



SaveAndInvest.org

FINRA
Investor Education
FOUNDATION

PROTECTING OUR ASSETS

KEEPING OUR COMMUNITIES SAFE FROM FINANCIAL FRAUD



LETTER FROM THE CEO

Each October, crime prevention practitioners celebrate Crime Prevention Month. It's an exciting time. We recognize achievements of the past year, plan for the next year, and hold Celebrate Safe Communities events to promote the principles and practices of crime prevention at the local level. NCPC publishes its Crime Prevention Month Kit each October to help those engaged in crime prevention achieve their goals.

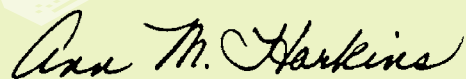
This year's Crime Prevention Month Kit is dedicated to preventing financial fraud, with a special focus on investment fraud. The losses from financial fraud are staggering—estimated at tens of billions each year. But the human toll is even worse. Financial fraud robs people of their incomes, their savings, and sometimes even the roofs over their heads. While people of all ages, walks of life, and educational achievement are targeted, research shows that victims are most typically older people who have amassed sufficient assets. They are ideal targets for this particularly offensive type of crime.

The criminals who perpetrate financial fraud are con game experts with well-honed skills. If we arm ourselves with the right information, we can take them on and keep even more people from being victimized.

This year's Crime Prevention Month Kit, produced in cooperation with the FINRA Investor Education Foundation, provides that information. This partnership with the FINRA Foundation reflects our long-standing commitment to providing the leadership and education necessary to prevent all kinds of crime and builds upon our continuing campaigns against everything from cybercrime to fraud.

The kit features information on different types of financial fraud, the tactics used by the con artists and white collar criminals who perpetrate these crimes, and the steps people can take to keep from becoming victims. Perhaps the most important thing to learn from this kit is that you don't need any special expertise to help people recognize and prevent financial fraud. Armed with the contents of this kit, you'll be able to provide an invaluable public service by leading the effort to educate your constituents and keep them safe from this heartless type of crime.

Sincerely,



Ann M. Harkins
President and Chief Executive Officer
National Crime Prevention Council

FACTS AND FIGURES ON FINANCIAL FRAUD

What Is Financial Fraud?

Financial fraud encompasses a wide range of illegal behavior—from mortgage scams, Ponzi schemes, and investment fraud to credit card theft and tax fraud. Anyone can be a victim.

Financial fraud takes many different shapes, and fraudsters wear many different masks. From mortgage scams that target the elderly, Ponzi schemes that shock the world, procurement fraud that steals money from our nation's coffers to predatory lending that discriminates against vulnerable communities, securities fraud that undermines the trust and transparency of our markets, the list goes on.

Source: *Financial Fraud Enforcement Task Force*

How Big Is the Problem?

Financial fraud, like other types of white collar crime, is on the rise, and the sums lost are staggering.

People lose huge sums to financial fraud each year. A research review conducted by the Financial Fraud Research Center—a collaboration of the FINRA Investor Education Foundation and the Stanford Center on Longevity—estimated that financial fraud, generally, costs Americans over \$50 billion a year. This number does not include the money allocated for prevention or the social and emotional costs fraud imposes on society. The Center further reports that more than 30 million consumers are defrauded each year.

The problem may be getting worse. The Financial Fraud Enforcement Task Force uncovered more than \$8 billion in securities, commodities, and investment fraud losses alone in 2010. According to the FBI's Financial Crimes Report to the Public, investigations of securities and commodities fraud, also known as investment fraud, have increased by 52 percent since 2008.

Investment fraud alone affects thousands of Americans and accounts for billions in lost savings annually. Some of the perpetrators' names are familiar, some not. Bernie Madoff is serving 150 years in prison for swindling more than \$60 billion from investors in history's largest Ponzi scheme. Allen Stanford, who might be considered Madoff's runner-up, was sentenced to 110 years in prison for conning 30,000 investors out of \$7 billion. Tom Petters, a Minnesota tycoon, took investors for \$3.65 billion in another Ponzi scheme and was sentenced to 50 years in prison. And then there was the Greater Ministries International Case, in which politics and the assurances of divine providence were combined to "guarantee" a double return on the investments of 28,000 people who ended up losing a total of \$580 million.

The Problem of Under-Reporting

Estimates of the scope of the problem are skewed by inconsistency in data collection and, more importantly, the vast number of cases that go un-reported. Fraud research typically finds a very small percentage of respondents self-reporting that they have been victims of financial fraud. This phenomenon is hard to reconcile with the volume of fraud seen by regulators and law enforcement agencies. Surveys by various academic, professional, trade, and law enforcement organizations at the local, state, and national levels have attempted to calculate the under-reporting rate, with figures ranging from 40 percent to more than 60 percent. In a recent report from the FINRA Foundation on financial fraud and fraud susceptibility in the United States, respondents who admitted to investing in a fraudulent investment but did not report the fraud indicated that they did not do so because reporting would not have made a difference, they did not know where to turn, or they were too embarrassed.

