

CARP Fraud Poll Report March 24, 2015

Key Findings

Incidence of members experiencing fraud, either themselves or someone they know, has increase significantly across the past 3 years, although fraud by trusted advisers is on the wane, as is investment fraud, while internet fraud and identity theft have become more prominent.

Members most want their funds returned, followed by seeing the perpetrator in jail or having the perpetrator personally repay the funds when asked for the ideal outcome. The vast majority of members believe their internal “fraud detector” is acute, and two thirds would first report fraud to the police, a percentage which has increased over the years.

Members see most fraud originating in unsolicited phone pitches and e-mail spam, few think it likely they could fall victim to fraud and virtually all will report it to the authorities if it occurs. They agree the best step to prevent fraud is to protect PINs and other financial data, as well as being financially literate, seeking advice and not sharing information online. Half agree doing business online risks fraud.

Members have more confidence in financial institutions to prevent fraud and get restitution than they do the authorities. Virtually every member approves of CARP’s call for special fraud investigative units with prosecution and restitution powers, and the vast majority agree a National Securities Regulator would make fraud prevention more effective.

There is wide agreement fraud is on the increase in Canada, and it is agreed the government’s role in preventing this should be stiffer sentencing, awareness building, special task forces and a National Securities Regulator. Three quarters disagree the government does enough to prevent fraud.

The Liberals continue to lead in member voting preference, trailed by the Conservatives. The NDP is in third place. Despite this, members are more likely to expect the Conservatives to win the next election than they are the Liberals.

Detailed Findings

Close to half of members have experienced fraud themselves or know someone who has (47%) and this percentage has grown significantly since 2012 (31%).

Have you or has anyone you know been the victim of financial fraud?

	November 2012	March 2014	March 2015
YES	31%	44%	47%
Me	10%	18%	17%
Someone I know	21%	26%	30%
No	69%	56%	53%

Fraud by a person in trust used to be the most common form of fraud (2012 - 31%), but this is equally seen to be a source of fraud with phony investment schemes and goods not delivered (16%, 17%, 18%, respectively) now.

What form did this fraud take?

	November 2012	March 2014	March 2015
Fraud by person in trust	31%	19%	16%
Phony investment scheme	25%	20%	17%
Goods/services sold/not delivered	14%	16%	18%
Family members embezzle money	11%	9%	13%
Abusing power of attorney	3%	4%	2%
Internet/Nigerian fraud	n/a	7%	10%
ATM/point-of-sale fraud	n/a	8%	12%
Identity theft	n/a	n/a	13%

The most common specified outcome of the fraud being discussed was the perpetrator being caught, found not guilty and no resolution made (17%).

What was the outcome or resolution of this case of fraud, if any?

Perp caught, not guilty, no resolution	17%
Perp caught, made restitution only	7%
Perp caught, jailed only	5%
Perp caught, jailed and made restitution	3%
OTHER	68%

In most cases, the defrauded subject wanted restitution of funds (28%), followed by a jail term or personal repayment by the perpetrator (22% each), and this is similar to 2014.

What did you most want to happen as a result of this fraud?

	March 2014	March 2015
Restitution of funds	21%	28%
Perpetrator serves jail term	16%	22%
Perpetrator personally pays back funds	14%	22%
Perpetrator is barred from financial activity	3%	7%
Name and shame perpetrator	3%	8%
Perpetrator's employers pays back funds	3%	3%
OTHER/DON'T KNOW	41%	9%

The vast majority of members say their “fraud detector” is acute (87%), and this percentage has been increasing (as fraud is seen to increase) since previous years.

How would you describe your own internal “fraud detector”?

	November 2012	March 2014	March 2015
ACUTE	78%	83%	87%
Very acute, nothing gets by me	8%	11%	13%
Acute, I'm pretty sharp	70%	72%	74%
NOT ACUTE	22%	18%	13%
Not very acute	21%	16%	11%
Not at all acute	1%	2%	2%

The majority would report financial fraud first to the police (68%) and the percentage saying this has increased recently (from 48% in 2012 to 58% in 2014).

If you were the victim of financial fraud, to whom would you report this first?

