

Unit 9:
**Consumer Fraud and Identify
Theft**

Personal Financial Literacy

Objectives

- Match consumer protection agencies with their descriptions.
- Match consumer fraud techniques to their descriptions.
- Analyze sales techniques used by sales personnel to get a consumer to make a purchase.
- List options for making a consumer complaint.
- List the effects of identity theft on victims.

Objectives - Continued

- Distinguish among federal laws that address identity theft.
- Identify types of information identify thieves look for.
- Discuss ways in which thieves steal information.
- State guidelines for protecting your identity.
- List effective ways to determine if you are a victim of identity theft.

Objectives - Continued

- Explain steps to take if you are a victim of identity theft.
- Select from a list ways to protect yourself from credit card fraud.

Consumer Bill of Rights

- Right to Safety
- Right to Be Informed
- Right to Choose Freely
- Right to Be Heard – Voice complaints and concerns
- Right to Redress – to receive a fair settlement of just claims, compensate or set a situation right in unfair situation
- Right to Consumer Education



Consumer Protection Agencies

- FDA – Food and Drug Administration – responsible for protecting the public health by ensuring the safety and security of human and veterinary drugs, biological products, and medical devices.
- U.S. Postal Service
- Department of Agriculture
- Federal Trade Commission
- Better Business Bureau
- USAGov (formerly Federal Citizen Information Center)
- Oklahoma Attorney General Consumer Protection Unit (CPU) – ensures a safe and fair market place in Oklahoma takes legal action against businesses who practice deceptive, fraudulent or unfair advertising or sales practices.

Consumer Fraud

- Encouraging consumer to buy something through cheating, misleading, or trickery
- Fraud can happen:
 - in person
 - by telephone
 - by mail
 - On the Internet

Who Gets Defrauded?

- More than 30 million Americans are victims of fraud each year. (Updated 16.7 Identity fraud in 2017)
- Most are younger victims who don't go to college or who have high amounts of debt.



Schemes and Scams

- Foreign lottery scams
- Unauthorized billing
- Buyers club memberships not agreed to
- Prize promotions
- Work-at-home scams
- Credit card insurance
- Credit repair scams
- Pyramid schemes

Protect Yourself

- Beware of high-pressure sales.
- Check it out with Better Business Bureau.
- Ask questions /ask for information in writing.
- Do not give someone you don't know a large amount of cash.
- Never give your credit card number to anyone over the telephone or internet.

Protect Yourself - Continued

- Order only through a secure website.
- Insist on proof when someone says they're from your bank or credit card company.
- Beware of prizes you have to pay for.
- Make sure businesses are legitimate.
- **If it sounds too good to be true, it probably is.**

Sales Gimmicks

- Puffery – exaggerated statements
- Bait and switch
- Rebates
- Loss leaders
- Infomercials
- Deceptive pricing



Identify Theft Legislation

- Fair Credit Reporting Act – regulates the collection of credit information and the access to credit reports.
- Fair Credit Billing Act – protects consumers from unfair billing practices and errors
- Electronic Fund Transfer Act – protects consumers in the transfer of funds thru electronic methods
- Gramm- Leach-Bliley Act – requires financial institutions to explain their information sharing practices
- Identity Theft and Assumption Deterrence Act – makes identity theft a federal crime with penalties up to 15 years imprisonment and maximum fine of \$250,000
- Identity Theft Penalty Enhancement Act – makes identity theft a separate crime



- When a person knowingly uses another person's means of identification to commit an illegal act.
 - Social Security numbers
 - Drivers licenses
 - Credit card numbers
 - Other financial account information

Ways of Stealing Your Identify

- Wallets, purses
- Mail
- Computer hacking
- Trash
- Telephone
- Email or phishing
- Skimming
- Change of address in your name
- Bribing others who have your info
- Misrepresenting self or using false documents



Protecting Your Identify

- Don't give out personal information where it can be overheard.
- Shred personal information you don't need.
- Deposit outgoing mail at Post Office.
- Put your mail on vacation hold
- Don't give out personal information by phone, mail or internet.

Protecting Your Identify - Continued

- Check Free annual credit reports: Equifax, Experian, TransUnion
- Take banking and credit card phone numbers on vacation.
- Don't keep PINs or passwords with checks, credit or debit cards, or near computer.
- Type your PIN into a cell phone to show someone who requests it.

What to Protect

- Social Security number
- Credit and debit cards
- Other financial information
- Internet and computers



Credit Reports

- Request report any time, for a fee.
- FREE credit report after being turned down for a loan
- Free credit report from each of the three primary credit bureaus annually
- Stagger requests throughout the year

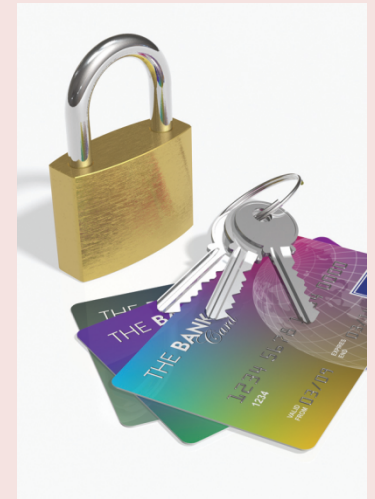
Reacting to ID Theft

- Call creditors. Follow-up in writing.
- File police report.
- Contact credit bureaus.
- Request credit reports.
- Contact Social Security.
- Get new driver's license number.
- Contact utilities and service providers.
- Open new accounts.
- File ID Theft Complaint with FTC (Federal Trade Commission) and IC3 (Internet Crime Complaint Center).



Credit Card Safety

- Don't leave wallet unattended.
- Memorize PINs.
- Get credit card back from restaurants.
- Ask for credit card slips.
- Sign the back of cards.
- Cut up expired or cancelled cards.
- Open statements promptly.



Protect Your Plastic

- Keep account information in safe place
- Make copies of front and back of credit cards
- Safely store contact numbers for credit cards
- Notify companies ASAP if card is stolen



Safe Shopping Online

- Unbroken lock
- “Https”
- Third-party verification



Lost or Stolen Cards

- \$50 liability for credit card
- Debit cards – \$50 liability if institution notified within two days
- If report is delayed, can be liable for entire amount

Unit Review

1. What did President Kennedy introduce to benefit consumers during his presidency?
2. What is the main federal agency overseeing consumer protection, and what is its function or purpose?
3. What state agency is in charge of fraud in Oklahoma?
4. Name two private consumer protection agencies and describe what they do.
5. Who is most likely to be a victim of consumer fraud?

Unit Review - Continued

6. According to the FTC, what are some of the top acts of consumer fraud affecting Americans?
7. Discuss the power of advertising.
8. Give examples of puffery.
9. What type of fraud involves advertising one product and substituting another higher-priced product?
10. What should consumers who have received inferior products or service do?

Unit Review - Continued

11. Discuss ways to locate a company headquarters.
12. Discuss the effects of identity theft.
13. What law makes it illegal to use false verbal or written information to get a customer's personal information from a financial institution?
14. Explain the Identity Theft and Assumption Deterrence Act and the Identity Theft Penalty Enhancement Act.
15. Discuss ways someone can get your personal information without your permission or knowledge.

Unit Review - Continued

16. Explain what identity theft is.
17. Distinguish between phishing and hacking.
18. Describe how a thief gets personal information from skimming and pretexting.
19. What are some of the ways a thief might use personal information?
20. Discuss ways to protect yourself from identity theft.
21. What makes a good password for a financial account?

Unit Review - Continued

22. Describe what you should do if you are a victim of identity theft.
23. Discuss ways to guard against credit card fraud.

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