15.

by the survey during 2017 (Table 11d, Figure 12). This compares to 16.6 percent of those who had never served in the military. The difference is statistically significant ($p=0.004$).⁸¹

- **By Individual Type of Fraud:** As Table 16 and Figure 12 show, there was a significant association between military service and the likelihood of being a victim for only one of the most-prevalent frauds. Only 1.4 percent of those with military service were estimated to have been victims of Fraudulent Weight-Loss Products, compared with 2.7 percent for those who had not been in the military. The difference is marginally significant ($p=0.062$).⁸²
- **Comparison to 2011:** Military service was not analyzed as part of the 2011 survey.
- **Multivariate Analysis:** Those who had served in the military were estimated to be less likely to have been a victim after controlling for other factors. However, the differences are not statistically significant ($p=0.233$), perhaps suggesting that the differences in the cross-tab analysis are the result of other variables that are correlated with military experience.
 - In particular, differences in age and gender between those who have served in the military and those who have not may account for much of the difference in the likelihood of having been a victim.
 - 20.3 percent of male survey participants reported that they had ever served in the military. This compares to 3.6 percent of females.
 - Only 7.1 percent of survey participants between the ages of 35 and 44 reported having ever served in the military, while 22.7 percent of those between 65 and 74 and 25.2 percent of those 75 and over had served.
 - After controlling for age and gender, the rate of victimization for those who had served in the military was only 1.6 percentage points less than that for those who had not served and the difference is not significant ($p=0.445$).

⁸¹ Similar results are obtained if one looks separately at those who are currently in the military and those who formerly served. Among those with former military experience, but who are not currently serving, an estimated 10.6 percent were estimated to have been victims. This compares with an estimated rate of 16.5 percent among those who did not have former military experience. The difference is significant ($p=0.002$). Among those currently in the military, 13.7 percent of those were estimated to have been victims, while the estimate for those who were not in the military was 16.0 percent. However, likely because of the small number of current military personnel included in the survey, this difference was not statistically significant ($p=0.6579$). The sample of those currently in the military may also be somewhat non-representative because those who are currently abroad were not included in the sample.

⁸² This difference is also found if one looks just at consumers who had previously served in the military but were no longer doing so. Of former military, 1.1 percent had been victims of weight loss fraud during 2017. Of those who were not former military, the rate was 2.8 percent, and the difference is significant ($p=0.014$). There is no significant association between currently being in the military and having been a victim of Fraudulent Weight-Loss Products ($p=0.8530$).

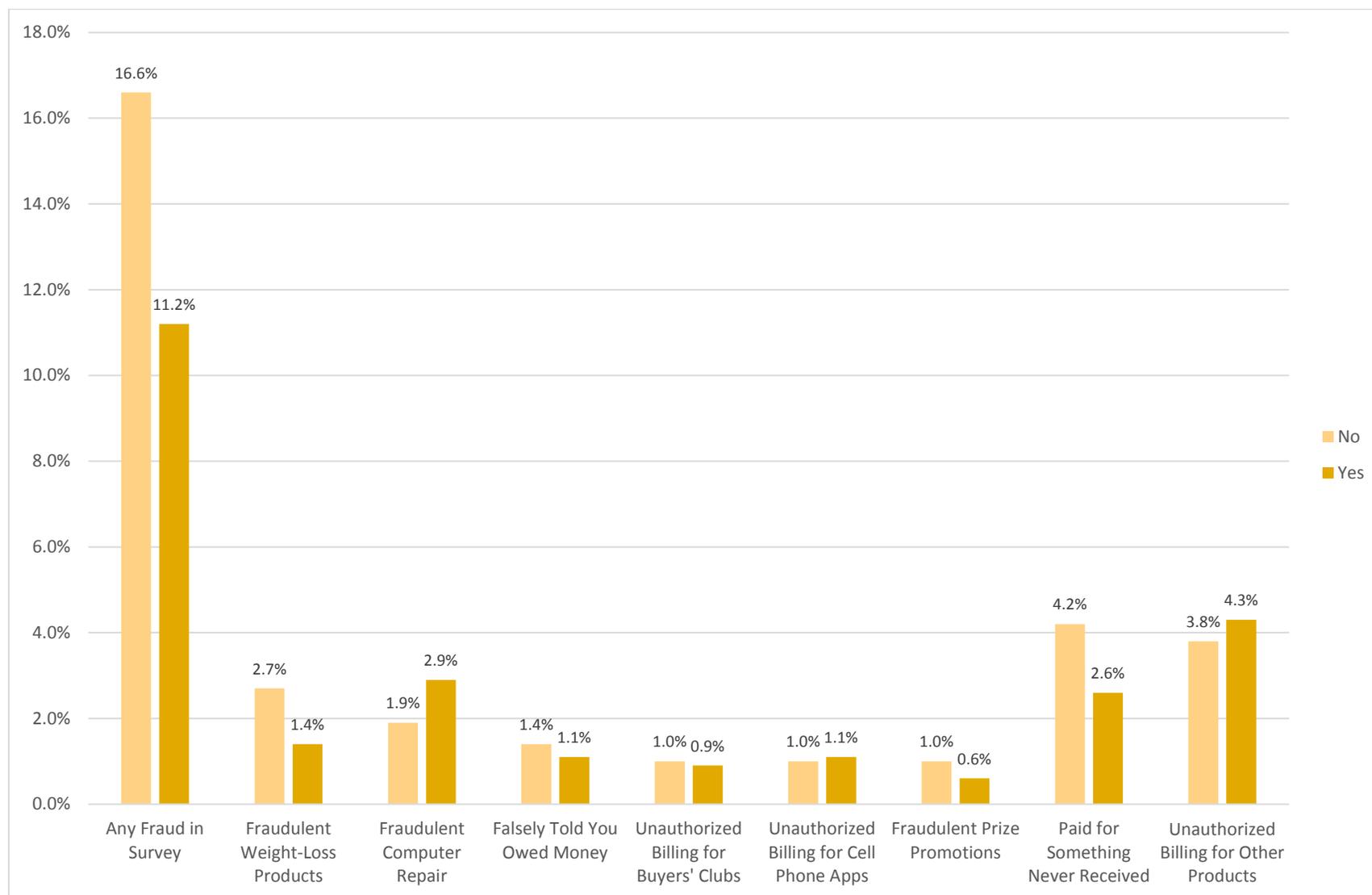
Table 16. Fraud Victimization Rates, 2017, by Current or Former Military Service^a

Type of Fraud	Overall	Current or Former Military Service		p= ^b
		No	Yes	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	16.6% (14.8% - 18.4%)	11.2% (7.9% - 14.5%)	0.004 ***
<i>Most-Prevalent Specific Frauds</i>				
Weight-Loss Products	2.6% (1.8% - 3.3%)	2.7% (1.9% - 3.6%)	1.4% (0.3% - 2.5%)	0.062 *
Computer Repair	2.0% (1.4% - 2.5%)	1.9% (1.2% - 2.5%)	2.9% (1.4% - 4.4%)	0.217
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	1.4% (0.8% - 2.1%)	1.1% (0.0% - 2.2%)	0.607
Unauthorized Billing – Buyers' Clubs	1.0% (0.5% - 1.5%)	1.0% (0.5% - 1.6%)	0.9% (0.0% - 1.8%)	0.804
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	1.0% (0.5% - 1.5%)	1.1% (0.0% - 2.2%)	0.937
Prize Promotions	0.9% (0.5% - 1.4%)	1.0% (0.5% - 1.5%)	0.6% (0.0% - 1.1%)	0.269
<i>More-General Frauds</i>				
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	4.2% (3.2% - 5.2%)	2.6% (0.7% - 4.6%)	0.165
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	3.8% (3.0% - 4.6%)	4.3% (2.1% - 6.5%)	0.678
<i>Number of Observations</i>	3,715	3,127	522	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

Figure 12. Fraud Victimization Rates, 2017, by Current or Former Military Service



Source. Table 16.

5.6 Language: Comfortable Conducting Business in English

Those who used languages other than English in conducting business and were not comfortable doing business in English were less likely to report having been victims of the mass-market consumer frauds included in the survey.

- The survey included a question asking what languages participants used in conducting personal business (Question D10). Those who indicated that they used languages other than, or in addition to, English were then asked whether they would be comfortable using English to conduct a “somewhat complicated transaction, such as trying to buy a home, rent an apartment, or purchase a car” (Question D11). Those who said that they used a language other than, or in addition to, English and that they would be uncomfortable completing a somewhat complicated transaction in English were defined as being not comfortable doing business in English.⁸³
- 5.4 percent of those who indicated that they were not comfortable doing business in English reported that they had been victims of one or more of the frauds covered by the survey during 2017 (Table 11e, Figure 13). 16.4 percent of those who were considered comfortable doing business in English were estimated to have been victims. The difference is statistically significant ($p=0.000$).⁸⁴
- Among victims who said that they did business in a language other than English, but were comfortable doing so in English, the solicitation to which they fell victim was overwhelmingly – 97 percent of incidents – in English.
 - Where the victim said that they were not comfortable doing business in English, the solicitation was in English only 60 percent of the time.
- **By Individual Type of Fraud:** As shown on Table 17 and Figure 13, with one exception, those who were not comfortable doing business in English were estimated to have been less likely to have been victims of each of the most-prevalent types of fraud covered by the survey. However, the differences are only statistically significant in five of the seven cases.
 - For one of the most-prevalent specific frauds – Unauthorized Billing for an Item for a Cell Phone – those who were not comfortable using English were more, not less, likely to have been a victim. However, the difference is not statistically

⁸³ Survey participants had the option of conducting the survey in Spanish, rather than in English. Those who chose to do the survey in Spanish were not asked about other languages, but were asked the question about comfort doing business in English. Those who did the survey in Spanish and indicated that they were not comfortable doing business in English were also included in those not comfortable in English.

⁸⁴ Separating those who reported that they were comfortable doing business in English into those who said that they used a language other than English in doing business and those who only used English shows that 20.6 of those who used a language other than English, but were comfortable doing business in English, reported having been victims. 15.5 percent of those who only used English reported having been a victim. The difference is significant ($p=0.042$).

One possible explanation for this result is that those who report that they are comfortable doing business in English, even though they use a language other than English, are overconfident about their abilities in English. While the current study does not establish that this is the case, such a result would be consistent with other work that has found over-confidence to be correlated with victimization (See, e.g., Anderson (2016)).

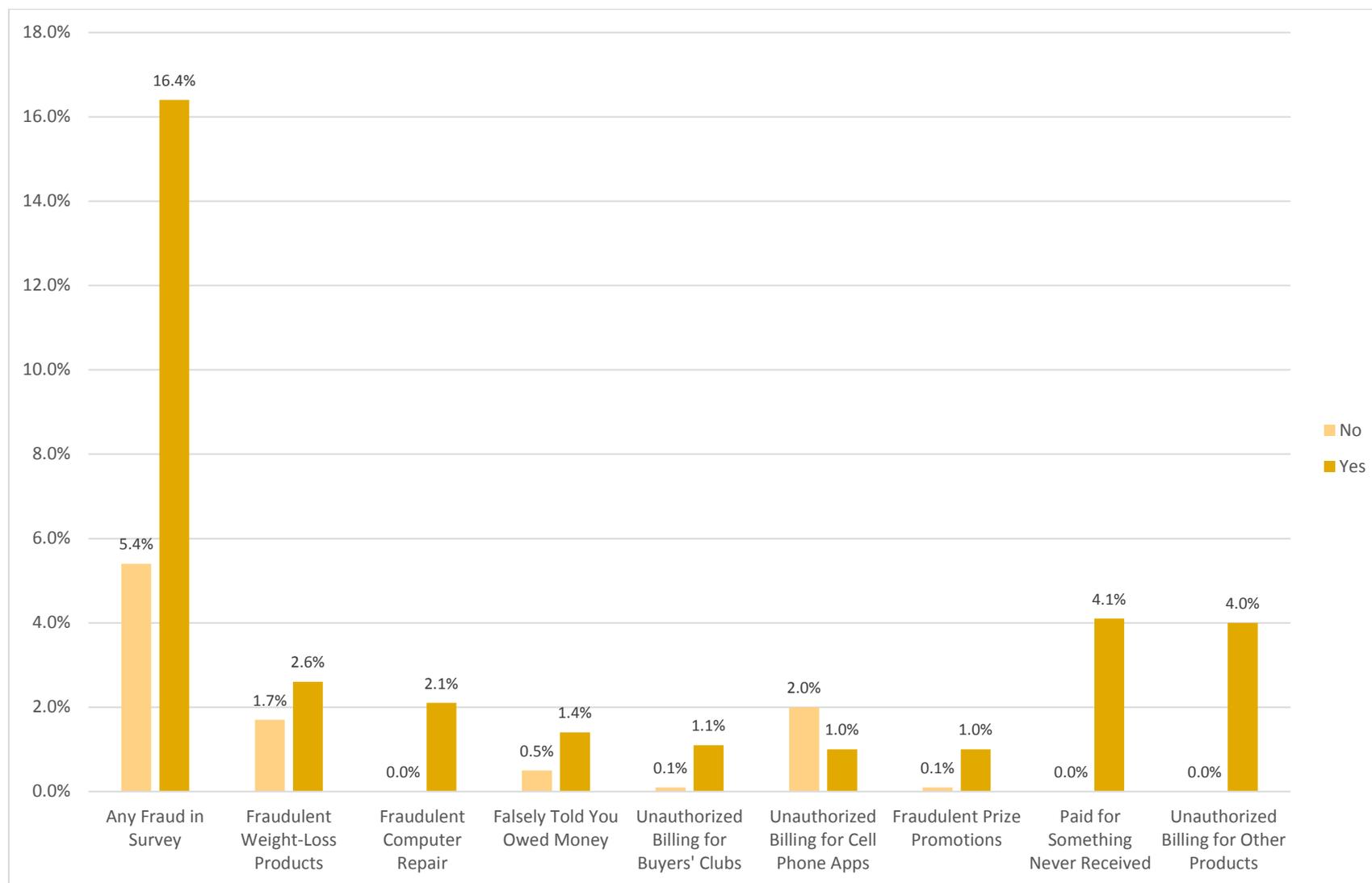
Table 17. Fraud Victimization Rates, 2017, by Whether Comfortable Doing Business in English^a

Type of Fraud	Overall	Comfortable Doing Business in English		p= ^b
		No	Yes	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	5.4% (0.0% - 10.8%)	16.4% (14.7% - 18.0%)	0.000 ***
<i>Most-Prevalent Specific Frauds</i>				
Weight-Loss Products	2.6% (1.8% - 3.3%)	1.7% (0.0% - 5.0%)	2.6% (1.9% - 3.4%)	0.583
Computer Repair	2.0% (1.4% - 2.5%)	0.0%	2.1% (1.5% - 2.6%)	0.000 ***
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	0.5% (0.0% - 1.5%)	1.4% (0.8% - 2.0%)	0.143
Unauthorized Billing – Buyers' Clubs	1.0% (0.5% - 1.5%)	0.1% (0.0% - 0.3%)	1.1% (0.5% - 1.6%)	0.001 ***
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	2.0% (0.0% - 5.7%)	1.0% (0.5% - 1.4%)	0.587
Prize Promotions	0.9% (0.5% - 1.4%)	0.1% (0.0% - 0.3%)	1.0% (0.5% - 1.5%)	0.001 ***
<i>More-General Frauds</i>				
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	0.0%	4.1% (3.2% - 5.1%)	0.000 ***
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	0.0% (0.0% 0.1%)	4.0% (3.2% - 4.8%)	0.000 ***
<i>Number of Observations</i>	3,715	102	3,533	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

Figure 13. Fraud Victimization Rates, 2017, by Comfortable Doing Business in English



Source. Table 17.

significant (2.0 percent for those who were not comfortable conducting business in English, 1.0 percent for those who were, $p=0.587$).

