Financial Responsibility & Decision Making

Consumer Fraud

PwC's Earn Your Future Curriculum
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Introduction
“The reality is that all children don’t know the basics of saving and investing. It’s a skill they need to be successful in our economy.”

Education Secretary Arne Duncan, April 2011.

Recent history underscores the immediate need for youth to develop skills in math and financial literacy, and yet, current data shows there is a lack of access to curricula for students to learn:

- Nearly two-thirds of today’s high school students are financially illiterate *
- The average high school senior can only answer about half of the questions on a basic financial knowledge test **
- U.S. ranked 24th among 35 countries surveyed for math performance of 4th grade students ***

The enclosed lesson plan about financial literacy is designed to increase students’ proficiency in financial literacy. Your expert knowledge and real-life examples, coupled with this one-hour lesson plan aligned to national standards in personal finance education, will fill a critical gap in our current education system, and better prepare the next generation of leaders to make sound financial decisions and be productive citizens.

We applaud your efforts to bolster students’ understanding of concepts critical to the health of our economy and stability of our nation. Furthermore, we thank you for serving as an ambassador for PwC, reinforcing our commitment to helping students improve their skills in financial literacy and to youth education overall.

Lesson description
Students will investigate current types of consumer fraud, including online scams. Students will recommend actions a victim of fraud or identity theft should take to restore personal assets and security.

Grade(s)
9-12

Lesson time
45-60 min

Pre-visit prep
- Review the 5-minute prep to familiarize yourself with the lesson topic vocabulary
- Review the fraud cards and definitions to familiarize yourself with them
- Review the handouts to familiarize yourself with their structure and requirements
- Review PowerPoint to familiarize yourself with the information contained in the show
- Obtain lesson materials listed under the “Materials” section below

Student learning objectives
Students will:
- Define fraud and scam
- Identify various types of fraud
- Identify some means by which fraud is perpetrated
- Outline steps victims can take when fraud occurs
Materials
For up to 30 students, obtain ahead of time:

Class/group
- Chart paper
- Markers
- Fraud Facts PowerPoint*
- Fraud Terms List (1 copy for the facilitator)

Student
- Handout A – Fraud Terms (1 list of terms ~ 6 lists)
- Handout B – Avoiding Fraud/Identity Theft (1 per student ~ 30 copies)
- Handout C – Identity Theft Story (1 per student ~ 30 copies)
- Fraud Facts PowerPoint (printed)* if it will not be projected (1 per student ~ 30 copies)

5 minute prep

Background
Every year, millions of Americans fall victim to some form of consumer fraud. These false opportunities present themselves in flyers, bulk mail, telemarketing calls, and internet ads. Unfortunately, these scams cost individuals and businesses billions of dollars each year. The best way to combat this problem is for individuals to be knowledgeable about these various scams, how to avoid them, and what to do if they become a victim of consumer fraud.

Vocabulary
- **Fraud:** The use of dishonest methods to cheat another person of something valuable
- **Scam:** A fraudulent or deceptive act or operation
- **Auction Fraud:** Occurs in several ways, but the most common is the failure to deliver the purchased item. The seller places an item up for bid but the item is never delivered to the buyer after she/she makes the purchase
- **Financial Fraud:** Any non-violent offense that is committed by or against an individual or corporation and which results in monetary loss
- **Identity Fraud:** The fastest-growing type of robbery, crooks use your name, social security number or blank pre-approved credit applications that you throw away
- **Sweepstakes Fraud:** Promotions that require you to pay in order to receive your “winnings”; this may include paying for shipping and handling, taxes, or buying products to receive your “prize”
- **Phishing:** A high-tech scam that uses spam or pop-up messages to deceive consumers into disclosing their card numbers, bank account info, Social Security number, passwords, or other personal information by claiming to be from a business or organization that the consumer deals with
- **Job Scams:** Come by phone, email, flyer, newspaper ad, or mail; offer employment that pays “big financial rewards”; usually require some upfront cost to consumer
- **Scholarship/Financial Aid Scams:** Guarantee financial assistance for school but require the consumer to provide a credit card or bank account number to hold the funds

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Sources
Background information and vocabulary adaptations based on information from:

- *Council for Economic Education 2011 Survey of the States
- Vocabulary adapted from Merriam Webster Dictionary for Kids: www.wordcentral.com
- Tips for avoiding telemarketing fraud (Handout A) is adapted from the Federal Bureau of Investigation: http://www.fbi.gov/scams-safety/fraud
- Fraud Card definitions adapted from Looks too Good to Be True: http://www.lookstoogoodtobetrue.com/fraud.aspx
- Terrorism and Government Information: https://www.privacyrights.org/
- Steps to Take if You Fall Victim to Fraud adapted from The Federal Trade Commission http://www.ftc.gov/bcp/edu/microsites/idtheft/consumers/defend.html

Pre and Post Assessments
Before beginning the lesson, facilitators should introduce themselves and distribute the Pre-Assessment to the students. If time allows, consider conducting a mini icebreaker before the Pre-Assessment.

