

# FINANCIAL FRAUD in THE UNITED STATES

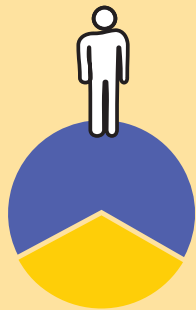


## The Non-Traditional Costs of Financial Fraud

**\$50 BILLION** per year is lost to fraud...**but that's not the whole story.**



There is an **emotional side of fraud** that is not often talked about.



NEARLY **2/3** of victims reported experiencing at least one non-financial cost of fraud to a serious degree.

**50%**

Severe stress

**44%**

Anxiety

**38%**

Difficulty sleeping

**35%**

Depression

Beyond emotional costs, nearly half of fraud victims reported **incurring indirect financial costs** associated with fraud.



**25%** paid late fees



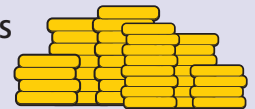
**23%** paid fees for bounced checks



**9%** reported declaring bankruptcy

**29%**

of victims who incurred indirect costs **paid more than \$1,000**



Almost half of the victims **blame themselves** for being defrauded. But there are ways you can protect yourself and **avoid becoming a financial fraud victim.**

Visit [SaveAndInvest.org/FraudCenter](http://SaveAndInvest.org/FraudCenter) to learn more about fraud—and how to spot and avoid it.

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**NON-TRADITIONAL COSTS OF FINANCIAL FRAUD**  
**REPORT OF SURVEY FINDINGS**

*PREPARED FOR*  
**FINRA INVESTOR EDUCATION FOUNDATION**  
*BY*  
**APPLIED RESEARCH & CONSULTING LLC**

**MARCH 2015**

## TABLE OF CONTENTS

<b>OBJECTIVES .....</b>	<b>3</b>
<b>METHODOLOGY .....</b>	<b>4</b>
<b>KEY FINDINGS .....</b>	<b>5</b>
<b>FINDINGS IN DETAIL .....</b>	<b>6</b>
<b>FRAUD EXPERIENCE .....</b>	<b>6</b>
<i>Fraud Victimization in the Survey Sample .....</i>	<i>6</i>
<i>Types of Financial Fraud .....</i>	<i>7</i>
<i>Details of the Fraudulent Incident.....</i>	<i>8</i>
<i>Reporting the Incident .....</i>	<i>10</i>
<b>PERCEPTIONS OF AND ATTITUDES TOWARD THE FRAUDULENT INCIDENT .....</b>	<b>12</b>
<i>Sense of Responsibility .....</i>	<i>12</i>
<i>Confusion About the Fraudulent Incident .....</i>	<i>13</i>
<i>Emotional Response .....</i>	<i>16</i>
<b>NON-TRADITIONAL COSTS OF FRAUD .....</b>	<b>17</b>
<i>Indirect Financial Costs .....</i>	<i>17</i>
<i>Non-Financial Costs.....</i>	<i>18</i>
Confusion and Non-Financial Costs .....	20
<b>APPENDIX A: SAMPLE DEMOGRAPHICS .....</b>	<b>21</b>
<b>APPENDIX B: SURVEY INSTRUMENT .....</b>	<b>24</b>

## OBJECTIVES

Typically, estimates of fraud costs focus primarily on the direct financial costs, specifically the amount of money lost in the fraudulent incident. The FINRA Investor Education Foundation commissioned Applied Research & Consulting LLC (ARC) to conduct a study to explore **non-traditional costs of financial and investment fraud**, including:

- indirect financial costs, such as legal fees, fees for bounced checks, opportunity costs, lost wages, etc.; and
- non-financial costs, such as stress, depression, frustration, anger, other psychological consequences, sleep deprivation, health issues, lost time, etc.

The study focused on financial and investment fraud in which the victim played an active role. Consumer frauds (e.g., fake weight loss programs, “work at home” scams) and other types of financially related fraud in which the victim did not agree to invest his/her money (e.g., identity theft, credit/debit card fraud) were not included in the research.

It is also important to note that this study was not intended to address the issue of fraud prevalence. All participants were self-reported victims of financial fraud, therefore the research does not provide a measure of how often financial fraud occurs in the general population, or which types of fraud are more prevalent.

Instead, this study offers an in-depth look at financial fraud from the victim’s perspective—how victims experienced the incident, their reactions to the fraud and the potential indirect financial costs and non-financial consequences of having been victimized.

## METHODOLOGY

To achieve the objective outlined above, ARC conducted a nationally distributed online survey of 600 self-reported fraud victims.

- All respondents were screened to meet the following criteria:
  - Men and women ages 25 or older who have primary or shared decision-making responsibility for their household's financial investments.
  - Lost money in a fraudulent or potentially fraudulent incident.
- Quotas were set so that the sample would be evenly split among men and women (300 each), but all other demographic variables were allowed to fall freely in order to provide a natural representation of the demographics of financial fraud victims. Additional details on sample demographics are provided in the Appendix.
- Sample for the survey was provided by SSI (Survey Sampling International).
- The survey was conducted in August 2014.

## KEY FINDINGS

- Non-financial costs of fraud (e.g., stress, health problems, etc.) are widespread among victims of financial fraud. Nearly two-thirds (65 percent) report experiencing at least one type of non-financial cost to a serious degree.
- Stress is the most commonly cited non-financial cost, with 50 percent of respondents reporting they had experienced severe stress due to being defrauded. Nearly two in five (38 percent) reported difficulty sleeping, and more than one third (35 percent) reported experiencing depression due to the fraudulent incident.
- Fraud victims who lose larger amounts of money are more likely to experience a greater number of non-financial costs.
- Victims who are confused about the details of the fraud are far more likely to report experiencing non-financial costs to a serious degree.
- Non-financial costs are more common than indirect financial costs. Slightly less than half of respondents (47 percent) report incurring some type of indirect financial cost (e.g., late fees, legal fees, etc.) as a result of fraud.
- Among those who have experienced indirect financial costs, 29 percent estimated the cost to be more than \$1,000.
- The most frequently reported types of indirect costs are late fees/interest (25 percent) and fees for bounced checks (23 percent), suggesting that the loss of money due to fraud interfered with the victim's ability to pay bills and make ends meet.
- Only a minority of respondents (15 percent) report having a great deal of interaction with the perpetrator of the fraud (e.g., communicating many times, filling out paperwork, etc.).
- Victims of financial fraud place a good deal of responsibility on themselves for the incident. Just under half (47 percent) blame themselves for being defrauded, and 61 percent feel that they were defrauded because they were too trusting.
- Financial fraud victims report a variety of negative emotional reactions to the fraudulent incident, with anger being the most common (74 percent), followed by regret (70 percent), feeling victimized (69 percent) and feeling betrayed (68 percent).

