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AARP Investment Fraud Vulnerability Study

Background

Investment fraud has been around for as long as there has been a marketplace. But recent economic forces have converged to make the current environment ideal for swindlers to practice their craft. The decline of traditional pensions has resulted in fewer and fewer American workers relying on expert money managers to invest their retirement funds. As a result, millions of relatively inexperienced Americans are now responsible for investing their own money in a fast-moving and complex investment market. In addition, technology has made it significantly easier for scammers to reach broad swaths of investors via sophisticated robotic and predictive telephone dialing, email, television and social media. And finally, the information age has given scammers unlimited access to personal information about investors, making it easier for them to customize their messages and harder for investors to discern who is truly on their side.

These changing market forces have resulted in sharp increases in all types of fraud. The Federal Trade Commission's Consumer Sentinel Program, a central repository for fraud complaints in the U.S., reports that complaint volume has increased by 60% in the last five years (FTC Consumer Sentinel, 2016). State Attorneys General around the country also report increases in consumer fraud complaints. In response to this growing threat, government agencies have stepped up enforcement. The US Securities and Exchange Commission has increased the number of investment fraud prosecutions they bring by approximately 15% per year since 2014 (SEC, 2016). The Commodity Future Trading Commission (CFTC) has likewise reported a huge increase in the number of enforcement actions it has taken, imposing a record 3.14 billion in civil monetary penalties in 2015 alone (CFTC, 2015).

Despite this increase in prosecutions, enforcement alone will not solve the investment fraud problem. Education and prevention efforts must also be stepped up if we are to put a dent in this crime. And the best way to deliver prevention is to understand who and why investors fall prey in order to protect them. AARP and the FINRA Investor Education Foundation have conducted several studies in recent years that have begun to paint a demographic picture of who falls for investment fraud. Victims tend to be older, male, more financially literate, more educated, have higher incomes and are more open to sales situations than the general public. They are also more likely to express an interest in investments promoted by persuasion tactics used by swindlers and con men (AARP, 2003; FINRA, 2006; AARP, 2007; FINRA, 2007; AARP, 2007; AARP, 2008; and AARP, 2011).

While researchers have a good sense of who is more vulnerable, there is still much to learn about *why* people fall prey and how it can be avoided. And given the fact that so many new and unsophisticated investors are responsible for their own financial futures in an increasingly complex economy, the stakes couldn't be higher.

Overview of the Survey

This study sought to identify differences between known investment fraud victims and the general investor population in three discrete areas: psychological mindset, behavioral characteristics and demographic characteristics.

One working hypothesis is that individuals who fall for investment fraud have a way of looking at the world of investing that makes them more vulnerable than others. Subjects were asked questions about the importance of wealth accumulation, openness to money-making opportunities, their willingness to take risks and even the role of government regulation in investing.

Another working hypothesis is that fraud victims behave in ways that put them at greater risk of being scammed. Subjects were asked how often they had been solicited by telephone, email and traditional paper mail in the past year, how often they made investment decisions, the number of investments they made remotely (over the phone, online, via free lunch seminars and in response to TV ads) and how many investors took preventative actions like signing up for the Do Not Call registry or checking the background of a broker.

Finally, subjects were asked about their demographic profile to determine if previous findings about age, gender, living situation, and educational and economic status would be replicated.

The subject pool included victims of several different investment scams such as online commodity futures scams, gold coins scams, real estate scams, ATM Leaseback scams, oil and gas scams and viatical (life insurance death benefit) scams. All of the victim names came from cases filed by state or local officials against fraudulent companies that had subsequently filed bankruptcy. In total, 8,095 victim names and contact information was identified from 29 different fraud cases. The victim populations may not be totally representative of the total victim population because they were not randomly sampled from among the total universe of victims.

A 49-question survey instrument was developed based on in-depth interviews with fraud victims, consultation with experts from academia, the private sector and government regulators as well as researchers in the field of financial exploitation. Interviews took place between August 23, 2016 and October 17, 2016. AARP's Fraud Watch Network contracted with Applied Research Consultants to complete a total of 1028 interviews, including 814 from the general investor population and 214 victims.

Key Findings

Overall, significant differences were found between victims and the general investor population in a number of different areas. All percentages reported below were found to be statistically significant.

Psychological Mindset – More victims reported valuing wealth accumulation as a measure of success in life, being open to sales pitches, being willing to take risks, preferring unregulated investments and describing themselves as ideologically conservative.

Wealth as a Success Measure: “Some of the most important achievements in life include acquiring money.” More victims (60%) agreed with this statement than general investors (41%).

Open to Sales Pitches: “I like to keep my eyes and ears open for emerging investment opportunities that no one has heard about yet.” More victims (40%) agreed with this statement than general investors (30%).

