

***Consumer Fraud:* A 2008 Survey of AARP Colorado Members' Experiences and Opinions**

Presented by
Jennifer Sauer, AARP Knowledge Management

for
**2008 Colorado Attorney General's Summit
on Senior Financial Exploitation**

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About this Survey:

- **Survey was conducted between August and September 2008**
- **A mail survey was sent to 2,000 randomly selected AARP members residing in Colorado and 890 completed surveys were returned for a response rate of 45 percent.**
- **Survey responses were weighted to reflect the member distribution of the age segments [ages 50-59; 60-74; and 75+] in the member population of Colorado. This survey is not weighted back to general population.**
- **As of September 2008, there are 703,143 AARP members residing in Colorado.**

HIGHLIGHTS

Top Five Company types

AARP Colorado Members are Highly Concerned about Misleading and/or Taking Advantage of Consumers: ^[1]

Extremely / Very Concerned

1. Companies selling products by phone (telemarketing)	78%
2. Used car dealers	66%
3. Mortgage Lenders	59%
4. Pharmaceutical companies	54%
5. Companies selling products over the internet	53%

Still, another half of all members are highly concerned about:

Companies or people who sell health insurance plans	52%
Health care organizations	49%

^[1] See *Consumer Fraud: 2008 Survey of AARP Colorado Members' Experiences and Opinions*, Question 1.

Computer and Internet Use

Computer/Internet Problems Experienced in last 12 months (n= 644 CO AARP Members who access internet)

	Yes	No	Don't know	No answer
SPAM	74%	17%	1%	8%
Email scams offering money/ other if paid	39%	48%	6%	8%
Phishing	32%	46%	13%	8%
Spyware	24%	46%	21%	10%
Viruses	20%	65%	7%	8%

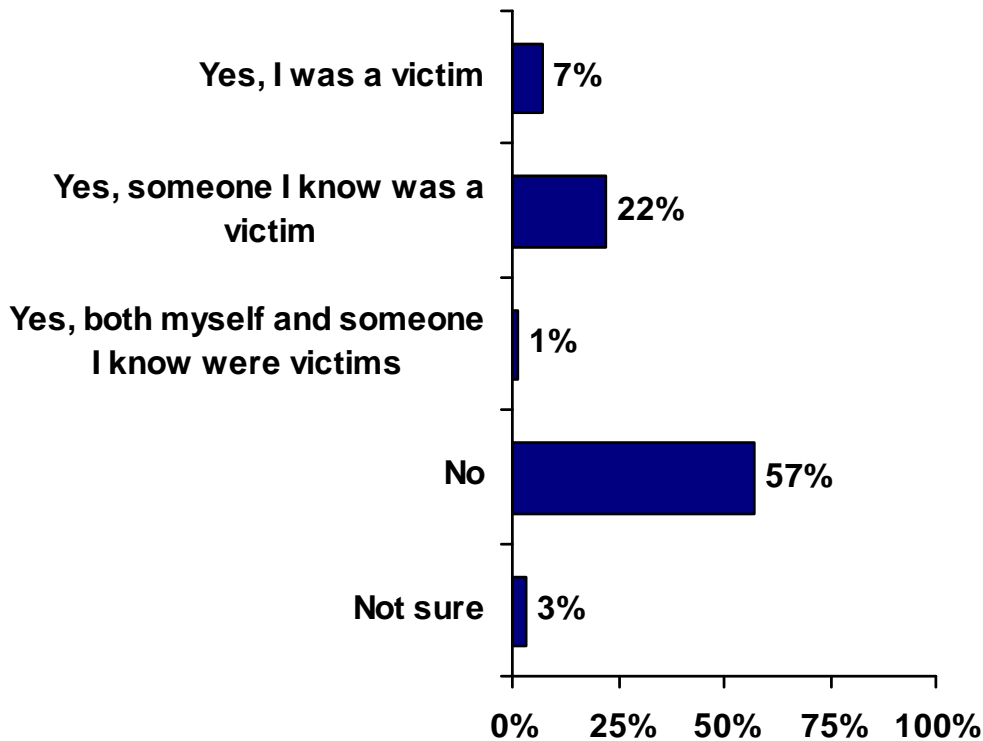
Computer/Internet Problems Ever Experienced in 2006 (n=2,236 respondents in seven MSA's)^[1]