Financial Fraud Research Center

The FINRA Investor Education Foundation joined with Stanford University's Center on Longevity in 2011 to form the first national research center dedicated to financial fraud. The primary objectives of the Financial Fraud Research Center are to catalyze greater interest in funding fraud research and foster a deeper collaboration among researchers, practitioners, and policy-makers. The Center held its first issue conference—"The State and Future of Financial Fraud"—in Washington, DC, in November 2011. In 2012, the Fraud Research Center published a white paper entitled, *Scams, Schemes & Swindles: A Review of Consumer Financial Fraud Research*—the first paper to comprehensively examine the issue of retail financial fraud (included on the CD). Additional research and events are forthcoming.

Explore the Financial Fraud Research Center online at www.fraudresearchcenter.org



Fraud Against Older Consumers

People aged 50 to 70 are often squeezed between caring for their parents and planning for their own retirements. They may have worked hard all their lives but find in recent years that they have suffered declining investment returns and earned low interest rates on their savings. Many are eager to take back the financial ground they've lost and, as a result, have become the prime targets of con artists who paint rosy portraits of financially secure retirements.

The ubiquity of fraud solicitations coupled with the inability of many people to recognize the red flags of fraud place a large number of Americans at risk of losing money to scams—with older Americans at greatest risk. A new survey of Americans age 40 and over by the FINRA Investor Education Foundation found that more than eight in 10 respondents were solicited to participate in a potentially fraudulent financial offer. And 11 percent of those solicited lost a significant amount of money after engaging in the offer. In the survey, respondents were asked a series of questions about their personal experience of and engagement with various types of financial offers, including lottery scams, "419" frauds (e.g., Nigerian email frauds), penny stock sales, boiler room calls, pyramid schemes, and free lunch seminars that turn out to be sales pitches. Upon being solicited for fraud, older respondents—that is, respondents 65 and older—were 34 percent more likely to lose money than respondents in their forties.

According to a recent report from the Federal Trade Commission based on a survey about consumer fraud in the United States, those ages 65 to 74 had the greatest chance of falling victim to fraudulent prize promotions, such as a foreign lottery scam. While just 1 percent of those surveyed were victims of fraudulent prize promotions, that jumped to 2.8 percent for those ages 65 to 74. Further, a study released by AARP in 2011 found that victims age 55 and older were significantly less likely than younger victims to acknowledge that they were defrauded and to report their victimization to some authority. And if they send money once, they're more likely to be targeted again.

Other factors can also be at play, especially as people age. A literature review conducted by the Financial Fraud Research Center found the following:

- A decrease in cognition is a significant predictor of a decrease in financial literacy among older Americans.
- A decrease in cognition predicts a drop in self-confidence in general but doesn't predict a drop in self-confidence in managing one's own finances or in one's financial knowledge.
- Overconfidence in financial knowledge is a significant risk factor for being victimized.

A July 2010 report issued by the Boston College Center for Retirement Research confirmed these findings. Researchers found that the ability to make sound financial decisions peaks at about age 53 and goes downhill from there.



Surprising Victim Profile

There is no single financial fraud victim profile. Victim profiles vary greatly from scheme to scheme, and in some cases, the reality differs greatly from the stereotype. Many aren't as you'd expect. For instance, investment fraud victims are almost twice as likely to hold a college degree than non-victims and score higher on financial literacy measures than non-victims (Consumer Fraud Research Group, 2006). Nine out of 10 investment fraud victims and three-quarters of business opportunity victims are reportedly men, whereas 60 percent of lottery fraud victims are women (AARP, 2011). The truth is, we are all at risk.

Susceptibility to being defrauded is often clouded in both stereotypes and inconsistent or conflicting findings from fraud related research. Fraud susceptibility is not limited to specific demographic or psychographic segments. It is a more pervasive phenomenon than previous research suggested. In the age of the Internet, the costs of entry for fraudulent investment enterprises are significantly lower and, at the same time, the ability to reach millions of potential victims quickly is significantly higher.



Demographic and Economic Factors

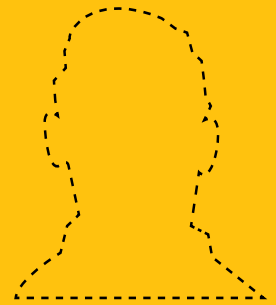
The recent financial crisis not only battered the portfolios of many investors, it also placed a spotlight on investment fraud. In turbulent economic times, ongoing schemes tend to unravel as wary investors begin demanding their cash. And the opportunity for new fraud can rise, as fraudsters look for any hook to exploit those who hope to recover their losses. Tough economic times and low interest rates have caused a sharp drop in income for many seniors, who are often prime targets of fraudsters.

These factors have combined to make many more receptive to pitches touting false guarantees and above-market returns. About 7.3 million older Americans, or about one in every five adults age 65-plus, have been victims of a financial scam, according to a study published in 2010 by the Investor Protection Trust.