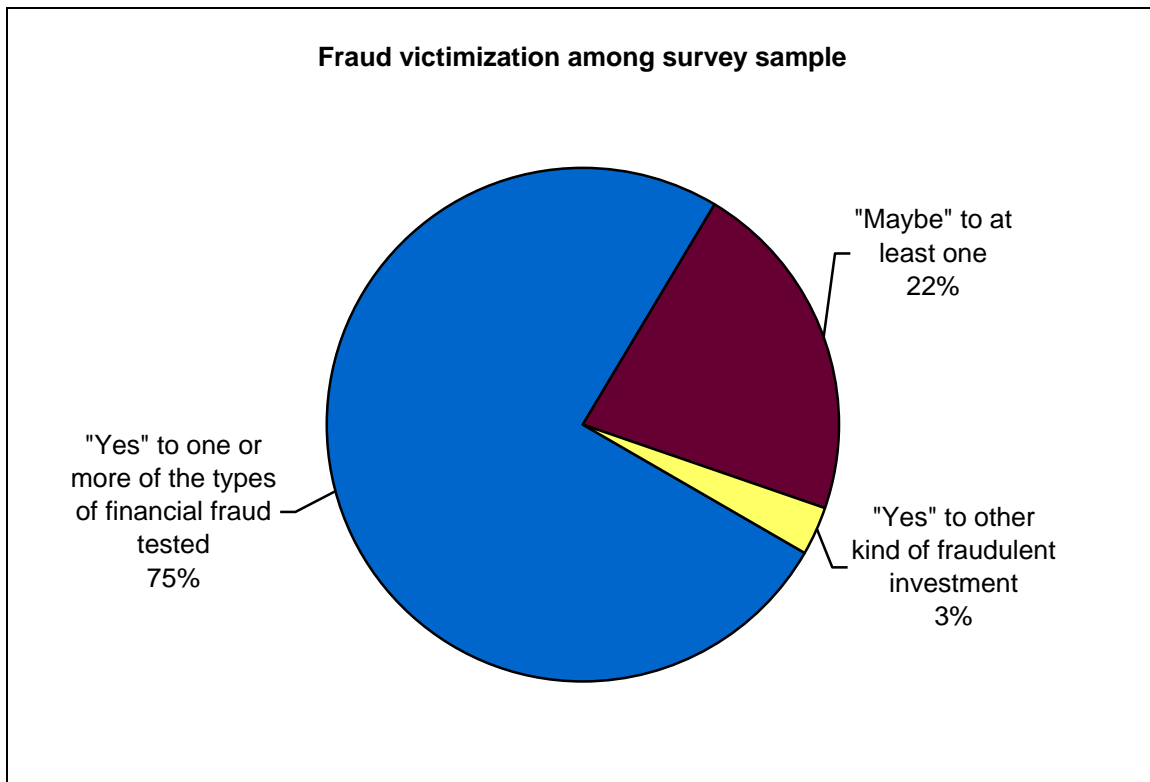
## FINDINGS IN DETAIL

### FRAUD EXPERIENCE

#### *Fraud Victimization in the Survey Sample*

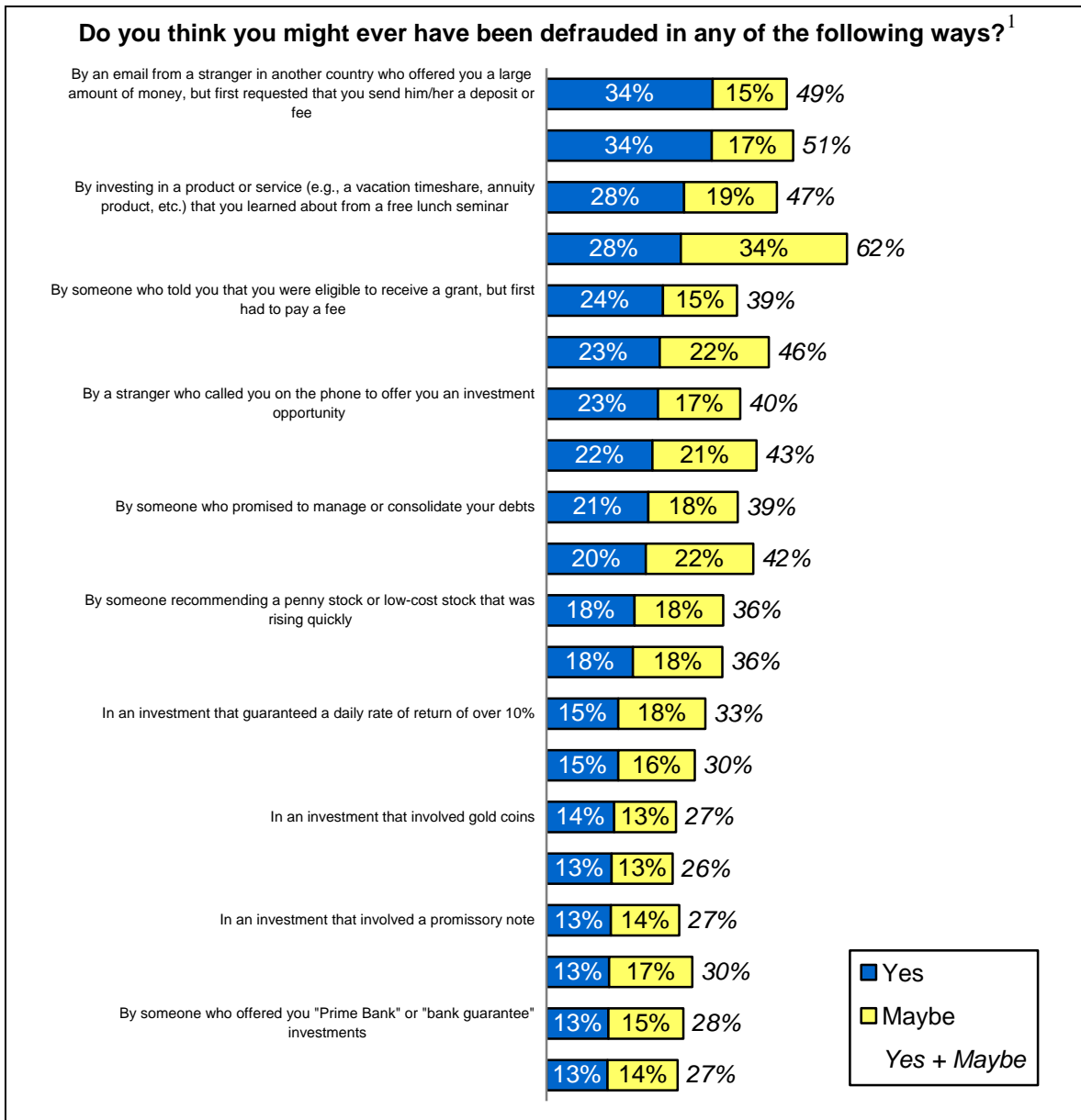
Respondents were given a list of 20 scenarios of financial fraud and asked whether they thought they may have been defrauded in any of these ways (the specific types of fraud are discussed separately below). Because cases of fraud are not always clear-cut and victims may be unsure whether they have been defrauded (or whether their loss was due to legitimate reasons), the study included respondents who felt they might have been defrauded as well as those who reported that they definitely had been defrauded.

Overall, three quarters of the sample indicated they had been defrauded by answering “yes” to at least one of the 20 specific types of financial fraud tested. An additional 22 percent did not say “yes” to any of the financial fraud types, but did say “maybe” to at least one. The remaining 3 percent reported that they had lost money in another kind of fraudulent investment. Note that these percentages are not representative of the general public, as respondents who were not self-reported fraud victims were excluded from the survey.



### Types of Financial Fraud

Self-reported fraud victims were most likely to say “yes” to having been defrauded by advance fee email scams and lottery scams. They were most likely to say “maybe” to charity-related fraud.



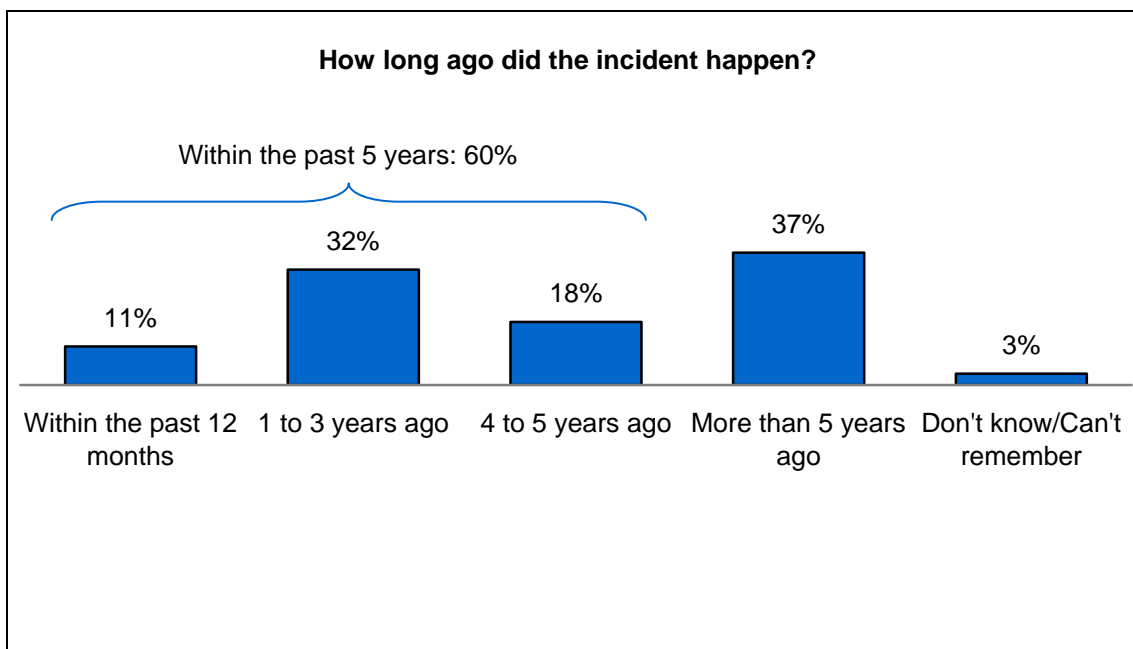
<sup>1</sup> Note: All respondents in this study were self-reported fraud victims; therefore, these percentages are not indicative of the incidence of fraud among the general population.



