

2006 Top 10

Telemarketing Scam Trends from NCL's Fraud Center

January - December 2006

	Category	% of all complaints	Average loss
1	Fake Check Scams <i>Consumers paid with phony checks for work or items sold, instructed to wire money back</i>	31%	\$3,278
2	Prizes/Sweepstakes <i>Requests for payment to claim prizes that never materialize</i>	26%	\$2,749
3	Magazine Sales <i>Misrepresent cost of subscriptions or pretend to be publisher offering renewals</i>	8%	\$77
4	Scholarships/Grants <i>Falsely promise to help get scholarships or government educational grants, for a fee</i>	6%	\$236
5	Advance Fee Loans <i>False promises of business or personal loans, even if credit is bad, for a fee upfront</i>	6%	\$1,164
6	Lotteries/Lottery Clubs <i>Requests for payment to claim lottery winnings or get help to win, often foreign lotteries</i>	5%	\$3,189
7	Credit Card Offers <i>False promises of credit cards, for a fee, even if credit is bad</i>	4%	\$237
8	Phishing <i>Calls pretending to be from a well-known source, asking to confirm personal information</i>	3%	\$387
9	Work-at-Home Plans <i>Materials sold on false promises of big profits working at home</i>	1%	\$104
10	Travel/Vacation <i>Offers of free or discount travel that never materialize</i>	1%	\$812

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Top methods of payment

Wire	54%
Bank Debit	14%
Check	11%
Credit Card	10%
Money Order	4%
Debit Card	2%
Cash	2%
Cashiers Check	1%

Fake check scams, #5 in 2005, are now the #1 telemarketing fraud reported to NCL. There is a trend toward more sweepstakes and lottery variations of the fake check scams. Victims receive a letter announcing that they have won, along with a check and a phone number to call for instructions on how to pay the "taxes" or "customs fees." While the average loss overall in telemarketing fraud was \$2,036, the average loss to fake check scams was \$3,278, higher than losses to any other frauds in the top 10."

Ages of consumers

Under 20	< 1%
20-29	15%
30-39	17%
40-49	18%
50-59	18%
60-69	12%
70+	20%

The use of money transfer services to wire funds to crooks has increased significantly, from 34% of payments in 2005 to more than half, 54%, in 2006. The use of money transfer services was especially high in: Fake Check Scams (100%), Advance Fee Loans (86%), Lotteries/Lottery Clubs (80%), and Prizes/Sweepstakes (73%).

Methods of initial contact by crooks

Mail	49%
Phone	46%
Print	4%
Other	1%

The percentage of consumers under age 20 was less than 1%. At the other end of the spectrum, the total for 60 and older was 32%, very similar to the percentage in that age group in 2005 (33%). People age 60 and older were especially vulnerable to: magazine sales scams (71%), prizes/sweepstakes (53%), and phishing by phone (40%).

Top 5 locations of crooks

Canada	30%
Outside U.S./Canada	15%
Florida	8%
New York	7%
California	5%

People under 30 represented 15% of telemarketing fraud reports overall, but were especially attracted to opportunities to borrow or make money: advance fee loans (32%), work-at-home plans (28%), and bogus credit card offers (20%).

Top 5 locations of consumers

Relative to population of state

Maine
New Hampshire
Montana
Nevada
Hawaii

Foreign crooks targeting people in the United States accounted for 45% of telemarketing fraud report, up from 26% in 2005. In the Top 10 scams, those with the most foreign crooks were: lotteries/lottery clubs (80%), fake check scams (76%), and prizes/sweepstakes (53%). However, in many categories there were significant numbers of complaints in which victims did not know the locations of the crooks: phishing (82%), scholarships/grants (50%), travel/vacation (35%), prizes/sweepstakes (32%), and fake check scams (25%). Many of these crooks are likely based in foreign countries.