

New Report Shows What Internet Scams Cost Americans Most

RICHMOND, VA - April 9, 2002 - Nearly 43 percent of all reported Internet fraud comes from auction fraud, according to the Internet Fraud Complaint Center's annual data trends report. The IFCC, a partnership between the Federal Bureau of Investigation (FBI) and the National White Collar Crime Center (NW3C), today released an annual compilation of information on complaints received from victims and referred to law enforcement during its first full year of operation. Non-deliverable merchandise and non-payment accounted for 20.3 percent of complaints and Nigerian Letter fraud made up nearly 15.5 percent of complaints. Credit/debit card fraud and confidence fraud round out the top five categories of complaints referred to law enforcement during the year. Nigerian letter fraud (\$5,575), identity theft (\$3,000), and investment fraud (\$1,000) complainants filed the highest median dollar losses.

During the report period that spans January 1, 2001 through December 31, 2001, complaints filed with the IFCC totaled 49,711, with unique Web hits to the site (www.ifccfbi.gov) totaling nearly 17.1 million. Many of the complaints the IFCC has taken involve incidents like computer intrusion, hacking, and child pornography and were not Internet-fraud specific. All complaints received by the IFCC are reviewed and referred on behalf of the person filing the complaint. Of the on-line filings, the IFCC referred 16,775 Internet fraud complaints to law enforcement or regulatory agencies across the nation. Efforts from the IFCC-sponsored initiative called "Operation Cyber Loss," resulted in criminal charges being brought against approximately 90 individuals. The fraud schemes exposed by the May 2001 initiative represented over 56,000 victims who suffered cumulative losses in excess of \$117 million. Additional scheme take down initiatives are pending.

"Fraud committed via the Internet makes investigation and prosecution difficult because the offender and victim may be located thousands of miles apart. This borderless phenomena is a unique characteristic of Internet crime and is not found with many other types of traditional crime," said Thomas Richardson, Deputy Assistant Director, Criminal Investigative Division of the FBI. "Jurisdictional issues often require the cooperation of multiple agencies to resolve a case. This is a hallmark of the IFCC. It streamlines the case initiation effort and saves victims and enforcement agencies a great deal of time."

The number of complaints to the IFCC is rising rapidly. While the primary mission of the IFCC is to address Internet fraud, the IFCC served a critical role for the United States starting on September 11, 2001. On that date, just hours after the terrorist attacks in New York, Pennsylvania, and metropolitan Washington, D.C., the IFCC Web site served as the mechanism by which people filed on-line tips with the FBI regarding these attacks. Tens of thousands of tips were received and processed in real-time in the months following the tragedies and some of the information received proved useful for the prevention of

further terrorist acts and the subsequent criminal investigation. With the IFCC's recent role in collecting terrorist tips for the FBI, the activity to its Web site has soared and fraud complaints are expected to show a dramatic increase.

Public awareness and education is number one. For law enforcement, increased training is key—not only for the people responsible for protecting the industry from these types of attacks, but also for those investigating it.

"We anticipate the number of complaints to rise from 1,000 a week to 1,000 a day," said Richard L. Johnston, Director of the NW3C. "We know more Internet crime is out there, it's just a matter of victims knowing where to go to report it and then actually reporting it."

For more information on the IFCC, or to obtain a copy of the 2001 annual data trends report, visit www.ifccfbi.gov. Tips on preventing Internet and computer-related fraud can also be found on the IFCC Web site.