

### Learning Objectives

Students will be able to

- Identify signs of common types of scams and fraud
- Understand the ever increasing prevalence of scams and fraud and their impact on the US population
- Take preventative steps to protect yourself from being a victim of scams and/or fraud
- Explain steps to take if you are a target of a scam or fraud

### Approximate Time

- Lesson length: 120 mins

### Jump\$tart Standards

Investing

- 4a: Identify warning signs of investment fraud

Risk Management & Insurance

- 1d: Investigate consequences of insurance fraud

Financial Decision Making

- 2a: Evaluate whether financial information is objective, accurate and current

### Distribute to Students

- [Student Activity Packet FY-8.2](#)

### Plan Your Unit

- [Unit Plan for Financial Pitfalls](#)
- [Financial Pitfalls on www.ngpf.org](#)
- [Customizable Parent Newsletter: Financial Pitfalls](#)



## LESSON PLAN

	Resources	Questions	Est. Time
1	<a href="#">DISCUSSION PROMPTS</a>	<b>Discussion Prompts</b> Discuss these questions with your classmates or with a partner: <ol style="list-style-type: none"> <li>1. What are some types of scams or fraud that you've heard about recently?</li> <li>2. What steps do you currently take to protect your personal information?</li> </ol>	5 mins
2	REFERENCE <ul style="list-style-type: none"> <li>• <a href="#">Types of Financial Pitfalls</a></li> <li>• Publisher: NGPF</li> </ul>	<b>Types of Financial Pitfalls</b> As stated in the previous lesson, we're going to be exploring a wide range of financial pitfalls that people fall prey to throughout this unit. This slide highlights which specific category we'll be focusing on in this lesson. Take a moment to reflect on what you may already know about this category and write down any questions you have before moving on.	2 mins
3	VIDEO (2:05) <ul style="list-style-type: none"> <li>• <a href="#">What is a Scam?</a></li> <li>• Publisher: HerefordshireCABx</li> </ul>	<b>What is a Scam?</b> What is a scam? How does a scam work? Watch this video to find out. Then, answer the questions. <ol style="list-style-type: none"> <li>1. In your own words, define what a scam is.</li> </ol>	5 mins

	<ul style="list-style-type: none"> <li>❖ <b>Teacher Tip:</b> This video includes statistics from the UK; here are some statistics for the U.S.: In 2016, ID theft and fraud cost consumers more than \$16 Billion in the U.S.</li> <li>❖ <b>Teacher Tip:</b> Please note that many sources state that scams are a type of fraud; fraud is the umbrella term. For this reason, we will primarily use the term "fraud" in this lesson and will use "scam" when it's used in the title or resource. <a href="#">This source</a> explains the exact difference between the two terms.</li> </ul>	<p>2. Given what you've learned from the video, why do you think so many people are victims of scam and fraud?</p>	
<b>4</b>	<p>WEB QUEST</p> <ul style="list-style-type: none"> <li>• Fraud Infographic Web Quest</li> <li>❖ <b>Teacher Tip:</b> Use the types of fraud listed on Page 9 of <a href="#">this report</a> (also Resource #6) to assign students a different type of fraud. It's ok if there are repeats. The main idea is to prevent students from doing a general search and using the same few infographics.</li> </ul>	<p><b>Fraud Infographic Web Quest</b></p> <p>Your teacher will assign you a specific type of fraud. Take a few minutes to do some research and find a reliable infographic on that type of fraud or scam. Then, answer the questions.</p> <ol style="list-style-type: none"> <li>1. Read through your infographic and write a brief description about the type of scam/fraud it covers.</li> <li>2. What, if anything, surprised you about this type of scam/fraud?</li> </ol>	15 mins
<b>5</b>	<p>QUESTION OF THE DAY</p> <ul style="list-style-type: none"> <li>• <a href="#">Who loses more money to financial fraud? Millennials or senior citizens?</a></li> <li>• Publisher: NGPF</li> </ul>	<p><b>Who loses more money to financial fraud? Millennials or senior citizens?</b></p> <p>Answer the question presented on the first slide of this Question of the Day in your Student Activity Packet. Then, follow your teacher's directions on how to answer the follow-up questions.</p> <ol style="list-style-type: none"> <li>1. Write <u>your</u> answer to this Question of the Day here.</li> <li>2. Were you surprised by the actual answer? Why or why not?</li> </ol>	5 mins

