

2006 Top 10 Internet Scam Trends from NCL's Fraud Center

January - December 2006

	Category	% of all complaints	Average loss
1	Auctions* <i>Goods never delivered or misrepresented</i>	34%	\$1,331
2	General Merchandise <i>Sales not through auctions, goods never delivered or misrepresented</i>	33%	\$1,197
3	Fake Check Scams <i>Consumers paid with phony checks for work or items sold, instructed to wire money back</i>	11%	\$4,053
4	Nigerian Money Offers <i>False promises of riches if consumers pay to transfer money to their bank accounts</i>	7%	\$3,741
5	Lotteries/Lottery Clubs <i>Requests for payment to claim lottery winnings or get help to win, often foreign lotteries</i>	4%	\$1,750
6	Advance Fee Loans <i>False promises of business or personal loans, even if credit is bad, for a fee upfront</i>	3%	\$1,515
7	Phishing <i>Emails pretending to be from a well-known source, asking to confirm personal information</i>	2%	no losses reported
8	Prizes/Sweepstakes <i>Requests for payment to claim prizes that never materialize</i>	1%	\$2,447
9	Internet Access Services <i>Cost of Internet access and other services misrepresented or services never provided</i>	1%	\$920
10	Investments <i>Made false promises about returns on investments</i>	1%	\$4,759

* In the fall of 2003, online giant eBay removed the link from its Web site to fraud.org. As a result, the number of auction complaints reported to NCL's fraud center has dropped to a fraction of its previous levels.

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Top methods of payment

Wire	46%
Credit Card	20%
Bank Debit	9%
Debit Card	8%
Money Order	8%
Check	5%
Cashiers Check	2%
Cash	2%

Fake check scams moved up from #4 in 2005 to #3 in 2006; investments were in the Top 10 for the first time in a decade.

The average loss for all Internet frauds reported was \$1,512.

Payment by wire increased from 31% in 2005 to 46% in 2006. The use of money transfer services to wire money to crooks was especially high in: fake check scams (100%), prizes/sweepstakes (89%), lotteries/lottery clubs (87%), advance fee loans (85%), and Nigerian money offers (83%).

Ages of consumers

Under 20	2%
20 - 29	25%
30 - 39	24%
40 - 49	24%
50 - 59	17%
60 - 69	6%
70+	2%

In the Top 10 Scams, email was the most prevalent method of contact in: phishing (100%), Nigerian money offers (100%), fake check scams (99%), prizes/sweepstakes (93%), and lotteries/lottery clubs (89%).

Web sites were the most prevalent means of initial contact in: investments (94%), auctions (93%), general merchandise (91%), advance fee loans (91%), and Internet access services (88%).

Methods of initial contact with crooks

www	69%
email	31%

Consumers age 60 and older represented 8% of those who reported Internet fraud, the same as 2005. They were especially vulnerable to: phishing (24%), lotteries/lottery clubs (19%), Internet access services (19%), prizes/sweepstakes (13%) and Nigerian money offers (13%).

Top 5 locations of crooks

Outside Canada/U.S.	38%
California	10%
Tie: Florida/New York	6%
Tie: Texas/Canada tie	4%
Illinois	3%

Consumers under the age of 30 accounted for 27% of all Internet fraud complaints, but that age group was slightly higher in: auctions (30%), general merchandise (29%), advance fee loans (29%) and fake check scams (28%)

In 2006, reports of crooks based in foreign countries (42%) have increased slightly since 2005 (40%).

Top 5 locations of consumers

Relative to state population

Nevada
Colorado
Wyoming
Maine
Alaska

In the Top 10 scams, those with the most foreign crooks were: lotteries/lottery clubs (94%), prizes/sweepstakes (80%), fake check scams (75%), and Nigerian money offers (50%). But as with some categories of telemarketing fraud, there were a large number of Internet fraud categories in which the locations of the crooks were unknown: phishing (96%), investments (61%), prizes/sweepstakes (51%), Nigerian money offers (48%) and fake check scams (41%). Many of those crooks are likely be based in foreign countries.