Risk-Taking: “I don't mind taking chances with my money, as long as I think there's a chance it might pay off.” More victims (48%) agreed with this statement than general investors (30%).

Prefer Unregulated Investments: “The most profitable financial returns are often found in investments that are not regulated by the government.” More victims (48%) agreed with this statement than general investors (30%).

Political Ideology: Significantly more victims (64%) reported being conservative than general investors (44%).

Behaviors – More victims reported being targeted by phone calls and emails from brokers wanting to sell them investments, making five or more investment decisions each year, and making remote investments that involved responding to sales pitches over the phone, over email or in response to a television commercial.

Targeting – Nearly six in ten (58%) fraud victims reported receiving at least one investment sales telephone call each month compared to less than one in three (32%) of the general investors. Similarly, nearly 1-in-10 investment victims (10%) reported receiving more than 15 calls in a typical month, compared to only 2% of general investors.

Over half (53%) of investment victims reported receiving one or more emails trying to sell them investments in a typical month compared to about one-third (35%) of general investors.

Active Traders – For purposes of this study, an active investor was defined as someone who made at least five or more decisions to buy or sell an investment or acquire a new one in a year. Over four-in-ten (42%) victims made five or more investment decisions in a year, compared to only about one-in-ten (11%) general investors.

Remote Investing – Investment fraud victims were more likely to make investments remotely with sales persons previously unknown to them. More victims (24%) made an investment in response to a telephone call from a stranger than general investors (6%). More victims (9%) made an investment in response to an email solicitation than general investors (3%), and about the same number of victims (5%) made an investment in response to a television ad as general investors (4%). Combining all three of these categories, three times as many victims (31%) made remote investments compared to general investors (11%).

Demographics – More victims reported being older, male, married and veterans.

Age, Gender, Marriage and Military Service – More victims were over age 70 (50%) compared to general investors (35%). More victims were male (81%) compared to general investors (42%), more victims were married (66%) compared to general investors (58%) and more victims were veterans (33%) compared to general investors (18%).

Detailed Findings

Psychological Mindset

Respondents were asked a series of questions about their views on wealth as a success measure, risk-taking, openness to new investments, trusted sources of information, their financial situation and their social situation. They were asked to say if they agree or disagree with each statement, and how much they agree (strongly or somewhat). Investment fraud victims were more likely to report that they agreed with two of the three statements that gauge wealth as a success measure; one of the two statements that measures risk-taking; both of the two statements relating to openness to investment; one of the two statements opposing government regulation of investments, and the investment victims were less likely to agree with the statement that they would be more interested in an investment opportunity presented by family or close friends. There were no differences in their views of their financial situation or their social situation.

Table 1: Psychological Mindset Questions¹

QUESTION	General Investors	Investment Fraud Victims
I admire people who own a significant number of financial assets.	46.7%	55.6%
Some of the most important achievements in life include acquiring money.	40.5%	60.3%
Buying things brings me a lot of pleasure.	42.8%	43.0%
I don't mind taking chances with my money, as long as I think there's a chance it might pay off.	30.1%	47.7%
I believe that when it comes to investing, sometimes you have to break the rules to get ahead.	15.8%	18.7%
I like to keep my eyes and ears open for emerging investment opportunities that no one has heard about yet.	30.3%	40.2%
I am interested in receiving investment offers because you never know when something great might come along.	15.4%	23.4%
The most profitable financial returns are often found in investments that are not regulated by the government.	30.3%	48.1%
The last place I would look for help in making good investments is the government.	48.6%	55.6%
I am much more likely to invest in something if a friend or family member has recommended it to me.	44.7%	35.5%
If I hear about an investment from someone I trust, I don't feel the need to do as much research before investing.	27.5%	34.1%
I am satisfied with the amount of money I currently have.	59.0%	58.9%
I am satisfied with the amount of money I have in my retirement nest egg.	59.0%	53.3%
I sometimes feel bored in my day-to-day life.	31.7%	24.8%
I sometimes feel lonely in my day-to-day life.	19.3%	18.2%

¹ NOTE: Percent of respondents who somewhat or strongly agree with each statement, by group. Questions with significant differences are in bold, italics.