	November 2012	March 2014	March 2015
Police	48%	58%	68%
Confront perpetrator	9%	4%	5%
Lawyer	7%	5%	4%
Provincial Securities Commission	7%	7%	2%
Anti-fraud hotline	6%	7%	7%
Perpetrator's employer/sponsor	4%	5%	2%
Consumer & Corporate Affairs	2%	2%	1%
Batter Business Bureau	2%	2%	2%
OTHER/DON'T KNOW	16%	10%	10%

Most fraud is seen to originate with phone pitches (37%) and e-mail spam (21%), and the incidence of unsolicited phone pitches has increased recently (from 28% in 2014 and 23% in 2012).

Where do you think most fraudulent schemes originate?

	November 2012	March 2014	March 2015
Unsolicited phone pitches	23%	28%	37%
E-mail spam	16%	20%	21%
Financial adviser	12%	8%	4%
Friend/family	10%	9%	6%
Acquaintance	10%	7%	6%
Door-to-door pitches	5%	5%	5%
Internet spam	3%	4%	5%
OTHER/DON'T KNOW	23%	18%	16%

Relatively few members think they are susceptible to fraud (20%).

How likely is it that you could become the victim of fraud?

	November 2012	March 2014	March 2015
LIKELY	16%	19%	20%
Very likely	2%	2%	2%
Somewhat likely	14%	17%	18%
NOT LIKELY	81%	78%	77%
Not very likely	59%	58%	55%
Not all likely	22%	20%	22%
DON'T KNOW	4%	3%	4%

Virtually every member would report fraud to which they were subjected to the authorities (97%) and the vast majority say this is “very likely” (88%).

If you were a victim of fraud, how likely are you to report it to authorities?

	November 2012	March 2014	March 2015
LIKELY	96%	96%	97%
Very likely	85%	89%	88%
Somewhat likely	11%	7%	9%
NOT LIKELY	2%	2%	3%
Not very likely	1%	1%	2%
Not all likely	1%	1%	1%
DON'T KNOW	2%	2%	1%

One half of members agree the best thing they can do to avoid fraud is to protect the privacy of financial information like PIN numbers (47%). Other safeguards are to be financially literate (15%), to seek advice from a trusted adviser before making major transactions (18%) and not sharing financial information online (17%).

What one thing can an individual do to avoid being defrauded?

	March 2014	March 2015
Protect privacy of all information	39%	47%
Be financially literate	20%	15%
Seek advice before big transaction	19%	18%
Don't share information online	18%	17%
Use only non-captive advisors	1%	1%
OTHER/DON'T KNOW	3%	3%

Just more than one half of members think doing business online opens one to fraud (56%).

Do you agree or disagree you open yourself up to fraud by conducting financial business online?

	March 2014	March 2015
AGREE	55%	56%
Agree strongly	16%	13%
Agree	39%	43%
DISAGREE	39%	38%
Disagree	35%	32%
Disagree strongly	4%	6%
DON'T KNOW	6%	6%

Just fewer than half our members have confidence in the authorities to prevent fraud or gain justice and restitution (45%).

How much confidence do you have in authorities to prevent fraud or help victims get justice and restitution?

CONFIDENCE	45%
A great deal	4%
Some	41%
NO CONFIDENCE	54%
Not much	44%
None at all	10%
DON'T KNOW	2%

Members have more confidence in financial institutions to prevent fraud, get restitution and justice (76%) than they do the authorities.

How much confidence do you have in financial institutions like banks and investment companies to prevent fraud or help victims get justice and restitution?

CONFIDENCE	76%
A great deal	17%
Some	59%
NO CONFIDENCE	24%
Not much	19%
None at all	5%
DON'T KNOW	1%

Virtually every member approves CARP's idea of special investigative squads with prosecution and restitution powers to deal with fraud (95%), and two thirds approve strongly (64%).

CARP has advocated for special fraud investigators with the power to prosecute and demand reparations. Do you approve or disapprove of this initiative?

APPROVE	95%
Approve strongly	64%
Approve	31%
DISAPPROVE	3%
Disapprove	2%
Disapprove strongly	1%
DON'T KNOW	3%

The vast majority of members agree a National Securities Regulator should enforce investment laws (85%), and half agree strongly (50%).

Do you agree or disagree investment fraud would be more effectively dealt with by a single National Securities Regulator which had jurisdiction in every province?

