Taking Action:  
Assisting Victims of  
Financial Fraud  
National Crime Prevention Council  
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Presenters  
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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.

Why Financial Fraud?

Many Americans cannot identify the classic red flags of fraud.

![Graph showing the appeal of fraud versus reality.](image)

Shown a sample fraud pitch, 42% of respondents found returns of “110% a year” appealing—but such returns are highly unlikely and a red flag.

*Average long-term annual returns on large stocks.


A Call from Ruth

![Image of Ruth.](image)
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.

- **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

- Sign up for the e-newsletter!
- Be a fraud fighter
- File a tip with regulators
- Ask and Check

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?
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Take Action:  
**Become a Fraud Fighter**