

Investigating types of fraud and identity theft

Students identify different types of fraud and identity theft in real-world scenarios

Learning goals

Big idea

Fraud and identity theft hurt millions of Americans each year.

Essential questions

- What are the most common types of fraud and identity theft?
- How do fraud and identity theft pose a financial risk to me?

Objectives

- Review the characteristics of common types of fraud and identity theft
- Identify the types of fraud and identity theft described in a real-world scenario

What students will do


- Review a list of common types of fraud and identity theft.
- Identify types of fraud and identity theft described in given scenarios.

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:

 Financial knowledge and decision-making skills

Grade level: High school (9-12)

Age range: 13-19

Topic: Protect (Managing risk, Preventing fraud and identity theft)

School subject: CTE (Career and technical education), Social studies or history

Teaching strategy: Competency-based learning, Cooperative learning, Direct instruction

Bloom's Taxonomy level: Understand, Analyze

Activity duration: 45-60 minutes

National Standards for Personal Financial Education, 2021

Managing credit: 12-12

Managing risk: 8-7, 12-11

Spending: 12-8, 12-9

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

Preparing for this activity

- While it's not necessary, completing the "[Defining fraud and identity theft](#)" activity first may make this one more meaningful.
- Print copies of all student materials, or prepare for students to access them electronically.

What you'll need

THIS TEACHER GUIDE

- [Investigating types of fraud and identity theft \(guide\)](#)
[cfpb_building_block_activities_types-fraud-identity-theft_guide.pdf](#)

STUDENT MATERIALS

- [Investigating types of fraud and identity theft \(worksheet\)](#)
[cfpb_building_block_activities_types-fraud-identity-theft_worksheet.pdf](#)

Exploring key financial concepts

Fraud is an illegal act that occurs when people try to trick you out of your personal information and your money. Identity theft is when someone uses your personal information – such as your name, Social Security number, or credit card number – without your permission. Millions of Americans are victims of fraud or identity theft each year. No matter where you live or how old you are, you may someday be affected by these crimes. Identity theft can happen over the phone by answering personal questions or online by clicking suspicious links, answering social media quizzes that ask for personal information, or opening emails from unknown sources on your computer or phone. Companies or businesses that are genuine usually have passcodes or other methods to protect your personal information. For example, many companies now use something called two-factor authentication. This requires people to use two methods to sign into an account to make it harder for criminals to access the account. Criminals can also steal your personal information from companies or businesses. Knowing how to recognize fraud and identity theft can help you protect your money.

TIP

Because terms and laws related to fraud and identity theft change, students should be encouraged to always look for the most up-to-date information.

Teaching this activity

Whole-class introduction

- Ask students if they've heard of emails or text messages that offer a shopping deal or an opportunity to become an online influencer and then ask for personal information like Social Security, credit card, or bank account numbers.
 - Ask students what those types of emails and texts are called.
 - If necessary, explain that they're a type of fraud called phishing.
- Read the "Exploring key financial concepts" section to students to explain fraud and identity theft.
- Be sure students understand key vocabulary:
 - **Data breach:** The unauthorized movement or disclosure of sensitive information to a party, usually outside the organization, that is not authorized to have or see the information. Someone who gets the data might use it for identity theft.
 - **Elder financial exploitation:** The illegal or improper use of an older adult's funds, property, or assets by family members, caregivers, friends, or strangers who gain their trust.
 - **Foreclosure relief scam:** Scheme to take your money or your house often by making a false promise of saving you from foreclosure; includes mortgage loan modification scams.
 - **Fraud:** An illegal act that occurs when people try to trick you out of your personal information and your money.
 - **Identity theft:** Using your personal information – such as your name, Social Security number, or credit card number – without your permission.
 - **Imposter scam:** An attempt to get you to send money by pretending to be someone you know or trust, like a sheriff; local, state, or federal government employee; a family member; or charity organization.
 - **Mail fraud scam:** Letters that look real but contain fake promises. A common warning sign is a letter asking you to send money or personal information now to receive something of value later.