The collapse of the housing bubble, in particular, resulted in massive numbers of mortgage fraud crimes. The Associated Press reported on October 9, 2012, that federal investigators charged 530 people accused of defrauding more than 73,000 homeowners around the country who fell behind on mortgage payments, leaving them vulnerable to con artists offering to help them avoid foreclosures. At a news conference that day, U.S. Attorney General Eric H. Holder, Jr. estimated that the homeowners had lost more than \$1 billion in the fraud schemes. Those arrests came on top of earlier arrests from Operation Clean Sweep, a 2010 action of the Mortgage Fraud Working Group of the Financial Fraud Enforcement Task Force that resulted in charges against and convictions and sentences for more than 1,500 criminal defendants. Civil enforcements resulting from Operation Clean Sweep resulted in the recovery of \$200 million.

The Face of Investment Fraud

Recent research has shattered stereotypes of investment fraud victims. Do you know anyone who fits the following profile:



- ✓ Is male, age 55 to 65?
- ✓ Is self-reliant when it comes to making decisions?
- ✓ Is optimistic?
- ✓ Earns an above-average income?
- ✓ Is of above-average financial knowledge?
- ✓ Is college-educated?
- ✓ Has recently experienced a health or financial setback?
- ✓ Is open to new ideas—or sales pitches?

If so, you know someone who fits the profile of an investment fraud victim. But, regardless of this profile, anyone with money is at risk of succumbing to the barrage of influence tactics used by fraudsters.

Source: Consumer Fraud Research Group (2006)



Financial Fraud Enforcement Task Force

President Obama established the interagency Financial Fraud Enforcement Task Force in November 2009 to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources.

For more information, visit www.stopfraud.gov.

TYPES OF INVESTMENT SCAMS

Con artists have a smorgasbord of choices when it comes to choosing a financial scam.

Investment scams can take many forms—and fraudsters can turn on a dime when it comes to developing new pitches or come-ons for the latest fraud. Fraudsters are innovative. They prey on economically relevant topics and perpetrate their crimes in a variety of ways—from high-tech (over the Internet, in chat rooms, or on online bulletin boards) to low-tech (over the telephone, through direct mail, and in person). They also seem to have a knack for matching the right kind of financial fraud to the right target. But while the wrapper or hook might change, the most common investment frauds tend to fall into the following general schemes:

Pyramid Scheme



In a pyramid scheme, fraudsters claim that they can turn a small investment into large profits within a short period of time—but in reality participants make money solely by recruiting new participants into the program. The fraudsters typically go to great lengths to make their programs appear to be legitimate multi-level marketing schemes. Pyramid schemes eventually fall apart when it becomes impossible to recruit new participants, which can happen quickly. By the time a pyramid gets ten levels away from the fraudster, the number of participants required to keep the money flowing is more than triple the U.S. population.

Ponzi Schemes



These scams are named for Charles Ponzi, who duped thousands in a sensational postal coupon fraud in the 1920s. In a Ponzi scheme, a person known as a “hub” attracts money from new investors and uses it to pay so-called “returns” to earlier-stage investors, rather than investing or managing the money as promised. Like pyramid schemes, Ponzi schemes require a steady stream of incoming cash to stay afloat. But unlike pyramid schemes, investors in a Ponzi scheme typically do not have to recruit new investors to earn a share of the “profits.” Ponzi schemes tend to collapse when the fraudster at the hub can no longer attract new investors or when too many investors attempt to get their money out—for example, during turbulent economic times.

Pump-and-Dump Schemes



In a pump-and-dump scheme, a fraudster deliberately buys shares of a very low-priced stock of a small, infrequently traded company and then spreads positive, usually false, information to build (or “pump”) interest in the stock. Believing they’re getting in early on a promising investment, unknowing investors create buying demand, resulting in a rapidly increasing stock price. The fraudster then sells (or “dumps”) his shares at the higher price and vanishes, leaving many people caught with worthless shares of stock when it becomes apparent there was no basis for the positive outlook for the promoted company. Pump-and-dumps have been

traditionally carried out by cold callers operating out of boiler rooms, or through fax or online newsletters. Today the most common vehicles are spam emails and text messages.

Advance Fee Fraud



In an advance fee investment fraud, the fraudster offers to pay an enticingly high price for worthless stock in the investor’s portfolio. However, the investor must remit a “processing fee” in advance to pay for the service. The fraudster receives the payment from the investor but never purchases the stock as intended. Advance fee schemes often apply to many other common financial frauds, including beneficiary and lottery scams and the oft-mentioned “Nigerian 419” scam. Regardless the hook, the format is the same—the consumer is duped into handing over their own funds with the expectation of something of greater value, which never materializes.

Offshore Scams



These frauds originate in a foreign company but target U.S. investors. Offshore scams can take a variety of forms, including pyramid and Ponzi schemes. Many involve “Regulation S,” a rule that exempts both U.S. and foreign companies from registering securities with the Securities and Exchange Commission (SEC) if the securities are sold only overseas. Fraudsters break the law when they sell these securities, which aren’t registered, to U.S. investors. Whatever form an offshore scam takes, it can be difficult for U.S. law enforcement agencies to investigate the fraud or rectify harm to the investors when the fraudsters act from outside the United States.