	Yes	No	Don't know	No answer
SPAM	88%	11%	1%	<1%
Email scams offering money/ other if paid	80%	18%	2%	<1%
Phishing	46%	43%	10%	1%
Spyware	54%	34%	12%	2%
Viruses	46%	51%	3%	<1%

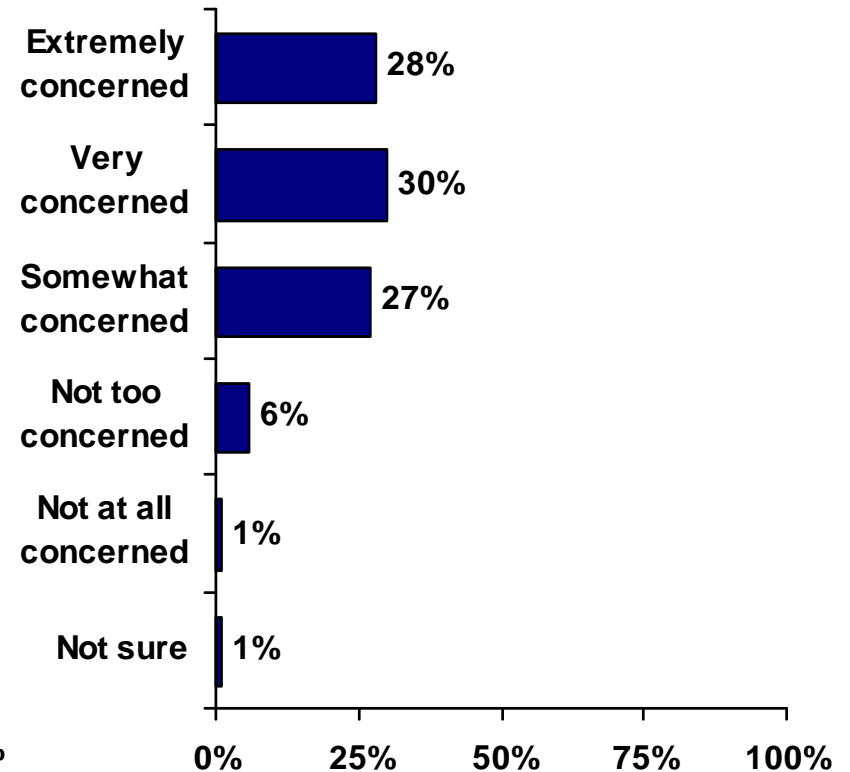
^[1] Please see *Caught in the Net* (2006) reports by Jennifer H. Sauer describing findings from seven Metro Statistical Areas across the states at www.aarp.org/research/.