Note: It is highly recommended that facilitators read the questions aloud to the students and encourage students to select answers as they move through the questions. Reassure the students that the assessments are not graded tests or quizzes, and they do not need to put their names on the assessments. The assessments are a tool to measure classroom comprehension of a given module and gauge effectiveness of instructor delivery.

Collect the Pre-Assessments once completed.

Facilitators should teach the lesson to the students and administer and collect the Post-Assessment at the end of class, keeping in mind the same considerations outlined above. Again, students do not need to put their names on Post-Assessments.

Lesson activities
Greeting
Say: Hi everyone! My name is ________________. Thank you for allowing me to come in and work with you.

Activity A – Fraud terms definition challenge (15 minutes)
Materials
Class/Group
- Chart paper
- Markers
- Fraud definitions
- Prizes for game (optional)
- Fraud Terms List (1 copy for the facilitator)
Today we are going to talk about consumer fraud.

Are any of you familiar with the term “consumer fraud”?

Count the number of hands that are raised.

Do any of you want to try and explain what consumer fraud means?

Select a student to provide a definition of the term.

So we know that when we are talking about fraud, we are talking about someone who is trying to trick another person. When we are talking about consumers, we are talking about people who are buying a good or service. All of this really has to do with someone trying to trick you so that they can get what?

Pause for students to offer response.

Right—your money!

Alright, we are going to play a game to see how much you already know about some of the scams that people use to try and get your money. Let me explain the directions and then we will play.

This is how the game works. You all are going to be in teams. I am going to give each team a list of fraud terms and chart paper. First, you will write your group number at the top of your chart paper. Then each team should read the terms and discuss what they think may be the definition of each term. Once you all have decided on a definition for each term, write the terms and your definitions on the chart paper. When all of the teams are done, I will post all of the charts. After I post all of the charts, you should read all of the definitions that you came up with. Then your group will decide on which group’s definition you think is correct, or closest to the correct, definition. I am then going to read each term and someone from your group will hold up a piece of paper with the number of the group you think has the correct definition. Teams can earn one point for guessing the correct definition and can earn an additional two points if their team had the right definition or the closest definition. Don’t worry, though, I’ll review these directions as we go along!

Divide students into approximately six (6) teams. Try to have no more than five (5) students on each team. You can have students count off, choose their own groups, work with “neighbors,” or select some other method for making teams.

Distribute Handout A, a piece of chart paper and markers to each group.

Assign each team a number.

Write your team number at the top of your chart paper.

Okay, look at the terms on the handout and come up with a definition for each term. When you come up with a definition that you all agree on, write the term and the definition on your chart paper. I will give you 7 minutes to do this.

Allow teams 7 minutes to come up with definitions and record them on the chart paper. If it doesn’t take them the entire time you may move on to the next part of the game.
Post the students’ completed charts around the room.

Say: Now we are ready to start the challenge! I am going to go down the list of terms. After I read a term, your team has to decide which of the posted definitions you think is correct. Remember to talk to your group members first and then hold up a number to let me know which group you think has the correct definition.

Read the first term.

Scan the room to make sure that each group is holding up a number. When all groups have held up a number, read and show the correct term (from the Facilitator’s Fraud Terms list.)

Say: Let’s see which group had the correct definition or the one that was the closest. [Note: If no teams have provided an answer that is close to the correct answer, then no points should be given. Instead, take another moment to review the correct definition.)

Say: Okay, all of you who held up number __, just earned a point. And group __, you earned an additional 2 points for having the correct definition.

Record the points for each group on the board.

Continue the process until all of the terms have been reviewed.

Tally the points for each group.

(Note: You may distribute prizes to groups if you wish.)

Say: These are just a few of the types of fraud that consumers fall victim to every year. You may have been familiar with some of these. The important thing is for you to be aware so that you can protect yourself.

