

YOUR FINANCIAL ROAD MAP: WHERE DO YOU WANT TO GO?

DAY: 10

TITLE: YOUR MONEY: Consumer Awareness – Protection

TARGET COMPETENCY: Recognize common consumer scams, gain strategies for avoiding them, and command the knowledge and skills necessary if one becomes a victim

OBJECTIVES:

- Identify various consumer scams, describe how they work, and explain what you can do if you find yourself caught in one
- Understand how to handle a consumer complaint effectively
- Understand how and why to keep records of your purchases
- Identify federal and state sources for consumer information and consumer help

HANDOUTS/MATERIALS

- Internet access to FTC website
- NEFE Unit 5 (last half of the chapter)
 - Student Guide pp. 72-76
 - PPT slides 5M- 5Q
- Money Talks Teen Guide: Privacy Please!
- Handout: Consumer Protection Laws
- Handout: Your Credit Rights
- Handout: Consumer Protection – Federal and State Agencies

LESSON SUMMARY:

Consumer buying makes a person a target for various consumer scams. While fraud in the marketplace is not new, the methods used have kept up with technology. Identity theft, telemarketing fraud, internet scams result in consumers losing billions of dollars each year. What actions should a person take to resolve a consumer problem? Students will learn how to identify scams, protect themselves against potential fraud, and learn about sources of help available to them through government agencies and other organizations.

LESSON OUTLINE:

MINUTES	CONTENT
	Prior to class, have students read pg. 72-26 in their Student Guide.

<p>7</p>	<p>Intro FRAUD & SCAMS</p> <p>Financial Fraud encompasses a wide range of illegal behavior and everyone is affected by it. A government agency called the Federal Trade Commission (FTC) is responsible for consumer protection. The FTC protects consumers by educating them about advertising and consumer fraud.</p> <p>Discussion questions:</p> <ul style="list-style-type: none"> • What is consumer fraud? • What kinds of fraud have you heard of OR experienced? • What can we do to protect ourselves? <p>Financial fraud takes many different shapes, and fraudsters wear many different masks. From mortgage scams that target the elderly, Ponzi schemes that shock the world (Bernie Madoff), procurement fraud that steals money from our nation’s coffers, predatory lending that discriminates against vulnerable communities (discussed in the Fringe Banking lesson), securities fraud that undermines the trust and transparency of our markets, and the list goes on.</p> <p>In this lesson, we’re going to focus on the frauds and scams that have the greatest impact on young adults.</p>
<p>20</p>	<p>Identity Theft</p> <p>As one of the fastest growing crimes in the U.S., identity theft affects 9 million Americans each year, according to the FTC. Altogether, identity theft victims will lose more than \$5 billion dollars this year alone. Being a teenager doesn’t mean you’re safe. In fact, you may be at even greater risk. Since most teens don’t have a credit record, thieves can open brand new accounts in your name and you won’t even know it. If this happens to you, you may not find out for years until you try to get a loan. Because you are just starting your credit history, your whole financial future is at risk. And, if you don’t have a driver’s license, a thief could use your Social Security number to apply for one, and you’ll only find out when you apply for and then denied a license.</p> <p>Watch 3-4 short videos from the Federal Trade Commission (FTC): http://www.stopfraud.gov/multimedia.html</p> <p>1. Deter, Detect, Defend (Identity Theft) - about 9 minutes</p>

	<p>The topic of Identity Theft is covered, along with helpful hints on how to proactively protect yourself from Identity Theft scammers. It is also a good follow up to the lesson on credit reports.</p> <p>Review with students what to do if they become victims of Identify Theft:</p> <ol style="list-style-type: none"> 1. Call all three credit agencies and put a Fraud Alert on your record. 2. Close any account that’s been tampered with (credit card, email, etc) 3. Call security/fraud divisions of those accounts to report illegal activity. 4. File a police report 5. Contact the FTC <p>2. Wire Transfer Fraud – about 2 minutes Note: This scam happened in an episode on MTV’s Teen Mom. It’s a real life example of a Craigslist scam that happened to one of their “peers.” The pop-cultural reference might spark an interesting discussion. For more info: http://kcbbb.blogspot.com/2010/08/farrahs-car-sale-scam-on-teen-mom.html</p> <p>3. Phishing Scams – about 1 minute Short, but amusing video about a credit card phishing scam.</p> <p>4. How to File a Complaint – about 2 minutes http://www.stopfraud.gov/multimedia.html This fun video tells you how to file a complaint with the Federal Trade Commission and report or protect yourself against fraud.</p> <p>5. Review NV’s Identity Theft and Credit Freeze Laws: http://ag.state.nv.us/idtheft/idtheft.htm</p>
<p>15</p>	<p>Fraud: How to Prevent It and What to Do If You Can’t Choose one of the following lessons recommendations:</p> <p>NEFE Curriculum Unit 5 (pp. 72-26 in their Student Guide)</p> <ul style="list-style-type: none"> • Review PPT (5M-5Q) and discuss differing kinds of fraud and scams; emphasize the 5 steps to take in the event that your identity is stolen: <ol style="list-style-type: none"> 1. Cancel credit card(s) 2. Call one the credit bureaus and report fraud 3. Request a copy of your credit report, which is free because you have placed a fraud alert on your file. 4. Report to police 5. File a claim with the FTC <ul style="list-style-type: none"> ○ <i>NOTE: NEFE slides say report your stolen SSN and request a new</i>