- **Comparison to 2011:** The analysis of being comfortable doing business in English was somewhat different in the report on the 2011 survey. However, consistent with the findings here, that analysis also showed that those who were not comfortable using English were less likely to have been a victim.

Multivariate Analysis: After controlling for other characteristics, those who were not comfortable doing business in English were estimated to be 20.2 percentage points less likely to have been a victim of any of the frauds covered by the survey, a difference that is statistically significant ($p=0.000$).

5.7 Telephone Number Listed on the Do-Not-Call Registry

Consumers who listed their phone numbers on the national Do-Not-Call registry were slightly less likely to report that they had been victims than those who did not. However, the statistical significance of the differences are limited.

- 15.0 percent of survey participants whose telephone numbers were listed on the Commission’s Do-Not-Call (“DNC”) registry reported that they had been a victim of one or more of the frauds covered by the survey during 2017 (Table 11f, Figure 14). In comparison, 17.3 percent of those whose numbers were not listed on the DNC registry reported having been a victim – 2.3 percentage points higher than for those on the registry. This difference was not statistically significant ($p=0.173$).
- **By Individual Type of Fraud:** For only one of the most-prevalent types of fraud – Fraudulent Prize Promotions – was being on the DNC registry even marginally significantly associated with the likelihood of being victimized. Only 0.5 percent of those with numbers on the DNC registry were estimated to have been victims of prize promotion fraud in 2017, while the estimated prevalence was 1.3 percent for those whose numbers were not on the registry ($p=0.092$, Table 18, Figure 14).
- **Comparison to 2011:** The effect of having listed one’s phone number on the DNC registry was not analyzed in the 2011 survey.
- **Multivariate Analysis:** After controlling for other characteristics, those whose telephone numbers were on the DNC registry were 3.8 percentage points less likely to have been a victim of any surveyed fraud during 2017. This difference is marginally significant ($p=0.058$).

5.8 Share of Calls Received on a Cell Phone

Those who received most of their calls on a landline phone, and few, if any, of their calls on a cell phone, were less likely to report that they had been a victim of mass-market consumer frauds.

- 8.6 percent of consumers who said that they received few, if any, calls on a cell phone reported having been victims of one of more of the survey frauds (Table 11g, Figure 15). In comparison, just over 17 percent of consumers who said that they received at least some of their calls on a cell phone reported having been victims. The difference is statistically significant ($p=0.000$).

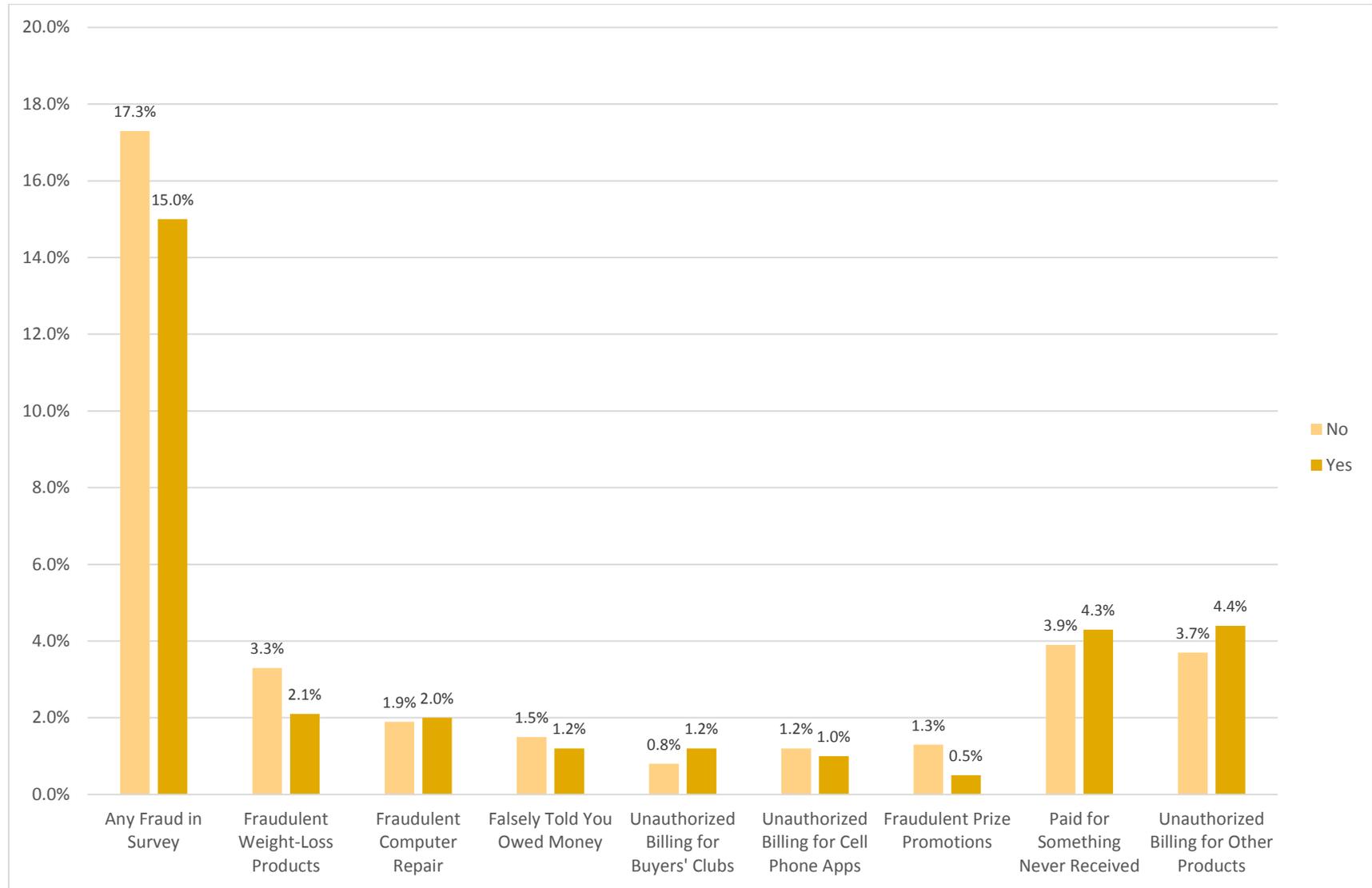
Table 18. Fraud Victimization Rates, 2017, by Whether Phone Number is on Do-Not-Call Registry^a

Type of Fraud	Overall	Phone Number on Do-Not-Call List		p= ^b
		No	Yes	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	17.3% (14.8% - 19.9%)	15.0% (12.6% - 17.3%)	0.173
<i>Most-Prevalent Specific Frauds</i>				
Weight-Loss Products	2.6% (1.8% - 3.3%)	3.3% (1.9% - 4.6%)	2.1% (1.3% - 2.9%)	0.145
Computer Repair	2.0% (1.4% - 2.5%)	1.9% (1.0 - 2.8%)	2.0% (1.2% - 2.8%)	0.901
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	1.5% (0.6% - 2.4%)	1.2% (0.4% - 2.0%)	0.655
Unauthorized Billing – Buyers’ Clubs	1.0% (0.5% - 1.5%)	0.8% (0.2% - 1.4%)	1.2% (0.4% - 2.0%)	0.421
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	1.2% (0.5% - 2.0%)	1.0% (0.3% - 1.6%)	0.621
Prize Promotions	0.9% (0.5% - 1.4%)	1.3% (0.5% - 2.1%)	0.5% (0.0% - 0.9%)	0.092 *
<i>More-General Frauds</i>				
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	3.9% (2.6% - 5.2%)	4.3% (2.7% - 5.8%)	0.720
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	3.7% (2.7% - 4.8%)	4.4% (3.2% - 5.7%)	0.392
<i>Number of Observations</i>	3,715	1,610	1,671	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

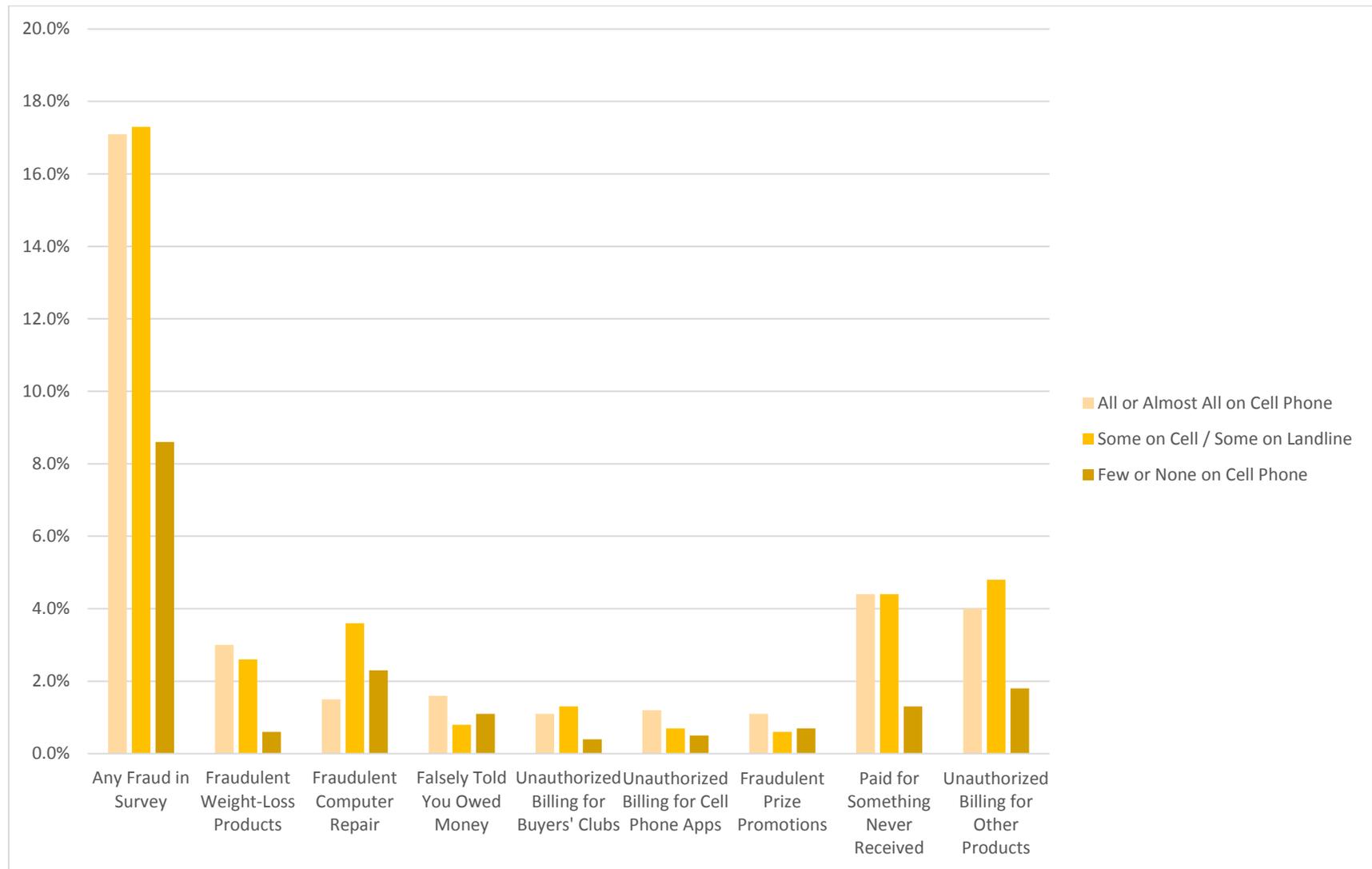
(For notes, see page following Table 28.)

Figure 14. Fraud Victimization Rates, 2017, by Registered on Do-Not-Call Registry



Source. Table 18.

Figure 15. Fraud Victimization Rates, 2017, by Cell Phone Usage



Source. Table 19.

- **By Individual Type of Fraud:** Consumers who received few, if any, of their calls on a cell phone were significantly less likely to have been victims of Fraudulent Weight-Loss Products, to have Paid for Something that was Never Received, and to have Received an Unauthorized Bill for a Product Other Than an Item for a Cell Phone, a Buyers' Club Membership, or Internet Service (Table 19, Figure 15).
 - Consumers who reported receiving few, if any, calls on a cell phone were more likely to have been victims of Fraudulent Computer Repair than were those who received all or almost all of their calls on a cell phone (p=0.064).
- **Comparison to 2011:** Questions about the share of calls received on a cell phone were not included in the 2011 survey.
- **Multivariate Analysis:** Those who said that they received few, if any, calls on a cell phone were significantly less likely to have been a victim of any fraud after controlling for other characteristics (p=0.006).

5.9 General Willingness to Take Risks

- To see whether risk takers are more likely to be victims of mass-market consumer fraud, two different measures of a consumer's willingness to take risks were constructed. A more general measure based on survey participants' self-rating of their willingness to take risks in general is discussed in this section, while a more specific measure based on whether participants engaged in certain risky purchasing practices is discussed in the next section.

Consumers who expressed a greater willingness to take risks were more likely to report that they had been victims of mass-market fraudulent offers.

- 22.0 percent of those who reported having a "High" general willingness to take risks reported that they had been victims of one or more of the frauds covered by the survey. This compares to 13.5 percent for those with a "Low" willingness to take risks (Table 11h, Figure 16).⁸⁵ The differences across the four categories – Low, Low Moderate, High Moderate, and High – are statistically significant (p=0.006).
- **By Individual Type of Fraud:** As shown in Table 20 and Figure 16, those with a "Low" general willingness to take risks had the lowest likelihood of being victims of all but one of the most-prevalent types of fraud covered by the survey.
 - However, in only one of the cases where "Low" risk-takers were the least likely to have reported being a victim – Having Paid for Something That Was Never Received – are the differences across the risk-taking categories statistically significant.
 - Looking at Fraudulent Computer Repair, those with "Low" general willingness to take risks had the highest likelihood of having been victimized.

⁸⁵ Survey participants were asked to rate their general willingness to take risks on a scale of 0 to 10, where 10 was defined as being almost always willing to take risks and 0 as being almost never willing to take risks (Question 51). Those who ranked their willingness to take risks between 0 and 3 were classified as having a Low willingness to take risks. Those who ranked themselves as 4 or 5 were classified as Low Moderate, those at 6 or 7 as High Moderate, and those at 8, 9, or 10 were classified as High.