### *Details of the Fraudulent Incident*

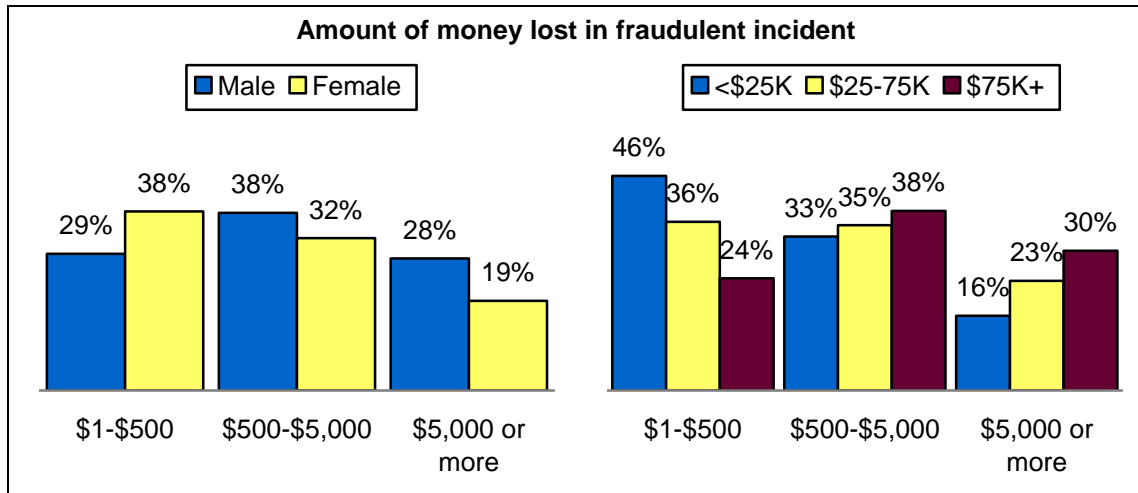
For the remainder of the survey, respondents were asked to think about the fraudulent incident they experienced that they considered to be the most serious.

The majority of respondents (60 percent) indicated that the fraudulent incident was fairly recent (within the past 5 years).



The amount of money lost varied considerably, with about a third of respondents (34 percent) who lost less than \$500, about the same proportion (35 percent) who lost between \$500 – \$5,000 and 24 percent who lost \$5,000 or more.

Men were more likely to have lost a greater amount of money than women, and respondents with higher incomes (\$75K+) were more likely to have lost more than those with lower incomes. There were no substantial differences by age in the amount of money lost in the fraudulent incident.



As far as degree of involvement in the fraud, only a minority of respondents (15 percent) reported having a great deal of interaction with the perpetrator of the fraud (e.g., communicating many times, filling out a great deal of paperwork, etc.). The plurality (46 percent) said they had a moderate level of interaction (e.g., communicating back and forth a few times), and 33 percent reported having very little interaction (e.g., simply responding to the initial call or contact).

Respondents who lost smaller amounts of money were more likely to report having less interaction, while those who lost greater amounts also reported greater levels of interaction. There were no demographic differences in level of personal involvement.

How much interaction did you have with the person or entity that defrauded you?	Total	Amount lost in fraud		
		\$1-\$500	\$500-\$5,000	\$5,000 or more
Very little (e.g., you just responded to the initial call or contact)	35%	43%	30%	28%
Moderate (e.g., you communicated back and forth a few times)	46%	43%	50%	46%
A great deal (e.g., you communicated many times, filled out a great deal of paperwork, etc.)	15%	10%	16%	24%
Don't know	4%	4%	3%	2%

When asked how they initially came into contact with the fraud perpetrator, respondents most frequently cited introductions through a friend or family member.

How were you introduced to the person or entity that defrauded you?	Total
Through a friend or family member	18%
Through a professional contact	13%
From an unsolicited email	12%
From an unsolicited telephone call	12%
From an Internet advertisement (including Craigslist)	9%
From a newspaper or magazine advertisement	6%
Through a social networking website (Facebook, LinkedIn, Twitter, Google+)	6%
Through a social setting such as a place of worship or school	5%
Other	11%
Don't know/Can't remember	9%

Respondents ages 25 – 34 were more likely than those 55+ to cite social networks as a method of initial contact (9 percent vs. 3 percent, respectively). Respondents with \$75K+ income were more likely than those with <\$25K income to cite professional contacts (18 percent vs. 3 percent, respectively) and less likely to mention unsolicited emails (6 percent vs. 23 percent, respectively). There were no gender differences in method of initial contact with the fraud perpetrator.

### *Reporting the Incident*

While over two-thirds of respondents (68 percent) told friends or family members about the incident, far fewer (35 percent) reported the incident to the authorities. Men were more likely than women to have reported the incident. Younger respondents (25 – 34) were more likely than those 35 and older to report the incident. There were no differences by income in likelihood to report the incident.

	Total	Gender		Age		
		Male	Female	25-34	35-54	55+
Reported the incident to the authorities	35%	41%	29%	48%	33%	31%

Among those who reported the incident, law enforcement was the most frequently cited entity to which they reported.

Entity to whom incident was reported	Among respondents who reported the incident
Law enforcement	47%
Better Business Bureau (BBB)	28%
My bank or credit card company	27%
An attorney	25%
State regulatory agency	16%
Federal Trade Commission (FTC)	16%
The firm that sold the investment	14%
The city, county or state Consumer Affairs office	12%
Securities and Exchange Commission (SEC)	11%
NASD or FINRA	5%
Other	5%
Don't know/Can't remember	1%

Among those who did not report it, the most common reason mentioned was that it “wouldn’t have made a difference.”

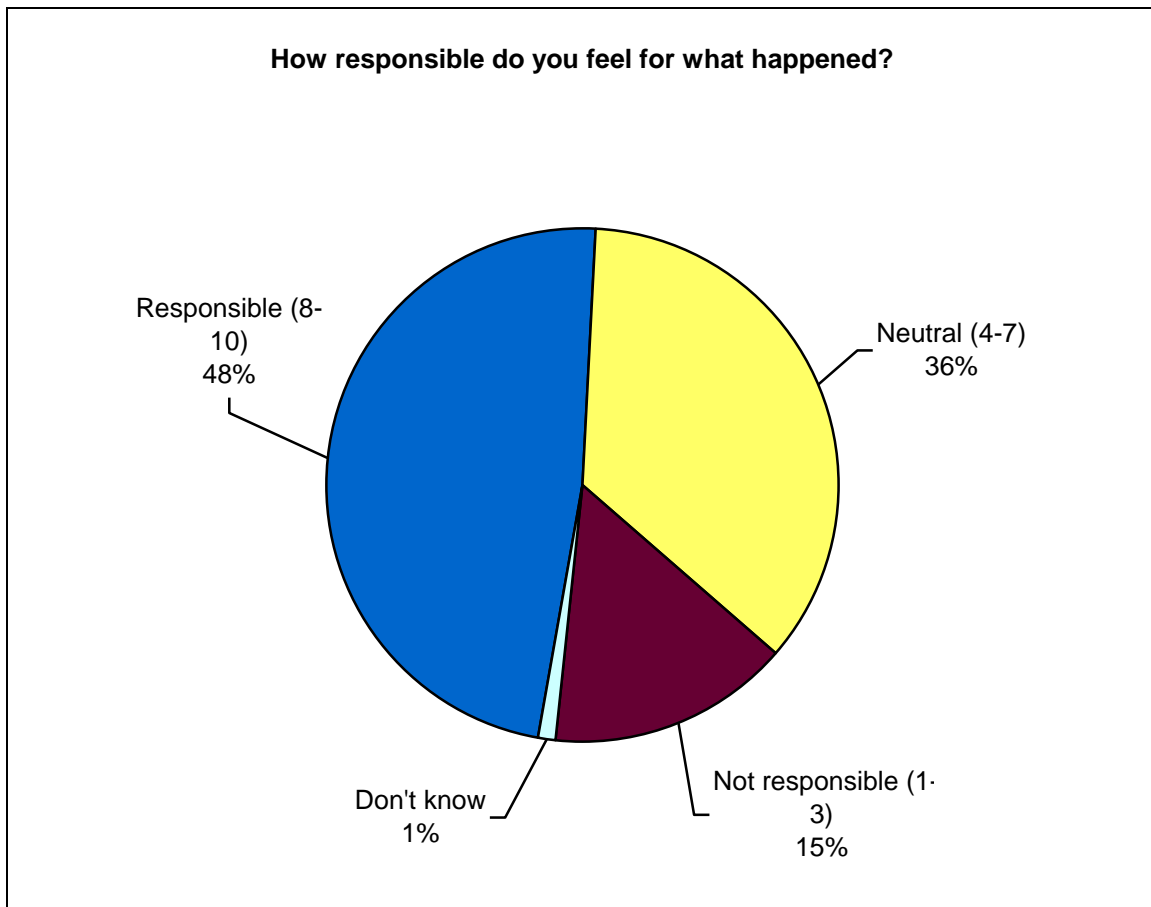
Reasons for not reporting the incident	Among respondents who did not report the incident
Wouldn't have made a difference	48%
Wanted to put it behind me	35%
Was embarrassed	29%
Didn't know where to turn	26%
Didn't have time	6%
Other	14%
Don't know	3%

