

Building – or Energizing – A Comprehensive Fraud Prevention Program

By Captain Ed Bailey

Four objectives drive today's fraud prevention effort:

- Raise public awareness of both classic and new con games;
- Educate teens, adults, and older Americans through presentations, printed materials, and the media;
- Give professionals and private citizens resources for reporting fraud and seeking help; and
- Convince victims of fraud to report the crime to law enforcement, another criminal justice agency, or a consumer protection group.

While a state or local criminal justice agency – law enforcement or attorneys general office – serves as a logical focal point for program development, an effective prevention initiative depends heavily on community partnerships with the media, businesses, financial institutions, other government agencies, and advocacy organizations.

Who's the Audience?

Conventional wisdom says that most con artists prey on older Americans, exploiting their trust, loneliness, and financial assets. According to various estimates, person 65 and older constitute up to 30% of all fraud victims, even though they are approximately 12% of the population. Nevertheless, prevention efforts cannot ignore the other 70%.

“Society has come to view those who fall prey to confidence criminals as either greedy, gullible, or brain dead, and culpable for their own victimization,” says Detective Dennis Marlock of the Milwaukee Police Department. “This view is inaccurate. It can happen to anyone.” Marlock argues that people with more education are easier to dupe because of their “it-could-never-happen-to-me” attitude. Lt. Lori Marceau of the crime prevention unit in the Wichita, Kansas, Police Department echoes this belief saying “People who fall victims to fraud know better, but they think they are too smart to fall for a scam or that they can outsmart the con artist.”

John Barker of the National Consumers League believes that telemarketing fraud, like marketing to targeting specific groups – such as people turned down for credit and individuals in specific age and income groups. Research reveals that income drives investment fraud, with swindlers focusing on the 25-40 age group who have disposable income but little time to research investments. Most credit card fraud victims are young adults in the 21-30 age range. The Harris survey showed that persons 65 and older were least familiar with how 900 numbers worked. However, they were also the least likely age group to call 900 numbers.

Barker advocates adopting the targeted marketing strategy to prevention. “We need to get the right messages to the right group. If you hand out 900-number prevention messages to the elderly, you’re missing the boat. You need to reach young people and should run a public service ad on MTV.” In a related vein, Barker says, “We might also reconsider the notion that the brochure is the best way to educate. We must use television – wouldn’t it be great to have Bart Simpson do a public service ad on credit or telephone card fraud?”

A Word on Training

Police officers may be unaware of the complexities and the inexhaustible variations found in con games. Their reports can reflect this lack of knowledge, unintentionally hindering investigations and prosecutions. Moreover, basic crime prevention courses do not cover hi-tech frauds that depend on phone lines and computer technology.

Detective Bob Snyder of the Computer Crimes Unit of the Columbus, Ohio, Police Department argues that when people try to report hi-tech frauds they often hit a “wall of ignorance” and just give up. When consumer complaints do trigger investigations, police officers must know how to follow complex billing and audit trails. This is not easy given that as many as 40 phone companies may operate in one state.

Both the FBI Academy in Quantico, Virginia, and the Federal Law Enforcement Training Center (FLETC) in Glynco, Georgia, (operated by the U.S. Department of the Treasury) offer courses in fraud prevention and white-collar crime. FLETC piloted a class in telemarketing fraud in late 1992. State crime prevention agencies and associations often provide workshops on con games.

Believing that telephones are the key to the sophisticated con, the Communications Fraud Control Association (CFCA) tries to draw law enforcement personnel to its training’s by offering them a \$25 membership compared to the \$1,800 fee charged to telecommunications carriers.

Officer Lael Gunter believes that her police department's proactive approach to fraud produces results in Corvallis, Oregon. "In recent months, we received seven reports of suspected Bank Examiner scams, and not one attempt was successful!" The Corvallis Police anti-fraud efforts target financial institutions, providing stand-up placards that outline the Bank Examiner and Pigeon Drop cons to educate both employees and customers. This also gives notice to con artists that the community is familiar with these scams. The media are also enthusiastic partners. Before the roofing and driveway paving con artists made their predictable appearance in the spring, the police issued releases for the newspaper and radio spots to alert the public. The local newspaper runs an "Alert Bulletin" for the police about the types of con artists working the area and ways to prevent victimization.

