

Preventing Consumer Fraud Extension's Role in the Attorney General's Partnership

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The North Carolina Cooperative Extension Service is working closely with state Attorney General Michael F. Easley in a unique educational campaign to prevent consumer fraud. Extension Agents in every county are providing the public with a wealth of resources, including an original video on telemarketing fraud that is designed to reduce the large number of victims of Fraudulent Charities, Recovery Scams, and Phone Contests and Promotions.

PARTNERSHIP FOR CONSUMER EDUCATION

The new video was produced by the Partnership for Consumer Education -- a non-profit organization formed by the Attorney General as the first phase of a long-term commitment to educate consumers to identify and avoid attempts to defraud them.

Using procedures recommended by the National Institute for Consumer Education at the national Consumer Education Summit, Easley brought together key representatives of North Carolina business, extension, public education, military, law enforcement and older citizens groups in early 1994, and laid the foundation for a Partnership with authority to secure financial and other forms of support for statewide education of the public.

Given the rapid increase in severe financial losses by individual North Carolinians to telemarketing fraud, that topic was chosen as the focus for the Partnership's first year. The 20-minute video, "Telephone Fraud," was commercially produced as the central component of a packaged program to educate the public about this threat to their financial well-being -- especially the older citizens who are targeted by many unscrupulous telemarketers. Several public service announcements were also created to reach mass audiences.

"HANG UP ON FRAUD" SYMPOSIUM

The Telephone Fraud video was introduced at a symposium in April 1995 for some two hundred leaders of business, education, and other organizations. Speakers from major law enforcement and financial organizations emphasized the severity of the telemarketing fraud problem, and described new measures being taken to strengthen the ability of law enforcement to respond to interstate fraud. All speakers agreed that education to create awareness of potentially fraudulent activity is the most effective way to address these problems.

SURVEY OF TELEMARKETING FRAUD IN NORTH CAROLINA

A Consumer Rights Survey was conducted in North Carolina for AT&T in early April 1995 (by Princeton Survey Research Associates) to discover the level of consumer victimization by telemarketing fraud. This information was contrasted with national findings and reported at the April 27 symposium.

- 18% of North Carolinians have been the victim of a major scam, swindle or fraud at some time, identical to the national figure.
- 25% of men and 23% of all adults under the age of 50 gave the most frequent reports of victimization by a major scam.
- 10% of older North Carolinians in this survey reported the lowest incidence of being victimized. However, in the view of law enforcement officials, older people are the most likely group to be victimized by consumer fraud, and numerous surveys have demonstrated that older adults, for a variety of reasons, do not report the degree to which they have been victimized.

While 18% of those surveyed reported being victimized by a major scam or fraud, many more (29%) reported that they had succumbed to other common, potentially fraudulent sales techniques used by some telemarketers.

- 15 percent bought a product or service that was not needed in order to receive a prize.
- 14 percent gave their credit card number or bank account number to a salesperson who called them on the phone. Men were nearly twice as likely as women to say that they gave their credit card number to a sales person who called them on the phone (18% vs. 10%).

- 7 percent of the respondents bought a trip or vacation from an unknown person who contacted them.

Ninety-three percent of North Carolinians believe it is acceptable to hang up on a telephone sales person who refuses to stop trying to sell after being told the person has no interest in buying, compared to 91% in a national AARP survey. Ten percent of those surveyed in North Carolina reported a practice that had been done without their knowledge, the switching of their long distance service to a different company without their permission (known as "slamming") -- one percent higher than the national experience.

EDUCATING CONSUMERS ABOUT TELEMARKETING FRAUD

Rosella Bannister, Director of the National Institute for Consumer Education, challenged those attending the symposium to go beyond simply showing the Telephone Fraud video. She urged them to select appropriate teaching strategies and transform information about fraud into effective education for their members, employees, or other targeted audiences.

Janice Holm Lloyd, an Extension Specialist in Family Resource Management at North Carolina State University, participated in discussions that preceded the formation of the Partnership for Consumer Education and represents the North Carolina Cooperative Extension Service on the Board of the Partnership. The field faculty of North Carolina State University, located in Cooperative Extension Centers in every county, provide an effective means for reaching citizens with the message that consumers must learn to identify potential fraud in order to avoid becoming victims.

TRAINING OF COOPERATIVE EXTENSION EDUCATORS

Cooperative Extension Service Agents are now taking the lead in outreach education for North Carolina consumers. Training for 86 agents was provided in November 1995 by Extension Specialists from North Carolina State University and Consumer Protection Specialists from the North Carolina Department of Justice. Resources they were given included the video and instructor's guide, a workbook to be duplicated and given to audiences viewing the video, program evaluation forms, a brochure for program promotion, and a number of reference materials on telemarketing fraud and the [national telemarketing sales rule](#) effective January 1, 1996.

MEASURING PROGRAM IMPACT

The level of telemarketing fraud complaints to the Consumer Protection Section began to decline following introduction of the video in April 1995 and the widespread use of three

complementary public service announcements. The impact of the statewide use of the video by Cooperative Extension Agents will be measured throughout 1996. Representatives of AARP chapters, churches, businesses, and law enforcement groups are also being asked to request participants in educational sessions they sponsor to complete surveys for review by Partnership staff.

Attorney General Easley's long-term commitment to education to prevent fraud includes the provision of Partnership staff, in addition to the involvement of Consumer Protection Section specialists and attorneys. The Partnership for Consumer Education staff now includes Executive Director Bruce Thompson, Grants Director Chris Barry, and Consumer Education Specialist Cynthia Simmons, who assists persons organizing educational activities and will analyze participant surveys for the Partnership Board.

WHAT'S NEXT?

Recommendations of topics for future educational campaigns by the Partnership will be based in large part on the incidence of complaints to the Attorney General's Consumer Protection Section. Given the perennially high number of complaints about auto repairs, the board of the Partnership gave preliminary approval to auto repair fraud as the theme for 1996. The secondary topic under consideration is credit fraud. The final decision will be made by the board of the Partnership upon review of specific proposals for producing education-for-prevention campaigns for each topic.

At the 1995 conference of the National Association of Attorneys General, there was great interest in the activities of North Carolina's Partnership for Consumer Education and praise for the Telephone Fraud video. Attorney General Easley has given permission to other Attorneys General to use the video with state-specific adaptations, and urges them to partner with their state Cooperative Extension Service and others groups to help achieve fraud prevention through education.

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