## PERCEPTIONS OF AND ATTITUDES TOWARD THE FRAUDULENT INCIDENT

The survey included a series of questions to assess respondents' perceptions, attitudes and feelings about the fraudulent incident.

### *Sense of Responsibility*

Overall, a considerable proportion of respondents appeared to take personal responsibility for the fraudulent incident. When asked directly how responsible they felt for what happened, nearly half gave a top-three box response; i.e., 8, 9 or 10 on a 10-point scale from least to most responsibility. There were no demographic differences in perceived level of responsibility for the fraud.



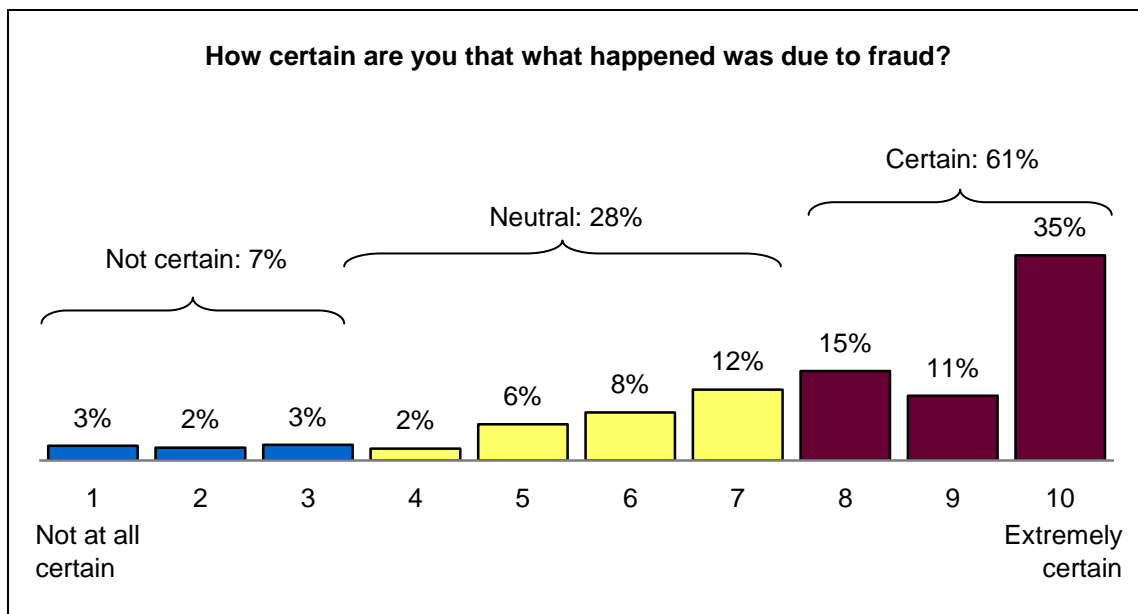
In addition, 61 percent agreed with the statement “I was defrauded because I was too trusting,” and 51 percent with the statement “The offer seemed too good to be true. I should have trusted my instincts.” Nearly half (47 percent) blame themselves for being defrauded. There were no demographic differences in agreement with these statements.

	% Agree (top 3 box)
“I was defrauded because I was too trusting.”	61%
“The offer seemed too good to be true. I should have trusted my instincts.”	51%
“I blame myself for being defrauded.”	47%

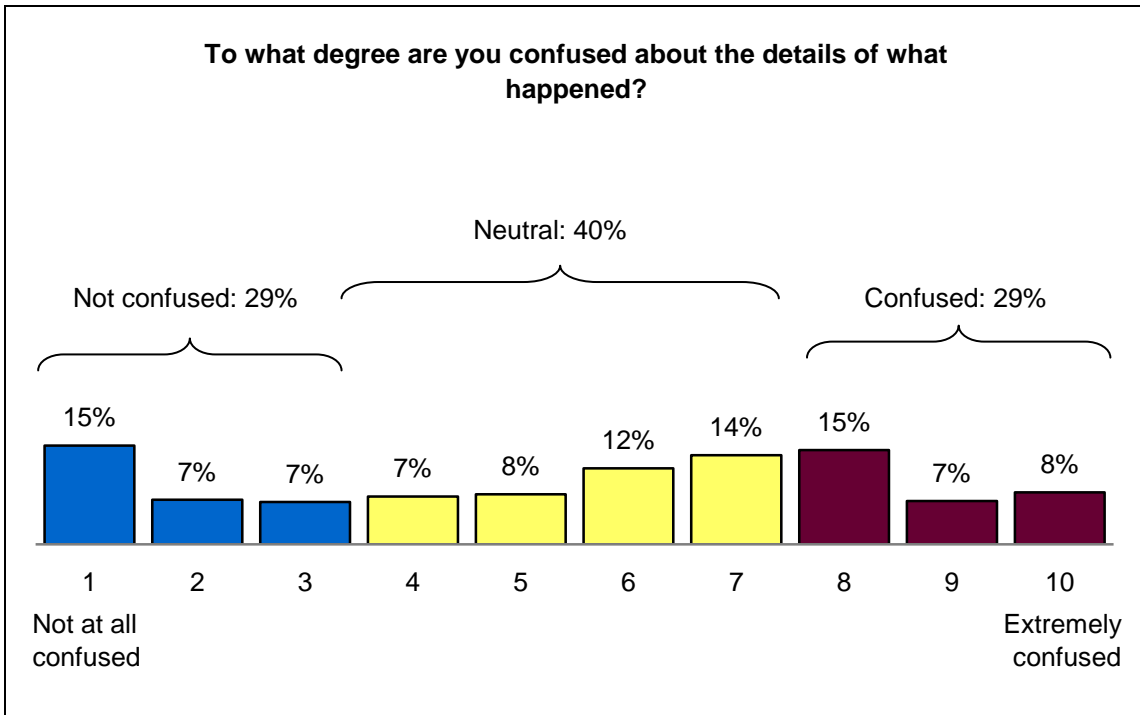
### Confusion About the Fraudulent Incident

We hypothesized that fraud victims would exhibit varying levels of confusion about the fraudulent incident (e.g., whether it was really fraud, what actually happened to them, etc.)