Why Don't People Report?

Crime prevention officers and fraud investigators agree that most victims of con games don't report to law enforcement. A spokesperson for a highly popular consumer information feature aired on Washington, DC's WRC-TV evening news believes that many people aren't sure where to get help and turn to the media first. She adds, "We are always there to take information, and we investigate. But we also refer people to law enforcement." The criminal justice system must convince victims of scams that it takes the problem seriously and genuinely wants to help.

Looking for Partner's?

Try the media first – exposes about con games make great reading, listening, or viewing. A.C. Nielson, a rating system, indicates a rise in viewership for WRC-TV's consumer segments. Newspapers and television stations can alert communities to new scams and educate audiences about classic cons. They can direct consumers to a variety of educational resources and emphasize the importance of reporting fraud.

For other community partners, try banks, and other financial institutions, brokerages, telephone companies, senior centers, insurance companies, hospitals, universities, and colleges.

The Eastlake, Ohio, Police Department developed its con game prevention program specifically for senior citizens, but expanded the effort beyond older residents in response to requests from the community at large. Officer John McCauley of the crime prevention unit gives presentations to civic groups, the Chamber of Commerce, and bands and other businesses, emphasizing how convincing a swindler can be. "It isn't just uneducated people who are targeted and victimized. It's the middle class and the wealthy. Humans are humans; it can happen

to anyone.” McCauley uses a slide show and hands out pamphlets at his presentation, stressing that law enforcement can’t prevent frauds and catch con artists unless victims report. The police department also distributes posters summarizing various frauds involving financial institutions. If tellers are suspicious that a withdrawal involves a con game, they can ask the customer to read the poster. As in all Eastlake’s crime prevention programs, media partnerships play a major role in educating the community.

Looking for Ideas?

- Make sure all crime prevention presentations talk about preventing con games, covering telemarketing as well as the classic scams and patterns in your community.
- If your community has a growing immigrant population, work with its leaders to translate a flyer on basic con game prevention tips into appropriate native languages.
- Work with local government or consumer groups to establish a hotline that people can call to check contractors or solicitors’ credentials.
- Investigate what remedies – from financial counseling to restitution – are available in your community or state for victims of con games. Ask the media to publicize your findings.
- Use teens or senior citizens to collect junk mail or log telemarketing calls, analyze the results, and report to the municipal or county district attorney or state attorney general.
- Ask banks and other financial institutions to enclose credit card prevention tips with statements. Telephone companies can include phone card fraud prevention tips in bills.
- Make sure all Neighborhood Watch groups look out for door-to-door sales and home repair cons and alert each other –and law enforcement – to anything suspicious.
- Include information on credit card and phone card fraud in orientation sessions for new students at colleges and universities.
- Work with hospitals, public health agencies, the American Cancer Society, the Arthritis Foundation, and the AIDS education organization to present a community forum (for young people and adults) on health quackery and its costs.
- Develop training sessions for criminal justice agencies and consumer advocates on new frauds and potential areas of cooperation, such as reporting hotlines.

- Get your prevention message out in new ways – refrigerator magnets, phone message pads, and bookmarks.
- Liven up a con game presentation to senior citizens or businesses with a surprise visit from McGruff.
- Alert the community to seasonal scams such as home repairs in the spring and fake charity solicitations during the holiday season. Use calendars, newspaper articles, and Neighborhood Watch meetings.

Help Businesses Fight Credit Card Fraud

Consumers are only liable for up to \$50 if their credit cards are used fraudulently. So why should they care about credit card fraud? It's a hassle to replace credit cards, and it's difficult to straightening out a credit rating that's soured because a thief used your card. Dollar losses due to a card fraud totaled just over \$1 billion in 1991. Financial institutions pass the cost of fighting credit card abuse on to businesses and card holders through annual fees and other charges. Make sure your fraud prevention presentation warn people to:

- Protect their credit cards more carefully than cash;
- Notify the bank, or credit card company immediately if a card is lost or stolen;
- Remember to get a card back after buying something. Don't leave it lying on a counter or table;
- Retain all carbon copies of receipts from purchases and receipts from ATM transactions;
- Check billing statements carefully;
- Destroy all old cards or cards no longer used; and
- Never give your card number over the phone to anyone offering prizes or gifts.