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

- **Phishing scam:** When someone tries to get you to give them personal information, such as through an email or text message, often by impersonating a business or government agency. This can be thought of as “fishing for confidential information.”
- **Romance scam:** When a new friend says they like or love you, but they really just want your money—and may not be who they say they are.
- **Scam:** A dishonest trick used to cheat somebody out of something important, like money. Scams can happen in person, through social media, or by phone, email, postal mail, or text.
- **Spoofing:** When a caller disguises the information shown on your caller ID to appear as though they are calling as a certain person or from a specific location.
- **Tax-related identity theft:** When someone steals your Social Security number to file a tax return claiming a fraudulent refund; may also be called tax-filing-related identity theft.
- **Wire transfer fraud:** Tricking someone into wiring or transferring money to steal from them. One common example of a wire transfer fraud is the “grandparent scam.” This is when a scammer posing as a grandchild or a friend of a grandchild calls to say they are in a foreign country, or in some kind of trouble, and need money wired or sent right away.

TIP

Since understanding types of fraud and identity theft is important for students to successfully complete this activity, be sure to review these definitions so students are familiar with similarities and differences. You might consider creating an anchor chart with the definitions to hang on classroom walls. Remind students to refer to these definitions to help them identify the fraud or identity theft described in each scenario.

Individual or group work

- Students can work individually or with a partner on this activity.
- Distribute the “Investigating types of fraud and identity theft” worksheet.
- Tell students that they’ll identify which type of fraud or identity theft is described in each scenario on their worksheet.
- They should record their answers using the terms on their worksheet.

Wrap-up

- Have students share and discuss their answers.
- If time allows, ask students to share which types of fraud or identity theft they think they might face now or in the future and why.

Suggested next steps

Consider searching for other CFPB activities that address the topic of protection, including managing risk and preventing fraud and identity theft. Suggested activities include “Reporting fraud or identity theft to authorities” and “Examining the statistics on fraud and identity theft”.

Measuring student learning

Students’ answers on their worksheets and during discussion can give you a sense of their understanding.

This answer guide provides possible answers for the “Investigating types of fraud and identity theft” worksheet. **Keep in mind that students’ answers may vary.** The important thing is for students to have reasonable justification for their answers.

Answer guide

1. You receive an email that encourages you to click a link and enter personal information, including your Social Security number and bank account number. The email looks official, but the sender’s email address seems odd. What type of fraud is this?
c - Phishing scam
2. You contact the IRS to ask for more time to file your taxes, but you find out that someone has already filed a tax return in your name. What type of fraud is this?
f - Tax-related identity theft
3. You receive a letter from an unknown company with a message that you’ve won a cash prize. To claim your prize, you’ll need to send them your bank account information so they can deposit the money into your account. What type of fraud is this?
a - Mail fraud scam
4. Your caller ID shows that a local number associated with the high school in your town is calling you. You answer and the person calling says they’re raising money for a local sports tournament. You soon realize the caller is not actually with the school. What type of fraud is this?
g - Spoofing
5. You get a call from someone raising money for a charity. They ask you to wire money immediately because they have a critical and urgent humanitarian need. They get annoyed when you ask them for more information. What type of fraud is this?
e - Wire transfer fraud

6. You get a call from someone claiming to be with the sheriff's office. They say they need your personal information to update their neighborhood records. You quickly recognize they're not actually who they claim to be. What type of fraud is this?

b - Imposter scam

7. Someone pretending to be you used your name and personal information to purchase a car. What type of fraud is this?

d - Identity theft

8. Your grandmother has a neighbor who has gained her trust but has been secretly taking money from her bank account. What type of fraud is this?

j - Elder financial exploitation

9. A hacker stole information from your credit card company, including your personal data, and used it to charge purchases to your account. What type of fraud is this?

i - Data breach followed by misuse of data

10. You receive a letter saying that your house is in foreclosure and will be taken by the bank unless you mail a check and your personal information immediately. You know you've been paying your mortgage on time. What type of fraud is this?

h - Foreclosure relief scam

11. You have a friend you met on a social media app. You have not met this friend in person, but you both seem to have much in common. Recently, your new friend started talking about how worried they are about their grandmother in another country. They have not mentioned having any relatives in other countries before. They ask you for a donation to help her escape the country. What type of scam is this?

k - Romance scam