6	<p>ARTICLE</p> <ul style="list-style-type: none"> <li>• <a href="#">Trends in Scams and Fraud</a></li> <li>• Publisher: Consumer Sentinel Network</li> </ul> <p>❖ <b>Teacher Tip:</b> Have students scroll through the report until they find the page that provides statistics on your state. You can then ask them specific questions about the data you find there!</p>	<p><b>Trends in Scams and Fraud</b></p> <p>This report published by the Consumer Sentinel Network includes a wealth of information about the types of scams and fraud that occur. Look through the data on pages 5, 7, and 11 and answer the questions.</p> <ol style="list-style-type: none"> <li>1. Your friend says the following: “I don’t really believe scams and fraud are things I need to worry about. I mean, no one <i>I know</i> has ever said anything about being a victim.” Using data from <b>page 5</b>, what would you say in response and what specific data would you use to support your claim?</li> <li>2. Look at the data on <b>page 7</b> for Top 10 Fraud Categories. You’ll notice that these categories are organized by “# of reports”. Which of the other three metrics (% Reporting \$ Loss, Total \$ Loss, Median \$ Loss) do you think the data could be primarily categorized by? Explain your reasoning.</li> <li>3. What are the top 3 types of fraud categories if they were reranked by the metric you selected in question #2?</li> <li>4. Look at the data on <b>page 11</b>. Why do you think that the most popular form of payment method for fraud is a wire transfer?</li> </ol>	15 mins
7	<p>DATA CRUNCH</p> <ul style="list-style-type: none"> <li>• <a href="#">What is the most effective contact method for fraudsters?</a></li> <li>• Publisher: NGPF</li> </ul>	<p><b>What is the most effective contact method fraudsters use to steal your money?</b></p> <p>Let’s dig in deeper into one of the graphs from the previous report! Answer the questions on this worksheet to complete the Data Crunch.</p>	10 mins
8	<p>ARTICLE</p> <ul style="list-style-type: none"> <li>• <a href="#">Anatomy of a Scam</a></li> <li>• Publisher: NPR</li> </ul> <p>❖ <b>Teacher Tip:</b> If you have limited time, you can listen from 3:27-9:40, but students will miss the part where Doris gives her debit card info and may not be able to complete all of the questions. If you have more time, you can listen to the entire clip or just the portion from 14:50-16:21 to hear the follow up call Doris gets.</p>	<p><b>Anatomy of a Scam</b></p> <p>As you saw in the previous resource, the most common contact method for fraud is by phone. Listen to 3:27-13:48 of this Planet Money Podcast in which a real life phone scam (that tries to get people to work from home by selling products online) is broken down for us. Then, answer the questions.</p> <ol style="list-style-type: none"> <li>1. What tactics did the salesman use to convince Doris to provide her financial information?</li> <li>2. What can you learn from this particular scam to avoid getting into trouble?</li> </ol>	18 mins
9	<p>ARTICLE</p> <ul style="list-style-type: none"> <li>• <a href="#">Phone Scams</a></li> <li>• Publisher: FTC</li> </ul>	<p><b>Phone Scams</b></p> <p>What are some other red flags that can alert you to a phone scam? What should you do if you receive an unsolicited sales call? Skim through this resource to find out and answer the questions.</p> <ol style="list-style-type: none"> <li>1. Look through the “How to Recognize a Phone Scam”</li> </ol>	10 mins

		<p>section. What kinds of trends do you notice in the strategies scammers may use?</p> <p>2. In the same section, the article reminds you that “you don’t need to decide now.” What specific advice would you give <i>yourself</i> to help you handle a scam call that is pressuring you to make a rash decision?</p> <p>3. What can someone do if they want to prevent most unsolicited phone calls?</p> <p>4. If you receive an unsolicited sales call, what can you do?</p>											
10	<p>VIDEO (1:25)</p> <ul style="list-style-type: none"><li>• <a href="#">IRS Issues Warning On Tax Fraud Schemes</a></li><li>• Publisher: CBS News</li></ul>	<p><b>Tax Scams</b></p> <p>Another common type of fraud to watch out for is Tax Fraud. Watch this video to learn about this type of fraud and answer the questions.</p> <p>1. In your own words, describe what tax fraud is.</p> <p>2. How can you identify that someone is trying to commit tax fraud?</p>	5 mins										
11	<p>ARTICLE</p> <ul style="list-style-type: none"><li>• <a href="#">Insurance Fraud</a></li><li>• Publisher: Legal Dictionary</li></ul> <p>❖ <b>Teacher Tip:</b> Have students individually read the “What is Insurance Fraud” and “Types of Insurance Fraud” sections. Then, use a Jigsaw for the different types of insurance fraud in this article.</p>	<p><b>Insurance Fraud</b></p> <p>Most of the previous resources focused on different types of fraud and how you can protect yourself from them. In this resource, however, you’ll read about why it’s NOT a good idea to falsify claims and commit fraud YOURSELF! Use the article to answer the questions and learn more about types of insurance fraud.</p> <p>1. Read the definition of insurance fraud and look at the graphic under the “Definition of Insurance Fraud” section. In your own words, explain <i>why</i> someone would commit insurance fraud.</p> <p>2. SKIM through the different sections of the article that cover the following types of insurance fraud and fill out the table below.</p> <table><tr><th>Type of Fraud</th><th>Short Description In Your Own Words</th></tr><tr><td>Life</td><td></td></tr><tr><td>Health</td><td></td></tr><tr><td>Auto</td><td></td></tr><tr><td>Property</td><td></td></tr></table> <p>3. Scroll down to about ¾ of the page to the “Real Life Insurance Fraud Cases” section, and read through the 3 accounts of insurance fraud. What surprised you about these stories?</p>	Type of Fraud	Short Description In Your Own Words	Life		Health		Auto		Property		10 mins
Type of Fraud	Short Description In Your Own Words												
Life													
Health													
Auto													
Property													