These are just a few examples of the types of investment fraud that may affect citizens in your community. The Federal Bureau of Investigation (FBI) provides a further listing of common financial fraud schemes online at www.fbi.gov/scams-safety/fraud. Further, FINRA regularly issues Investor Alerts that address not only fraud schemes, but considerations that consumers should take into account when considering a variety of financial transactions.

A select number of Investor Alerts are included on the enclosed CD, or visit www.SaveAndInvest.org/FraudCenter for more information.

PSYCHOLOGY OF A SCAM

Fraudsters make their living by making sure the deals they tout appear both good and true. The trick is figuring out when “good” becomes “too good.”

The common thread that binds different types of fraud is the psychology behind the pitch. Successful con criminals are clever, disciplined, and highly skilled at what they do. But you can help citizens in your community protect themselves, their families, and their friends by teaching them to recognize how financial fraudsters operate. Whether they make their pitch over the Internet, by telephone, through the mail, or in person, these criminals tend to use the same tactics time after time.

Red Flag of Fraud	Definition	Example	Red Flag Tip
Phantom Riches	Dangling the prospect of wealth by enticing you with something you want but cannot have.	“These gas wells are guaranteed to produce \$6,800 a month in income.”	Take time to think through the pitch. What is the salesperson really saying? Is he dangling incredible returns? Guarantees? Is he saying that the investment itself will lead to a different—and much better—lifestyle?
Source Credibility	Capitalizing on the belief that it is better to deal with credible people in positions of authority.	“Believe me, as a senior vice president of XYZ firm, I would never sell an investment that doesn’t produce.”	A seller may have a corner office, framed diplomas or certificates, and wear a suit. But credibility can be faked. A first step is to check to see if the seller is licensed to sell investments at www.SaveAndInvest.org .
Social Consensus	Leading you to believe that if everyone wants it, it must be good.	“I know it’s a lot of money, but I’m in and so are my mom and half her church—and it’s worth every dime.”	Does the pitch focus on how many others are interested? Investing is a personal decision. Ask yourself if you are interested in the investment and if the objectives and risks are right for you.
Reciprocity	Offering to do a small favor in return for a big favor.	“I’ll give you a break on my commission if you buy now—half off.”	Was the pitch preceded by a free meal, book, or video? Do you feel obliged to do the salesperson a favor? If someone does a small favor for you, don’t feel compelled to do a big favor for him in return.
Scarcity	Creating a fake sense of urgency by claiming limited supply or limited time. If something is rare, it must be more valuable.	“There are only two units left, so I’d sign today if I were you.”	Is the offer good for only a limited time or in a limited quantity? Take time to evaluate the offer—don’t allow yourself to be rushed into making any financial decision. A legitimate offer will be there tomorrow.

An ounce of prevention is worth a pound of cure

The FINRA Investor Education Foundation produced a documentary film—*Trick\$ of the Trade: Outsmarting Investment Fraud*—to help teach consumers the tactics employed by fraudsters and the best ways to defend against them. The film combines humor with information on tangible resources proven to thwart fraudulent attempts. Order your FREE DVD copies today to share in your community outreach. Online at www.SaveAndInvest.org/NCPC.



BE A FRAUD FIGHTER

Take these easy steps to help members of your community spot and avoid fraud.

Many consumers don't believe they are at risk of becoming a victim. When confronted with fraud prevention information, many mistakenly assume the message is "not for them." However, if you have the right messages and tools, you can make a difference in the lives of many.

Risk: It's important for your community to realize that everyone—including them—is at risk.

- Notify people that while they think they might not be at risk, they are. Couple this message with research and stories about the real face of investment fraud victims at www.SaveAndInvest.org/FraudCenter/FraudStories. We've found that this intrigues and compels the audiences to continue listening.
- Pose the question outright: "Are you at risk?" Encourage others to use the FINRA Foundation's online Risk Meter (www.SaveAndInvest.org/Meters/Risk) to find out the answer for themselves.

Persuasion: It's crucial that your audience understands how savvy fraudsters are and how effective they are at persuading victims.

- Highlight the "red flag" persuasion tactics.
- Ask, "Is it a scam?" The FINRA Foundation has developed a Scam Meter (www.SaveAndInvest.org/Meters/Scam) to help consumers determine if an investment they are considering shows any red flags, which could indicate it is a scam.

Prevention: Finally, give people two simple steps they can take any time to reduce their risk of fraud: "Ask and Check."

- Ask questions—such as "Are you a licensed broker?" and "Is the investment registered?"
- Then visit www.SaveAndInvest.org/FraudCenter to verify the answers.

For event-planning tips and printable handouts, check the enclosed CD!