Table 19. Fraud Victimization Rates, 2017, by Share of Calls Received on a Cell Phone^a

Type of Fraud	Overall	Share of Calls Received on Cell Phone			Overall p= ^b
		All of Almost All on Cell Phone	Some on Cell Phone, Some on Landline	Few or None on Cell Phone	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	17.1% (15.0% - 19.1%)	17.3% (13.6% - 21.1%)	8.6% (5.5% - 11.7%)	0.000 ***
<i>Most-Prevalent Specific Frauds</i>					
Weight-Loss Products	2.6% (1.8% - 3.3%)	3.0% (2.0% - 4.0%)	2.6% (1.1% - 4.1%)	0.6% (0.0% - 1.5%)	0.001 ***
Computer Repair	2.0% (1.4% - 2.5%)	1.5% (0.8% - 2.1%)	3.6% (1.8% - 5.4%)	2.3% (0.7% - 3.8%)	0.064 *
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	1.6% (0.9% - 2.4%)	0.8% (0.0% - 1.7%)	1.1% (0.0% - 2.9%)	0.398
Unauthorized Billing – Buyers' Clubs	1.0% (0.5% - 1.5%)	1.1% (0.5% - 1.7%)	1.3% (0.0% - 2.8%)	0.4% (0.0% - 0.9%)	0.167
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	1.2% (0.6% - 1.8%)	0.7% (0.0% - 1.5%)	0.5% (0.2% - 1.2%)	0.298
Prize Promotions	0.9% (0.5% - 1.4%)	1.1% (0.4% - 1.7%)	0.6% (0.0% - 1.3%)	0.7% (0.0% - 1.5%)	0.546
<i>More-General Frauds</i>					
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	4.4% (3.3% - 5.6%)	4.4% (2.1% - 6.7%)	1.3% (0.2% - 2.4%)	0.000 ***
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	4.0% (3.0% - 5.0%)	4.8% (2.9% - 6.7%)	1.8% (0.6% - 3.0%)	0.006 ***
<i>Number of Observations</i>	3,715	2,275	752	541	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

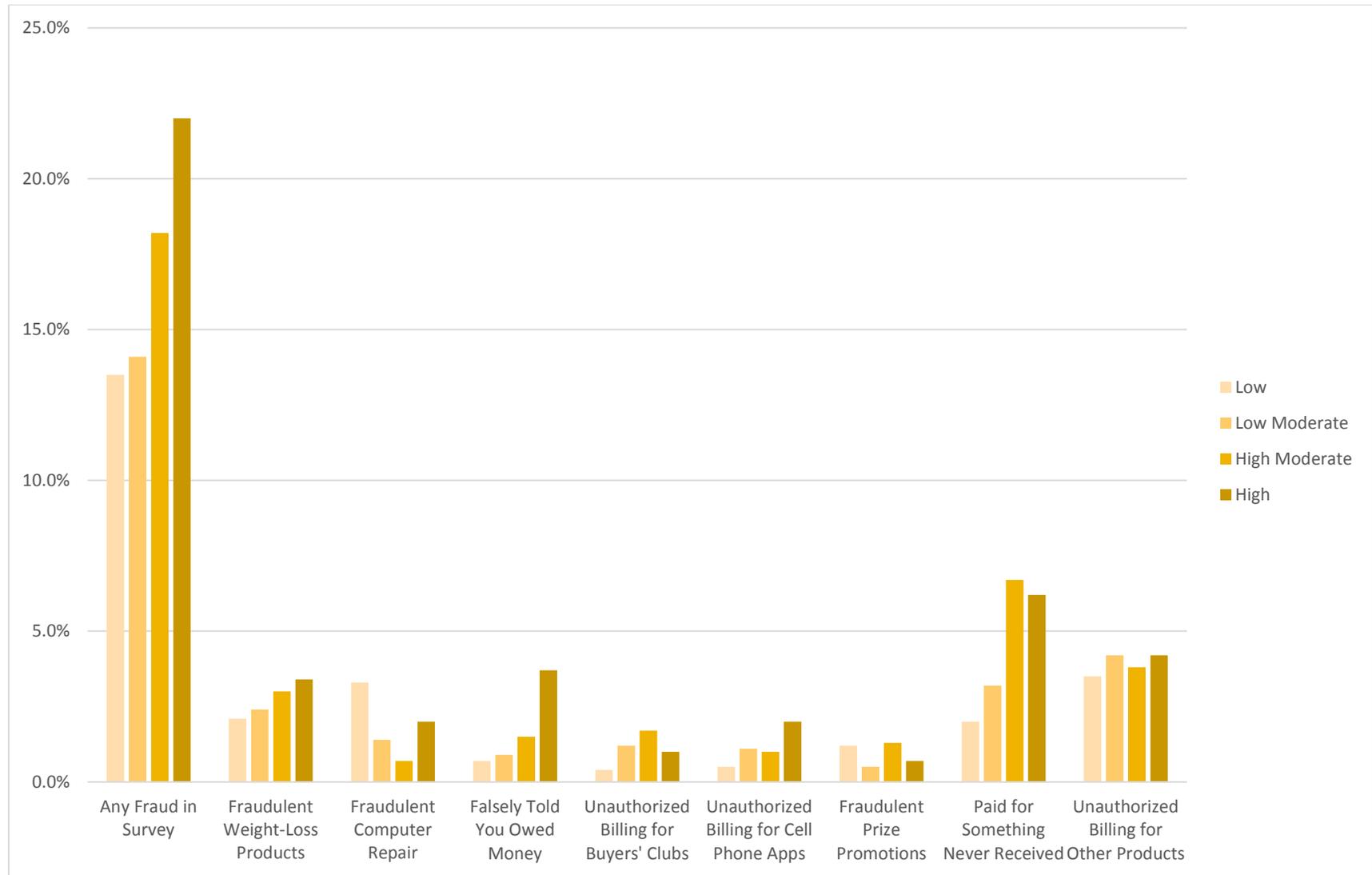
Table 20. Fraud Victimization Rates, 2017, by General Willingness to Take Risks^a

Type of Fraud	Overall	General Willingness to Take Risks				Overall p= ^b
		Low	Low Moderate	High Moderate	High	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	13.5% (10.9% - 16.1%)	14.1% (11.3% - 16.8%)	18.2% (14.6% - 21.8%)	22.0% (17.2% - 26.8%)	0.006 ***
<i>Most-Prevalent Specific Frauds</i>						
Weight-Loss Products	2.6% (1.8% - 3.3%)	2.1% (0.9% - 3.3%)	2.4% (0.9% - 4.0%)	3.0% (1.5% - 4.5%)	3.4% (1.5% - 5.2%)	0.656
Computer Repair	2.0% (1.4% - 2.5%)	3.3% (1.9% - 4.7%)	1.4% (0.8% - 2.1%)	0.7% (0.2% - 1.2%)	2.0% (0.7% - 3.4%)	0.002 ***
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	0.7% (0.0% - 1.4%)	0.9% (0.1% - 1.6%)	1.5% (0.2% - 2.8%)	3.7% (1.2% - 6.2%)	0.126
Unauthorized Billing – Buyers’ Clubs	1.0% (0.5% - 1.5%)	0.4% (0.0% - 0.9%)	1.2% (0.2% - 2.1%)	1.7% (0.1% - 3.4%)	1.0% (0.0% - 2.1%)	0.218
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	0.5% (0.1% - 0.9%)	1.1% (0.3% - 2.0%)	1.0% (0.1% - 1.8%)	2.0% (0.1% - 3.9%)	0.262
Prize Promotions	0.9% (0.5% - 1.4%)	1.2% (0.2% - 2.2%)	0.5% (0.0% - 1.0%)	1.3% (0.0% - 2.6%)	0.7% (0.1% - 1.3%)	0.483
<i>More-General Frauds</i>						
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	2.0% (1.1% - 3.0%)	3.2% (1.7% - 4.7%)	6.7% (4.0% - 9.3%)	6.2% (3.3% - 9.1%)	0.001 ***
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	3.5% (2.2% - 4.8%)	4.2% (2.8% - 5.7%)	3.8% (2.4% - 5.2%)	4.2% (1.9% - 6.5%)	0.878
<i>Number of Observations</i>	3,715	1,263	1,121	765	527	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

Figure 16. Fraud Victimization Rates, 2017, by General Willingness to Take Risks



Source. Table 20.

- *Comparison to 2011:* The 2011 survey also showed an overall increase in the prevalence of having been a victim of any fraud covered by the survey with an increased general willingness to take risks. The distribution found with the current survey is not significantly different from that found in 2011 ($p=0.268$).

Multivariate Analysis: After controlling for other characteristics, those whose willingness to take risks was “High” were estimated to have been 9.0 percentage points more likely to have been a victim of any of the frauds covered by the survey than those with a “Low” willingness. This association between general willingness to take risks and victimization is statistically significant ($p=0.039$).

5.10 Risky Purchasing Practices

Those who engaged in risky purchasing practices were more likely to report having been victims of mass-market consumer fraud.

- The second measure of risk-taking looks at consumers’ willingness to take risks in terms of the settings in which they are willing to make purchases. Some types of purchases may be riskier than others, and consumers who are willing to take such risks may be at greater risk of being victimized by fraudulent offerings.
- Buying something from a seller about whom the consumer has little information is likely to be more risky than buying from a well-known company with which the consumer has done business for years. Visiting a store or the seller’s place of business where the consumer can view the product and take it home if he or she decides to make the purchase can reduce the risk. Visiting the seller’s business premises also increases the likelihood that the seller can be located if something turns out to be wrong with the product. Finally, there may be greater risks in purchasing products that are promoted via certain media – in particular, telemarketing calls, unsolicited commercial (“SPAM”) emails, or television infomercials.
- The second – more specific – measure of a consumer’s willingness to take risks (“Risky Purchasing Practices”) attempts to measure whether the consumer made purchases in situations where these considerations were apt to increase the risk of being defrauded.⁸⁶
 - To serve as a proxy for such risky behavior, a consumer is considered to have engaged in Risky Purchasing Practices if (i) the consumer purchased a product or service as a result of a telemarketing call, after seeing a television advertisement or infomercial, or after receiving a SPAM email, (ii) the purchase was from a company with whom the consumer had not previously done business, and (iii) the consumer did not make the purchase at a store or the seller’s place of business,

⁸⁶ The notion that consumers who engage in risky purchases are more likely to be victims has been explored by, among others Kristy Holtfreter, Michael D. Reising, and Travis C. Pratt, “Low Self-Control, Routine Activities, and Fraud Victimization,” *Criminology*, 48 (March 2008), pp. 189-220; Marguerite Deliemma, Doug Shadel, and Karla Pak, “Profiling Victims of Investment Fraud: Mindsets and Risky Behaviors,” *Journal of Consumer Research*, icz020, <https://doi.org/10.1093/jcr/ucz020>; and Michael D. Reising and Kristy Holtfreter, “Shopping Fraud Victimization Among the Elderly,” *Journal of Financial Crime*, 20 (July 2013), pp. 324-337.

but rather purchased the item via the Internet or by telephone. (Questions 1 – 2_2, 4_1 – 5_2).⁸⁷

- 25.7 percent of those who engaged in risky purchasing practices, as defined above, reported that they had been victims of one or more of the frauds covered by the survey (Table 11i, Figure 17). This compares to just 12.9 percent among those who did not engage in such practices. The difference is statistically significant ($p=0.000$).
- **By Individual Type of Fraud:** Those who had engaged in risky purchasing practices were more likely to have been victims of each of the most-prevalent individual frauds with one exception (Table 21, Figure 17). The differences, however, are only statistically significant in four of the seven cases.
 - Looking at being Falsely Told that You Owed Money to the Government, the likelihood of being a victim is essentially the same whether or not one had engaged in risky purchasing practices ($p=0.955$).
- **Comparison to 2011:** Having engaged in risky purchasing practices was also included in the 2011 survey and the results there are not significantly different than those in the current survey ($p=0.293$).
- **Multivariate Analysis:** After controlling for other characteristics, those who had engaged in risky purchasing practices were 13.5 percentage points more likely to have been a victim of one of the frauds covered by the survey than were those who had not. This difference is statistically significant ($p=0.000$).

5.11 Comfort with Current Level of Debt

Those with more debt than they felt that they could handle financially were more likely to report having been victims of the frauds covered by the survey.

- Survey participants were asked how they would describe the amount of personal debt they had. They were asked whether they would say that the amount of debt they currently had was “(i) more than you can handle financially, (ii) about as much as you can handle financially, or (iii) you could handle more debt than you currently have.” Participants could also volunteer that they had no personal debt (Question D23).

⁸⁷ Clearly, not all transactions that meet these conditions are high-risk transactions. However, the definition of Risky Purchasing Practices is limited by the questions that were included in the survey. In particular, Question 4_1 asked whether consumers had made purchases from a company with whom they had not previously done business after seeing a television ad or infomercial. Consumers who purchased something from a well-known company with which they had not previously done business after seeing an advertisement on prime-time television would appropriately answer yes to this question. And, if these consumers purchased the product by placing an order on the firm’s Internet website, they would meet the definition of Risky Purchasing Practices. However, the risk in this particular situation is probably not much greater than in any transaction, because the firm is well-known, even though the consumer has not previously bought anything from it.

That the measure of Risky Purchasing Practices imperfectly measures those who have actually engaged in risky practices should reduce the likelihood that the analysis will find an increased risk of victimization among those who are identified as being at high risk. Furthermore, the estimate of the risk faced by those who are defined as engaging in Risky Purchasing Practices will understate the risk faced by those who actually engaged in risky practices.

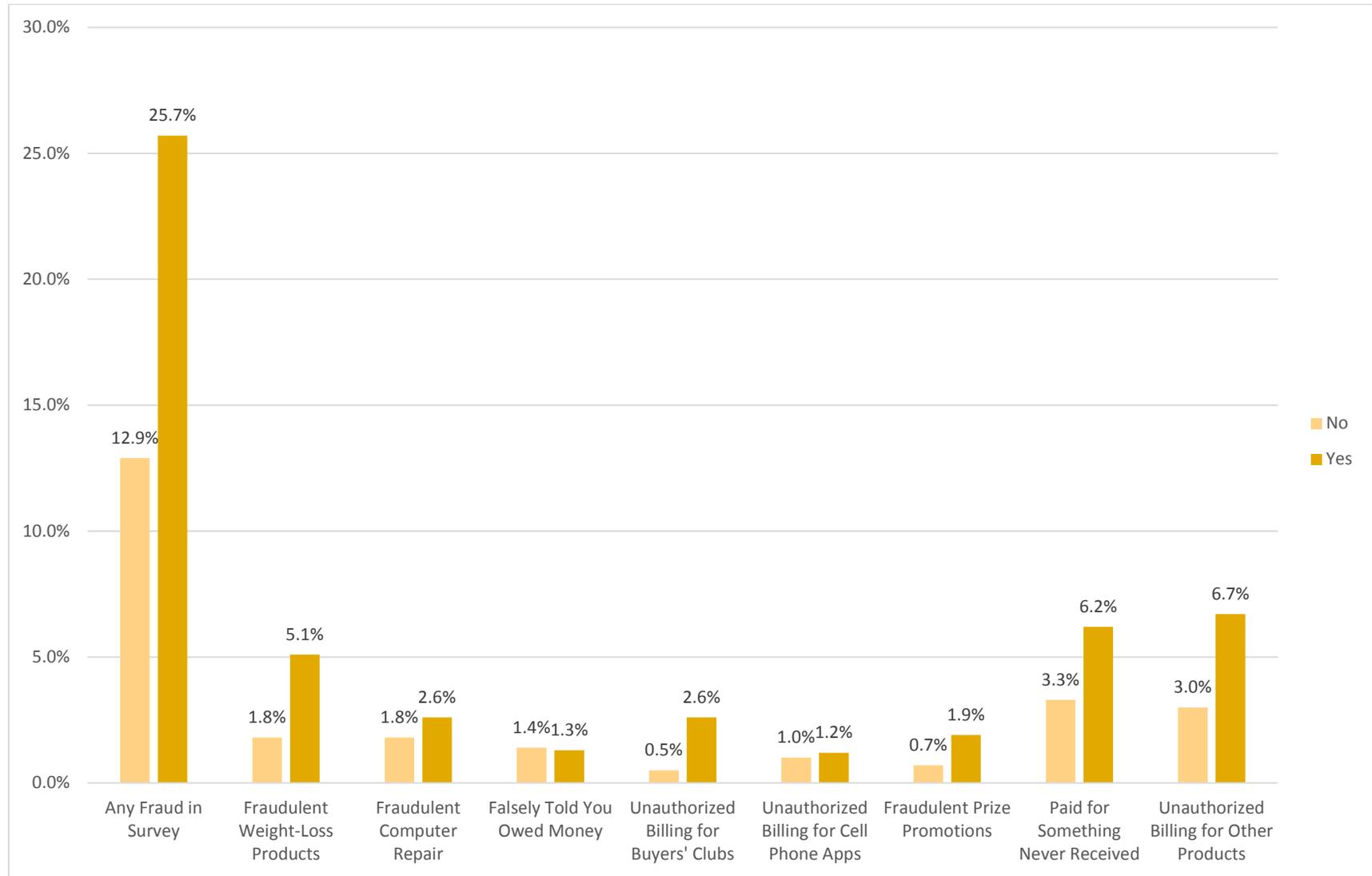
Table 21. Fraud Victimization Rates, 2017, by Risky Purchase Practices^a

