
Internet Fraud Complaint Center Issues its First White Collar Crime Report

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Fraud committed over the Internet victimizes both individuals and businesses alike. The Internet Fraud Complaint Center ("IFCC"), a partnership between the [National White Collar Crime Center](#) and the [Federal Bureau of Investigation](#), recently issued its first annual Internet Fraud Report. According to the IFCC, the vast majority of Internet fraud concerns auction fraud (over 40% of all complaints), followed by non-delivery of merchandise/payment fraud, and various Internet scams. Of special interest to consumers, identity theft over the Internet was one of the least reported types of fraud, comprising only 1.3% of all reported cases.

Created in May 2000, the IFCC's primary mission is to address fraud committed over the Internet. It does so by facilitating the flow of information between the victims of Internet fraud and law enforcement agencies by accepting and screening complaints from the public and then referring cases directly to federal and state law enforcement agencies. During 2001, the period covered by its report, the IFCC received almost 50,000 complaints and referred approximately 17,000 of those complaints to 2,700 separate enforcement agencies for further investigation or prosecution. Because of the multi-jurisdictional nature of the Internet, the IFCC referred each complaint to three agencies on average.

The total dollar loss from all referred cases of Internet fraud in 2001 was \$17.8 million. The highest dollar loss per incident was found among the victims of the so-called "Nigerian Letter Fraud" scam, with a median loss of \$5,575 per victim. The Nigerian Letter Fraud was the single-most reported scam, affected both individuals and business, and comprised over 15% of all reported complaints.

The Nigerian Letter Fraud scam has been in existence since the early 1980s. For an example, click [here](#). Originally appearing as a “fax scam,” it began in and is typically run by perpetrators from within Nigeria. The scam begins when the perpetrator, posing either as a Nigerian dignitary or bank official, sends an e-mail to the intended victim. The e-mail typically outlines a “confidential business opportunity” to receive a large sum of money from the “official,” who needs to transfer the cash surreptitiously out of Nigeria for either political or money-laundering reasons. The scam asks permission to wire the funds into the intended victim’s bank account to avoid entanglements with local Nigerian authorities. In exchange for using his bank account, the victim is promised 30% of the money (frequently millions of dollars). The perpetrator then asks for the victim’s bank account information, physical address, and telephone number. Sometimes, the perpetrator also requests “up front money” to bribe Nigerian officials and cover expenses. Of course, there is no large sum of money and, once the victim provides his bank account information, his account is quickly emptied.

The IFCC hopes that, by acting as a central agency to which individuals and businesses can report Internet fraud, it can facilitate the prompt investigation and prosecution of white collar Internet crime and gather important statistical information to prevent such crime in the future.

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