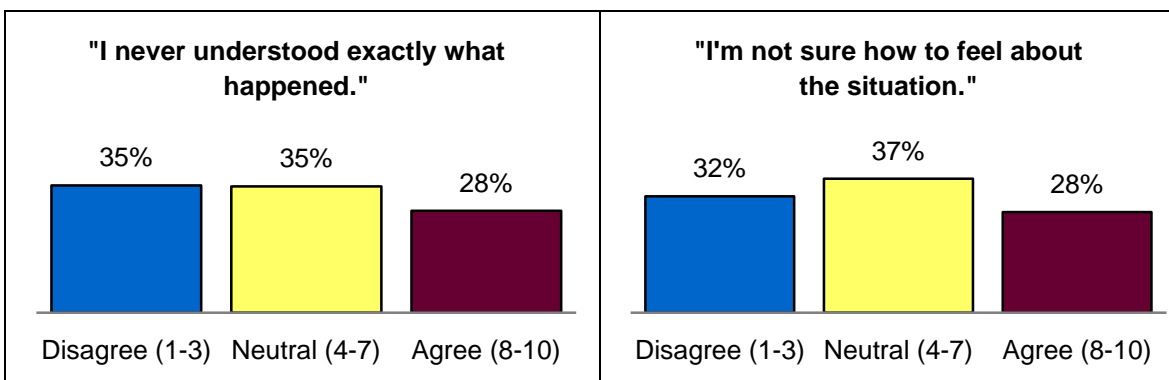
Contrary to expectations, we found that the majority of respondents were not confused about whether their loss was actually due to fraud. Over three-fifths indicated that they were certain the incident was due to fraud (top-three box on a 10-point scale), and more than a third (35 percent) were “extremely certain” (10 on a 10-point scale). There were no demographic differences in level of certainty.



However, consistent with initial hypotheses, the degree of confusion about the details of the fraud varied, with equal numbers being confused and not confused (29 percent each). Respondents 25 – 34 were more likely to be confused than those 55+ (42 percent vs. 18 percent respectively). There were no gender or income differences in level of confusion.



In line with these findings, 28 percent of respondents agreed with the statement “I never understood exactly what happened,” and 28 percent were confused about how to feel about the situation.

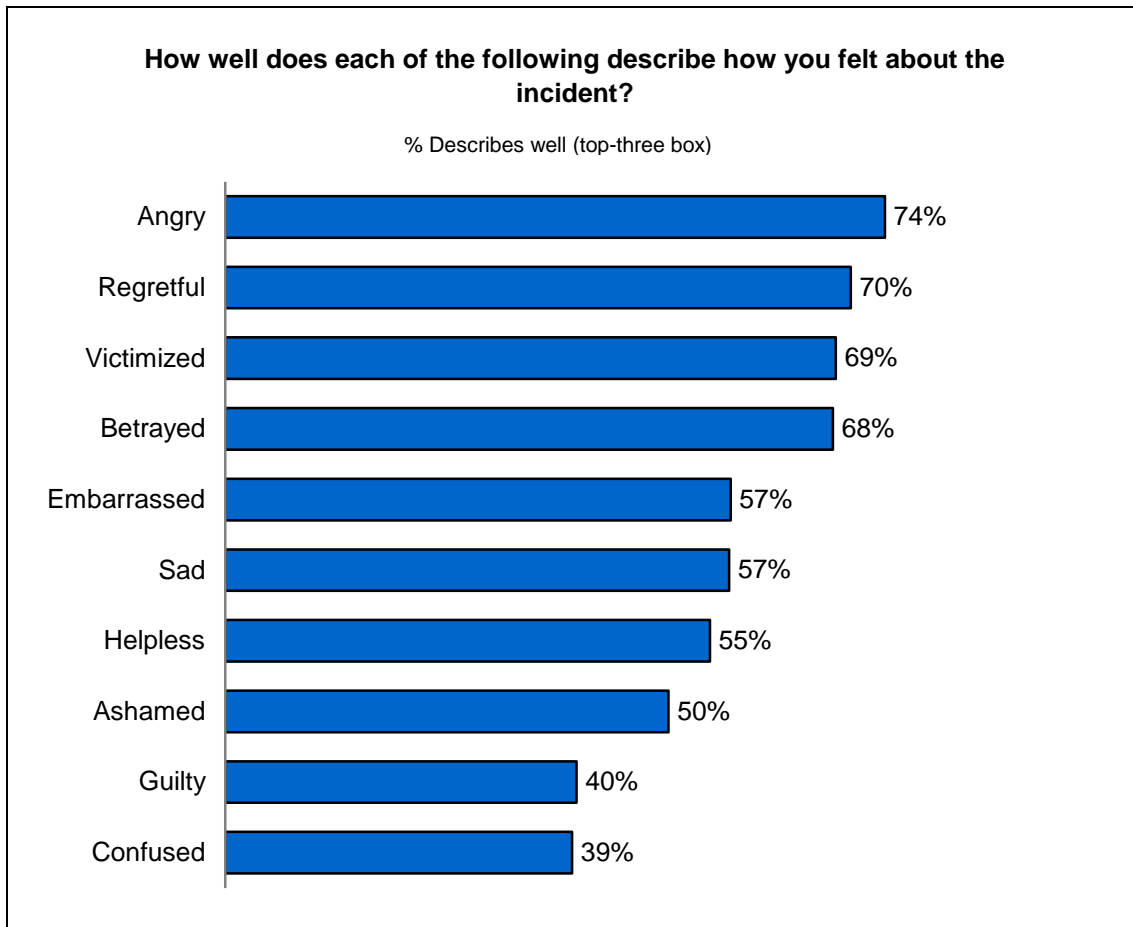


Younger respondents were more likely than older respondents to be confused about how to feel (40 percent among those ages 25 – 34, vs. 27 percent among those 35 – 54 and 22 percent among those 55+).



### Emotional Response

Respondents reported a variety of negative feelings about the fraudulent incident, with anger being the most common, followed by regret, feeling victimized and feeling betrayed.



Women were more likely than men to feel regret (75 percent vs. 66 percent), while respondents ages 25 – 34 were more likely than those 55+ to feel ashamed (58 percent vs. 43 percent), guilty (47 percent vs. 31 percent) and confused (52 percent vs. 31 percent). There were no differences by income in how respondents felt about the fraudulent incident.

On a positive note, nearly three quarters of respondents (74 percent) agreed with the statement “I feel like I learned something from the experience.” Respondents 55 and older were more likely than those 25 – 34 to agree (81 percent vs. 64 percent, respectively). There were no differences by gender or income.

## NON-TRADITIONAL COSTS OF FRAUD

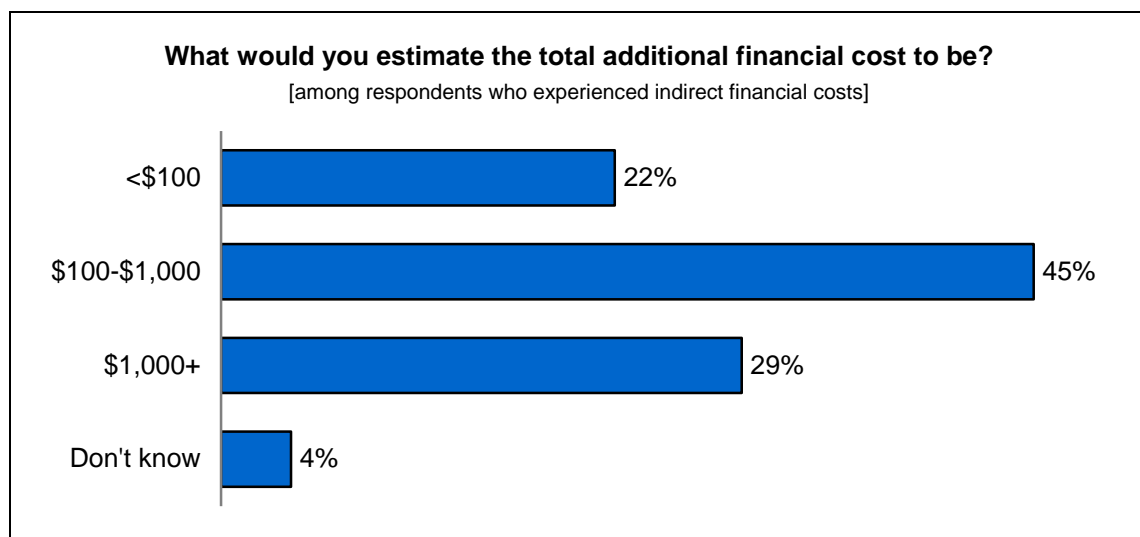
### *Indirect Financial Costs*

The survey asked whether respondents had experienced additional financial costs resulting from fraud, such as late fees, legal fees, medical fees, etc. (full list shown separately below). Nearly half of respondents (47 percent) reported incurring at least one form indirect financial cost as a result of the fraudulent incident they considered to be the most serious.