Identity Theft

**Incidence of Identity Theft Among
AARP Colorado Members
(n=890)**

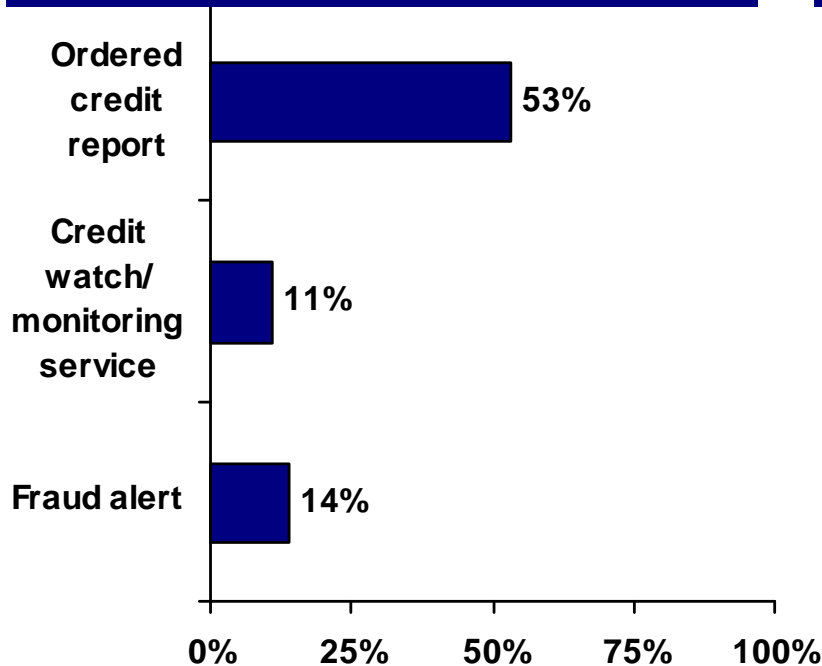


**Concern About *Becoming*
a Victim of Identity Theft
(n=890)**



Preventing Identity Theft

National Credit Bureau Services AARP Members Registered For/Purchased in Past 3 Years (n=890)



Proportion of Colorado Members Report Placing Security Freeze on Credit Files (n=890)

Yes → 4%

No → 72%

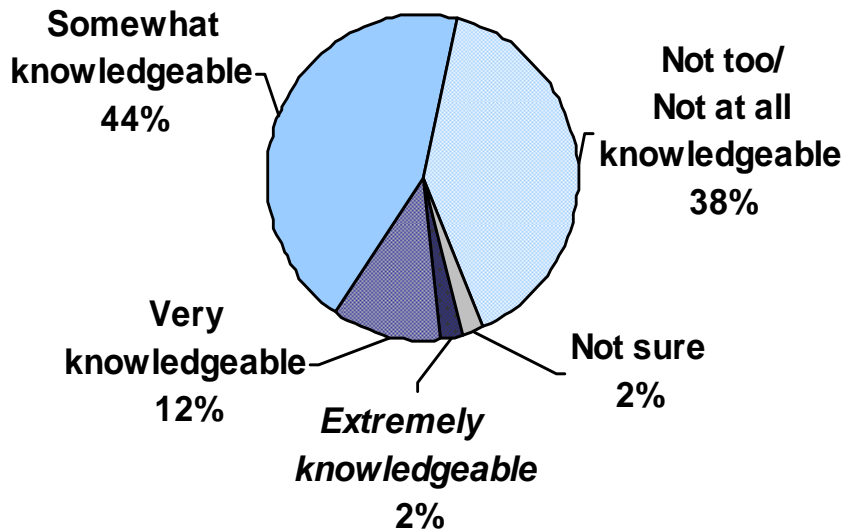
Never heard of this service → 13%

Not sure → 7%

No answer → 9%

Securities and Investment Fraud

Self-reported Knowledge of *Investing* (n=890)



Self-reported Investment *Behavior* (n=890)

