

Internet fraud's U.S. price tag put at \$550 million

15 March 2010, By Stuart Pfeifer

U.S. citizens reported losing more than \$550 million in 2009 in Internet fraud, falling prey to a variety of increasingly sophisticated scams, according to a report by the Internet Crime Complaint Center.

The loss was more than twice that reported in 2008, according to the agency, a partnership of the FBI and the privately funded National White Collar Crime Center. Based in West Virginia, the center tracks Internet crime around the world.

"Criminals are continuing to take full advantage of the anonymity afforded them by the Internet. They are also developing increasingly sophisticated means of defrauding unsuspecting consumers," said Donald Brackman, director of the National White Collar Crime Center.

Part of the increase can be attributed to a change that allowed more cases to be included, but other possible factors include increased use of the Internet, which has broadened the pool of perpetrators and victims, said Charles Pavelites, an FBI special agent.

More complaints were reported by California residents than by residents of any other state, the report said. Common frauds included the nondelivery of merchandise ordered through Web sites and "advance-fee scams," in which victims were persuaded to make small payments to receive windfalls that never arrived, the report said.

Typical of the cases reported last year was a scam in which a Miami Beach man advertised vacation rentals on Craigslist.org but stopped communicating with customers after they paid thousands of dollars in down payments, according to the report. Police arrested a suspect in that case, saying he stole more than \$30,000 from 16 victims.

Another common fraud in 2009 was the "hit man

scam," in which threatening e-mails were sent to victims. The e-mails purported to be written by hit men who had been paid to kill the victims. They said they would let the victims live if they paid them thousands of dollars. Many of those threatening e-mails were traced to West Africa, Pavelites said.

"Internet crime keeps going up. It's cheaper. It's faster. It beats the old method of knocking on your door and trying to get you to give them money," Pavelites said. "If you send out 1 million e-mails and even a minimal number of people return money, you'll make more money than a working person would in a very long time in a legitimate job."

Computer viruses capable of secretly downloading passwords and account numbers are also a problem, Pavelites said. Spread through e-mail attachments, the viruses allow criminals to steal from bank and credit card accounts.

In April 2009, the [Internet Crime Complaint Center](#) linked 103 cases in which victims reported paying for vehicles and motorcycles that did not arrive. The victims lost a combined \$360,000 that was sent to a fraudulent financing center suggested by the seller, the report said. Consumers can take precautions to avoid being victimized, Pavelites said. They should install up-to-date computer firewalls, use only reputable payment centers to make purchases online, and not respond to unsolicited e-mails or pop-up ads, he said.

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