

# Taking Action: Assisting Victims of Financial Fraud

National Crime Prevention Council  
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## Presenters



Joshua Bailes  
Program Manager

National Center for  
Victims of Crime



Christine Kieffer  
Senior Director

FINRA Investor  
Education Foundation



## FINRA & FINRA Foundation

### Financial Industry Regulatory Authority (FINRA)

- ▶ Independent, non-governmental regulator for all securities firms doing business with the public in the U.S.
- ▶ Protects investors and maintains market integrity in a public-private partnership with the SEC
- ▶ Created through consolidation of NASD and NYSE Regulation
- ▶ Regulation, enforcement, education

### FINRA Investor Education Foundation

- ▶ Awards grants and manages targeted projects focused on investor education and protection



## National Center for Victims of Crime

- ▶ The mission of the National Center for Victims of Crime is to forge a national commitment to help victims of crime rebuild their lives. We are dedicated to serving individuals, families, and communities harmed by crime.
- ▶ Through collaboration with local, state, and federal partners, the National Center:
  - ▶ Advocates for Stronger Rights, Protections, and Services for Crime Victims
  - ▶ Provides Education, Training, and Evaluation
  - ▶ Serves as a Trusted Source of Current Information on Victims' Issues



## Partnership Focus

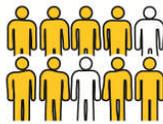
Improve the outcomes for financial fraud victims by:

- ▶ Emphasizing recovery;
- ▶ Using victim-affirming and centered approaches; and
- ▶ Developing resources that are easy to use.



## Why Financial Fraud?

**More than 8 in 10**  
solicited for  
potentially fraudulent offers



**\$50 BILLION**  
per year lost to fraud

**Americans age 65 and older**  
**are more likely to be targeted**  
and 34% more likely to lose  
money once targeted than  
respondents in their 40s.

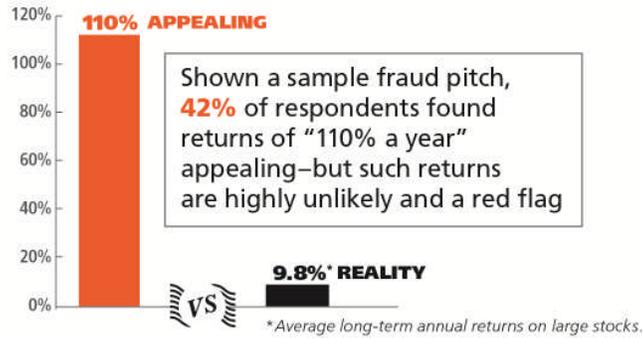


Source: FINRA Investor Education Foundation research report, *Financial Fraud and Fraud Susceptibility in the United States* (2013).



# Why Financial Fraud?

Many Americans cannot identify the classic red flags of fraud.



Source: FINRA Investor Education Foundation research report, *Financial Fraud and Fraud Susceptibility in the United States* (2013).

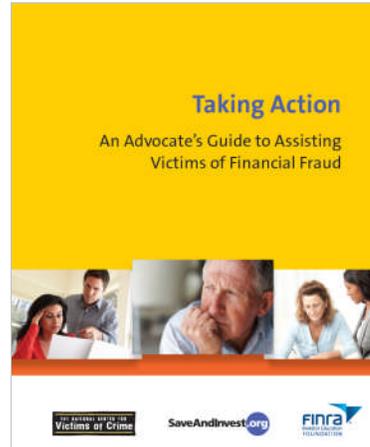


# A Call from Ruth



## An Advocate's Guide

- ▶ Holistic Recovery
- ▶ Realistic Expectations
- ▶ Clear Action Steps
- ▶ Victim-Centered Approach



## Traditional Costs of Financial Fraud

Individual victim losses may include:

- ▶ time and money spent clearing up financial and credit records;
- ▶ lifetime or retirement savings, benefits, or personal property;
- ▶ home or home equity;
- ▶ retirement income;
- ▶ ability to live independently; and
- ▶ employment.



