

MARKING KEY (2017)

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| Total marks  **/93** | **%** | **Weight**  **%** |
|  |  | **5** |

**Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Teacher: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Year 9 Economics & Business: Task 7**

**Infographic: Scams and Identity Theft**

Date Due \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Handed in by the due date YES or NO

*In 2017, Australian residents reported losses of $90 928 622 from scams (SCAMWATCH). Of the reported scams, nearly 70 percent operated over the phone or by email, but scams can also be delivered through the mail, by text messaging, social networking or any other form of communication.*

**TASK:**

1. Glossary: Define Key Terms
2. Statistics note taking – complete the notes using the ScamWatch website link below - <https://www.scamwatch.gov.au/about-scamwatch/scam-statistics>
3. Read the three case studies which accompany this task. Using the information supplied in the case studies and your study in class into scams and identity theft note down key elements and consistencies between the scams.

* Classify each into which type of scam it is;
* False promise of unexpected money
* False promise of unexpected winnings
* Attempts to gain personal information
* Key elements of the scam (techniques used, who was targeted/why)

1. Complete a Venn Diagram comparing Scams and Identity Theft using information from the case studies and statistics collected from ScamWatch Website.
2. Summary Questions: Answer the summary questions when you have completed all of the above.
3. . Glossary key terms (12 marks)

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| Term: Scam | Definition: **a dishonest scheme which aims to trick people, results or aims to result in a loss of money.** | Example: **Use discretion for appropriate examples** |
| Term: Bankrupt | Definition: **The state of a person or organisation declared in law as unable to pay their debts.** | Example: **Use discretion for appropriate examples** |
| Term: Ponzi Scheme | Definition:  **form of fraud in which belief in the success of a non-existent enterprise is fostered by the payment of quick returns to the first investors from money invested by later investors.** | Example: **Use discretion for appropriate examples** |
| Term: Superannuation | Definition: **regular payment made into a fund by an employee towards a future pension.** | Example: **Use discretion for appropriate examples** |

1. **ScamWatch Note-Taking**

What was the total amount lost and number of reports for all scam types in 2017? (1 mark)

**$90,928,622 AND 161,528**

What percentage of reports incurred financial losses? (1 mark)

**8.7%**

Which month had the highest number of reports in 2017? (1 mark)

**October**

Which month had the highest amount of money lost in millions of dollars in 2017 and what was the full amount? (2 marks)

**August $11,516,069**

List the top 3 scam categories for 2017 by amount lost: (3 marks)

1. **Investment scams**
2. **Dating and romance**
3. **Business, employment and investment scams**

List the top 4 scam categories by number of reports for 2017: (4 marks)

1. **Phishing**
2. **Identity Theft**
3. **False Billing**
4. **Unexpected prize and lottery scams**

List the number of reports and amount lost for the top 3 delivery methods of scams in 2017 (6 marks)

1. **Phone $29,660,342 and 65,097**
2. **Email $17,470,299 and 50,635**
3. **Social Networking $15,750,763 and 4,711**

Which delivery method resulted in no monetary loss or reports? (1 mark)

**Fax**

Which age groups appear to be the most vulnerable to scams? (2 marks)

**Over 65**

What is the percentage of amounts lost and reports for the male and female genders? (4 marks)

Male: **Amount Lost – 56.5% Reports – 52.9%**

Female: **Amount Lost – 41.7% Reports – 44.7%**

List the top 3 states with amounts lost for 2017: (3 marks)

1. **NSW**
2. **VIC**
3. **QLD**

**2. Use the drop down menu to select “Identity Theft” and “Investment Scams” and complete the table below: (18 marks)**

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| **Question** | **Identity Theft** | **Investment Scams** |
| What was the total amount lost in 2017? | **$1,018,543** | **$31,327,476** |
| How many reports were filed with ScamWatch in 2017? | **15,703** | **1,997** |
| What percentage of reports incurred financial losses? | **1.8%** | **29.1%** |
| Which month had the highest number of reports in 2017? | **May** | **November** |
| Which month had the highest amount of money lost in millions of dollars in 2017 and what was the full amount? | **December $209,508** | **November $2,906,380** |
| List the top 3 delivery methods and amount lost in 2017 | **Email**  **Phone**  **Social Networking** | **Phone**  **In-person**  **Email** |
| Which age groups were most vulnerable to the scam type? | **55-64** | **55-64** |
| What is the percentage of amounts lost male and female genders? | **Male = 42.8%**  **Female = 52.8%** | **Male = 72.8%**  **Female = 25.7%** |
| List the top 3 states with amounts lost for scam type in 2017: | **NSW**  **QLD**  **VIC** | **NSW VIC**  **QLD** |

3. Read each of the case studies and complete the notes table: (15 marks)

# *Case study 1 : Ponzi scheme*

Maria invests through a friend

First-time investors Maria and Jason borrowed $70,000 to invest in the overseas money market after a recommendation by their friend of 40 years, Steve. They were both shop assistants getting close to retirement and had never owned shares before as they could never afford it.