FRAUD PREVENTION IS CRIME PREVENTION

Pilot Programs in Washington State and Arizona lead the way

Crime prevention practitioners have proven to be powerful fraud prevention outreach partners at the local level. Since 2009, the FINRA Foundation has partnered with the Washington State Crime Prevention Association (WSCPAs) to deliver hundreds of *Outsmarting Investment Fraud* presentations to thousands of consumers. WSCPAs has also distributed tens of thousands of DVDs and *Fighting Fraud 101* brochures throughout the state. In 2011, the Arizona Crime Prevention Association joined the effort. The messages have resonated with local populations—and have even led to the discovery of scams. NCPA and the FINRA Foundation have now joined together to train even more fraud fighters. This year, we trained new partners in Alaska, Connecticut, Florida, Idaho, Kentucky, Montana, Nevada, New York, Rhode Island, Texas, Utah, Virginia, and Wisconsin. Join the cause!

HELP FROM THE FINRA INVESTOR EDUCATION FOUNDATION

The FINRA Investor Education Foundation developed an investor protection campaign, which includes an *Outsmarting Investment Fraud* curriculum shown to reduce the incidence of investment fraud by approximately 50 percent. The FINRA Foundation makes available for free a variety of investor alerts, publications, newsletter articles, PSAs, and curriculum materials. Whether you're looking to share simple tips or give a more in-depth presentation, these resources can help! **Check the enclosed CD or refer to the SaveAndInvest.org Fighting Fraud Toolkit for more information.**

CRIME PREVENTION MONTH

October is a special time to recognize the achievements of the last 12 months and plan new ways to keep communities safe.

Each October, Americans of all ages, incomes, walks of life, and fields of expertise celebrate Crime Prevention Month. It's a special time of year when everyone engaged in crime prevention recognizes the past year's crime prevention successes and starts laying the groundwork for the next year's activities.

Everyone can contribute to crime prevention. There are big and small ways to do it. Everything from cleaning up graffiti to providing extracurricular activities for at-risk youth or even keeping an eye on an older person who lives alone is practicing crime prevention. Crime prevention keeps people—and their communities—safe and helps ensure individuals live up to their potential no matter their way of life or where they live. It's all about helping people keep themselves, their families, and their communities safe from crime.

During Crime Prevention Month, people across the country organize Celebrate Safe Communities events to spread the word about crime prevention, encourage new crime prevention activities, and make sure their communities stay safe. Usually, organizers work with their local law enforcement agencies and other civic groups. Once they're ready, they register their plan at CelebrateSafeCommunities.org. Then they're good to go!

Crime Prevention Month is dedicated to four themes—one theme per week. Here are some suggested activities:



WEEK
1

Protecting Your Personal Property

- Work with a local key maker to educate people about the importance of having good locks—and using them effectively.
- Organize a meeting between local law enforcement and residents to discuss how together they can improve community safety.
- Paint out graffiti and clean up the neighborhood to make it less attractive to loiterers, vandals, and thieves.
- Publicize ways to keep bicycles safe from theft.
- Hold a “take back the streets” march.
- Organize a Neighborhood Watch Group.
- Arrange a week of home safety audits by local law enforcement.

WEEK
2

Staying Safe in a High-Tech World

- Organize a program for teens about sexting and how it isn't cool—and how it's against the law.
- Talk to a class at school about ways children and teens can prevent cyberbullying and how to respond to it.
- Work with law enforcement to organize a campaign to educate the community about ways to prevent identity theft.
- Arrange for a local educator or counselor to present NCPC's podcast on cyberbullying.
- Host an event about preventing investment fraud because many investment crimes take place online.
- Present the material in NCPC's publication *Preventing Identity Theft: A Guide for Consumers* to community audiences.

WEEK 3

School Safety and Security

- Organize a PTA membership drive.
- Host an event with McGruff the Crime Dog® to teach children about ways to stay safe.
- Implement NCPC's *Be Safe and Sound in School* program.
- Teach NCPC's *Community Works* curriculum.
- Work to establish a drug-free zone on and near the school grounds.
- Advocate a zero tolerance policy for school violence.
- Sponsor extracurricular activities so youth will have a positive outlet for their energy and not commit acts of vandalism or violence in or near the school.
- Organize a career fair so at-risk youth can set their sights on positive goals.
- Arrange with NCPC for a Crime Prevention Through Environmental Design (CPTED) evaluation of the school to help make sure it's designed for safety.










WEEK 4

Safety in the Golden Years

- Present the FINRA Foundation's *Outsmarting Investment Fraud* curriculum at your library, a senior center, or a local community center.
- Show the FINRA Foundation's movie *Trick\$ of the Trade: Outsmarting Investment Fraud* or hand out free DVDs of the program in locations throughout your community.
- Teach seniors how to say "No" to a range of threatening situations—investment proposals, get-rich-quick schemes, attempts to steal their identities.
- Teach citizens to "ask and check" before they consider working with an investment professional or buying an investment product.
- Arrange a meeting at a community center, faith congregation, or seniors' residence to discuss ways seniors can keep from becoming victims of telemarketing fraud and distribute NCPC's *Seniors and Telemarketing Fraud 101* publication.
- Hand out investor alerts, *Fighting Fraud 101* brochures, and other publications at all your community events.
- Hold a class on how to prevent identity theft.
- Distribute NCPC's new materials on spotting elder abuse.