<b>12</b>	VIDEO (2:06) <ul style="list-style-type: none"> <li>• <a href="#">Ponzi vs. Pyramid Scheme: What's The Difference?</a></li> <li>• Publisher: NowThis World</li> </ul>	<b>Ponzi vs. Pyramid Scheme: What's The Difference?</b> The last types of fraud we'll examine in this lesson are two types of investment fraud: the Ponzi Scheme and the Pyramid Scheme. Watch this short video to learn more about these types of schemes and answer the questions. <ol style="list-style-type: none"> <li>1. In your own words, explain how Ponzi Schemes work (How are people recruited? What happens to the money?).</li> <li>2. How do Ponzi Schemes differ from Pyramid Schemes?</li> </ol>	5 mins
<b>13</b>	ARTICLE <ul style="list-style-type: none"> <li>• <a href="#">Multi-Level Marketing</a></li> <li>• Publisher: Investopedia</li> </ul>	<b>Multi-Level Marketing</b> Pyramid schemes are often confused with Multi-Level Marketing (MLM) companies, which are legitimate businesses! Read through this article and answer the question to learn more about MLM! <ol style="list-style-type: none"> <li>1. In your own words, explain how you can tell if a business is a legitimate, multi-level marketing company or an illegal pyramid scheme.</li> </ol>	5 mins
<b>14</b>	ARTICLE <ul style="list-style-type: none"> <li>• <a href="#">What to Do If You've Been a Victim of Scams or Fraud</a></li> <li>• Publisher: Consumer Reports</li> </ul>	<b>What to Do If You've Been a Victim of Scams or Fraud</b> Taking preventative measures can definitely protect your information, but it doesn't guarantee that you are 100% safe from getting scammed. So, what should you do if that happens? Read this article, starting from the "Report the Scam" section, and use the information to answer the questions. <ol style="list-style-type: none"> <li>1. If it's unlikely that you'll get your money back, why should you still report a scam?</li> <li>2. What does the article recommend you focus on given the fact that you're unlikely to get your money back? Why do you think this is an important step?</li> </ol>	5 mins
<b>15</b>	EXIT TICKET <p>❖ <b>Teacher Tip:</b> To access this Exit Ticket, please see the Sample Completed Student Activity Packet (SSAP). You can find this on the <a href="#">Unit Page</a> this resource is in.</p>	<b>Exit Ticket</b> Follow your teacher's directions to complete the Exit Ticket.	5 mins



## EXTEND THE LEARNING

### DO MORE...

#### DATA CRUNCH

- [How Prevalent Is Financial Fraud](#)
- Publisher: NGPF

#### INTERACTIVE

- [Quizlet Cashcabulary | Financial Pitfalls](#)
- Publisher: NGPF

### LEARN MORE...

#### ARTICLE:

- [How Do You Report Suspected Tax Fraud Activity?](#)
- Publisher: IRS

#### QUESTION OF THE DAY

- [What's the most popular way for financial scammers to contact consumers?](#)

#### ACTIVITY

- [PROJECT: Create a Scam Guidebook](#)
- Publisher: NGPF

#### FINCAP FRIDAY

- [Tis the Season of Scammers](#)
- Publisher: NGPF

- Publisher: NGPF

#### VIDEO

- [Craigslist Car Scam](#)
- Publisher: CBS 5
- [How to Know if an Email is Real](#)
- Publisher: CBS

### FAST FACTS...

- 70% of fraud cases reported occurred over the telephone. (Consumer Sentinel Network Data Book 2017)
- Telephone scams cost each victims on average \$430 as of 2017. (MarketWatch.com)
- The number of scams reported has decreased by \$300k in 2017, but the reported amount lost has increased by \$63 million. (Consumer Sentinel Network Data Book 2017)
- The States with the highest rates of reported fraud were Florida, Georgia, Nevada, Delaware, and Michigan. (Consumer Sentinel Network Data Book 2017)