Type of Fraud	Overall	Engaged in Risky Purchase Practices		p= ^b
		No	Yes	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	12.9% (11.2% - 14.6%)	25.7% (21.9% - 29.5%)	0.000 ***
<i>Most-Prevalent Specific Frauds</i>				
Weight-Loss Products	2.6% (1.8% - 3.3%)	1.8% (1.1% - 2.6%)	5.1% (3.1% - 7.2%)	0.003 ***
Computer Repair	2.0% (1.4% - 2.5%)	1.8% (1.2% - 2.5%)	2.6% (1.4% - 3.7%)	0.254
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	1.4% (0.7% - 2.0%)	1.3% (0.1% - 2.6%)	0.955
Unauthorized Billing – Buyers’ Clubs	1.0% (0.5% - 1.5%)	0.5% (0.1% - 1.0%)	2.6% (1.1% - 4.2%)	0.011 **
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	1.0% (0.4% - 1.5%)	1.2% (0.4% - 1.9%)	0.712
Prize Promotions	0.9% (0.5% - 1.4%)	0.7% (0.2% - 1.1%)	1.9% (0.4% - 3.4%)	0.121
<i>More-General Frauds</i>				
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	3.3% (2.3% - 4.2%)	6.2% (4.0% - 8.4%)	0.017 **
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	3.0% (2.2% - 3.8%)	6.7% (4.7% - 8.6%)	0.001 ***
<i>Number of Observations</i>	3,715	2,801	873	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

Figure 17. Fraud Victimization, 2017, by Risky Purchase Practices



Source. Table 21.

- 30.5 percent of those who said that they had more debt than they could handle reported that they had been victims of one or more of the frauds covered by the survey (Table 11k, Figure 18).
 - 15 percent of those who said that they had about as much debt as they could handle or that they could handle additional debt had been victims.
 - 12.3 percent of those who said that they had no personal debt had been victims.
 - The differences in the rate of victimization across the four levels of debt are statistically significant ($p=0.000$).⁸⁸
- **By Individual Type of Fraud:** Those with more debt than they could handle had a greater likelihood of having been a victim of seven of the eight frauds with the greatest prevalence (Table 22, Figure 18). However, for only one of these frauds – Fraudulent Computer Repair – was there a significant difference depending on the level of debt ($p=0.027$).
 - The prevalence of Having Received an Unauthorized Bill for Something Other than an Item for a Cell Phone, a Buyers’ Club Membership, or Internet Service was slightly higher for those who said that they could handle additional debt or that they did not have any personal debt than those who had too much debt. However, the differences here are not statistically significant ($p=0.347$).

⁸⁸ Researchers in criminology have suggested that fraud victimization can be explained, at least partially, by routine activity theory and by self-control theory.

Routine activity theory posits that the likelihood of crime depends on the environment. In particular, the commission of a crime requires the proximity of someone who is motivated to commit a crime, a suitable victim, and the absence of guardians who can protect the victim. (See, Lawrence E. Cohen and Marcus Felson, “Social Change and Crime Rate Trends: A Routine Activities Approach,” *American Sociological Review*, 44 (August 1979), pp. 588-608.) In the case of violent crime, this would generally require the physical proximity of the motivated offender and the victim. However, in the case of fraud, numerous authors have noted that such proximity is not needed. Rather, remotely purchasing items – i.e., purchases made online, by telephone, or by mail – may provide the necessary proximity. Such remote purchasing may also result in fewer potential guardians to protect the potential victim from being victimized. (See, e.g., Kristy Holtfreter, Michal D. Reisig, and Travis C. Pratt, “Low Self-Control, Routine Activities, and Fraud Victimization,” *Criminology*, 46 (February 2008), pp. 189-220, and Marguerite DeLiema, “Elder Fraud and Financial Exploitation: Application of Routine Activity Theory,” *The Gerontologist*, 58 (August 2018), pp. 706-718.) In the context of the present research, the Risky-Purchasing-Practices variable identifies those who are at higher risk of being a victim according to routine activity theory.

Self-control theory posits that consumers with low self-control are more likely to be victims of crime (Christopher J. Schreck, “Criminal Victimization and Low Self-Control: An Extension and Test of a General Theory of Crime,” *Justice Quarterly*, 16 (September 1999), pp. 633-654). Two variables in the current study can be seen as measuring low self-control. First, those with low self-control are often seen as being more willing to take risks, which is measured by the General-Willingness-to-Take-Risks variable. Second, having too much debt may also be a measure of a lack of self-control. Thus, the variable Comfort with Current Level of Debt may also be seen as a proxy for self-control.

The findings of the present study therefore are consistent with both of these explanations of victimization. Those who made risky purchases were more likely to have been victims, consistent with the predictions of the routine activity theory model. And, those who had a greater general willingness to take risks and those who had more debt than they could handle financially were also at greater risk of being a victim, consistent with the predictions of the low self-control model.

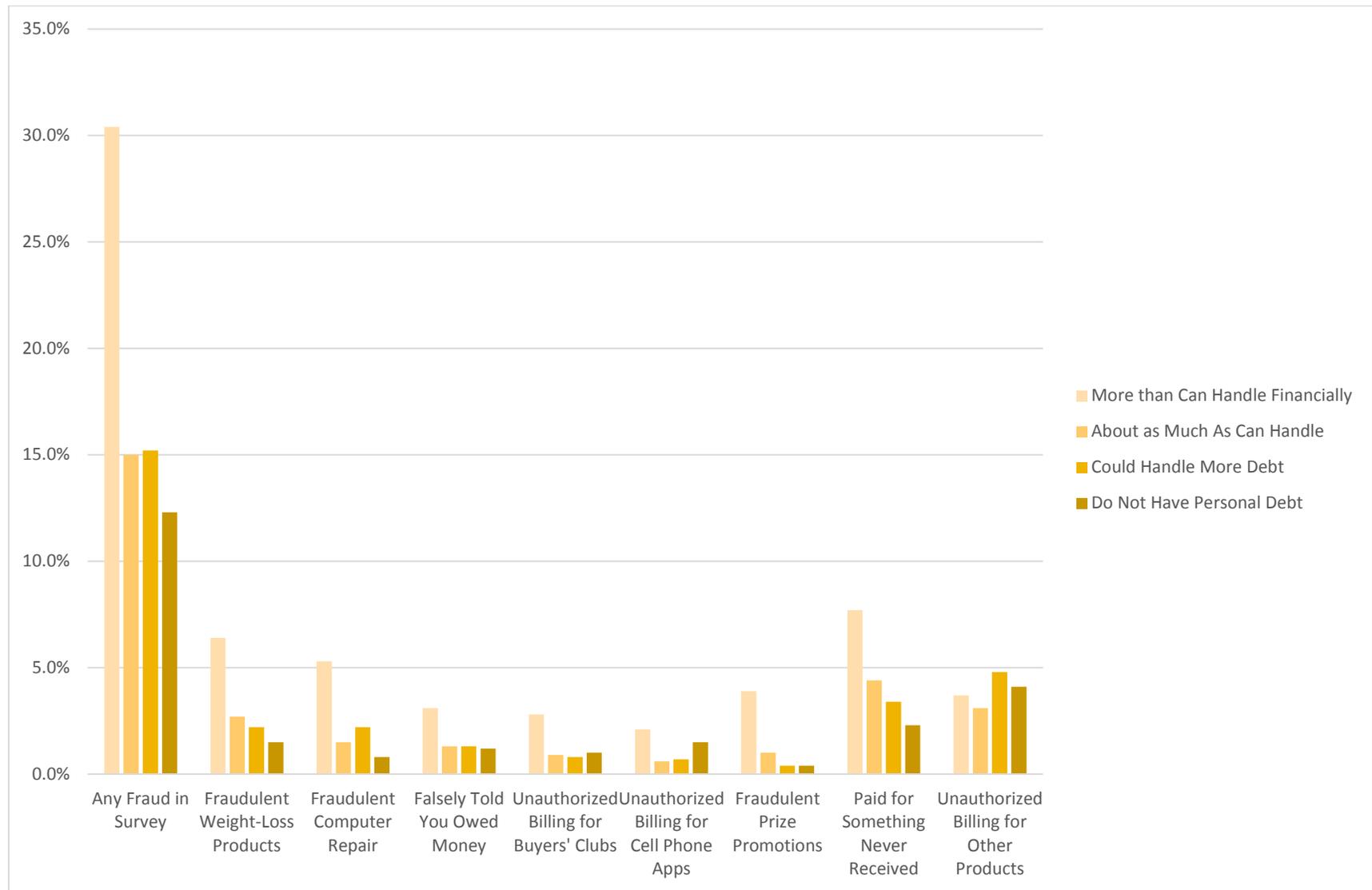
Table 22. Fraud Victimization Rates, 2017, by Comfort with Current Debt^a

Type of Fraud	Overall	More Debt Than Can Comfortably Handle	About as Much Debt as Can Comfortably Handle	Could Handle More Debt	Do Not Have Any Personal Debt	Overall p= ^b
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	30.4% (23.1% - 37.8%)	15.0% (12.4% - 17.5%)	15.2% (12.7% - 17.8%)	12.3% (8.0% - 16.6%)	0.000 ***
<i>Most-Prevalent Specific Frauds</i>						
Weight-Loss Products	2.6% (1.8% - 3.3%)	6.4% (2.2% - 10.7)	2.7% (1.5% - 3.9%)	2.2% (1.0% - 3.4%)	1.5% (0.2% - 2.8%)	0.131
Computer Repair	2.0% (1.4% - 2.5%)	5.3% (1.4% - 9.3%)	1.5% (0.8% - 2.2%)	2.2% (1.3% - 3.1%)	0.8% (0.1% - 1.6%)	0.027 **
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	3.1% (0.2% - 6.0%)	1.3% (0.2% - 2.3%)	1.3% (0.4% - 2.2%)	1.2% (0.0% - 2.6%)	0.678
Unauthorized Billing – Buyers' Clubs	1.0% (0.5% - 1.5%)	2.8% (0.0% - 5.9%)	0.9% (0.2% - 1.7%)	0.8% (0.1% - 1.5%)	1.0% (0.0% - 2.3%)	0.664
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	2.1% (0.2% - 4.0%)	0.6% (0.1% - 1.1%)	0.7% (0.1% - 1.3%)	1.5% (0.0% - 3.5%)	0.405
Prize Promotions	0.9% (0.5% - 1.4%)	3.9% (0.6% - 7.2%)	1.0% (0.2% - 1.8%)	0.4% (0.1% - 0.8%)	0.4% (0.0% - 1.1%)	0.145
<i>More-General Frauds</i>						
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	7.7% (3.2% - 12.2%)	4.4% (2.8% - 6.0%)	3.4% (2.2% - 4.6%)	2.3% (0.4% - 4.2%)	0.115
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	3.7% (1.7% - 5.8%)	3.1% (2.1% - 4.1%)	4.8% (3.3% - 6.3%)	4.1% (1.5% - 6.7%)	0.347
<i>Number of Observations</i>	3,715	257	1,305	1,395	433	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

Figure 18. Fraud Victimization Rates, 2017, by Comfort with Current Debt



Source. Table 22.

- **Comparison to 2011:** The question about the level of debt was included in the earlier surveys and the results here are not significantly different from those found in the 2011 survey ($p=0.465$).
- **Multivariate Analysis:** After controlling for other characteristics, those who had more debt than they could handle were an estimated 10.9 percentage points more likely to have been a victim of one or more of the frauds covered by the survey than were those who said that they had about as much debt as they could handle. In this multivariate analysis, the association between the amount of debt and the likelihood of having been a victim is marginally significant ($p=0.074$).

5.12 Serious Negative Life Event

Having experienced a serious negative life event was associated with being more likely to have reported that one had been a victim of mass-market consumer fraud.

- Survey participants were also asked whether in the last two years they had “experienced a serious negative life event, such as a divorce, the death of a family member or close friend, a serious injury or illness in your family, or the loss of a job” (Question 49).
- 20.4 percent of those who had experienced such a serious negative life event reported that they had been victims of one or more of the surveyed frauds (Table 11j, Figure 19). 13.1 percent of those who had not experienced such an event were victims. The difference is statistically significant ($p=0.000$).⁸⁹
- **By Individual Type of Fraud:** Those who had experienced a serious negative life event were more likely to report having been a victim of each of the most-prevalent types of fraud (Table 23, Figure 19). However, these differences were only statistically significant for four of the eight most-prevalent frauds shown on the table.
- **Comparison to 2011:** Whether one had experienced a serious negative life event was also included in the 2011 survey and the results there are not significantly different from those in the current survey ($p=0.294$).
- **Multivariate Analysis:** After controlling for other characteristics, the likelihood of having been a victim of any fraud was 4.3 percentage points higher for those who had experienced a negative life event. This difference is statistically significant ($p=0.029$).

⁸⁹ This result may be consistent with other research that has found that consumers’ stated likelihood of buying a deceptively-marketed product depends on the degree to which they are emotionally aroused – either positively or negatively – at the time. See, Katharina Kirkanski, Nanna Nothoff, Doug Shadel, Gary Mottola, Laura L. Carstensen, and Ian H. Gotlib, “Heightened Emotional States Increase Susceptibility to Fraud in Older Adults,” (May 5, 2016). Available at SSRN: <https://ssrn.com/abstract=2815652> or <http://dx.doi.org/10.2139/ssrn.2815652>. See also, Jennifer S. Lerner and Daucher Keltner, “Beyond Valence: Toward a Model of Emotion-Specific Influences on Judgement and Choice,” *Cognition and Emotion*, 14 (2000), pp. 473-493, finding that angrier consumers perceive actions to be less risky than those who are less angry. If consumers who have suffered a serious negative life event are angry, this would suggest that they might perceive the purchase of a fraudulent offer to be less risky and therefore increase the likelihood of making such a purchase. The results here differ from those in Kirkanski, et al., in one respect. Kirkanski, et al., found that heightened anger or excitement was associated with an increased likelihood of buying a deceptive product among older consumers, but not among younger consumers. While the survey results show that those who had experienced a serious negative life event were more likely to report having been a victim, the effect does not vary with the participants age ($p=0.606$).