A Proclamation

-  **WHEREAS** the United States has experienced a prolonged period of economic uncertainty
-  **WHEREAS** financial fraud increases during times of economic turbulence
-  **WHEREAS** billions are lost each year to financial fraud
-  **WHEREAS** financial fraud wreaks havoc on the lives of millions of Americans every year
-  **WHEREAS** financial fraud is often targeted at seniors, who have the most to lose
-  **WHEREAS** 77 million Baby Boomers will be retiring over the next 20 years
-  **WHEREAS** many financial fraud victims do not report their victimization because they do not know where to turn
-  **WHEREAS** education, empowerment, and support can help prevent and detect crime, including financial fraud
-  **WHEREAS** a dedicated cadre of expert crime prevention practitioners across the country is trained and ready to work with members of the community and provide the education necessary to prevent financial fraud

Now, therefore, I _____ do hereby proclaim October
[name of leader, title]
2014 as Crime Prevention Month in _____ and urge all citizens,
[name of jurisdiction]
community organizations, congregations, schools and universities, government agencies, public
and private institutions, and businesses to invest in the power of prevention through education
and to work together to protect Americans, especially seniors, from heartless financial scams so
that _____ is a safer, more caring community where people of all ages and
[name of jurisdiction]
walks of life can be free of threats to their livelihoods, means of support, savings, and homes.

WORKING WITH THE NEWS MEDIA

Good relations with the news media can further your crime prevention goals—now and in the future.

Nothing breeds success like success, and the more publicity you get for your crime prevention programs, projects, and events, the more people will want to design their own programs. Remember, imitation is the best form of flattery. And good publicity can result in improved access to people or businesses that want to support crime prevention in general and even provide funding.

The best way to generate this publicity is to work—proactively and professionally—with the news media.

Once you've defined your goals you're ready to get started.

Your first contact with the news media can set the stage for the remainder of your publicity efforts.

- Write a news release. (See the tips in the box below and sample.)
- Call the newsroom of your media outlet—community newsletter, city newspaper, radio station, television station, public access cable channel—and make an appointment with the reporter or editor who covers community events, the community calendar, or crime.
- Prepare an outline of the points you want to make at the appointment and rehearse them beforehand.
- Try to link your efforts to some local news event—even a crime. It's always good to provide a “hook” that relates to something currently in the news.
- Dress nicely and show up on time.
- Make your pitch, and make sure that you provide the names of any noted community leaders, civic officials, or business leaders who are participating in your program.
- Leave a copy of your news release with the newsroom staffer. Include any fact sheets about crime prevention that might be persuasive. Put everything in a folder for the staffer so he or she can retrieve it quickly.
- Make certain the newsroom staffer has your name and contact information.
- If you're not initially successful, ask about the criteria for future coverage.
- Write and send a follow-up letter after the appointment, even if there has been no promise of coverage.
- Follow up at regular intervals. Persistence pays off!
- Send a copy of the coverage—or a tape—to NCPC for possible future use.
- After publication or airing of a report based on your news release, write a thank-you note to each member of the newsroom staff involved in publicity for your event.



Writing a News Release

- ✓ Write your news release the same way you'd like to see it appear in print. It should follow the format of a typical news story—who, what, why, when, where. Try to link your news release to a current news event. Include as many facts and figures as possible. Avoid adjectives and flowery language.
- ✓ Make sure you've spelled the names of people mentioned in your release correctly and double-check all your facts.
- ✓ Keep the release as short as possible. Brevity is the soul of “publishability.”
- ✓ Make high-quality photocopies of your release.
- ✓ Send your initial press release as far in advance as possible, then follow up by email or phone at weekly intervals in the remaining four weeks prior to the event. Keep your calls and emails short.

NCPC Focuses on Financial Fraud

Thirty million Americans are victimized every year.

Contact: Name, phone number, and email address

Date: Day, month, and year

[Anytown, USA]: The National Crime Prevention Council (NCPC), home of McGruff the Crime Dog®, is marking this year's Crime Prevention Month, October, with a focus on preventing the growing problem of financial fraud, which robs people of their assets and their financial well-being.

More than 30 million Americans are victimized each year, and the problem is getting worse with the advent of Internet and automated telephone technology. The losses are estimated at more than \$50 billion each year. The victims are people of all ages, walks of life, and education—though, in many cases, older Americans are most vulnerable. Many are eager to take back the financial ground they've lost during the recession and, as a result, have become the prime targets of con artists who paint rosy portraits of financially secure retirements.

Huge sums are lost to financial fraud. In one case alone—the Mutual Benefits case in Florida— 35,000 people were victimized and the losses totaled \$2 billion. The case, one of the largest Ponzi schemes in state history, involved the promise of fake advance payments to life insurance policy holders. Eighteen thousand people were victimized by the Greater Ministries case, a Ponzi scheme in which religion was invoked along with promises that the money provided by “gifters” would be rewarded by divine providence with a double return. The investors collectively lost \$500 million.