Steve told them that their investment would involve no risk at all as it was guaranteed by the Bank of America. He said they could withdraw their capital at any time after the first 12 months. The return promised on the investment was fantastic. Even after Steve's commission (40% of their return) they would still make 26% per year on their initial investment. Steve helped Maria and Jason arrange to borrow the $70,000 that they would invest.

But the scheme was not real - they were caught up in a ponzi scheme. Part of the money they and other early investors deposited was used to pay their first dividend cheques. When the money for dividends started to dry up, Steve said that it was due to the interference of ASIC. This was one of many false stories fed to the investors by Steve, to keep them onside.

Jason and Maria were angry with ASIC as they thought the organisation was ruining their chances of making some money from their investment. Maria and Jason hung in there with Steve through all his many excuses. They wanted to believe him as they didn't want to think they had lost all their money, and he was an old friend. When the truth eventually came out that the scheme wasn't real, Maria and Jason, along with the other investors, assisted ASIC's investigation and prosecution of Steve and his business partner.

Maria and Jason lost their $70,000 and ended up having to pay off the loan. When Jason's mother died, his inheritance was completely swallowed up by the $70,000 debt plus interest. This money would have been put to good use in their retirement. Jason and Maria are very wary these days. They warn others to get a second opinion from a licensed financial adviser before investing in anything.

ASIC successfully prosecuted Steve and his business partner and they spent more than 2 years in jail.

# *Case study 2: Identity theft*

**Joyce’s identity is stolen by family member**

[](https://www.bing.com/images/search?view=detailV2&ccid=6bkM2Ctc&id=4381C83C63364B46170626159E3FF194552AC4BF&thid=OIP.6bkM2CtcxQFCQwahkoJ5YQEsDI&q=Hard+of+Hearing+Old+Lady&simid=608035334703878037&selectedIndex=0)Joyce lives in Queensland and has been deaf since she was a young child. She is currently on a Disability Support Pension and requires an interpreter. She is supported by her case worker Brad, who works at a community services organisation.

Joyce had been contacted by a credit agency engaged by a telco provider. The credit agency claimed that Joyce owed a total of $2,149 on two accounts - a mobile phone service and a wireless internet service. One account had been set up in Joyce’s maiden name and one in her married name. Joyce denied setting up these accounts and said that identity theft had occurred.

Brad contacted the provider on Joyce’s behalf, and was advised to report the fraudulent accounts to the police and provide a statutory declaration before the provider would consider the complaint. Brad had provided medical evidence and supporting documentation on Joyce’s behalf to prove that she had not used the mobile and internet services, but the telco had not accepted this information.

Joyce complained to the TIO, and asked that all charges be waived, and any default listings be removed. The provider, who agreed to investigate the identity theft claim. The investigation found that Joyce’s daughter had taken out the contracts several years ago. The provider’s view was that Joyce would still need to pay the debt or report the fraud to police. Joyce was not comfortable with reporting a family member to the police.

During conciliation, the provider’s fraud team investigated further and found that proper identity checks were not carried out before the two telephone accounts were set up. As a result, Joyce was not liable for the charges. The provider cleared the entire debt and removed the default listings that had been placed on Joyce’s credit file. Brad agreed to the outcome on Joyce’s behalf, and Joyce expressed relief that the case had been resolved.

***Case study 3: Investment scam***

**Malcolm and the persistent caller**

Malcolm spent 6 weeks trying to get an investment scammer to stop calling him. It all started when he received a call from a guy claiming he was a broker from the Kensington Group.

He offered Malcolm a great investment opportunity for a stock called Interglobal Waste Management, which was soon to be listed on NASDAQ. The broker spent an hour establishing his credentials and the stock's expected rise in value. Malcolm was emailed information on the company and directed to some websites.

A day later he got another call from the broker asking what he thought of the information he had sent. Malcolm said he did not want the stock as it was not the right investment for him. The caller then spent the next 45 minutes 'hard selling' the stock to Malcolm.