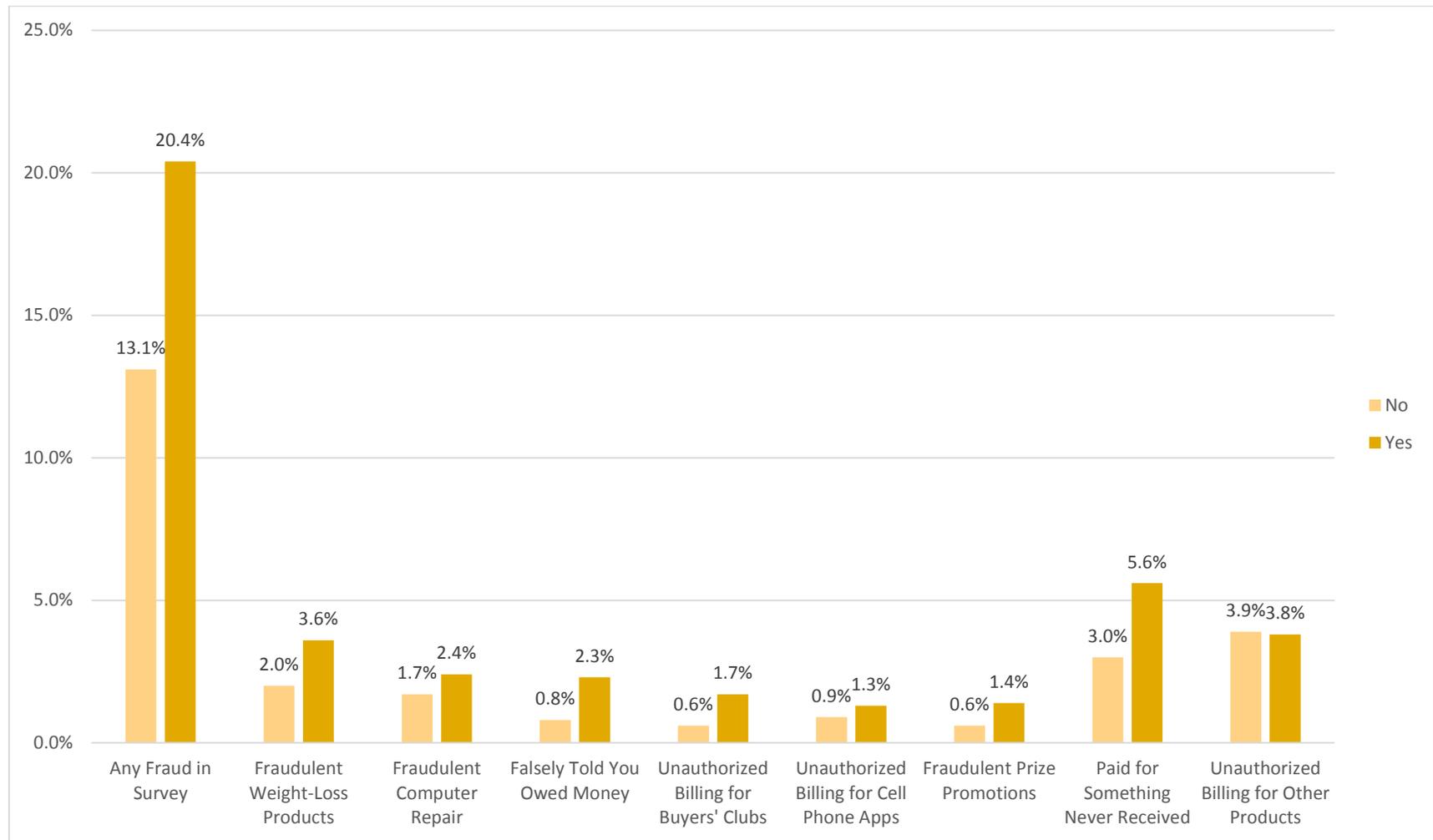
Table 23. Fraud Victimization Rates, 2017, by Negative Life Event in Last Two Years^a

Type of Fraud	Overall	Experienced a Negative Life Event		p= ^b
		No	Yes	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	13.1% (11.3% - 15.0%)	20.4% (17.5% - 23.3%)	0.000 ***
<i>Most-Prevalent Specific Frauds</i>				
Weight-Loss Products	2.6% (1.8% - 3.3%)	2.0% (1.1% - 2.8%)	3.6% (2.2% - 5.0%)	0.047 **
Computer Repair	2.0% (1.4% - 2.5%)	1.7% (1.1% - 2.3%)	2.4% (1.3% - 3.5%)	0.250
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	0.8% (0.3% - 1.3%)	2.3% (1.0% - 3.6%)	0.041 **
Unauthorized Billing – Buyers’ Clubs	1.0% (0.5% - 1.5%)	0.6% (0.2% - 1.0%)	1.7% (0.6% - 2.8%)	0.073 *
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	0.9% (0.4% - 1.3%)	1.3% (0.4% - 2.1%)	0.406
Prize Promotions	0.9% (0.5% - 1.4%)	0.6% (0.2% - 1.1%)	1.4% (0.5% - 2.4%)	0.143
<i>More-General Frauds</i>				
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	3.0% (2.0% - 4.0%)	5.6% (3.8% - 7.3%)	0.014 **
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	3.9% (2.8% - 5.0%)	3.8% (2.8% - 4.8%)	0.897
<i>Number of Observations</i>	3,715	2,321	1,381	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

Figure 19. Fraud Victimization Rates, 2017, by Negative Life Event



Source. Table 23

5.13 Expected Future Income

Those who said that they expected their income to be much higher three years in the future were more likely to report that they had been victims of mass-market consumer fraud.

- As in the previous surveys, participants were asked how they expected their income three years in the future to compare to their current income. Did they think that their future income would be much lower, slightly lower, about the same, slightly higher, or much higher than their current income (Question D22)?
- 25.2 percent of those who answered that they expected their incomes to be much higher in the future reported that they had been victims of one or more of the frauds covered by the survey during 2017 (Table 111, Figure 20). Those whose expectations did not include a much higher income in the future were significantly less likely to have been a victim – rates ranging between 11.5 percent for those who expected their future incomes to be much lower and 15.4 percent for those expecting their future incomes to be slightly higher. The association between expected future income and the likelihood of being a victim of any fraud is statistically significant ($p=0.001$).
- **By Individual Type of Fraud:** Those who expected their future income to be much higher were more likely to have been victims of all but one of the most-prevalent frauds (Table 24, Figure 20).
 - However, there is a significant relationship between the rate of victimization and expected future income for only two of these – Falsely Told that You Owed Money to the Government ($p=0.029$) and Fraudulent Prize Promotions ($p=0.002$).
 - Those who thought that their future income would be slightly lower were the most likely to have been victims of Fraudulent Computer Repair. The relationship between expected future income and the likelihood of having been a victim is statistically significant for Fraudulent Computer Repair ($p=0.000$).
- **Comparison to 2011:** The correlation between expected future income and the likelihood of having been a victim of fraud in the 2017 survey differs significantly from that in the 2011 survey ($p=0.024$ for all frauds, $p=0.055$ for all specific frauds). The main difference is a greater difference between the prevalence among those expecting much higher income in the future and others in the 2017 survey.
- **Multivariate Analysis:** After controlling for other characteristics, those who said that their future incomes would be much higher than today were estimated to be a statistically significant 13.0 percentage points more likely to have been a victim of one or more of the frauds covered by the survey than those who expected their incomes to be about the same. The association between expected future income and the probability of having been a victim is statistically significant ($p=0.002$).

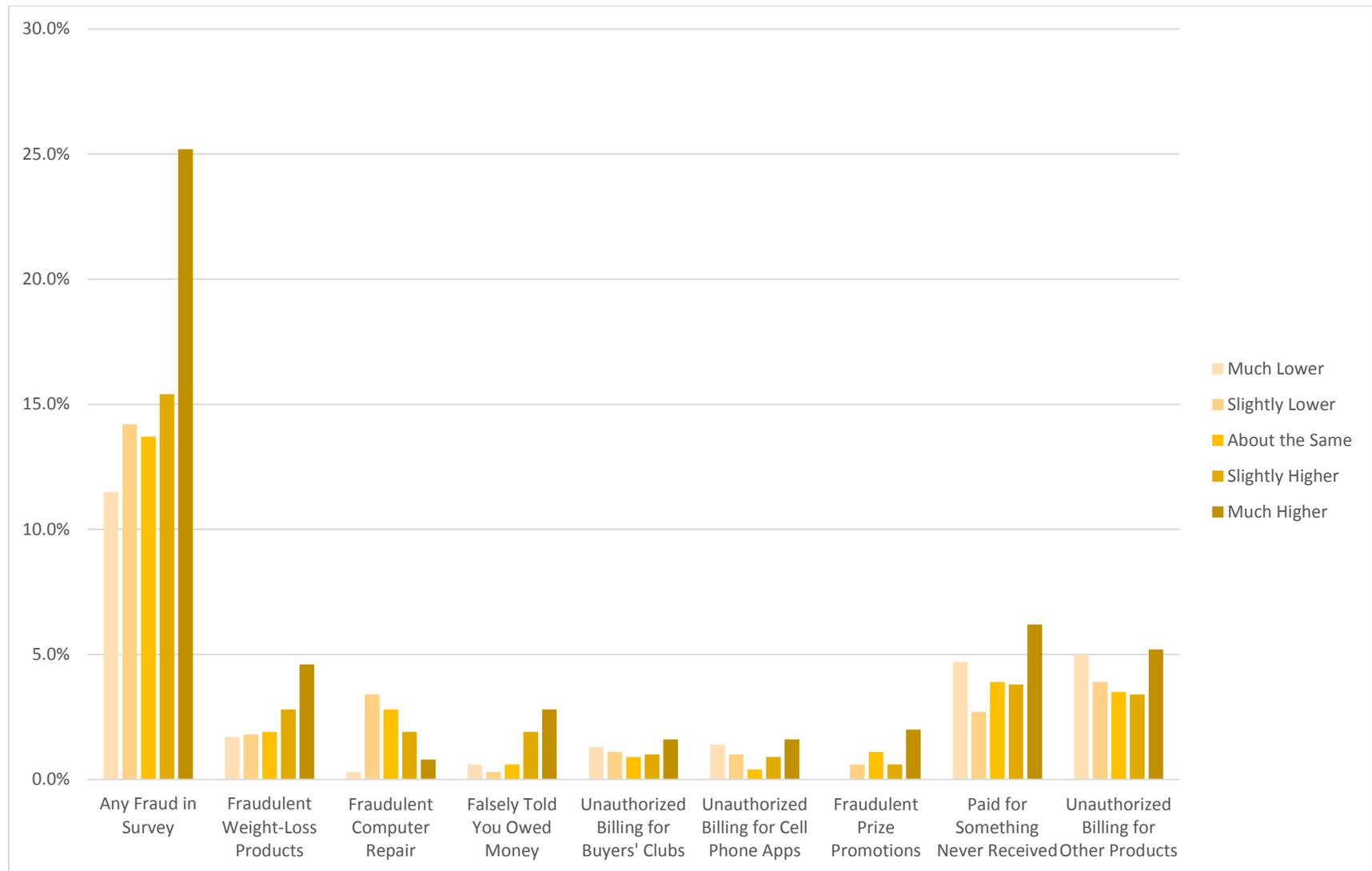
Table 24. Fraud Victimization Rates, 2017, by Expected Future Income^a

Type of Fraud	Overall	Expected Future Income					Overall p= ^b
		Much Lower	Slightly Lower	About the Same	Slightly Higher	Much Higher	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	11.5% (5.5% - 17.4%)	14.2% (9.3% - 19.0%)	13.7% (11.0% - 16.4%)	15.4% (12.7% - 18.2%)	25.2% (20.3% - 30.1%)	0.001 ***
<i>Most-Prevalent Specific Frauds</i>							
Weight-Loss Products	2.6% (1.8% - 3.3%)	1.7% (0.0% - 4.0%)	1.8% (0.0% - 3.6%)	1.9% (0.8% - 3.1%)	2.8% (1.6% - 4.1%)	4.6% (1.9% - 7.4%)	0.345
Computer Repair	2.0% (1.4% - 2.5%)	0.3% (0.0% - 0.8%)	3.4% (0.8% - 6.0%)	2.8% (1.7% - 3.8%)	1.9% (0.8% - 2.9%)	0.8% (0.0% - 1.7%)	0.000 ***
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	0.6% (0.0% - 1.6%)	0.3% (0.0% - 0.8%)	0.6% (0.0% - 1.4%)	1.9% (0.7% - 3.1%)	2.8% (0.9% - 4.7%)	0.029 **
Unauthorized Billing – Buyers' Clubs	1.0% (0.5% - 1.5%)	1.3% (0.0% - 3.5%)	1.1% (0.0% - 2.5%)	0.9% (0.0% - 1.8%)	1.0% (0.2% - 1.8%)	1.6% (0.0% - 3.2%)	0.942
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	1.4% (0.0% - 4.0%)	1.0% (0.0% - 2.5%)	0.4% (0.1% - 0.6%)	0.9% (0.3% - 1.6%)	1.6% (0.0% - 3.3%)	0.267
Prize Promotions	0.9% (0.5% - 1.4%)	0.0	0.6% (0.0% - 1.3%)	1.1% (0.1% - 2.1%)	0.6% (0.1% - 1.2%)	2.0% (0.2% - 3.7%)	0.002 ***
<i>More-General Frauds</i>							
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	4.7% (0.5% - 8.9%)	2.7% (0.7% - 4.7%)	3.9% (2.1% - 5.6%)	3.8% (2.3% - 5.3%)	6.2% (3.5% - 8.9%)	0.372
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	5.0% (1.2% - 8.8%)	3.9% (1.1% - 6.8%)	3.5% (2.1% - 4.9%)	3.4% (2.3% - 4.6%)	5.2% (3.1% - 7.3%)	0.601
<i>Number of Observations</i>	3,715	176	291	1,277	1,195	510	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

Figure 20. Fraud Victimization Rates, 2017, by Expected Future Income



Source. Table 24.

5.14 Race and Ethnicity

African Americans and Hispanics were slightly more likely to report that they had been victims of one or more of the surveyed frauds than Non-Hispanic Whites, while Asian Americans were slightly less likely to have reported having been victims. However, these differences are not statistically significant.

- The estimated likelihood of having been a victim of any of the survey’s frauds during 2017 were: (Table 11m)
 - 19.2 percent for African Americans,
 - 17.3 percent for Hispanics,
 - 14.9 percent for Non-Hispanic Whites, and
 - 9.4 percent for Asian Americans
 - While the estimated prevalence of victimization was somewhat higher among African Americans and Hispanics than among Non-Hispanic Whites and was somewhat lower for Asian Americans, none of these differences is statistically significant ($p=0.137$ for African Americans compared to Non-Hispanic Whites, $p=0.362$ for Hispanics, and $p=0.111$ for Asian Americans).
 - The differences over all of the racial and ethnic categories is statistically significant ($p=0.040$). However, this is because those in the “Other” category had a much higher estimated prevalence – 23.0 percent – than any other group.⁹⁰
- **By Individual Type of Fraud:** Looking at the most-prevalent types of fraud, Table 25 shows that there is a significant relationship between victimization and race and ethnicity for three of the types of fraud – Fraudulent Weight-Loss Products ($p=0.000$), Fraudulent Computer Repair ($p=0.012$), and Falsely Told that You Owed Money to the Government ($p=0.000$).
 - In the case of Fraudulent Computer Repair, the percentages of Hispanics and Asian Americans reporting having been victimized (0.7 percent and 0.6 percent respectively) are significantly lower than the rates for Non-Hispanic Whites (2.2%, $p=0.003$ comparing Hispanics and Non-Hispanic Whites and $p=0.015$ comparing Asian Americans and Non-Hispanic Whites).
 - African Americans reported experiencing Fraudulent Computer Repair at almost the same rate as did Non-Hispanic Whites and the difference is not statistically significant (2.4 percent vs. 2.2 percent, $p=0.826$).