Invest in Retirement Plan → 43%

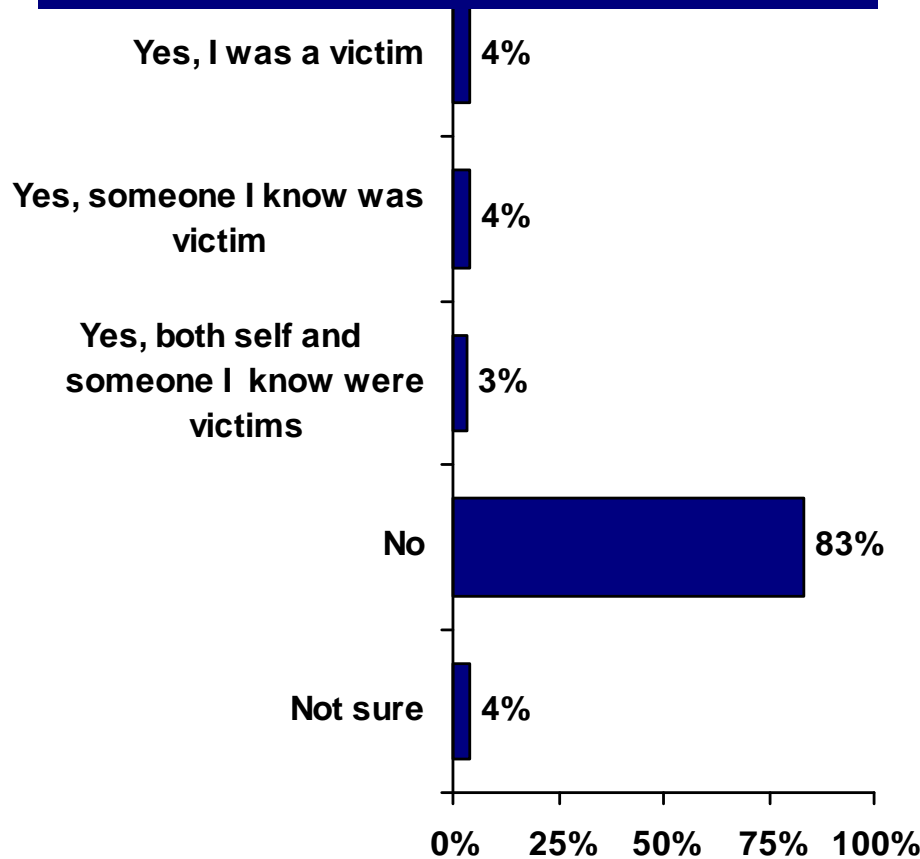
Invest in other Securities → 60% (n=533)

Ever Hired Stockbroker → 68% (n=360)

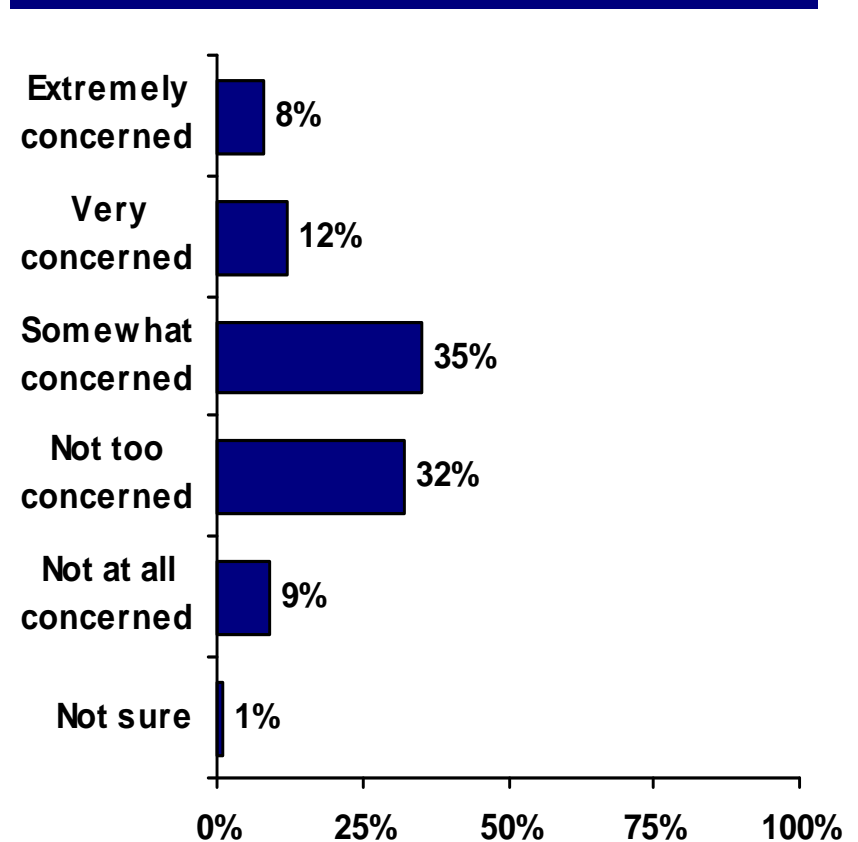
Ever Checked Broker Background → 45% (n=360)