	<p><i>one – this is a last resort and ONLY IF it is clear your SSN has been compromised.</i></p> <ul style="list-style-type: none"> • Discuss Exercise 5H as a class • Break into pair and take turns completing Exercise 5I; ask for examples to share with the whole class <p>< OR ></p> <p>Money Talks Teen Guide series: Privacy Please! Download and distribute copies of this 8-page guide.</p> <ul style="list-style-type: none"> • Take Identity Theft Quiz (and total your own score). Ask the students to stand up based on their “risk” score. Ask them if they were surprised at their score? • Read “How Thieves Work” to understand the different kinds of fraud and scams looking a victim: skimming, dumpster diving, computer spyware, account redirection, phishing, pharming, wireless hacking, stealing, shoulder surfing. • In the “Keep It Safe” section, review the 19 strategies for protecting your identity. Ask the students if they can think of any others (ideas: changing your passwords at least once a year, using different passwords for banks and credit card site than you use with video games, etc, don’t use your birthday as your PIN, etc.) • Review five steps to take in the event that your identity is stolen (p. 8)
	<p>Your Rights and the Law</p> <p>In addition to the FTC and the newly-created CFPB (discussed yesterday), there are a host of federal and state agencies that are working to protect the interests of consumers from bad business practices. Today, we’re going to review a few key consumer protection laws and the agencies that help enforce them:</p> <ul style="list-style-type: none"> • Fair Credit Reporting Act • Fair Credit Billing Act • Equal Credit Opportunity Act • Fair Debt Collection Practices Act • Truth In Lending Act • Fair Housing Act <p>Overview of credit protection laws: http://www.federalreserve.gov/creditcard/regs.html</p> <p>Activity: Have student review the Consumer Protection Laws handout. As a class, brainstorm possible scenarios when each of these laws may have</p>

	<p>been broken. In each scenario, what should the victim do (or who should s/he contact)? (Also, Federal Reserve Bank has a brochure: http://www.frbsf.org/publications/consumer/creditrighs.pdf).</p> <p>Review the handout: Consumer Protection – Federal and State Agencies. <i>(Or create PPT slides to present the different agencies).</i></p> <p>Activity: Visit Nevada’s Frigh Fraud website to review this local resource with students. Walk through where and how to locate information on the website. You may want to review examples of scams not already discussed (like the Social Media Scams). http://fightfraud.nv.gov/SocialMediaScams_new.htm#IQ</p> <p>Homework: Listen to <i>Anatomy of a Bank Turn Over</i> (13 min) to learn more about the FDIC (<i>radio segment featured on All Things Considered</i>) http://www.npr.org/templates/story/story.php?storyId=102384657</p> <p>Homework: Research and write a brief history of one of laws or agencies that focuses on Consumer Protection. What prompted the law and/or agency to be created? What national events were happening that precipitated the actions?</p> <p>< OR ></p> <p>Homework: Listen to <i>Anatomy of a Bank Turn Over</i> (13 min) to learn more about the FDIC (<i>radio segment featured on All Things Considered</i>) http://www.npr.org/templates/story/story.php?storyId=102384657</p>
5	<p>Assessment</p> <p>Determine if these statements are True or False:</p> <ul style="list-style-type: none"> • If you’re a victim of identity theft, you may not find out for years – until you apply for a loan or credit. • Phishing is when a person (or an email message) says there is a problem with your account and requests that you “verify” your information with them. • Victims of identity theft should place a fraud alert on their credit file by calling one of the three major credit reporting agencies. • The Fair Credit Act was designed to help the credit card companies determine if a potential consumer was a safe credit risk. • The Federal Reserve Bank is the “bank to all the other banks.”

HOMEWORK:

1. See suggestions at the end of the document
2. Listen to NPR segment: *Anatomy of a Bank Turn Over* (13 min) to learn more about the FDIC. <http://www.npr.org/templates/story/story.php?storyId=102384657>
3. Research and write a brief history of one of laws or agencies that focuses on Consumer Protection. What prompted the law and/or agency to be created? What national events were happening that precipitated the actions?

ADDITIONAL RESOURCES:

Financial Fraud Enforcement Task Force

<http://www.stopfraud.gov/protect-massmarket.html>

Federal Reserve Bank – Brochure on Credit Rights

<http://www.frbsf.org/publications/consumer/creditrighs.pdf>

FDIC: Federal Deposit Insurance Corporation

<http://www.fdic.gov/consumers/theft/>

- **FDIC – Smart Start: Money Management for Teens**

http://www.fdic.gov/consumers/consumer/news/cnsum06/sum_06_color.pdf

A 12-page “mini-manual” that provides a brief overview of basic money management needs for teens. Specifically, it covers identity theft and provides a section explaining the FDIC and its role in fraud prevention. It contains a short money quiz.

