

**If anyone gets a
message from me
about canned meat,
don't open it.**

It's Spam.

Scam: a deceptive, dishonest, or illegal act or operation where an individual would misrepresent themselves.

Scheme: an organized plan for doing something

Many of the scams and schemes we will look at are also considered fraud.

Fraud: the intentional deception, falsehood, or other dishonest words or conduct used to improperly obtain money, goods, or services.

 <https://www.youtube.com/watch?v=5qrDTUDEkjo>

 <https://www.antifraudcentre-centreantifraude.ca/index-eng.htm>

We will be looking at 5 sections of scams and schemes:

1. Identity Fraud and Identity Theft
2. Computer and Payment Related Fraud
3. Investment Fraud
4. Telemarketing Fraud
5. Charity/Donation Scams

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What is the difference between identity theft and identity fraud?

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What is the difference between identity theft and identity fraud?

Identity Fraud: the actual deceptive use of the identity information of another person (living or dead).

Identity Theft: stealing someone else's personal information for criminal purposes.

Before 2010, only identity fraud was illegal. Since 2010, identity theft has been illegal (It is illegal to possess another person's identity information for criminal purposes.)

Why would someone want to steal an identity?

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Why would someone want to steal an identity?

Criminals want information to access our financial accounts.
They use stolen/copied information to:

- access financial accounts
- open new financial accounts
- transfer account balances
- apply for loans, credit cards, etc.
- make purchases
- access personal e-mail accounts
- hide their criminal activities
- obtain passports
- receive government benefits

Frauds, Phishing, and Scams

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Phishing: emails, text messages, and websites designed to look like they come from well known companies in an attempt to collect personal, financial, and sensitive information.

Phishing Catch Phrases:

- Email money transfer alert: Please verify this payment information below . . .
- It has come to our attention that your online banking profile needs to be updated as part of our continuous efforts to protect your account and reduce instances of fraud . . .
- Dear online account holder: Access to your account is currently unavailable . . .
- Important service announcement from . . . You have 1 unread security message!
- We regret to inform you that we had to lock your bank account access. Call (telephone number) to restore your bank account.

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Other Types of Computer and Payment Related Fraud:

- **Email Fraud** (Phishing through email)
- **Ransomware** (malicious software that infects a computer and demands a sum of money to restore the information.)
- **Payment Card Fraud**
- **E-mail Compromise** (use your email to commit fraud and scam your friends)
- **Lottery and Prize Scams** (pay a fee for prize or tell you the prize will be deposited into your account)
- **Foreign Money Fraud** (needs money out of the country so they need to use a local bank account--yours)
- **Advance Fee Fraud** (loan guaranteed, despite credit rating)

1. Identity Fraud Worksheet (Read the situations and fill in the chart)

2. Article and Questions: Criminal Code
-change in 2010

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Multi-Level Marketing (MLM) vs. Pyramid Scheme

Have we heard these terms?

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Multi-Level Marketing (MLM) vs. Pyramid Scheme

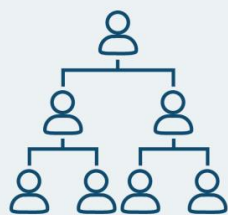
Legitimate

Scam

PYRAMID SCHEME VS. MULTI LEVEL MARKETING: HOW TO TELL THE DIFFERENCE

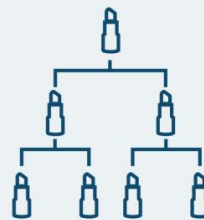
Pyramid schemes and MLMs have extremely similar structures, and at a glance, it can be hard to tell the difference between them. According to the Federal Trade Commission, here's what actually sets them apart from one another.

In a pyramid scheme,



participants may be asked to buy and sell products. But more emphasis is placed on recruiting new participants who are required to pay fees or make "investments" to join.

In an MLM (multi level marketing or direct sales),



the company will pay its participants just for selling its products or services. Recruiting new members may help participants earn more money, but it's not strictly required of members.

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Pyramid Scheme:

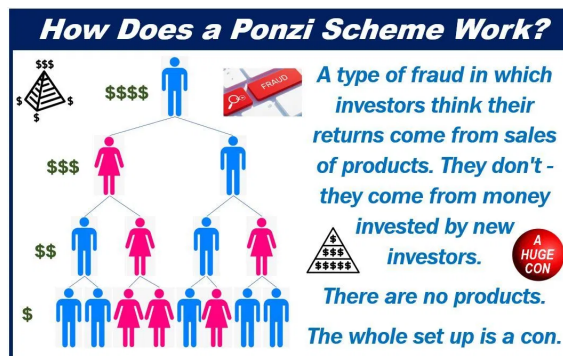
fraudulent scheme that provides incentive (money) for recruiting others into the scheme, instead of for selling the good/service.

As recruiting multiplies, it becomes tougher and unprofitable for an individual. MLM's are legal because compensation is tied to sales, not solely recruitment.

Ponzi Scheme:

(named after Charles Ponzo who became notorious for using this)

investment fraud that promises high financial returns (or dividends) without a huge investment (hi returns with little risk), investors receive returns not realizing they are either paid from their own money or other investor's money.



Insider Trading:

Trading (buying or selling) occurs based on information that is not available to the public. (I hear at a confidential meeting that Apple will be going bankrupt so I get rid of my shares in Apple before it happens.)

Information Tipping: providing non-public information to a person who isn't authorized to have that information.

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Telemarketing fraud: business or individual phones people with false promises or misleading statements to convince them to part with money or information.

Examples:

Canada Revenue Agency Scam: scammer claims to be an employee of Canada Revenue Agency or Service Canada stating you owe back taxes, have unpaid balances, or committed a crime. They insist that if you do not pay immediately, you'll be arrested, fined, or deported.

Emergency Scams: an individual (often a senior) receives a phone call from a scammer claiming to be a family member in trouble and needs money immediately.


Health Scams: criminals call posing as government, healthcare, research officials, etc. and offer a miracle cure, vaccine, herbal remedy, or treatment. Examples, COVID-19 vaccine, weight loss treatment, etc. You may or may not receive the actual product, however the goal is to get your financial information.

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Charity/Donation Scams: scammers collect money by pretending to be a real charity. The charity may not exist at all, or it does exist but the scammer isn't associated with it. Not only does this harm victims by costing them money and personal information but it harms the legitimate charities by diverting funds away from them and causing people to be hesitant to donate to charities.


Real or Phishy?

 <https://www.scamwatch.gov.au/about-scamwatch/tools-resources/online-resources/spot-1>

What if you actually respond to these scammers?

What if you respond, knowing they are scammers? What do they say next?

Frauds, Phishing, and Scams

 https://www.ted.com/talks/james_veitch_this_is_what_happens_when_you_reply_to_sp