Indirect financial costs appeared to be inversely correlated with age, such that they were most frequent among the youngest respondents and least frequent among the oldest respondents. Not surprisingly, those who lost more than \$500 in the fraudulent incident itself were more likely to have also incurred indirect financial costs. There were no gender or income differences in likelihood to have incurred indirect financial costs.

	Total	Age			Amount lost in fraud		
		25-34	35-54	55+	\$1-\$500	\$500-\$5,000	\$5,000 or more
Incurring at least one form of indirect financial cost	47%	65%	51%	33%	34%	58%	55%

Estimates of the amount of indirect financial costs varied greatly. Among those who have experienced indirect financial costs, 22 percent lost less than \$100, while 29 percent reported losing over \$1,000. The median amount lost was approximately \$500.



The types of indirect financial costs most commonly cited were late fees/interest and fees for bounced checks, suggesting that the loss of money from the fraud interfered with the victim’s ability to pay bills and make ends meet.

Men were more likely than women to have had legal fees (24 percent vs. 14 percent), lost work time/wages (22 percent vs. 13 percent) and fees for a private detective (15 percent vs. 10 percent). Respondents with household incomes of \$75K+ were more likely than those with \$25K – \$75K incomes to have had fees for prescription medications (19 percent vs. 10 percent). Younger respondents were more likely than older respondents to have incurred all types of indirect financial costs.

Types of indirect financial costs incurred as a result of fraudulent incident	Total	Age		
		25-34	35-54	55+
Late fees/interest	25%	37%	27%	16%
Fees for bounced checks	23%	32%	23%	16%
Legal fees	19%	30%	21%	11%
Lost work time/Lost wages	18%	35%	17%	8%
Fees for consulting a private detective or investigator	13%	26%	13%	4%
Fees for prescription medications	12%	25%	13%	4%
Fees for consulting a medical or mental health professional	11%	23%	11%	3%

Overall, 9 percent of respondents reported declaring bankruptcy as a result of the fraudulent incident. Younger respondents (under 55) were more likely than those 55+ to have declared bankruptcy. There were no gender or income differences in bankruptcy rates.

	Total	Age		
		25-34	35-54	55+
Have declared bankruptcy as a result of the fraudulent incident	9%	12%	13%	4%

**Non-Financial Costs**

In addition to indirect financial costs of fraud, respondents were asked whether they had experienced non-financial costs, such as stress, health problems, negative relationship consequences, etc., and if so, how severe were the symptoms.

The data revealed that non-financial costs of fraud were more common than indirect financial costs. Almost two thirds (65 percent) of respondents reported experiencing at least one type of non-financial cost to a serious degree (8 to 10 on a 10-point scale) as a result of their fraudulent incident.

Stress was the most frequently cited non-financial cost. Half of respondents reported that they had experienced a serious degree of stress due to being defrauded.

Types of non-financial costs experienced as a result of fraudulent incident (self-report)	% Experienced to a serious degree (top 3 box)
Stress	50%
Anxiety	44%
Difficulty sleeping	38%
Loss of personal confidence	38%
Depression	35%
Lost personal time	32%
Loss of respect from others	25%
Physical health problems	24%
Negative relationship consequences (e.g., divorce, separation)	21%

The likelihood to experience non-financial costs appears to be inversely correlated with age, such that respondents 25 – 34 experienced an average of about four serious symptoms, while those 55+ experienced an average of two serious symptoms. Not surprisingly, non-financial costs are positively correlated with the amount of money lost in the fraudulent incident itself. There were no gender or income differences in the number of non-financial costs experienced to a serious degree.

	Total	Age			Amount lost in fraud		
		25-34	35-54	55+	\$1-\$500	\$500-\$5,000	\$5,000 or more
Number of symptoms experienced to a serious degree	3.25	4.15	3.61	2.31	1.96	3.60	4.74

### Confusion and Non-Financial Costs

We hypothesized that higher levels of confusion about the details of the fraud might correlate with greater emotional distress and increased non-financial costs.

The survey data seem to support this hypothesis. Respondents who indicated they were confused about the mechanism of their loss (8 to 10 on a 10-point scale) were more likely than those who were not confused (1 to 3 on a 10-point scale) to report severe problems with all of the symptoms tested.

<b>Non-financial costs experienced to a serious degree</b>	<b>Among respondents who were confused</b>	<b>Among respondents who were not confused</b>
Stress	69%	33%
Anxiety	65%	27%
Difficulty sleeping	63%	18%
Loss of personal confidence	62%	20%
Depression	57%	20%
Lost personal time	54%	19%
Physical health problems	47%	9%
Loss of respect from others	46%	12%
Negative relationship consequences (e.g., divorce, separation)	41%	9%
Average number of serious symptoms	5.40	1.74

In addition, those who were confused experienced an average of 5.4 of the 10 symptoms severely, compared to only 1.7 severe symptoms among those who were not confused.

## APPENDIX A: SAMPLE DEMOGRAPHICS

Age	Total
25-34	21%
35-54	43%
55+	36%

Gender	Total
Male	50%
Female	50%

[Note: Quotas were set so that the sample was evenly split by gender]

Household income	Total
<\$25K	17%
\$25-75K	45%
\$75K+	32%
Don't know	1%
Prefer not to say	6%

Employment	Total
Self-employed	10%
Work full-time for an employer	42%
Work part-time for an employer	9%
Homemaker	6%
Full-time student	1%
Permanently sick, disabled or unable to work	4%
Unemployed or temporarily laid off	6%
Retired	21%
Prefer not to say	1%

Education	Total
Less than high school	1%
High school graduate	15%
Some college	28%
College graduate	35%
Post graduate education	21%
Prefer not to say	0%

Ethnicity	Total
White non-Hispanic	71%
Black non-Hispanic	12%
Hispanic (any race)	7%
Asian non-Hispanic	6%
Other non-Hispanic (Native American, Other, 2+ ethnicities)	3%
Prefer not to say	1%

Marital status	Total
Married	54%
Living with partner	5%
Single	20%
Separated	1%
Divorced	13%
Widowed/widower	7%
Prefer not to say	1%

Number of financially dependent children	Total
1	18%
2	16%
3	8%
4 or more	4%
No financially dependent children	28%
Do not have any children	25%
Prefer not to say	2%

Census region	Total
Northeast	18%
Midwest	22%
South	38%
West	23%

Which of the following best describes your role in your household when it comes to making decisions about financial investments?	Total
I am the primary decision-maker for my household when it comes to financial investments	75%
I share the decision-making responsibility with others in my household	25%

Not including retirement accounts, do you have any investments in stocks, bonds, mutual funds or other securities?	Total
Yes	53%
No	41%
Don't know	3%
Prefer not to say	4%

Not including retirement accounts, what is the total approximate current value of your investments in stocks, bonds, mutual funds and other securities? Would you say it is...	Total
Less than \$10,000	14%
At least \$10,000 but less than \$50,000	22%
At least \$50,000 but less than \$100,000	19%
At least \$100,000 but less than \$250,000	21%
More than \$250,000	19%
Don't know	1%
Prefer not to say	5%



## **APPENDIX B: SURVEY INSTRUMENT**

FINRA #1371  
**Experience of Fraud Victimization Study**  
Final survey 10/3/14

Sample: N = 600 respondents who have/think they may have been victims of investor/financial fraud

**A. [Introduction & Screening]**

Thank you for taking the time to answer this survey. Please be assured that **all of your answers will be completely ANONYMOUS and CONFIDENTIAL**. Therefore, please try to answer these questions as openly and honestly as possible.

A1. What is your age:

1. Under 18 [TERMINATE]
2. 18-24 [TERMINATE]

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3. 25-29
4. 30-34
5. 35-39
6. 40-44
7. 45-49
8. 50-54
9. 55-59
10. 60-64
11. 65 or older

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12. Prefer not to say [TERMINATE]

A2. What is your gender?

