

Name:

Students will be able to:

- Define scams and fraud
- Identify red flags to look for in different types of scams and fraud
- Recommend what steps someone should take if they are scammed

 **INTRO**

QUESTION OF THE DAY: Who loses money to fraud more often - people ages 20-29 or 70-79?

An important component of being a wise consumer is knowing how to protect your information from fraudsters when you are browsing and shopping. Answer the question on the first slide in the space below. Then, compare your answer to the answer on the second slide. Finally, follow your teacher's directions on how to answer the follow-up questions on the last slide.

1. Who loses money to fraud more often - people ages 20-29 or 70-79?

 **LEARN IT**

REFERENCE: What is a Scam?

VIDEO: Every Scam Has One of These Red Flags: Ex-Con Man Frank Abagnale

The earlier you can identify a scam, the more likely it is that you'll be able to protect yourself and your information. Read through this reference to learn more about what a scam is. Then, watch the video to learn about two red flags you can look out for to spot a scam. Finally, answer the questions.

1. What is the ultimate goal of a scam?

2. What are the two red flags that Frank Abagnale tells consumers to look out for?

3. Why do you think many people may fall for a scam despite being aware of these red flags?

EDPUZZLE: [5 Biggest Financial Scams \(And How To Avoid Them\)](#)

Being aware of different types of scams that exist can help you identify them and protect yourself. Watch this video to learn about five of the most common types of scams. Then follow your teacher's directions to answer the questions either in your student activity packet or within the EdPuzzle itself.

NOTE: EdPuzzle videos shuffle answer choices and do not always match the order provided in the lesson here.

- 1. Before accepting an investment opportunity, you should use FINRA's BrokerCheck to research your broker. What information is available on this website? (hint: choose 3 correct answers)**
 - a. A background check
 - b. Any complaint history
 - c. An opportunity to request evidence that this broker is a sworn fiduciary
 - d. A list of this broker's fees and profits

- 2. What is the difference between a Pyramid Scheme and a Multi-Level Marketing Company?**
 - a. A Pyramid Scheme is legal whereas a Multi-Level Marketing Company is illegal
 - b. A Pyramid Scheme does not sell a product whereas a Multi-Level Marketing Company does
 - c. A Pyramid Scheme sells an actual product whereas a Multi-Level Marketing Company does not
 - d. There is no difference between a Pyramid Scheme and a Multi-Level Marketing Company

3. What is a "Pump and Dump" scam?

- A scheme which pools investors' money together but only a small percentage of the pool is actually invested
- A scheme that attempts to boost the price of a stock through recommendations based on false or misleading statements
- A scheme where an investor collects your money for investment but never actually makes a purchase and instead keeps the money for themselves
- A scheme that attempts to beat the overall market's return by investing in high-cost index funds

4. The IRS reaches out to you stating you owe additional money in taxes that must be paid immediately. Which THREE actions below indicate this is a scam?

- The IRS has contacted you by email
- The IRS has insisted on a certain form of payment
- The IRS has threatened to have local law enforcement arrest you for not complying
- The IRS has contacted you with a formal letter

5. What is phishing?

- Phishing is a business model that recruits members via a promise of payments or services
- Phishing is a fraudulent attempt to obtain sensitive information such as usernames, passwords and financial information via electronic communication
- Phishing is a fraudulent attempt to take over or delete your presence on social media
- Phishing is a fraudulent attempt to deposit funds into an FDIC insured bank account for later use



DO IT

ACTIVITY: [PLAY: Spot the Scam Signs](#)

Put your knowledge of scams to the test! Follow your teacher's directions to complete this activity and see if you can identify the signs of five of the most common types of scams!



LEARN IT

ARTICLE: [What To Do if You Were Scammed](#)

While educating ourselves on the latest trends in scams is the best way to protect ourselves as consumers, we can still fall for them! Luckily, there are steps you can take if you are scammed. Review the different scenarios and suggestions in this article to learn what you can do if you fall victim to a specific type of scam. Then, answer the questions.

- 1. Anita received a call from who she thought was her favorite online shopping website. The agent asked Anita to verify her Social Security number. Once Anita did, the caller immediately hung up and Anita realized she'd been scammed. What should she do next?**
- 2. Raul bought a pair of shoes through a social media ad two days ago using his credit card. He still hasn't received a confirmation email or digital receipt, so he researches the website and finds out that it was a scam. What should he do next?**
- 3. Sofia recently bought a new couch using cryptocurrency. However, a week after purchasing the couch, she sees a headline on the news claiming the company she'd bought the couch from had scammed thousands of customers. What should she do next? (Bonus: Is she guaranteed to get her money back?)**
- 4. Why might it be a good idea to report a scam to the FTC?**



EXIT TICKET

Follow your teacher's directions to complete the Exit Ticket.