Securities and Investment Fraud

Incidence Security Fraud Among AARP Colorado Members
(n=533 investing members)



Concern About *Becoming* a Victim of Investment/Securities Fraud
(n=533 investing members)

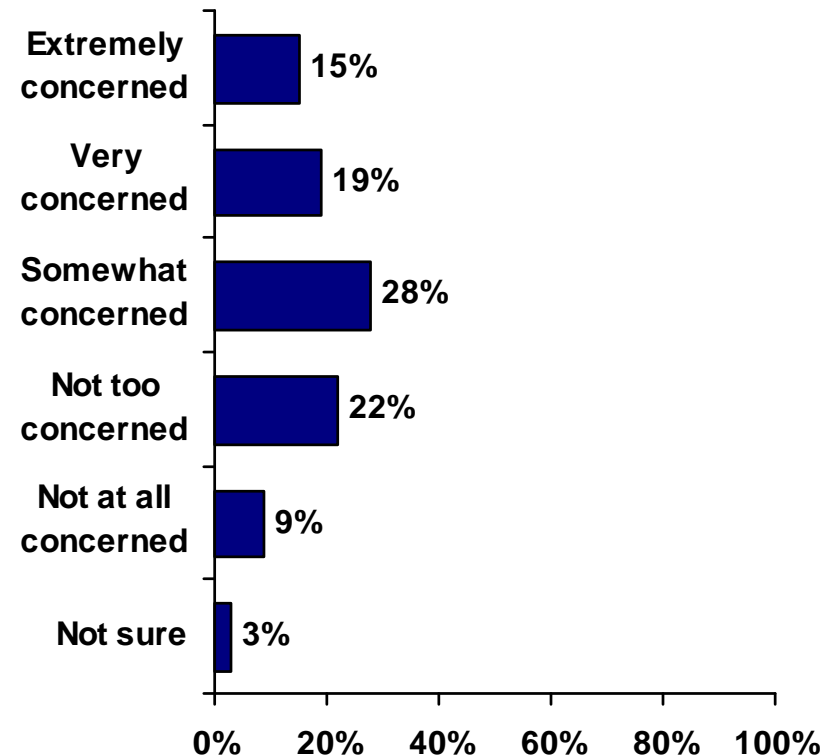


Mortgage and Loan Issues

Incidence Security Fraud Among AARP Colorado Members (n=735 homeowner members)

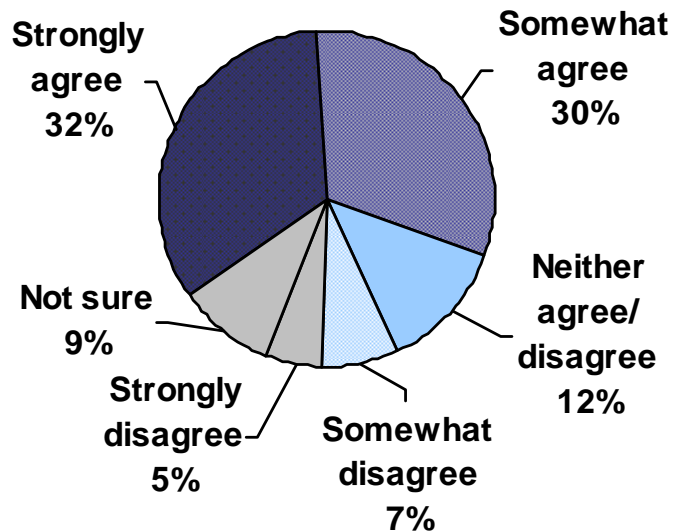
	Yes	No	Don't know	No answer
Home value decreased	47%	37%	11%	5%
Mortgage interest increased	7%	37%	2%	19%
Sold home	5%	72%	<1%	16%
Moved to more affordable home	4%	79%	<1%	16%
Moved into apartment	<1%	80%	<1%	17%
Postponed selling own home	12%	83%	1%	15%
Lost home to foreclosure	1%	73%	<1%	16%