⁹⁰ Those in the “Other” category include those who identified themselves as being American Indian or Alaska Native or Native Hawaiian or Pacific Islander. It also includes those who identified themselves as being of more than one race. There were not enough participants in these categories to permit separate estimation for them.

The differences in prevalence among African Americans, Asian Americans, Hispanics, and Non-Hispanic Whites are not jointly significant ($p=0.109$). There is a significant difference in the prevalence of victimization between those in the “Other” category and Non-Hispanic Whites ($p=0.039$). It is, however, difficult to know what this difference means given that people with several different racial backgrounds are included in this “other” group.

Table 25. Fraud Victimization Rates, 2017, by Race and Ethnicity^a

Type of Fraud	Overall	Racial and Ethnic Group					Overall p= ^b
		African American	Hispanic	Asian American	Non-Hispanic White	Other	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	19.2% (13.8% - 24.5%)	17.3% (12.4% - 22.2%)	9.4% (3.1% - 15.8%)	14.9% (13.0 - 16.8%)	23.0% (15.5% - 30.4%)	0.040 **
<i>Most-Prevalent Specific Frauds</i>							
Weight-Loss Products	2.6% (1.8% - 3.3%)	4.2% (1.5% - 6.9%)	2.7% (0.6% - 4.8%)	0.0%	2.2% (1.4% - 3.1%)	3.8% (0.0% - 8.1%)	0.000 ***
Computer Repair	2.0% (1.4% - 2.5%)	2.4% (0.7% - 4.2%)	0.7% (0.0% - 1.3%)	0.6% (0.0% - 1.7%)	2.2% (1.5% - 3.0%)	2.5% (0.0% - 5.5%)	0.012 **
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	2.6% (0.1% - 5.0%)	1.3% (0.1% - 2.5%)	0.0%	1.3% (0.5% - 2.0%)	1.4% (0.0% - 3.3%)	0.000 ***
Unauthorized Billing – Buyers' Clubs	1.0% (0.5% - 1.5%)	1.9% (0.0% - 4.1%)	0.8% (0.0% - 1.7%)	1.8% (0.0% - 5.4%)	1.0% (0.4% - 1.6%)	0.3% (0.0% - 0.8%)	0.332
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	1.3% (0.0% - 2.7%)	1.3% (0.0% - 2.6%)	0.6% (0.0% - 1.7%)	0.8% (0.3% - 1.3%)	2.8% (0.0% - 6.5%)	0.704
Prize Promotions	0.9% (0.5% - 1.4%)	1.4% (0.0% - 3.2%)	1.8% (0.0% - 3.8%)	1.4% (0.0% - 3.3%)	0.6% (0.2% - 1.0%)	1.2% (0.0% - 2.7%)	0.613
<i>More-General Frauds</i>							
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	5.2% (2.3% - 8.0%)	6.8% (3.1% - 10.4%)	4.8% (0.0% - 10.0%)	3.2% (2.2% - 4.1%)	3.5% (1.0% - 6.1%)	0.283
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	3.6% (1.2% - 6.0%)	3.2% (1.1% - 5.3%)	1.6% (0.0% - 3.5%)	4.0% (3.1% - 5.0%)	5.3% (2.6% - 8.1%)	0.149
<i>Number of Observations</i>	3,715	363	443	94	2,461	184	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

- In the cases of Fraudulent Weight-Loss Products and Falsely Told that You Owed Money to the Government, Asian Americans were significantly less likely to report having been a victim than were Non-Hispanic Whites (0.0 percent v. 2.2 percent, $p=0.000$, for weight-loss; 0.0 percent v. 1.3 percent, $p=0.001$, for being falsely told that you owed money to the government).
 - Looking at Fraudulent Weight-Loss Products, African Americans and Hispanics were more likely to have reported experiencing this type of fraud than were Non-Hispanic Whites (4.2 percent of African Americans, 2.7 percent of Hispanics, 2.2 percent for Non-Hispanic Whites). However, neither of these differences is statistically significant ($p=0.170$ comparing African Americans to Non-Hispanic Whites, $p=0.723$ comparing Hispanics to Non-Hispanic Whites).
 - Looking at being Falsely Told That You Owed Money to the Government, African Americans were more likely to report having been victimized than Non-Hispanic Whites, though the difference is not statistically significant (2.6 percent vs. 1.3 percent, $p=0.322$). Hispanics reported this problem at the same 1.3-percent rate as was reported by Non-Hispanic Whites.
- **Comparison to 2011:** The differences in the likelihood of having been a victim of any fraud across racial and ethnic groups in this survey are not significantly different from those found in the 2011 survey ($p=0.837$ for all categories, $p=0.558$ for just African American, non-Hispanic White, and White).
- **Multivariate Analysis:** After controlling for other characteristics, African Americans and Hispanics were still estimated to have a slightly higher likelihood of having been victims than Non-Hispanic Whites, though the association between race and ethnicity and victimization is not significant ($p=0.357$).

5.15 Perceived Social Standing

Those who perceived themselves to have a higher social standing were slightly less likely to report that they had been a victim of mass-market consumer fraud. However, the association between social standing and victimization is not statistically significant.

- Participants were asked to rank themselves on a scale of zero to ten where ten “represents those who are the best off (have the most money, the most education, and the most respected jobs) while [a zero] represents those who are the worst off (have the least money, least education, and least respected job or no job)” (Question 50). These responses were reduced to a four-point scale – Low, Low Moderate, High Moderate, and High.⁹¹
- The likelihood of reporting having been a victim of any fraud declined slightly with an increase in a participant’s perceived social standing – from 18.9 percent for those ranked

⁹¹ Those who ranked themselves between 0 and 3 were classified as Low, 4 and 5 were classified as Low Moderate, 6 and 7 as High Moderate, and 8 to 10 as High.

“Low” to 14.0 percent for those ranked “High” (Table 11n). However, these differences are not statistically significant ($p=0.386$).

- **By Individual Type of Fraud:** As shown in Table 26, there is no clear relationship between perceived social standing and victimization rates for the most-prevalent types of fraud.
- **Comparison to 2011:** A question about perceived social standing was not included in the 2011 survey.
- **Multivariate Analysis:** After controlling for other factors, the association between perceived social standing and victimization no longer showed a steady decrease in victimization as perceived social rank increased, and the association was not significant relationship ($p=0.694$).

5.16 Current Income

There is no significant relationship between a person's current income and the likelihood that they reported that they had been a victim of one of the frauds covered by the survey.

- Those with current incomes between \$36,000 and \$59,999 were the most likely to report having been victims. However, the association between income and victimization is not statistically significant (Table 11o, $p=0.386$).
- **By Individual Type of Fraud:** Table 27 explores the relationship between current income and the likelihood of being a victim of the most-prevalent types of fraud. Again, there is no clear or significant relationship.
- **Comparison to 2011:** There was also no significant relationship between income and the prevalence of victimization in the 2011 survey results.⁹²
- **Multivariate Analysis:** There is also no significant relationship after controlling for other characteristics ($p=0.344$).

5.17 Population Density

Consumers who lived in areas with moderate population density were more likely to report that they had been victims.

- In addition to the individual characteristics discussed thus far, an attempt was made to determine whether characteristics of the community in which a person resided might have an effect on the likelihood the person was a victim of mass-market consumer fraud.
 - In this section, the possible effect of population density is explored.

⁹² A formal test of possible differences in the relationship of income and victimization between 2017 and 2011 is not possible because the income categories used in the 2017 survey differ from those used in 2011.

Table 26. Fraud Victimization Rates, 2017, by Perceived Social Rank^a

Type of Fraud	Overall	Perceived Social Rank				Overall p= ^b
		Low	Low Moderate	High Moderate	High	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	18.9% (12.6% - 25.1%)	16.9% (13.5% - 20.2%)	15.9% (13.4% - 18.4%)	14.0% (11.3% - 16.7%)	0.386
<i>Most-Prevalent Specific Frauds</i>						
Weight-Loss Products	2.6% (1.8% - 3.3%)	3.0% (0.0% - 6.1%)	3.5% (1.7% - 5.4%)	1.8% (0.9% - 2.7%)	2.3% (1.2% - 3.3%)	0.364
Computer Repair	2.0% (1.4% - 2.5%)	1.6% (0.0% - 3.3%)	2.0% (0.7% - 3.2%)	2.3% (1.3% - 3.3%)	1.7% (0.9% - 2.5%)	0.801
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	3.5% (0.1% - 6.9%)	1.4% (0.3% - 2.5%)	0.7% (0.1% - 1.3%)	1.5% (0.3% - 2.6%)	0.264
Unauthorized Billing – Buyers' Clubs	1.0% (0.5% - 1.5%)	0.6% (0.0% - 1.6%)	1.1% (0.0% - 2.2%)	0.9% (0.2% - 1.5%)	1.4% (0.2% - 2.5%)	0.752
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	0.8% (0.0% - 2.2%)	0.6% (0.2% - 1.0%)	1.3% (0.5% - 2.2%)	1.2% (0.0% - 2.3%)	0.430
Prize Promotions	0.9% (0.5% - 1.4%)	2.9% (0.0% - 6.1%)	0.3% (0.0% - 0.7%)	1.3% (0.5% - 2.2%)	0.5% (0.0% - 0.9%)	0.083 *
<i>More-General Frauds</i>						
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	3.8% (1.2% - 6.3%)	4.8% (2.6% - 6.9%)	3.3% (2.1% - 4.6%)	4.0% (2.4% - 5.7%)	0.715
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	4.4% (1.7% - 7.1%)	2.9% (1.6% - 4.2%)	4.4% (3.0% - 5.9%)	4.1% (2.8% - 5.5%)	0.383
<i>Number of Observations</i>	3,715	318	967	1,308	1,033	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

Table 27. Fraud Victimization Rates, 2017, by Current Income^a

Type of Fraud	Overall	Current Income						Overall p= ^b
		Less than \$24,000	\$24,000 - \$35,999	\$36,000 - \$59,999	\$60,000 - \$89,999	\$90,000 - \$179,999	\$180,000 and over	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	15.5% (11.0% - 20.1%)	17.5% (12.2% - 22.8%)	19.7% (15.3% - 24.2%)	17.7% (13.4% - 22.1%)	14.9% (11.6% - 18.2%)	15.4% (10.7% - 20.0%)	0.579
<i>Most-Prevalent Specific Frauds</i>								
Weight-Loss Products	2.6% (1.8% - 3.3%)	1.4% (0.4% - 2.3%)	1.3% (0.0% - 2.7%)	2.2% (0.3% - 4.0%)	2.0% (0.4% - 3.6%)	5.8% (3.2% - 8.5%)	2.6% (0.8% - 4.5%)	0.050 **
Computer Repair	2.0% (1.4% - 2.5%)	1.9% (0.3% - 3.5%)	3.5% (0.5% - 6.4%)	3.0% (1.2% - 4.8%)	1.7% (0.6% - 2.9%)	1.7% (0.8% - 2.6%)	1.0% (0.3% - 1.8%)	0.260
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	2.7% (0.3% - 5.1%)	1.4% (0.0% - 3.3%)	1.2% (0.0% - 2.6%)	0.8% (0.0% - 1.7%)	1.4% (0.1% - 2.6%)	1.8% (0.0% - 3.8%)	0.728
Unauthorized Billing – Buyers' Clubs	1.0% (0.5% - 1.5%)	2.8% (0.4% - 5.3%)	0.9% (0.4% - 2.1%)	0.2% (0.0% - 0.4%)	1.9% (0.0% - 3.7%)	0.7% (0.1% - 1.2%)	0.6% (0.0% - 1.1%)	0.038 **
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	0.3% (0.0% - 0.7%)	2.2% (0.0% - 4.7%)	1.3% (0.0% - 2.6%)	1.9% (0.3% - 3.4%)	0.2% (0.0% - 0.4%)	0.8% (0.0% - 1.7%)	0.055 *
Prize Promotions	0.9% (0.5% - 1.4%)	0.3% (0.0% - 0.6%)	0.7% (0.0% - 1.7%)	1.2% (0.0% - 2.6%)	1.4% (0.0% - 3.3%)	1.2% (0.2% - 2.3%)	0.6% (0.0% - 1.3%)	0.292
<i>More-General Frauds</i>								
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	4.2% (1.9% - 6.4%)	2.6% (0.3% - 5.0%)	5.8% (2.9% - 8.7%)	4.6% (2.0% - 7.2%)	3.9% (2.1% - 5.8%)	3.3% (0.4% - 6.1%)	0.658
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	3.7% (1.3% - 6.1%)	5.0% (2.5% - 7.4%)	4.2% (2.4% - 5.9%)	3.8% (1.6% - 6.0%)	3.0% (1.8% - 4.2%)	6.1% (3.0% - 9.1%)	0.456
<i>Number of Observations</i>	3,715	500	382	580	575	749	350	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see page following Table 28.)

- The possible effect of the median age in the community is explored in the next section.⁹³
- 16.1 percent and 17.6 percent of those who lived in areas that had “Moderately Low” or “Moderately High” density, respectively, reported having been victims of one or more of the surveyed frauds in 2017 (Table 11p).⁹⁴
- 10.3 percent of consumers who lived in an area with “Low” population density were estimated to have been victims.
- The estimated value for those in “High” density areas was 13.5 percent.
- The rate of victimization was significantly associated with population density (p=0.038).
- **By Individual Type of Fraud:** As shown in Table 28, the association between population density and victimization was only statistically significant for three of the most-prevalent types of fraud – being Falsely Told That You Owed Money to the Government (p=0.002), Unauthorized Billing for a Buyers’ Club Membership (p=0.001), and having Paid for Something That Was Never Received (p=0.000). For each of these types of fraud, those who lived in areas of “Low Moderate” and “High Moderate” population density had the highest estimated victimization rates.⁹⁵
- **Comparison to 2011:** The density of the population in the area in which a consumer lives was not examined in the analysis of the 2011 survey.
- **Multivariate Analysis:** After controlling for other characteristics, those who lived in areas of “Low” and “High” density were still less likely to have been a victim of one or more of the survey’s frauds. However, the association between density and the likelihood of having been a victim is not significant after controlling for other characteristics (p=0.248), perhaps suggesting that those who live in areas with lower population density have other characteristics that are associated with lower rates of victimization.
 - One such characteristic may be age. While almost 50 percent of survey participants who lived in “Low” density areas were at least 55 years of age, only 36 percent of those living in more dense regions were.

⁹³ In addition to the density and median age of the area in which a person lives, the association between victimization and three other characteristics of the area – the percent of the population that was college educated, the percent of the population that was African American, and the percent of the population that was Hispanic – were explored. None of these had a significant relationship with the likelihood of having been a victim. Individually examining the effect of the percentage of the community that was African American, there was no significant relationship with the likelihood of victimization (p=0.700). There was also no significant association between victimization and the percent of the community that was Hispanic (p=0.180). There was also no significant relationship between the percent of the population that was college educated and the likelihood of having been a victim of one or more of the frauds included in the survey (p=0.891).