“Financial fraud is a crime of mass proportions,” said Ann M. Harkins, president and chief executive officer of the National Crime Prevention Council, which has joined with the FINRA Investor Education Foundation to present NCPC's 2013–2014 Crime Prevention Month Kit, an annual print and online resource. “People lose their life savings and even their homes.

They lose their sense of security. Everyone suffers—the victims, their families, the community.”

According to Gerri Walsh, President of the FINRA Investor Education Foundation, “While the bad news is that just about any adult can be the target of financial fraud, the good news is that when people learn how to take steps to spot the red flags of fraud and make investments only when they have investigated the opportunity thoroughly, the incidence of this crime is reduced.”

While you can never completely safeguard your investments against the risk of losses that may result from fluctuations in the securities markets, there are ways to protect your investments from the risks of theft, loss and even errors. These include the following:

- Taking the time to make a solid, knowledgeable decision
- Asking what state or federal agencies regulate the offering firm and with whom it is registered
- Checking the license of anyone proposing an investment using FINRA BrokerCheck, available at www.SaveAndInvest.org/ProtectYourMoney/AskandCheck
- Checking to make sure that investments are registered with the U.S. Securities and Exchange Commission
- Always requesting written information
- Making financial commitments only after fully understanding the risks
- Safeguarding personal financial information
- Regularly reviewing financial account statements and information for accuracy
- Saying “No” and reporting to authorities when a scam is suspected

Research by the Consumer Fraud Research Group for the FINRA Investor Education Foundation produced some significant surprises. The study sought to build a profile of an investment fraud victim and to identify the most common persuasion tactics evident in a variety of fraud schemes. Among other findings, the study revealed that typical victims are financially knowledgeable, college educated, have an above-average income, and are self-reliant in their decision making. Fraudsters are masters of the art of persuasion, luring victims into making an emotional—

not rational—decision. Therefore, while many victims may be financially literate, they are often less persuasion literate.

“We believe that education can help to prevent crime, and that is as true of financial fraud as any other type of crime,” said Harkins. “Crime prevention practitioners across the country are ready to step up and help provide that education.”

The 2013–2014 Crime Prevention Month Kit can be found at www.ncpc.org under “Programs.”

The National Crime Prevention Council was founded in 1982 to lead the nation’s efforts in educating and mobilizing people to prevent crime. Surveys show that NCPC’s icon, McGruff the Crime Dog®, is well-recognized by people of all ages. Together, NCPC and McGruff have helped communities spread the prevention message through training, mass media, demonstration programs, conferences, publications, and numerous partnerships with government and community organizations.

The mission of the FINRA Investor Education Foundation is to provide underserved Americans with the knowledge, skills, and tools necessary for financial success throughout life. The Foundation provides high-quality, easily accessible information and tools to help investors better understand the markets and the basic principles of saving and investing. The FINRA Foundation’s Fraud Center, online at www.SaveAndInvest.org, offers easy-to-use tools and information to help investors make sound financial decisions and protect themselves from investment fraud.

NCPC RESOURCES

NCPC Websites

Crime Prevention Coalition of America
www.ncpc.org/cpca

McGruff.org
www.mcgruff.org

McGruff Club
www.ncpc.org/programs/mcgruff-club

McGruff Store
www.mcgruffstore.org

National Crime Prevention Council
www.ncpc.org

National Crime Prevention Association
www.ncpc.org/ncpa

Topics

Celebrate Safe Communities
www.celebratesafecommunities.org

Circle of Respect
www.circleofrespect.org

Crime Prevention Month
www.ncpc.org/programs/crime-prevention-month

Crimes Against Seniors
www.ncpc.org/topics/crime-against-seniors

Cyberbullying
www.ncpc.org/newsroom/current-campaigns/cyberbullying

Gang Violence Prevention
www.ncpc.org/topics/gang-violence-prevention

Halloween Safety
www.ncpc.org/topics/halloween-safety

Intellectual Property Theft
www.ncpc.org/topics/intellectual-property-theft

Investment Fraud Prevention
www.ncpc.org/programs/investor-fraud-prevention-program

Training and Events
www.ncpc.org/training

Training for New Law Enforcement Officers and Crime Prevention Practitioners
www.ncpc.org/programs/national-training-and-technical-assistance-partnerships

Violent Crime and Personal Safety
www.ncpc.org/topics/violent-crime-and-personal-safety

Selected Publications and Speeches

Archive of Crime Prevention Month Kits
www.ncpc.org/programs/crime-prevention-month/crime-prevention-month-kits

Identity Smart: A Guide for Consumers to Help Protect Against Identity Theft
www.ncpc.org/resources/files/pdf/theft/NCPC-ID%20Theft.pdf

NCPC President Talks About the Circle of Respect Initiative
www.ncpc.org/about/news/ncpc-president-talks-about-the-circle-of-respect-initiative

Seniors and Telemarketing Fraud 101
www.ncpc.org/resources/files/pdf/fraud/senfraud_rev4.pdf

Testimony of Ann M. Harkins, President and Chief Executive Officer, National Crime Prevention Council, before the U.S. House of Representatives Commerce, Justice, Science Appropriations Subcommittee, Fiscal Year 2014 Public Witness Hearing
March 21, 2013
www.ncpc.org/resources/files/pdf/Harkins%202013%20CJS%20Testimony.pdf

SELECT RESOURCES RELATED TO FINANCIAL FRAUD

More resources and links are available on the enclosed CD.