Concern About Effect of Mortgage Foreclosures on Own Neighborhood (n=890)



Mortgage and Loan Issues

Level of Agreement: Borrowers of Non-traditional Loans Given Opportunities to Restructure Loan
(n=890)



Strong Support of Consumer Protections around Non-traditional Mortgage Loans
(n=890)

Require clear notice of pending foreclosure → 69%

Require lender to consider ability to pay → 64%

Require lender to offer consumer-suitable loan product → 57%

Prohibit excessive penalties/fees → 55%

Require lender to renegotiate loans → 54%

Home Repair / Improvement Issues

Home Repair Experiences (n=890)

	Yes	No	Don't know
Ever hire person/company to make home repair	68%	28%	1%
Ever had bad experience as result of hiring person/company to make home repair (n=609)	31%	67%	2%

Strong Support of Consumer Protections around Home Improvement Contractors (n=890)

Require disclosures that inform homeowners they are signing a loan using home as collateral → 76%

Requiring lenders to consider homeowners ability to repay the loan AND the property's value before providing a loan → 70%

Consumer Protection Priorities

	Top Priority	High Priority
Identity Theft →	67%	23%
Mortgage Fraud →	59%	27%
Investment Fraud →	52%	29%
Home Repair/Financing Issues →	40%	38%

Preventing Internet Fraud

Actions Taken to Avoid Harmful Internet/Computer Problems (n= 644 CO AARP Members who access internet)