AGREE	85%
Agree strongly	50%
Agree	35%
DISAGREE	6%
Disagree	4%
Disagree strongly	2%
DON'T KNOW	10%

The minority are aware financial advisors have no legal duty to act in the best interests of their clients (43%).

Were you aware financial professionals, like financial advisors, have no legal duty to act in the best interests of their clients?

Yes	43%
No	57%

Two thirds of members believe fraud is on the increase in Canada (65%) while very few think it is decreasing (2%).

As far as you know, is fraud on the increase or on the decrease in Canada?

Increase	65%
Decrease	2%
No change	8%
DON'T KNOW	25%

Passing stiffer anti-fraud legislation is seen as the most important thing the government can do to prevent fraud (29%), followed by awareness building (22%), the special task forces mentioned above (15%), and a National Securities Regulator (14%). Almost none sees the need for more study.

What is the most important role the government has in preventing fraud?

Stiffer legislation against fraud	29%
Awareness building and information	22%
Special task force with investigation/restitution	15%
National Securities Regulator	14%
Changing criminal code	7%
Increasing sentences	5%
Research and study	*
OTHER/DON'T KNOW	7%

Three quarters of members disagree the government is doing enough to prevent fraud (73%).

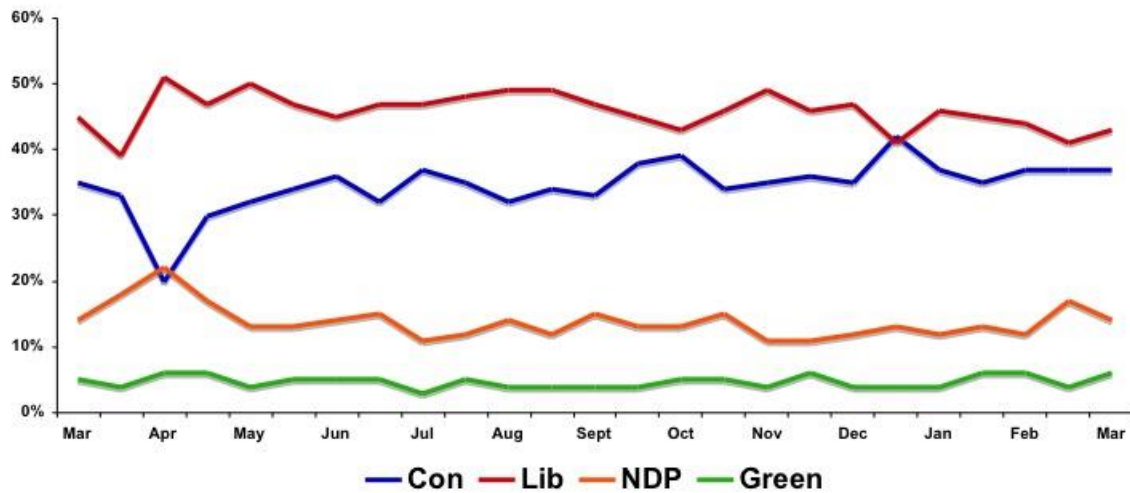
Do you agree or disagree the government is doing enough to protect Canadians from fraud, especially investment fraud?

AGREE	12%
Agree strongly	1%
Agree	11%
DISAGREE	73%
Disagree	54%
Disagree strongly	19%
DON'T KNOW	16%

Electoral Preference

After briefly tying the Liberals for first place, the Conservatives have returned to second place (37%) where they have been for a year or more. The Liberals lead (43%) and the NDP is in third (14%), with a recent decrease (from 17%).

Despite a member preference for the Liberals, most expect the Conservatives to win the next election (52%), and this trend is mostly NDP voters who realize their party will not win, but who do not think the Liberals can.



Which party do you EXPECT to win the next election?

	Dec 15	Dec 31	Jan 15	Jan 31	Feb 10	Mar 10
Liberals	51%	46%	47%	44%	45%	45%
Conservatives	44%	51%	50%	53%	52%	52%
NDP	3%	3%	2%	2%	2%	4%
Green	*	*	*	*	*	*

More than 1600 CARP Poll™ online panel members responded to this poll between March 10 and 13, 2015. The margin of error for a probability sample this size is about plus or minus 3%, 19 times out of 20