

## **New Report Reveals Latest Internet Fraud Trends, Statistics, and Hotbeds**

*Federal Bureau of Investigation and the National White Collar Crime Center offer a first look at Internet Fraud Complaint Center complaint data*

RICHMOND, VA - March 6, 2001 - With more than 37.5 million visits to its Web site and over 20,000 complaints filed with the Internet Fraud Complaint Center (IFCC), a new report issued today puts a face on the state of Internet fraud in the United States. The report reveals current statistics and offers detailed trend information regarding the nation's top Internet frauds. It also offers a unique perspective on the complaint referral process to federal, state, and local law enforcement officials with indicators of the program's early success. A copy of the IFCC report is available on-line at the [IFCC Web site](#).

A curious finding was that only one in four victims contacted law enforcement or any other government agency prior to submitting a complaint through the IFCC. The report indicates most Americans instead report their fraud victimization to the business involved in the crime and only a fraction of victims ever report to an enforcement agency for assistance.

"E-business is no longer just a buzzword. It's here to stay and we must find ways to help consumers and businesses have confidence in the transaction technology they choose," said Texas State Securities Commissioner Denise Voigt Crawford, board member of the National White Collar Crime Center (NW3C). "Part of the commitment to our electronic commerce community rests in law enforcement's ability to respond quickly to crime problems as they arise. To do that, enforcement professionals at all levels must have training and programs in place to prepare them to meet new challenges."

In its first six months of operation, the IFCC received 20,014 complaints. Of these complaint filings, 6,087 were referred to enforcement agencies around the country. Of those referred complaints, 5,273 involved Internet fraud, and serve as the primary analysis of the report. The remainder of the complaints involved filings that were incomplete, still awaiting referral, or not Internet fraud specific.

The report shows that auction fraud was the most reported Internet fraud comprising 64.1 percent of all referred complaints. Non-deliverable merchandise and payment accounted for another 22 percent of complaints, and credit and debit card fraud made up nearly 5 percent of complaints. Demographic data reveals that California ranks #1 for both Internet criminals and victims. Other national leaders in these categories are Florida, Texas, Pennsylvania, and New York. From an international perspective, the United States leads receiving 94.1 percent of the complaints.

"The report clearly demonstrates the need for establishing an electronic clearinghouse for the prompt receipt, validation, and referral of Internet fraud cases to the appropriate law enforcement and regulatory agencies," said FBI Director Louis J. Freeh. "Additionally it has shown that victims of crime, whether it be Internet fraud or other crimes, non Internet crimes, or non law enforcement complaints are using the Internet as a reporting tool. Now quality investigative information can be reliably and swiftly shared with our law enforcement colleagues around the country in a readily retrievable way."

"IFCC was developed as an innovative and progressive approach to a real crime problem," said Colonel Donald J. Brackman, Indiana State Police, board member of the NW3C. "By facilitating the flow of information between law enforcement and victims of fraud, it streamlines the case initiation effort on behalf of both the citizen and enforcement agencies. Not only will its efforts reduce the amount of economic loss by Internet fraud throughout the United States, but it will give state and local enforcement professionals a venue to develop and successfully prosecute criminal Internet fraud cases."

Already the IFCC has offered help to America's fraud victims; it has referred large and small complaints to enforcement agencies nationwide. Several of the complaints involved monetary losses of \$100,000 or more, including one complaint involving over \$366,000. That case resulted in a prosecution in the Western District of Louisiana. Other matters are referred to federal, state, and local prosecutors nationwide.

"This report enhances our general knowledge about the scope and prevalence of Internet fraud in the United States," Brackman said. "It is our hope that the information will also serve as fuel to help us sustain organizational and financial support for existing white collar crime enforcement, prosecution, and prevention programs, as well as help enforcement agencies secure critically needed resources to address this threat to our citizens."

This six-month report is the first in a series of regular research initiatives that are scheduled and will be provided by the NW3C and the FBI on IFCC complaint data. An annual report will be presented in the third quarter of 2001.