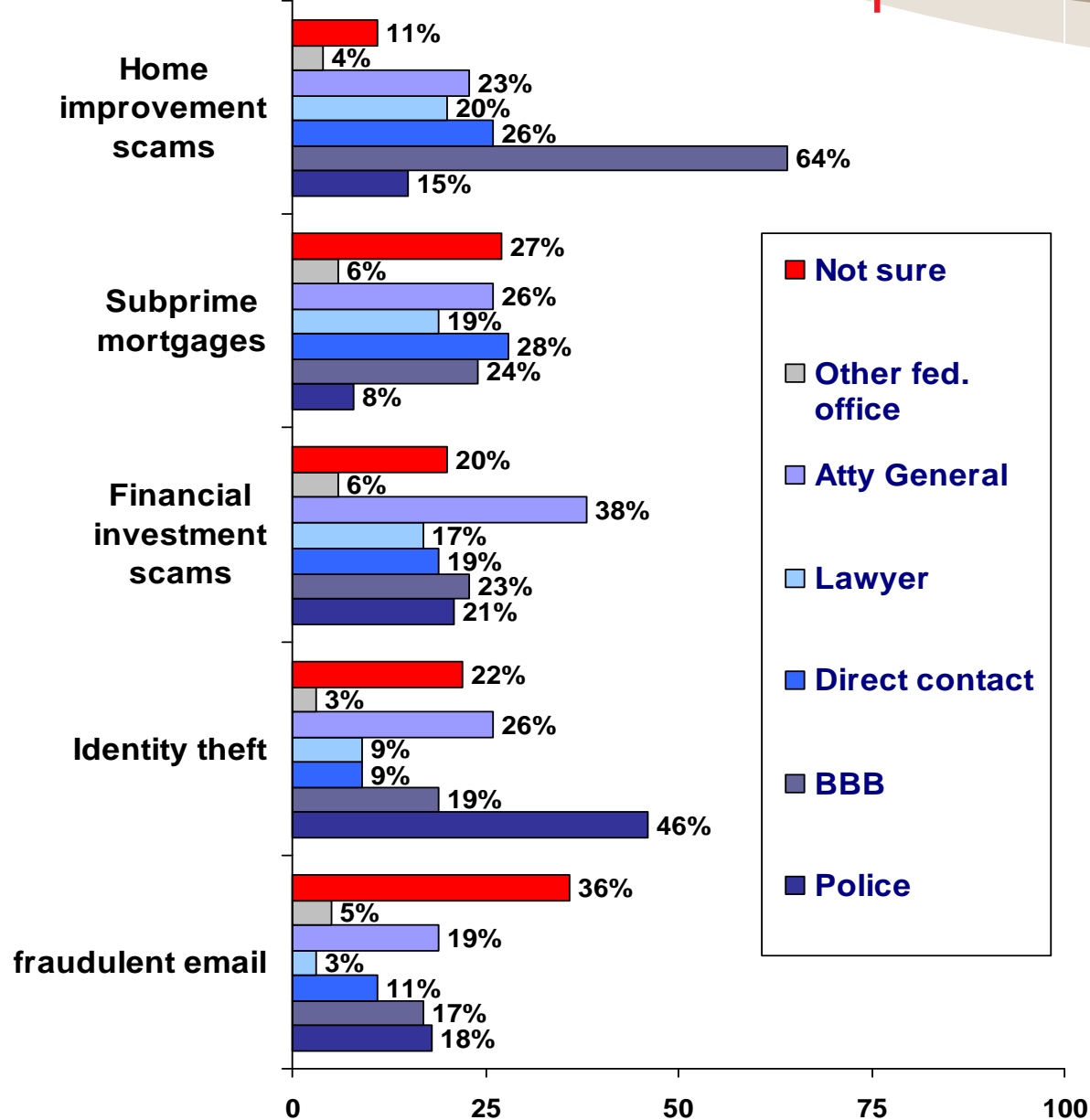
	Yes	No	Don't know	No answer
Installed anti-virus software	75%	15%	2%	8%
Installed anti-spyware software	65%	25%	4%	7%
Avoided posting email address on websites	64%	24%	4%	8%
Set up filters/firewalls	61%	25%	7%	7%
Avoided giving out email address to anyone	41%	48%	2%	9%
Reset email address so hard to guess	9%	79%	3%	9%

Where Would AARP Members in Colorado Turn for Help?



If you had a complaint about __, to which of the following would you turn for help:	<i>internet fraud</i> (n=644)	<i>identity theft</i> (n=890)	<i>financial securities</i> (n=533)	<i>subprime mortgage</i> (n=890)	<i>Home improve</i> (n=890)
	%	%	%	%	%
Police or related law enforcement	18	46	21	8	15
Better Business Bureau	17	19	23	24	64
Business/person involved in email scam	11	9	19	28	26
Personal lawyer	3	9	17	19	20
District or State Attorney General's office	18	26	38	26	23
Other Consumer Protection Agency/office	5	3	6	6	4
No one	7	2	2	3	1
Other (specify):____	12	4	7	3	4
Not sure	36	22	20	27	11
No Answer	18	6	1	6	4

Where Do AARP Colorado Members Turn For Help?





Recommendations...



Based on the recent findings in

*“AARP’s Consumer Fraud: 2008 Survey of Colorado Members’
Experiences & Opinions”*

AARP, Law Enforcement, consumer agencies and organizations, groups concerned about consumer protection from fraud should:

- ***raise/continue to raise awareness of old and new types of fraud and avenues taken by fraudsters/con-artists***
- ***raise awareness of early detection signs of fraud***
- ***raise awareness of protection measures one can take and HOW to implement those measures, i.e. where to find the tools, resources, people that can help find those tools***
- ***raise awareness of WHERE to report a situation or actual crime***

For more information about AARP surveys on Security Freeze, investment fraud, or victims of fraud...

contact Jennifer H. Sauer at jsauer@aarp.org or visit AARP on the web at:

www.aarp.org/research/