1. Male
2. Female

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2. Prefer not to say [TERMINATE]

A2b. Which of the following best describes your role in your household when it comes to making decisions about financial investments?

1. I am the primary decision-maker for my household when it comes to financial investments
2. I share the decision-making responsibility with others in my household

---

3. I do not participate in decisions regarding financial investments [TERMINATE]  
for my household
4. Prefer not to say [TERMINATE]

A3. Investors regularly gain and lose money in financial markets for a variety of legitimate reasons. However, the following questions are about **financial fraud**—that is, when someone intentionally gives you false information to encourage you to make a financial transaction or investment.

Do you think you might ever have been defrauded in any of the following ways?

[RANDOMIZE ITEMS]	Yes	Maybe	No
A3_1. By a stranger who called you on the phone to offer you an investment opportunity	1	2	3
A3_2. By an email from a stranger in another country who offered you a large amount of money, but first requested that you send him/her a deposit or fee	1	2	3
A3_3. By investing in a product or service (e.g., a vacation timeshare, annuity product, etc.) that you learned about from a free lunch seminar	1	2	3
A3_4. In an investment that involved oil or gas exploration	1	2	3
A3_5. In an investment that involved a promissory note	1	2	3
A3_6. By someone recommending a penny stock or low-cost stock that was rising quickly	1	2	3
A3_7. By someone who offered you investments in exclusive shares of a company before that company's initial public offering (IPO)	1	2	3
A3_8. In an investment that guaranteed a daily rate of return of over 10%	1	2	3
A3_9. In an investment that offered a commission if you referred other people to participate in the investment	1	2	3
A3_10. In an investment that involved digital or e-currency such as Bitcoin or e-Gold	1	2	3
A3_11. By someone who told you that you had won a prize or lottery, but first had to pay a fee	1	2	3
A3_12. In a Ponzi investment scheme	1	2	3
A3_13. By someone who promised to manage or consolidate your debts	1	2	3

	Yes	Maybe	No
A3_14. By someone who promised to assist with your home mortgage or to help you avoid foreclosure	1	2	3
A3_15. By someone who promised to provide you with a credit card or loan	1	2	3
A3_16. By someone who told you that you were eligible to receive a grant, but first had to pay a fee	1	2	3
A3_17. By someone who claimed to represent a charitable organization	1	2	3
A3_18. In an investment that involved gold coins	1	2	3
A3_19. By someone who offered you “Prime Bank” or “bank guarantee” investments	1	2	3
A3_20. By someone who informed you that you had an unclaimed inheritance	1	2	3

A4. [PUNCH A3 SUMMARY]

1. At least one ‘YES’ above
2. No ‘YES’ but at least one ‘MAYBE’
3. ‘NO’ to all of the above

A5. Have you ever lost a significant amount of money in any other kind of fraudulent investment not mentioned previously?

1. Yes [QUALIFIER]
2. Maybe
3. No

A6. [PUNCH RESPONDENT STATUS FROM A4 & A5]

1. Yes – specific [A4 = 1]
2. Maybe – specific [A4 = 2]
3. Yes – other [A4 = 3 AND A5 = 1]
4. Maybe – other [A4 = 3 AND A5 = 2] [TERMINATE]
5. No [A4 = 3 AND A5 = 3] [TERMINATE]

[ALL RESPONDENTS MUST SAY ‘YES’ OR ‘MAYBE’ TO AT LEAST ONE ITEM IN A3, OR ‘YES’ TO A5]

**B. [Fraud Experience]**

For the following questions, please think about the fraudulent or potentially fraudulent incident you experienced that you consider to be the most serious.

B1. How much did you lose?

1. Did not lose any money [TERMINATE]
2. \$1 to \$500
3. \$500 to \$999
4. \$1,000 to \$4,999
5. \$5,000 to \$9,999
6. \$10,000 to \$49,999
7. \$50,000 to \$99,999
8. \$100,000 or more
9. Can't remember how much

B2. How long ago did the incident happen?

1. Within the past 12 months
2. 1 to 3 years ago
3. 4 to 5 years ago
4. More than 5 years ago
5. Don't know/Can't remember

B3. How were you introduced to the person or entity that defrauded you?

[RANDOMIZE LIST]

1. Through a friend or family member
2. Through a social setting such as a place of worship or school
3. Through a professional contact
4. From an unsolicited telephone call
5. From an unsolicited email
6. From an Internet advertisement (including Craigslist)
7. Through a social networking website (Facebook, LinkedIn, Twitter, Google+)
10. From a newspaper or magazine advertisement
8. Other (please specify) \_\_\_\_\_ [OPEN END]
9. Don't know/Can't remember

B4. Did you report this incident to the authorities?

1. Yes
2. No
3. Don't know

B5. [IF REPORTED (B4 = 1)] To whom did you report it? (check all that apply)  
 [RANDOMIZE LIST]

1. The firm that sold the investment
2. The city, county or state Consumer Affairs office
3. NASD or FINRA
4. State regulatory agency
5. Securities and Exchange Commission (SEC)
6. Law enforcement
7. Federal Trade Commission (FTC)
8. Better Business Bureau (BBB)
9. An attorney
10. My bank or credit card company
11. Other (please specify) \_\_\_\_\_ [OPEN END]
12. Don't know/Can't remember [UNIQUE]

B6. [IF NOT REPORTED (B4 = 2)] Which of the following best describes why you did not report the incident? (check all that apply) [RANDOMIZE LIST]

1. Didn't know where to turn
2. Wouldn't have made a difference
3. Didn't have time
4. Wanted to put it behind me
5. Was embarrassed
6. Other (please specify) \_\_\_\_\_ [OPEN END]
7. Don't know [UNIQUE]

B7. Did you tell any friends or family members about the incident?

1. Yes
2. No
3. Don't know

B8. To what degree are you confused about the details of what happened?

Not At All Confused										Extremely Confused	Don't Know
1	2	3	4	5	6	7	8	9	10	11	

B9. How certain are you that what happened was due to fraud?

Not At All Certain										Extremely Certain	Don't Know
1	2	3	4	5	6	7	8	9	10	11	

B10. How much interaction did you have with the person or entity that defrauded you?

1. Very little (e.g., you just responded to the initial call or contact)
2. Moderate (e.g., you communicated back and forth a few times)
3. A great deal (e.g., you communicated many times, filled out a great deal of paperwork, etc.)
4. Don't know

B11. How responsible do you feel for what happened?

Not At All Responsible										Completely Responsible	Don't Know
1	2	3	4	5	6	7	8	9	10	11	

B12. How well does each of the following describe how you felt about the incident?

[RANDOMIZE ITEMS]	Does Not Describe At All										Describes Extremely Well	Don't Know
	1	2	3	4	5	6	7	8	9	10	11	
B12_1. Confused	1	2	3	4	5	6	7	8	9	10	11	
B12_2. Angry	1	2	3	4	5	6	7	8	9	10	11	
B12_3. Victimized	1	2	3	4	5	6	7	8	9	10	11	
B12_4. Embarrassed	1	2	3	4	5	6	7	8	9	10	11	
B12_5. Sad	1	2	3	4	5	6	7	8	9	10	11	
B12_6. Guilty	1	2	3	4	5	6	7	8	9	10	11	
B12_7. Betrayed	1	2	3	4	5	6	7	8	9	10	11	
B12_8. Ashamed	1	2	3	4	5	6	7	8	9	10	11	
B12_9. Regretful	1	2	3	4	5	6	7	8	9	10	11	
B12_10. Helpless	1	2	3	4	5	6	7	8	9	10	11	

**C. [Non-traditional costs/collateral damage]**

*[Indirect financial costs]*

C1. As a result of the fraudulent incident, did you incur any of the following additional financial costs?

[RANDOMIZE ITEMS]	Yes	No	Don't know
C1_1. Legal fees	1	2	3
C1_2. Fees for bounced checks	1	2	3
C1_3. Late fees/interest	1	2	3
C1_4. Fees for consulting a medical or mental health professional	1	2	3
C1_5. Fees for prescription medications	1	2	3
C1_6. Lost work time/Lost wages	1	2	3
C1_7. Fees for consulting a private detective or investigator	1	2	3

C2. [IF 'YES' TO AT LEAST ONE OF THE ABOVE] What would you estimate the total additional financial cost to be, including: [pipe in answers from C1]? Your best guess is fine.