⁹⁴ Observations were linked to data on population density from the American Community Survey at the 5-digit ZIP code level. If a ZIP-code area had a population density of 35 people per square mile or less, it was classified as having Low density. Areas with densities between 35 and 1,250 per square mile were categorized as Moderately Low, those between 1,250 and 8,940 as Moderately High, and those over 8,940 as High.

⁹⁵ For having Paid for Something That Was Never Received, the rate of victimization among those who lived in areas with Low Moderate population density was equal to that for those who lived in areas with High density.

Table 28. Fraud Victimization Rates, 2017, by Population Density^a

Type of Fraud	Overall	Population Density				Overall p= ^b
		Low	Low Moderate	High Moderate	High	
Any Fraud Included in the Survey	15.9% (14.3% - 17.5%)	10.3% (5.8% - 14.8%)	16.1% (13.6% - 18.7%)	17.6% (14.9% - 20.3%)	13.5% (8.9% - 18.1%)	0.038 **
<i>Most-Prevalent Specific Frauds</i>						
Weight-Loss Products	2.6% (1.8% - 3.3%)	1.2% (0.0% - 3.1%)	3.5% (2.0% - 4.9%)	2.1% (1.2% - 3.0%)	1.6% (0.0% - 3.4%)	0.217
Computer Repair	2.0% (1.4% - 2.5%)	2.0% (0.1% - 3.8%)	2.6% (1.6% - 3.7%)	1.7% (0.9% - 2.5%)	1.2% (0.1% - 2.3%)	0.293
Falsely Told That You Owed Money to the Government	1.4% (0.8% - 2.0%)	0.1% (0.0% - 2.7%)	0.9% (0.2% - 1.5%)	2.0% (0.8% - 3.2%)	0.8% (0.0% - 2.0%)	0.002 ***
Unauthorized Billing – Buyers' Clubs	1.0% (0.5% - 1.5%)	0.7% (0.0% - 1.9%)	1.0% (0.2% - 1.7%)	1.4% (0.4% - 2.3%)	0.0%	0.001 ***
Unauthorized Billing – Cell Phone Items	1.0% (0.6% - 1.5%)	1.3% (0.0% - 2.9%)	0.9% (0.1% - 1.6%)	1.1% (0.5% - 1.8%)	0.5% (0.0% - 1.0%)	0.394
Prize Promotions	0.9% (0.5% - 1.4%)	1.0% (0.0% - 3.0%)	0.8% (0.1% - 1.5%)	1.1% (0.3% - 2.0%)	0.9% (0.0% - 2.2%)	0.958
<i>More-General Frauds</i>						
Paid for Something That Was Never Received	4.0% (3.1% - 4.9%)	0.9% (0.0% - 1.9%)	4.0% (2.6% - 5.5%)	4.5% (3.0% - 6.0%)	4.0% (0.8% - 7.2%)	0.000 ***
Unauthorized Billing – Other Products	3.9% (3.1% - 4.6%)	4.8% (1.5% - 8.0%)	3.2% (2.2% - 4.2%)	4.8% (3.3% - 6.3%)	3.2% (1.4% - 5.0%)	0.288
<i>Number of Observations</i>	3,715	222	1,500	1,452	305	

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

(For notes, see next page.)

Notes for Tables 13 - 28.

0.0% denotes a value of less than 0.05 percent.

Figures are based on simple cross-tabulations, not taking into account other characteristics.

The sum of the number of observations in the subgroups will not equal the total. Some people did not answer the questions necessary to assign them to a subgroup.

- a. Figures in parentheses are 95 percent confidence intervals.
- b. The p-value and significance for a test of whether there are significant differences in the percentage of participants reporting being victims across the various categories for the characteristic being examined, not whether the difference between two specific coefficients are statistically significant.

The p-value is the probability that differences at least as great in absolute value as the observed differences would have been observed if, in fact, the likelihood of being a victim did not differ across the categories. In traditional hypothesis testing, p-values of less than 0.1, 0.05, and 0.01 are described as being significant at the 10 percent, 5 percent, and 1 percent levels.

*** denotes significance at the 1 percent level, ** denotes significance at the 5 percent level, * denotes significance at the 10 percent level.

- Another characteristic that appears to vary with population density is the willingness to take risks. 29 percent of those who live in areas with “Low” density reported having a “High” or “High Moderate” general willingness to take risks. This compares to 41 percent of those who lived in an area of “High” population density.
- Only 18 percent of those living in an area with “Low” density indicated that they had made Risky Purchasing Practices, compared to 24 percent of those living in areas of “High Moderate” or “High” density.
- After controlling for age and the two measures of risk-taking, density is not significantly associated with the probability of having been a victim of one or more of the frauds covered by the survey ($p=0.114$).

5.18 Median Community Age

Those who lived in communities with a generally older population – higher median age – were less likely report that they had been a victim.

- As discussed in Section 5.2, a consumer’s age had a strong effect on the likelihood of having been a victim of mass-market consumer fraud. Those who were older were less likely to have been a victim. This section considers a related question: Does the likelihood of having been a victim vary with the overall age of the population – the median age – of the community within which one lives?
- Looking just at variation across communities with different median ages, 16.8 percent of those who lived in communities where the median age was less than 45 were estimated to have been a victim of at least one of the frauds covered by the survey.^{96 97}
 - In comparison, only 2.5 percent of those who lived in communities with a median age of 65 or over were estimated to have been victims.
 - The association between median community age and the likelihood of having been a victim is highly significant ($p=0.000$).
- While there is a significant relationship between median age and the likelihood of having been a victim, one might be concerned that this is just because the median age in the community is serving as a proxy for the age of the person who was interviewed. To determine whether this is what is responsible for the association, a regression was also run that controlled for the age of the person who was interviewed as well as the median age in the community in which the person lived.

⁹⁶ Median age is again drawn from the American Community Survey at the 5-digit ZIP-code level. The variable used in the analysis is defined similar to the age variable – i.e., communities with a median age of 18 to 24, 25 to 34, 35 to 44, 45 to 54, and 55 to 64. The upper range value for median age was 65 and above.

⁹⁷ Data on victimization rates for different levels of community median age are not included in the tables because the more reasonable estimates involve controlling for the age of the person being interviewed, and the presence of a second variable in the analysis makes it infeasible to compute victimization rates for different median-age categories.

- This analysis showed that there was a significant relationship between median community age and the likelihood of having been a victim, even after controlling for the age of the person who was interviewed ($p=0.005$).
 - Those who lived where the median age was 65 or above were 11.2 percentage points less likely to have been a victim than those who lived where the median age was 25 to 34, after controlling for the age of the interviewee.
 - There is also a significant relationship between the median community age and the rate of victimization for each of the most-prevalent frauds, with the exception of having received an unauthorized bill for an item for a cell phone, a buyers' club membership, or an Internet service. In each case, those who lived where the median age was 65 or over were less likely to have been a victim than those who were younger.
 - Including median community age does not substantially change the relationship between the age of the individual and the likelihood of being a victim. With the exception of Fraudulent Computer Repair, older consumers were less likely to have been victims of any fraud, any specific fraud, and each of the most-prevalent types of fraud. (As was the case when considering the association between the likelihood of being a victim and the individual's age alone, those who lived in communities with a higher median age were more likely to have been victims of Fraudulent Computer Repair.)
- **Comparison to 2011:** Median community age was not considered in the analysis of the 2011 survey results.
 - **Multivariate Analysis:** Those who lived in areas where the median age was 65 or above were less likely to have been victims of any fraud after controlling for other characteristics. However, the association between median age and victimization is not statistically significant ($p=0.714$), perhaps indicating that the relationship between victimization and community median age in the cross-tab results is really the result of a correlation between victimization and some other variable in the analysis which is also correlated with median age. (The association between the individual's age and the likelihood of having been a victim remains significant ($p=0.000$).)

6. Consumer Responsiveness to Solicitations Delivered On Certain Media

In addition to collecting information about survey participants' experiences with various types of mass-market consumer fraud, the 2017 survey, like those done in 2005 and 2011, included a few questions about whether participants had purchased anything in response to solicitations that involved certain types of media. Had consumers bought anything in response to a telemarketing call they had received? Had they bought something in response to an unsolicited commercial email – a SPAM email?

This chapter briefly summarizes the findings from these questions.

The analysis focuses on purchases that were made from a seller with whom the consumer had not previously done business and purchases that were made without visiting a store or the seller's place of business. Such transactions would appear to present greater risks of being problematic since the consumer has relatively less experience with the seller and less of an opportunity to examine what is being purchased. Previous research has found that consumers who make such remote purchases are at greater risk of becoming victims of various kinds of fraud.⁹⁸

6.1 A Purchase in Response to a Telemarketing Call

- While 78.5 percent of survey participants indicated that they had received at least one telemarketing call in the last year (Question 1), only 1.1 percent indicated that, in response to a telemarketing call, they had made a purchase from a seller with whom they had not previously done business (Table 29 and Figure 21, Questions 2_1 and 2_2).
 - Another 0.4 percent indicated that they had purchased something in response to a telemarketing call, but only from a seller with whom they had previously done business.
- Only 0.2 percent of those between 18 and 24 years of age reported having bought something in response to a telemarketing call. The highest purchase rate – 2.2 percent – involved those between 35 and 44 (Table 30). Overall, the association between making a telemarketing purchase and age was marginally significant ($p=0.092$).
- 2.8 percent of Hispanics and 1.6 percent of African Americans indicated that they had made such a purchase in response to a telemarketing call. This compares to a rate of 0.7

⁹⁸ See, e.g., Section 5.11 of this report and Keith B. Anderson, *Consumer Fraud in the United States, 2011: The Third FTC Survey*, March 2013 (available at https://www.ftc.gov/sites/default/files/documents/reports/consumer-fraud-united-states-2011-third-ftc-survey/130419fraudsurvey_0.pdf). See also Kristy Holtfreter, Michael D. Reisig, and Travis C. Pratt, "Low Self-Control, Routine Activities, and Fraud Victimization," *Criminology*, 48 (March 2008), pp. 189-220; Marguerite Deliema, Doug Shadel, and Karla Pak, "Profiling Victims of Investment Fraud: Mindsets and Risky Behaviors," *Journal of Consumer Research*, icz020, <https://doi.org/10.1093/jcr/ucz020>; and Michael D. Reisig and Kristy Holtfreter, "Shopping Fraud Victimization Among the Elderly," *Journal of Financial Crime*, 20 (July 2013), pp. 324-337.

Table 29. Percentage of Consumers Who Made a Purchase from a Seller With Whom They Had Not Previously Done Business and Without Visiting a Store or the Seller's Place of Business in Response to a Solicitation via Various Media, 2017

		Percent of Consumers
Made a Purchase in Response to:		
	A telemarketing call	1.1% (0.6% - 1.7%) ^a
	An unsolicited mail advertisement	4.6% (3.7% - 5.5%)
	A SPAM email	4.7% (3.9% - 5.6%)
	A television or radio advertisement or infomercial	19.1% (17.4% - 20.7%)
Made a Donation in Response to:		
	A telemarketing call	2.8% (2.0% - 3.5%)

Source. 2017 FTC Survey of Mass-Market Consumer Fraud, Questions 2_1 – 5_4.

Notes.

- a. Figures in parentheses are 95 percent confidence intervals.

Table 30. Percentage of Consumers Who Made a Purchase from a Seller With Whom They Had Not Previously Done Business and Without Visiting a Store or the Seller's Place of Business in Response to a Solicitation via Various Media, 2017, by Age^a

	Overall	Age							Overall p= ^b
		18-24	25-34	35-44	45-54	55-64	65-74	75 and over	
Purchase Made in Response to:									
A Telemarketing Call	1.1% (0.6% - 1.7%)	0.2% (0.0% - 0.6%)	1.0% (0.0% - 2.5%)	2.2% (0.0% - 4.4%)	0.5% (0.0% - 0.9%)	1.6% (0.5% - 2.7%)	0.9% (0.0% - 1.9%)	1.6% (0.0% - 3.1%)	0.092 *
Unsolicited Mail Ad	4.6% (3.7% - 5.5%)	3.1% (0.6% - 5.7%)	4.1% (1.6% - 6.6%)	6.3% (3.2% - 9.4%)	3.6% (1.8% - 5.3%)	5.1% (3.1% - 7.1%)	5.5% (3.5% - 7.6%)	4.5% (2.0% - 7.0%)	0.565
SPAM Email	4.7% (3.9% - 5.6%)	4.2% (1.4% - 6.9%)	3.1% (1.2% - 5.0%)	5.6% (2.9% - 8.4%)	5.7% (3.6% - 7.9%)	4.8% (2.9% - 6.7%)	5.2% (3.1% - 7.4%)	4.4% (1.8% - 6.9%)	0.593
TV or Radio Ad or Infomercial	19.1% (17.4% - 20.7%)	14.1% (9.6% - 18.5%)	18.6% (14.2% - 23.0%)	22.0% (17.3% - 26.6%)	23.7% (19.2% - 28.1%)	19.7% (16.2% - 23.2%)	18.2% (14.3%- 22.1%)	11.8% (8.1% - 15.5%)	0.008 ***
Charitable Donation Made in Response to:									
A Telemarketing Call	2.8% (1.7% - 3.5%)	2.2% (0.0% - 4.3%)	2.3% (0.4% - 4.3%)	4.0% (1.5% - 6.5%)	2.4% (1.3% - 3.6%)	2.7% (1.2% - 4.2%)	2.4% (0.5% - 4.3%)	3.6% (1.3% - 5.8%)	0.899

Source. 2017 FTC Survey of Mass-Market Consumer Fraud, Questions 2_1 – 5_4.