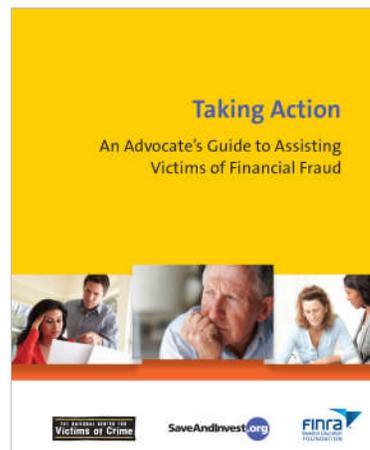
## Non-Financial Costs of Financial Fraud

- ▶ Denial
- ▶ Fear
- ▶ Guilt
- ▶ Shame
- ▶ Isolation
- ▶ Anger
- ▶ Loss of self-confidence
- ▶ Loss of trust in others
- ▶ Depression



## Taking Action: An Advocate's Guide

- ▶ Laying the Foundation
- ▶ The Advocate's Role
- ▶ Action Steps
- ▶ Additional Resources



# Major Categories

1. Identity Theft
2. Investment Fraud
3. Mortgage and Lending Fraud
4. Mass Marketing and Other Fraud



# How Fraud Happens

## Phantom Riches

Dangling the prospect of wealth, enticing you with something you want but can't have.



## Source Credibility

Trying to build credibility by claiming to be with a reputable firm or to have a special credential or experience.



## Social Consensus

Leading you to believe that other savvy investors have already invested.



## RED FLAGS OF FRAUD

## Reciprocity

Offering to do a small favor for you in return for a big favor.



## Scarcity

Creating a false sense of urgency by claiming limited supply.



## Emotions used by Perpetrators

- ▶ Compassion: Messages that appeal to the heart.
- ▶ Fear: Messages that scare us into action.
- ▶ Affinity/Social Acceptance: Messages that appeal to the need for belonging.



## Barriers to Recovery

- ▶ Not knowing where to turn
- ▶ Feeling that reporting wouldn't make a difference
- ▶ Fear of loss of legal or financial control
- ▶ Threats and intimidation from the perpetrator(s)
- ▶ Loss of esteem or prestige in social group
- ▶ Concern over family/friend being arrested
- ▶ Lack of confidence in authorities to respond and assist.



## The Advocate's Role

- ▶ Show compassion and listen actively
- ▶ Help victim identify the type of fraud
- ▶ Encourage victim to report to authorities; connect victim to resources for reporting
- ▶ Set expectations for recovery
- ▶ Understand why victim may return multiple times
- ▶ Share prevention resources; make advocacy connections



## What Victims Need to Know

1. Recovery requires work.
2. Reporting matters.
3. Full financial recovery is difficult to achieve.
4. Civil legal action is possible – but may not work.
5. Resources are available.
6. Recovery is also about health.
7. There may be silence.



## General Action Steps for Victims

1. Create a Case File
2. Know Your Rights
3. Report the Suspected Fraud Widely
4. Consider Civil Remedies



## General Action Steps for Advocates

1. Refer Victims to Resources
2. Safety Planning
3. Consider calling Adult Protective Services, if necessary
4. Refer to Mental Health Counselors



# SaveAndInvest.org Fraud Center

**File a tip with regulators**

**Be a fraud fighter**

**Sign up for the e-newsletter!**

**Ask and Check**

The screenshot shows the SaveAndInvest.org Fraud Center homepage. It features a navigation bar with links like 'Financial Basics', 'Control Debt', 'Think for the Future', and 'Protect Your Money'. The main content area includes a 'Be a fraud fighter. Get informed—and get involved.' section, a 'Protect Yourself and Others From Fraud' section with a 'Before You Invest, Ask and Check' tip, and a 'Research Center on the Prevention of Financial Fraud' section. Callout boxes with arrows point to a 'File a tip with regulators' button, a 'Be a fraud fighter' button, a 'Sign up for the e-newsletter!' button, and the 'Ask and Check' tip.



## What's Next?

- ▶ Download/order *Taking Action: An Advocate's Guide to Assisting Victims of Financial Fraud*
  - SaveAndInvest.org/FraudCenter – see Program and Outreach Toolkit
- ▶ Encourage colleagues to order copies of the guide
- ▶ Fraud-type-specific training webinars with NCVC
- ▶ Questions?
  - ▶ Christine Kieffer, [christine.kieffer@finra.org](mailto:christine.kieffer@finra.org)
  - ▶ Joshua Bailes, [jbailes@ncvc.org](mailto:jbailes@ncvc.org)



# Take Action: *Become a Fraud Fighter*