1. \$0
2. \$1 to \$49
3. \$50 to \$99
4. \$100 to \$499
5. \$500 to \$999
6. \$1,000 to \$9,999
7. \$10,000 to \$24,999
8. \$25,000 or more
9. Don't know

C3. Have you declared bankruptcy as a result of the fraudulent incident?

1. Yes
2. No
3. Don't know



*[Non-financial costs]*

C4. The following are some symptoms people may experience as a result of a fraudulent incident. How seriously did you experience each of the following after your incident?

If you did not have the symptom, select “did not experience.”

[RANDOMIZE ITEMS]	Not At All Serious										Extremely Serious	Did not experience	Don't know
	1	2	3	4	5	6	7	8	9	10	11	12	
C4_1. Stress	1	2	3	4	5	6	7	8	9	10	11	12	
C4_2. Anxiety	1	2	3	4	5	6	7	8	9	10	11	12	
C4_3. Depression	1	2	3	4	5	6	7	8	9	10	11	12	
C4_4. Difficulty sleeping	1	2	3	4	5	6	7	8	9	10	11	12	
C4_5. PTSD	1	2	3	4	5	6	7	8	9	10	11	12	
C4_6. Physical health problems	1	2	3	4	5	6	7	8	9	10	11	12	
C4_7. Negative relationship consequences (e.g., divorce, separation)	1	2	3	4	5	6	7	8	9	10	11	12	
C4_8. Loss of personal confidence	1	2	3	4	5	6	7	8	9	10	11	12	
C4_9. Loss of respect from others	1	2	3	4	5	6	7	8	9	10	11	12	
C4_10. Lost personal time	1	2	3	4	5	6	7	8	9	10	11	12	

**D. [Attitudes]**

D1. Please indicate the extent to which you agree or disagree with each of the following statements.

[RANDOMIZE ITEMS]	Strongly Disagree										Strongly Agree	Don't Know
D1_1. I'm not that upset by the fraudulent incident. You win some, you lose some.	1	2	3	4	5	6	7	8	9	10		11
D1_2. I prefer <u>not</u> to tell people about the incident because I'm worried they might think it was my fault.	1	2	3	4	5	6	7	8	9	10		11
D1_3. I know I shouldn't do it, but it's hard to resist tempting financial offers.	1	2	3	4	5	6	7	8	9	10		11
D1_4. I blame myself for being defrauded.	1	2	3	4	5	6	7	8	9	10		11
D1_5. I feel like I learned something from the experience.	1	2	3	4	5	6	7	8	9	10		11
D1_6. The offer seemed too good to be true. I should have trusted my instincts.	1	2	3	4	5	6	7	8	9	10		11
D1_7. I'm not sure how to feel about the situation.	1	2	3	4	5	6	7	8	9	10		11
D1_8. I never understood exactly what happened.	1	2	3	4	5	6	7	8	9	10		11
D1_9. I was defrauded because I was too trusting.	1	2	3	4	5	6	7	8	9	10		11
D1_10. Everyone else was making a lot of money, so I was trying to do the same.	1	2	3	4	5	6	7	8	9	10		11
D1_11. I've probably been defrauded other times in the past without knowing it.	1	2	3	4	5	6	7	8	9	10		11

**E. Psychographics**

E1. The following are questions that have to do with how you see yourself. Everyone answers these questions differently. Please try to be as accurate and honest as you can, and try not to let your answer to one question influence your answers to other questions.

Please indicate the extent to which you, personally, agree with each of the following statements using a 10-point scale, where 1 means “Strongly Disagree” and 10 means “Strongly Agree.”

[RANDOMIZE ITEMS]	Strongly Disagree										Strongly Agree	Don't know
E1_1. I always look on the bright side of things	1	2	3	4	5	6	7	8	9	10		11
E1_2. I tend to worry a lot	1	2	3	4	5	6	7	8	9	10		11
E1_3. I consider myself a risk-taker	1	2	3	4	5	6	7	8	9	10		11
E1_4. It's always better to be safe than sorry	1	2	3	4	5	6	7	8	9	10		11
E1_5. I often rely on, and act upon, the advice of others	1	2	3	4	5	6	7	8	9	10		11
E1_6. I prefer to make my own way in life rather than find a group I can follow	1	2	3	4	5	6	7	8	9	10		11
E1_7. A charismatic and eloquent person can easily influence and change my ideas	1	2	3	4	5	6	7	8	9	10		11
E1_8. I don't give in to others easily	1	2	3	4	5	6	7	8	9	10		11
E1_9. My life is determined by my own actions	1	2	3	4	5	6	7	8	9	10		11
E1_10. I am usually able to protect my personal interests	1	2	3	4	5	6	7	8	9	10		11

	Strongly Disagree										Strongly Agree	Don't know
	1	2	3	4	5	6	7	8	9	10		11
E1_11.	I can pretty much determine what will happen in my life											11
E1_12.	To a great extent my life is controlled by accidental happenings											11
E1_13.	Often there is no chance of protecting my personal interests from bad luck happening											11
E1_14.	When I get what I want, it's usually because I am lucky											11
E1_15.	People like myself have very little chance of protecting our personal interests when they conflict with those of strong pressure groups											11
E1_16.	My life is chiefly controlled by powerful others											11
E1_17.	I feel like what happens in my life is mostly determined by powerful people											11

**F. [Demographics & Classification]**

F1. When thinking of your financial investments, how willing are you to take risks? Please use a 10-point scale, where 1 means “Not At All Willing” and 10 means “Very Willing.”

Not At All Willing										Very Willing	Don't Know	Prefer not to say
1	2	3	4	5	6	7	8	9	10		11	12

F2. The following questions are for classification purposes only. As with the rest of the survey, your answers are completely confidential and anonymous.

F3. Not including retirement accounts, do you have any investments in stocks, bonds, mutual funds, or other securities?

1. Yes
2. No
3. Don't know
4. Prefer not to say

F4. [IF YES TO F3] Not including retirement accounts, what is the total approximate current value of your investments in stocks, bonds, mutual funds and other securities? Would you say it is...

1. Less than \$10,000
2. At least \$10,000 but less than \$50,000
3. At least \$50,000 but less than \$100,000
4. At least \$100,000 but less than \$250,000
5. More than \$250,000
6. Don't know
7. Prefer not to say

F5. What is your household's approximate annual income, including wages, tips, investment income, public assistance, income from retirement plans, etc.? Would you say it is...

1. Less than \$15,000
2. At least \$15,000 but less than \$25,000
3. At least \$25,000 but less than \$35,000
4. At least \$35,000 but less than \$50,000
5. At least \$50,000 but less than \$75,000
6. At least \$75,000 but less than \$100,000
7. At least \$100,000 but less than \$150,000
8. \$150,000 or more
9. Don't know
10. Prefer not to say

- F6. Which of the following best describes your current employment or work status?
1. Self employed
  2. Work full-time for an employer
  3. Work part-time for an employer
  4. Homemaker
  5. Full-time student
  6. Permanently sick, disabled, or unable to work
  7. Unemployed or temporarily laid off
  8. Retired
  9. Prefer not to say
- F7. What was the last year of education that you completed?
1. Less than high school
  2. High school graduate
  3. Some college
  4. College graduate
  5. Post graduate education
  6. Prefer not to say
- F8. Which of the following best describes your race or ethnicity? (check all that apply)
1. White or Caucasian
  2. Black or African-American
  3. Hispanic or Latino/a
  4. Asian/Pacific Islander
  5. Native American or Alaska Native
  6. Other
  7. Prefer not to say [UNIQUE]
- F9. What is your marital status?
1. Married
  2. Living with partner
  3. Single
  4. Separated
  5. Divorced
  6. Widowed/widower
  7. Prefer not to say
- F10. How many children do you have who are financially dependent on you? Please include children not living at home, and step-children as well.
1. 1
  2. 2
  3. 3
  4. 4 or more
  5. No financially dependent children
  6. Do not have any children
  7. Prefer not to say

**Thank you for your time!**