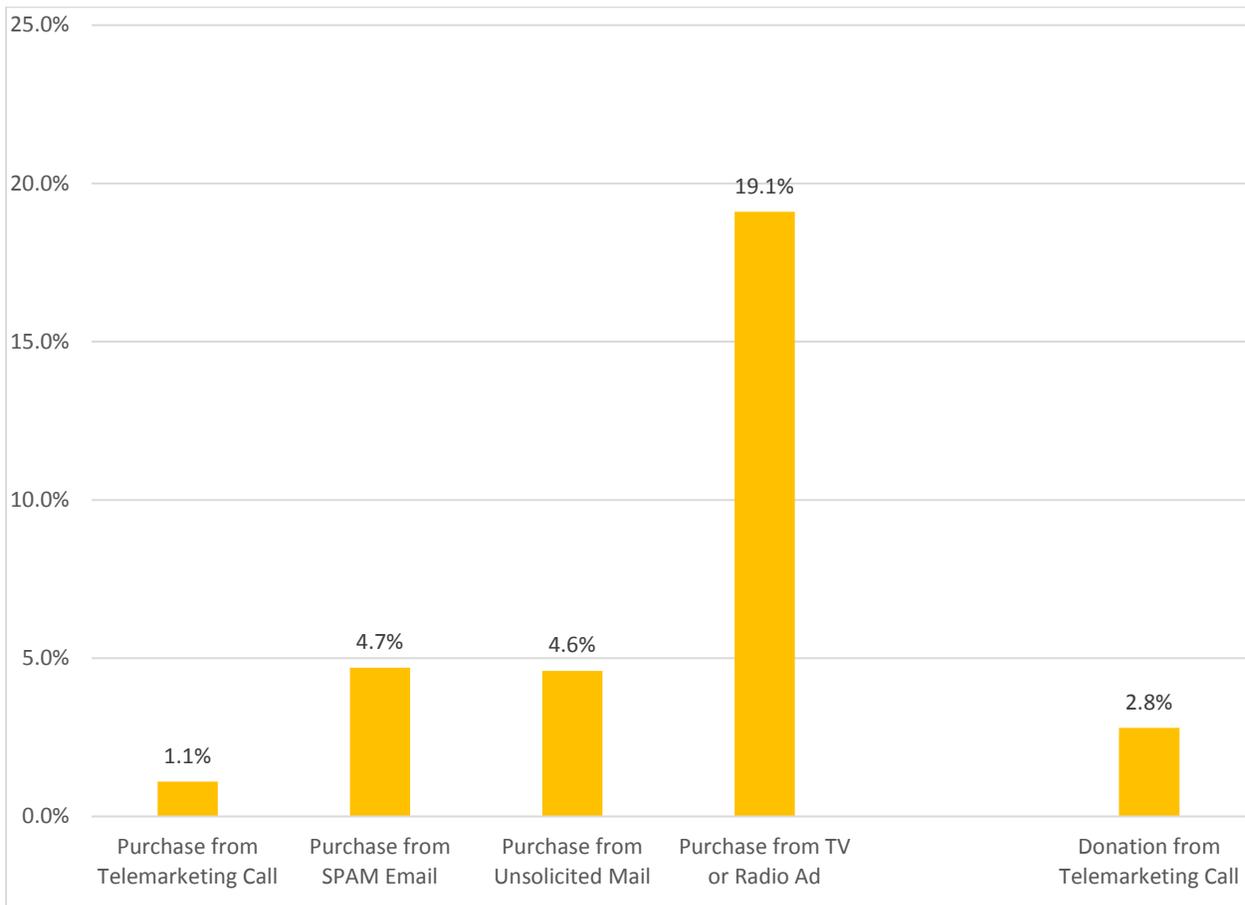
Note.

- a. Figures in parentheses are 95 percent confidence intervals.
- b. The p-value and significance for a test of whether there are significant differences in the percentage of participants reporting being victims across the various categories for the characteristic being examined, not whether the difference between two specific coefficients are statistically significant.

The p-value is the probability that differences at least as great in absolute value as the observed differences would have been observed if, in fact, the likelihood of being a victim did not differ across the categories. In traditional hypothesis testing, p-values of less than 0.1, 0.05, and 0.01 are described as being significant at the 10 percent, 5 percent, and 1 percent levels.

*** denotes significance at the 1 percent level, ** denotes significance at the 5 percent level, * denotes significance at the 10 percent level.

Figure 21. Purchases or Donations in Response to Solicitations via Various Media, 2017



Source. Table 29.

percent for Non-Hispanic Whites and 0.0 for Asian Americans (Table 31). The overall association between making such a purchase and race or ethnicity is significant ($p=0.000$).

- 1.4 percent of males reported having made a telemarketing purchase, while only 1.0 percent of females reported doing so (Table 32). However, the difference is not significant ($p=0.457$).
- The percentage of survey participants reporting that they had made a telemarketing purchase has not changed much over the three surveys conducted in 2005, 2011, and 2017 – 0.9 percent in 2005 and 1.1 percent in 2011 and 2017 ($p=0.558$, Table 33).

6.2 SPAM Email

- 4.7 percent of survey participants reported that, after receiving an unsolicited commercial email (SPAM) during 2017, they had made a purchase from a seller with whom they had not previously done business and had done so without visiting a store or the seller's place of business (Table 29 and Figure 21, Questions 5_1, 5-2).
- Hispanics and Non-Hispanic Whites were the most likely to have made a purchase in response to a SPAM email – 5.2 percent of Non-Hispanic Whites and 4.9 percent of Hispanics made such a purchase, compared to 1.5 percent of Asian Americans ($p=0.004$, Table 31).
- There was no significant relationship between age or gender and the likelihood of having made such a purchase ($p=0.593$, Table 30 for age and $p=0.383$, Table 32 for gender).
- The percentage of consumers reporting that they had made a purchase in response to a SPAM email rose from 2.2 percent in 2005 to 4.7 percent in 2017 ($p=0.000$, Table 33).

6.3 Unsolicited Mail Advertisement

- 4.6 percent of survey participants reported that they had made a purchase from a seller with whom they had not previously done business and had done so without visiting a store or the seller's place of business after receiving an unsolicited advertisement in the postal mail – junk mail (Table 29 and Figure 21, Questions 5_3 and 5_4).
- The likelihood of having made a purchase in response to an unsolicited mail advertisement does not vary significantly with age, race or ethnicity, or gender (Tables 30, 31, 32). It also does not vary significantly across the three surveys (Table 33).

6.4 Television or Radio Advertisement or Infomercial

- 19.1 percent of survey participants reported that, after seeing or hearing a radio or television advertisement or infomercial during 2017, they had made a purchase from a seller with whom they had not previously done business and had done so without visiting a store or the seller's place of business (Table 29 and Figure 21, Questions 4_1 and 4_2).
- The likelihood of having made such a purchase was highest among those between 45 and 54 years of age – 23.7 percent – and those between 35 and 44 years of age – 22.0 percent (Table 30). It was lowest among those who are 75 years of age or older – 11.8 percent –

Table 31. Percentage of Consumers Who Made a Purchase from a Seller With Whom They Had Not Previously Done Business and Without Visiting a Store or the Seller's Place of Business in Response to a Solicitation via Various Media, 2017, by Race and Ethnicity^a

		Racial and Ethnic Group					Overall p= ^b	
		African American	Hispanic	Asian American	Non-Hispanic White	Other		
Purchase Made in Response to:								
	A Telemarketing Call	1.1% (0.6% - 1.7%)	1.6% (0.1% - 3.1%)	2.8% (0.1% - 5.5%)	0.0%	0.7% (0.3% - 1.1%)	1.3% (0.0% - 2.8%)	0.000 ***
	Unsolicited Mail Ad	4.6% (3.7% - 5.5%)	3.6% (1.2% - 6.1%)	6.0% (2.4% - 9.6%)	4.9% (0.5% - 9.2%)	4.5% (3.5% - 5.5%)	4.0% (0.3% - 7.8%)	0.871
	SPAM Email	4.7% (3.9% - 5.6%)	3.7% (1.5% - 5.8%)	4.9% (1.9% - 7.9%)	1.5% (0.0% - 3.4%)	5.2% (4.1% - 6.3%)	2.3% (0.4% - 4.1%)	0.004 ***
	TV or Radio Ad or Infomercial	19.1% (17.4% - 20.7%)	17.5% (12.8% - 22.3%)	15.2% (10.3% - 20.2%)	12.0% (4.9% - 19.2%)	20.3% (18.3% - 22.4%)	22.7% (14.7% - 30.8%)	0.070 *
Charitable Donation Made in Response to:								
	A Telemarketing Call	2.8% (2.0% - 3.5%)	4.2% (1.3% - 7.0%)	4.3% (1.3% - 7.3%)	1.3% (0.0% - 3.1%)	2.1% (1.5% - 2.8%)	3.0% (0.0% - 6.7%)	0.295

Source. 2017 FTC Survey of Mass-Market Consumer Fraud, Questions 2_1 – 5_4.

Notes.

- a. Figures in parentheses are 95 percent confidence intervals.
- b. The p-value and significance for a test of whether there are significant differences in the percentage of participants reporting being victims across the various categories for the characteristic being examined, not whether the difference between two specific coefficients are statistically significant.

The p-value is the probability that differences at least as great in absolute value as the observed differences would have been observed if, in fact, the likelihood of being a victim did not differ across the categories. In traditional hypothesis testing, p-values of less than 0.1, 0.05, and 0.01 are described as being significant at the 10 percent, 5 percent, and 1 percent levels.

*** denotes significance at the 1 percent level, ** denotes significance at the 5 percent level, * denotes significance at the 10 percent level.

Table 32. Percentage of Consumers Who Made a Purchase from a Seller With Whom They Had Not Previously Done Business and Without Visiting a Store or the Seller's Place of Business in Response to a Solicitation via Various Media, 2017, by Gender^a

		Overall	Gender		Overall p= ^b
			Male	Female	
Purchase Made in Response to:					
	A Telemarketing Call	1.1% (0.6% - 1.7%)	1.4% (0.6% - 2.1%)	1.0% (0.2% - 1.8%)	0.457
	Unsolicited Mail Ad	4.6% (3.7% - 5.5%)	4.4% (3.1% - 5.6%)	4.9% (3.5% - 6.4%)	0.555
	SPAM Email	4.7% (3.9% - 5.6%)	4.4% (3.3% - 5.5%)	5.2% (3.8% - 6.6%)	0.383
	TV or Radio Ad or Infomercial	19.1% (17.4% - 20.7%)	18.5% (16.3% - 20.6%)	19.9% (17.4% - 22.5%)	0.388
Charitable Donation Made in Response to:					
	A Telemarketing Call	2.8% (2.0% - 3.5%)	2.0% (1.3% - 2.8%)	3.4% (2.1% - 4.7%)	0.073 *

Source. 2017 FTC Survey of Mass-Market Consumer Fraud

Notes.

- a. Figures in parentheses are 95 percent confidence intervals.
- b. The p-value and significance for a test of whether there are significant differences in the percentage of participants reporting being victims across the various categories for the characteristic being examined, not whether the difference between two specific coefficients are statistically significant.

The p-value is the probability that differences at least as great in absolute value as the observed differences would have been observed if, in fact, the likelihood of being a victim did not differ across the categories. In traditional hypothesis testing, p-values of less than 0.1, 0.05, and 0.01 are described as being significant at the 10 percent, 5 percent, and 1 percent levels.

*** denotes significance at the 1 percent level, ** denotes significance at the 5 percent level, * denotes significance at the 10 percent level.

Table 33. Percentage of Consumers Who Made a Purchase from a Seller With Whom They Had Not Previously Done Business and Without Visiting a Store or the Seller's Place of Business in Response to a Solicitation via Various Media, 2005, 2011, 2017^a

	2005	2011	2017	p= ^b
Made a Purchase in Response to:				
A telemarketing call	0.9% (0.5% - 1.3%)	1.1% (0.6% - 1.6%)	1.1% (0.6% - 1.7%)	0.558
An unsolicited mail advertisement	5.1% (4.3% - 6.0%)	6.1% (5.0% - 7.1%)	4.6% (3.7% - 5.5%)	0.451
A SPAM email	2.2% (1.6% - 2.7%)	4.0% (3.1% - 4.9%)	4.7% (3.9% - 5.6%)	0.000 ***
A television advertisement or infomercial	11.2% (9.9% - 12.5%)	11.6% (10.2% - 13.1%)	19.1% ^b (17.4% - 20.7%)	c.
Charitable Donation Made in Response to:				
A telemarketing call	5.5% (4.5% - 6.5%)	3.9% (3.1% - 4.8%)	2.8% (2.0% - 3.5%)	0.000 ***

Source. FTC Surveys of Mass-Market Consumer Fraud, 2005, 2011, 2017

Notes.

- a. Figures in parentheses are 95 percent confidence intervals.
- b. The p-value and significance for the overall significance of a probit regression of whether a participant made a purchase or donation on the year of the survey.
- c. The p-value is the probability that differences at least as great in absolute value as the observed differences would have been observed if, in fact, the likelihood of being a victim did not differ across the categories. In traditional hypothesis testing, p-values of less than 0.1, 0.05, and 0.01 are described as being significant at the 10 percent, 5 percent, and 1 percent levels.

*** denotes significance at the 1 percent level, ** denotes significance at the 5 percent level, * denotes significance at the 10 percent level.
- d. Includes radio ads.
- e. The 2005 and 2011 figures are only for purchases after hearing an ad or infomercial on television. Looking just at 2005 and 2011, there is no significant difference (p=0.678).
and those between 18 and 24 – 14.1 percent. The association between age and the likelihood of having made such a purchase is significant (p=0.008).
- 20.3 percent of Non-Hispanic Whites made a purchase after seeing or hearing a television or radio ad or infomercial (Table 31). This compares to 12.0 percent of Asian Americans and 15.2 percent of Hispanics. The association between race and ethnicity and the likelihood of having made a purchase is marginally significant (p=0.070).⁹⁹

⁹⁹ Comparing the rate of response to television and radio across the three surveys is not possible because the 2005 and 2011 surveys asked only about television ads and infomercials and did not include radio.

6.5 Charitable Donations and Telemarketing Solicitations

- In addition to asking about purchases, the survey also included questions about making charitable donations in response to a telemarketing solicitation (Questions 3_1, 3_2).
- 2.8 percent of survey participants reported that during 2017 they had contributed to a charitable organization to which they had not previously donated after receiving a telemarketing solicitation (Table 29).
 - Another 5.0 percent of participants indicated that they had made charitable donations after receiving a telemarketing solicitation, but only to charities to whom they had previously contributed.
- 3.4 percent of women indicated that they had contributed to a charity to whom they had not previously contributed in response to a telemarketing solicitation. For men, the figure was 2.0 percent. ($p=0.073$, Table 32).
- The likelihood of having made a charitable contribution in response to a telemarketing call did not vary significantly with age or race and ethnicity ($p=0.899$, Table 30 for age, $p=0.295$, Table 31 for race and ethnicity).
- The percentage of consumers contributing to a charity to whom they had not previously contributed in response to a telemarketing solicitation declined significantly from 5.5 percent in 2005 to 2.8 percent in 2017 ($p=0.000$, Table 33).

7. Conclusion

During 2017, an estimated 40.0 million U.S. adults – those at least 18 years of age – were victims of one or more of the types of mass-market consumer fraud about which the 2017 FTC Survey of Mass-Market Consumer Fraud asked. Put differently, 15.9 percent of survey participants reported having been victims in 2017. There were an estimated 61.8 million incidents of these frauds during 2017.

The survey asked about 21 types of mass-market consumer fraud – 19 specific types and 2 that are more general. The most commonly reported of the specific frauds was Fraudulent Weight-Loss Products, products that were promoted as making it easy to lose a substantial amount or weight or to lose weight without diet or exercise, but which did not provide even half of the weight loss the consumer has expected. 2.6 percent of survey participants – representing 6.5 million U.S. consumers – reported having purchased Fraudulent Weight-Loss Products during 2017. The second most-prevalent of the frauds included in the survey was Fraudulent Computer Repair, with 2.0 percent of survey participants reporting that they had been victims – a total of 5.0 million victims. 1.4 percent of survey participants – representing 3.4 million U.S. consumers – reported being victims of Falsely Told That You Owed Money to the Government, while 2.5 million were victims of Unauthorized Billing for Buyers' Club Memberships and of Unauthorized Billing for an Item for a Cell Phone.

The Internet was the most frequently reported way victims learned about the fraudulent offer through which they were victimized. The Internet was the initial source of information in almost 40 percent of incidents. Social media were the second-most-common source of initial information, being responsible for 12 percent of all frauds.

More than 60 percent of purchases of fraudulent items were made on the Internet. The telephone was used to make a quarter of purchases.

Older consumers – those aged 55 or over – were less likely to have been victims than those between 35 and 54 years of age. Those who said that they would be uncomfortable doing business in English were less likely to report having been victims. Those who were willing to take risks were more likely to have been victims.