Say: Now, we are going to go over a few facts that I think you will find interesting and helpful.

Activity B – Fraud facts powerpoint (10 minutes)

Note: If running short on time, consider discussing highlights of the presentation as opposed to discussing each slide.

Materials

Class/Group

- Option A—Fraud Facts PowerPoint
- Option B—Fraud Facts PowerPoint, printed – one for each student

Option A:

Project the Fraud Facts Powerpoint. As you go through the slide show, read some of the important information to the students. Keep in mind that it is better to talk through the slides in a conversational manner rather than read each slide word-for-word.

Option B:

Distribute the printed Fraud Facts Powerpoint.

Options A and B

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Read some of the important information to the students. Keep in mind that it is better to talk through the slides in a conversational manner rather than read each slide word-for-word.

Say: The information I am going to share with you will give you some important facts about fraud and some warning signs to help you become more aware of consumer fraud.

Show Title Slide (Option A) or

Direct students' attention to the Title Slide (Option B).

Ask: What do you think are some of the mistakes people make when a telemarketer calls their house? In other words, what kinds of information should we not give out over the phone?

Allow students to answer by calling on 2-3 students.

Ask: Is there ever a time when it is okay to give out personal information over the phone?

Allow 1-2 students to share their thoughts.

Show and discuss slide 2 (Option A) or direct students’ attention to slide 2 handout (Option B) and discuss.

Ask: Who would like to guess how many Americans were victims of identity theft last year?

Select a student to share a guess.

Ask: Does anyone else have a guess?

Select another student to share a guess.

Say: Okay, I have another question.

Ask how much do you think people lost because of identity theft? Give me a total dollar amount based on the total number of victims in this country.

Select a student to share a figure.

Show and discuss slide 3 (Option A) or direct students’ attention to slide 3 handout (Option B) and discuss.

Ask: Does anyone know the name of the federal agency responsible for protecting consumers?

Select 1-2 volunteers if students raise their hands.

Show and discuss slide 4 (Option A) or direct students’ attention to slide 4 handout (Option B) and discuss.

Ask: How many of you have ever ordered something off the internet or from an ad or infomercial you saw on television?

Scan the number of raised hands and acknowledge them by nodding your head.
Say: Okay, for those of you who have ordered products this way, have any of you ever ordered something and never received the merchandise?

Select a few students to tell what they ordered.

Say: Non-delivery of merchandise was one of the top consumer complaints last year.

Show and discuss slide 5 (Option A) or direct students’ attention to slide 5 handout (Option B) and discuss.

Say: I’m sure you have all had people calling your house trying to sell you something or telling you that you have won something.

Ask: What are some of the things telemarketers say to try and get us to buy their goods?

Select 1-3 students to share.

Say: Well there are definitely some things they say that should put us on alert.

Show and discuss slide 6 (Option A) or direct students’ attention to slide 6 handout (Option B) and discuss.

Say: Because you all are in high school, there are some specific scams I want you to be aware of. These have to do with scholarships and financial aid.

Ask: Have any of you heard of any scholarship or aid offers that seemed strange?

Select any students (1-2) who say “yes” to share briefly.

Show and discuss slide 7 (Option A) or direct students’ attention to slide 7 handout (Option B) and discuss.

Ask: Do any of you have ATM cards or bank accounts?

Acknowledge students who respond.

Say: Okay, well if you have bank accounts or ATM cards, there are some things you should do to protect yourself. If you don’t have ATM cards or bank accounts, you still want to pay attention so that you can help your family members stay protected from identity theft.

Show and discuss slide 8 (Option A) or direct students’ attention to slide 8 handout (Option B) and discuss.

Say: Let’s take a closer look at some other tips.

Show and discuss slide 9 (Option A) or direct students’ attention to slide 9 handout (Option B) and discuss.

Ask: May I have four volunteers to read?

Select four students.
Show slide 10 (Option A) or direct students’ attention to slide 10 handout (Option B)

Say: I want each of you to read one of the SCAM tips.

Ask one student to read “S.”
Ask one student to read “C.”
Ask one student to read “A.”
Ask one student to read “M.”

After each reading, the facilitator should feel free to add additional comments, thoughts, information.

Say: There are several agencies that are involved in fighting fraud and identity theft in our country, such as The Federal Trade Commission, the FBI, the Department of Justice and the Securities and Exchange Commission. Although we have all of these people out there to help us, the best way to prevent fraud is to be knowledgeable and to make wise decisions.