Federal Trade Commission (FTC)

www.ftc.gov/consumer

The Federal Trade Commission (FTC) (www.ftc.gov/consumer) offers free Publications on credit cards, billing rights and how to avoid credit card fraud.

The National Fraud Information Center

www.fraud.org

The National Fraud Information Center, a project of the National Consumers League, offers advice and prevention tips (1 -800-867-7060)

State Resources:

Nevada Consumer Affairs Division, State Attorney General’s Office

<http://ag.state.nv.us/org/bcp/cadinfo.htm>

The Nevada Consumer Affairs Division and its administrative duties have been temporarily eliminated by Assembly Bill 561 implementing the Governor's recommendation to the 2009 Nevada State Legislature.

Bureau of Consumer Protection (BCP), State Attorney General's Office

<http://ag.state.nv.us/org/bcp/bcp.htm>

BCP enforces various consumer protection statutes, in particular deceptive trade and antitrust laws, through the filing of lawsuits on behalf of the State of Nevada and the public good. BCP can not represent individual consumers in these lawsuits, nor can BCP assist individual consumers with their own private legal disputes.

Nevada Fight Fraud – sponsored by the Department of Business and Industry

<http://fightfraud.nv.gov/>

Nevada Council on Economic Education

http://www.nvcee.org/teacher_resources.htm

Consumer Action

www.consumer-action.org

Practical Money Skills (Teens) – Lesson 11 on Consumer Awareness

https://www.practicalmoneyskills.com/foreducators/lesson_plans/teens.php

Provides a complete lesson plan on the topic, but does cover specific consumer protection laws and agencies identified in SB 317.

HOMEWORK Suggestions:

1. The FRAUD Essay, an exercise in critical viewing.

Today's lesson covered fraud and how identify and hopefully, avoid it. Greed and the lure of wealth can tempt people to ignore what they know to be right and wrong. But do people ever commit financial fraud for other reasons?

Directions:

Select a movie from the list below (most area available at the library, Netflix or Hulu.com). After you watch the movie, you will write a response (2 pages) which should address some (or all) of the follow points:

- What was the fraud, wrong doing, or crime portrayed in the movie?
- What motivated the character(s) to commit fraud or participate in illegal activity? Were the characters always aware that what they were doing was wrong? Were their motives merely greed?
- Was it difficult for others to discover the fraud? How were those committing the crime or fraud eventually caught?
- Who in the film was hurt by the fraudulent or illegal actions committed?

- Are there any admirable characters in the film? Explain their role or actions.
- What is your personal response or reaction to the film?

Responses should be written in essay format, not as answers to questions.

Movie Options (or suggest one of your own):

Wall Street
 Catch Me If You Can
 Boiler Room
 Glen
 Rogue Trader
 Glengarry Glen Ross
 Enron: The Smartest Guys in the Room*
 Maxed Out*

** limited or no profanity or adult material*

2. This American Life – The Giant Pool of Money (podcast – 57 minutes)

<http://www.thisamericanlife.org/radio-archives/episode/355/the-giant-pool-of-money>

A special program about the housing crisis produced in a special collaboration with *NPR News*. We explain it all to you. Assign the students to listen to this 57 minute, then answer these questions in a classroom discussion (or assign as an essay).

- What does the housing crisis have to do with the turmoil on Wall Street?
- Why did banks make half-million dollar loans to people without jobs or income?
- Why is everyone talking so much about the 1930s?

3. Understanding the Financial Crisis: Different perspectives on the roots of the recent Wall Street credit crisis.

Assign students to read the articles below and ask them to outline the different points of view about the causes of the recent financial crisis. The first article is from a more conservative, “institutional” perspective, while the second one presents arguments from a liberal point of view. Facilitate a classroom discussion about the strengths and weaknesses of each argument. Alternatively, assign this as an essay and encourage students to look for more sources of information/explanation.

1. Federal Reserve Bank

Information and analysis on what caused the financial crisis, what the Fed did in response, and what the road ahead might look like.

<http://www.frbsf.org/econanswers/>

2. Institute for Policy Studies – Economic Meltdown Funnies

<http://extremeinequality.org/?p=127>

The *Economic Meltdown Funnies* provide a humorous, easy-to-follow guide to the many factors that led to the current financial crisis.

Talking Points: Economic Meltdown

By Chuck Collins | October 27, 2008_Working Group on Extreme Inequality

www.ips-dc.org/.../talking%20points-Econ%20meltdown%20formatted.pdf

The following document is a series of talking points, in an easy-to-read question-and-answer format, on the key questions being discussed today about the global economic meltdown.