FINRA and FINRA Foundation on the Web

FINRA Investor Education Foundation

www.saveandinvest.org/fraudcenter

Email Newsletter Subscriptions

www.saveandinvest.org/emailsubscriptions/fraud

Fraud Stories

www.saveandinvest.org/fraudcenter/fraudstories

Free Publications Ordering Portal

www.saveandinvest.org/investor/ncpc

Trick\$ of the Trade: Outsmarting Investment Fraud

www.saveandinvest.org/tricksofthetrade

Financial Industry Regulatory Authority (FINRA)

www.finra.org/investors

FINRA BrokerCheck

www.finra.org/brokercheck

FINRA Investor Alerts

www.finra.org/investoralerts

Follow us on Social Media

 FINRA Investor Education Foundation

 @FINRAFoundation

 @FINRA_Investor

 FINRAFoundation

Other Important Websites

Federal Bureau of Investigation

www.fbi.gov/stats-services/publications/securities-fraud

Financial Fraud Enforcement Task Force

www.stopfraud.gov

Financial Fraud Research Center

www.fraudresearchcenter.org

National Association of Triads

www.nationaltriad.org

National Center for Victims of Crime

www.ncvc.org

National Center on Elder Abuse

www.ncea.aoa.gov

National White Collar Crime Center

www.nw3c.org

North American Securities Administrators Association

www.nasaa.org

U.S. Commodity Futures Trading Commission

www.cftc.gov

U.S. Department of Justice – Community-Oriented Policing

www.cops.usdoj.gov

U.S. Department of Justice – Office for Victims of Crime

www.ojp.usdoj.gov/ovc

U.S. Federal Trade Commission – Bureau of Consumer Protection

www.ftc.gov/bcp

U.S. Postal Inspection Service

www.postalinspectors.uspis.gov

U.S. Securities and Exchange Commission

www.sec.gov

www.investor.gov



The National Crime Prevention Council (NCPC) is a private, nonprofit tax-exempt [501(c)(3)] organization whose primary mission is to be the nation's leader in helping people keep themselves, their families, and their communities safe from crime. NCPC's strategic plan for 2007 through 2011 is centered on four goals: protect children and youth; partner with government and law enforcement to prevent crime; promote crime prevention and personal safety basics; and respond to emerging crime trends. NCPC publishes books, kits of camera-ready program materials, posters, and informational and policy reports on a variety of crime prevention and community-building subjects. NCPC offers training, technical assistance, and a national focus for crime prevention: it acts as secretariat for the Crime Prevention Coalition of America, more than 400 national, federal, state, and local organizations representing thousands of constituents who are committed to preventing crime. NCPC also sponsors the National Crime Prevention Association, an individual membership association to promote resources and career development to crime prevention practitioners. It hosts two websites: www.ncpc.org for adults and www.mcgruff.org for children. It operates demonstration programs in schools, neighborhoods, and entire jurisdictions and takes a major leadership role in youth crime prevention and youth service. NCPC manages the McGruff® "Take A Bite Out Of Crime®" public service advertising campaign. NCPC is funded through a variety of government agencies, corporate and private foundations, and donations from private individuals.



The Financial Industry Regulatory Authority (FINRA) is an independent, non-governmental regulator for all securities firms doing business with the public in the United States. FINRA works to protect investors and maintain market integrity in a public-private partnership with the Securities and Exchange Commission (SEC), while also benefiting from the SEC's oversight.

Through the **FINRA Investor Education Foundation**, we provide investors with high-quality, easily accessible information and tools to better understand the markets and the basic principles of saving and investing. FINRA and the FINRA Investor Education Foundation do not sell investment products, promote products or firms, or offer specific investment advice.

The FINRA Investor Education Foundation has partnered with NCPC to deliver an educational training program on investment fraud prevention throughout the United States. This investor protection campaign seeks to protect investors from investment fraud by helping to equip them to:

- recognize that they are vulnerable to financial fraud;
- identify persuasion techniques; and
- reduce risky behaviors by asking questions and checking information.

Through easy-to-use tools and resources, available at the SaveAndInvest.org website, the FINRA Foundation helps you teach consumers to make informed financial decisions—and arms you with the information you need to protect others from investment fraud.

To increase your fraud-fighting knowledge, visit www.SaveAndInvest.org.

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Printed in the United States of America
September 2013

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www.ncpc.org

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