To get the caller off the phone, Malcolm finally agreed to buy $10,000 worth of stock. The caller promised the paperwork would be sent to Malcolm and said the deal had to be settled within 48 hours to meet the deadline.

After a sleepless night worrying about what he had agreed to, Malcolm emailed the company to tell them he did not want the stock and he was not going to transfer the money.

Later that day the broker called to tell Malcolm he was missing a great opportunity and to ask Malcolm to 'do him the courtesy' of explaining why he had pulled out of the deal. The broker said he wanted to develop a long-term relationship with Malcolm. He said once Malcolm had reaped the investment rewards, he would want to give the broker more money to invest and friends' names as referrals. The broker even told Malcolm that he was doing the wrong thing by his kids by not taking up the investment.

Malcolm finally got the broker off the phone but a day later he was called by a more senior broker who also wanted to know why he had pulled out of the deal. The more senior broker claimed there was an outstanding settlement for the stock. When Malcolm told him he had already explained his reasons to the previous broker, the more senior broker claimed the other broker was on leave.

Malcolm finally got rid of the caller but was called again by various people in the Kensington Group over the next 6 weeks asking him why he had not invested. He knew after this amount of harassment that they were definitely scammers.

Malcolm was very glad he had not signed up to a deal with the Kensington Group as he found their name on ASIC's list of companies you should not deal with. The company was an overseas business not licensed by ASIC and was operating illegally in Australia. Malcolm reported the company to ASIC.

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| Case Study | 1 – Ponzi Scheme (Maria and Jason) | 2 – Identity Theft (Joyce) | 3 –Investment Scam (Malcolm) |
| Type of Scam | Investment scam – promise of unexpected money  1 | Identity Theft – personal details  1 | Investment scam – false promise of returns on investment  1 |
| Delivery Method | In-person (friend)  1 | In-person (family member)  1 | Phone (initially)  Email  1 |
| Amount Lost | $70,000 plus interest  1 | $0  No money lost, just potential of $2,149  1 | $0  No money lost, just potential of $10,000  1 |
| Key Elements of the scam  How did the scam operate? | 2  Points that relate to the key elements of the scam and how it operated. Use discretion when awarding the marks here | 2  Points that relate to the key elements of the scam and how it operated. Use discretion when awarding the marks here | 2  Points that relate to the key elements of the scam and how it operated. Use discretion when awarding the marks here |

1. Complete the Venn diagram below by comparing IDENTITY THEFT and INVESTMENT SCAMS. Use data and notes collected from in-class, the scam watch website and the case studies. REFER TO VENN DIAGRAM RUBRIC
2. **Summary Questions:**
3. **Recommend a strategy which can be used by consumers to decide whether or not a proposed money-making scheme they may be presented with is legitimate or not. Ensure you discuss why it would be useful. (4 marks)**

* **1 Mark – appropriate strategy is suggested (check with ASIC website, is it legitimate, ScamWatch etc)**
* **2 Mark – if they say why it would be useful and how it would help**
* **1 Mark – for a well-constructed answer which uses full sentences and appropriate grammar – there is depth and detail to the answer,**

1. **Conclude why it is important for consumers to be aware of risks associated with scams and identity theft. Use examples and supporting evidence/statistics to support your answer. (6 marks)**

* **2 Marks – appropriate conclusion which explains WHY it is important to know about scams (at least 2 reasons, 1 mark each)**
* **2 Marks – for supporting evidence from the ScamWatch website or their notes, must relate to their point and illustrate why it is important to know about scams – for example reference to the total amount lost for scams in 2017 for students**
* **2 Marks – for a well-constructed answer which uses full sentences and appropriate grammar – there is depth and detail to the answer.**

**RUBRIC: VENN DIAGRAM**

**Compare and contrast: Investment Scams and Identity Theft**

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|  | **1 - 2 Mark** | **3 - 4 Marks** | **5 - 6 Marks** | **7 - 8 Marks** | **9 - 10 Marks** |
| Compare and contrast similarities and differences of investment scams and identity theft | I can identify one or  more similarities and differences of investment scams and identity theft, but I need  help to compare and  contrast them. | I can identify one  relevant similarity and  differences between the  of investment scams and identity theft. | I can identify several  relevant similarities  and differences between investment scams and identity theft. | I can identify several  relevant similarities and  differences between  investment scams and identity theft,  And, I can infer why  these similarities and  differences exist. | I can identify several  relevant similarities and  differences between of investment scams and identity theft,  And, I can infer why  these similarities and  differences exist.  And, I can draw  conclusions from this  insight. |