**Activity C – Steps to take if you fall victim to fraud (3 minutes)**

**Materials**

Student (one per student)
- Handout B – Identity Theft Story

Say: Unfortunately, there are times when people do fall victim to fraud. We are going to read an article about someone who was a victim of identity theft, which is a form of fraud.

Distribute Handout C.

Ask: Are there any volunteers who would like to help me read the text?

Select 1-3 volunteers to help with reading the passage.

Read the first paragraph of the article.

Ask for the next volunteer to pick up the reading.

Ask: What do you all think about this?

Select 1-3 students to share their opinions.

Say: Identity Theft, like other forms of fraud, can cause lots of distress to the victim. I want you to know that if a person does become a victim of fraud, there are some steps he/she should take to help restore his/her personal assets and security.

Write and review:

1. Place a fraud alert on your credit reports, and review your credit reports
2. Close the accounts that you know, or believe, have been tampered with or opened fraudulently
3. File a complaint with the Federal Trade Commission
4. File a report with your local police or the police in the community where the identity theft took place

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Note: This is a lot of writing. Consider having this already prepared on a sheet of chart paper/overhead transparency/PPT slide that you can display.

Activity D – Avoiding fraud/identity theft (20 minutes)

Materials
Class/Group
• Chart paper
• Markers

Student (one per student)
• Handout C – Avoiding Fraud/Identity Theft

Say: Now that you have had an opportunity to learn about different types of consumer fraud and some important facts about fraud, you are going to work in groups to create posters to help people avoid fraud and identity theft. Each group is going to be assigned one specific tip. You will then make a poster about your tip to educate others and help them to remember your tip. You may want to think about the Department of Justice SCAM tips as you design your own poster.

Say: Before you get in your groups and get started, I want to go over the tip sheet.

Distribute Handout C.

Say: This sheet provides different tips to help you avoid telemarketing fraud. The tips were developed by the FBI. Your group will make a poster to help consumers remember one of these tips. You will then share your poster with the class.

Divide students into small groups. You may have them count off, select their own partners, or use some other method to make the groups. Ideally there should be no more than 3-4 students in each group. Once students are in groups, assign each group a tip from the list on Handout C.

Distribute markers and a sheet of chart paper to each group

Ask the class: Does anyone or any group have any questions?

Say: You all have approximately 10 minutes to create your posters. Remember that a good poster will have images and words. You want to grab our attention and help us remember the information. When everyone is finished, each group will present their poster.

Allow students 10 minutes to work in groups to complete the task.

Circulate the room as the groups work and answer any questions.

Say: You have about 2 minutes left.

Say: You have about 1 minute left. You should decide who from your group is going to present the poster.

Note: If you notice that students are finishing before the allotted time is up, you should wrap up and move into the next segment of the lesson.

Say: Alright, I think we are ready to share. Is there any group who would like to go first?
Select a group to present their poster first. Allow each group approximately one minute to present their poster.

Say: Good work everyone. This activity should have helped you to think about things you can do to avoid telemarketing fraud.

Ask the class: Does anyone have any final thoughts or questions?

Closing Reflections (2 minutes)

Say: Today we learned about consumer fraud, tips for avoiding different types of fraud, agencies that help us fight fraud, and steps we need to take if we become a victim of fraud. Before we get out of here, I would like for each of you to think about this prompt: Every year many people become victims of consumer fraud. In your opinion, what is the best way to spread the word about consumer fraud so that more people can be informed and aware?

Allow a minute for students to share.

Say: Thank you for allowing me to spend time with you today. Gaining knowledge and making wise decisions is the best way to avoid becoming a victim of fraud. I enjoyed working with you all today.

Evaluation/assessment of student learning

During lesson/in-class

- Students participate in Fraud Terms Definition game
- Students create posters about avoiding fraud and identity theft

Ideas for post-lesson assessments:

- Students respond more thoroughly to the closing prompt and explain how to make the public more aware of consumer fraud.
- Students role-play consumer fraud situations showing both the incorrect and correct way to handle situations.
- Students take a quiz on the steps to take when one becomes a victim of fraud/identity theft.

Extensions/enrichment

- Teachers can have students play games about consumer fraud at www.onguardonline.gov.
- Students can discuss issues of fraud with their parents and write a short essay on their family’s experiences and opinions, as well as what their family does to protect themselves against fraud.
- Students can visit their local bank and speak with a representative about the steps they can take as a young adult to avoid being a victim of consumer fraud.