Behaviors

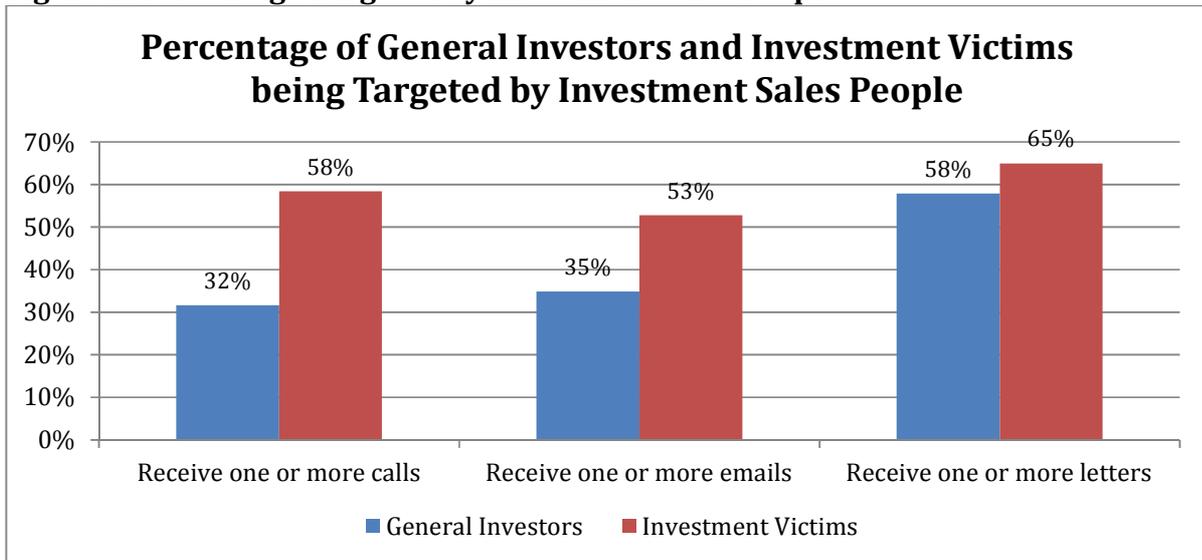
Targeting: Respondents answered questions to determine if brokers target investment fraud victims more than general investors. This was found to be the case. Investment fraud victims receive more telephone calls, emails and letter solicitations from investment sales people than general investors do.

While nearly 6-in-10 investment victims (58.4%) report receiving one or more telephone calls in a typical month from an investment sales person, less than one-third (31.6%) of general investors report receiving these telephone calls. Similarly, nearly 1-in-10 investment victims (9.8%) report receiving more than 15 calls in a typical month, compared to only 2% of general investors.

Over half (52.8%) of investment victims report receiving one or more emails in a typical month from an investment sales person trying to get them to invest their money, while about one-third (34.9%) of general investors get one or more emails in a typical month.

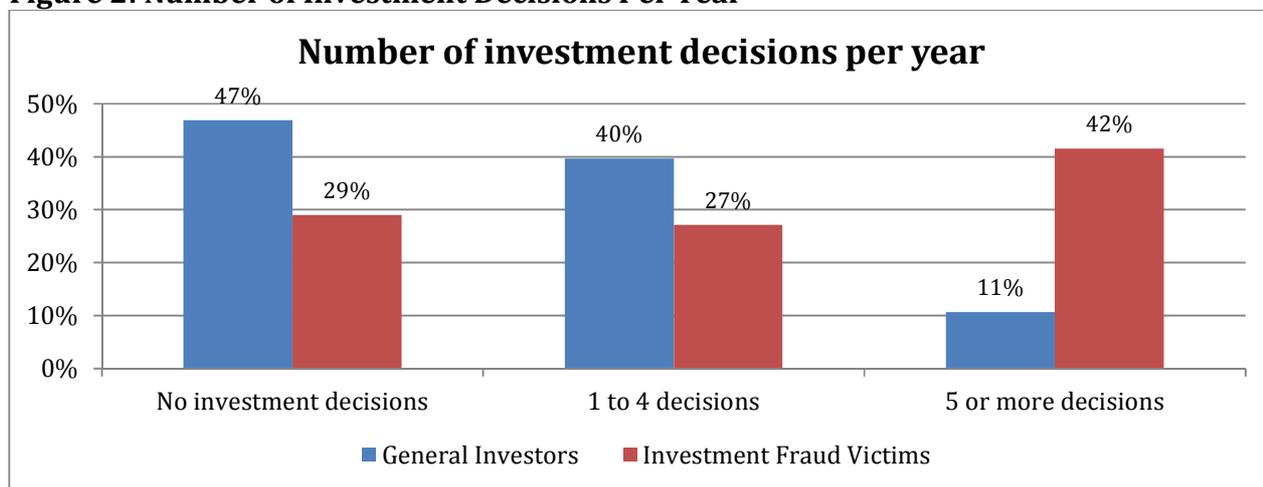
Both groups report receiving letters from investment sales people; while the difference is smaller, significantly more investment victims receive one or more letters (65.0%) than general investors (57.9%).

Figure 1: Percentage Targeted by Investment Sales People



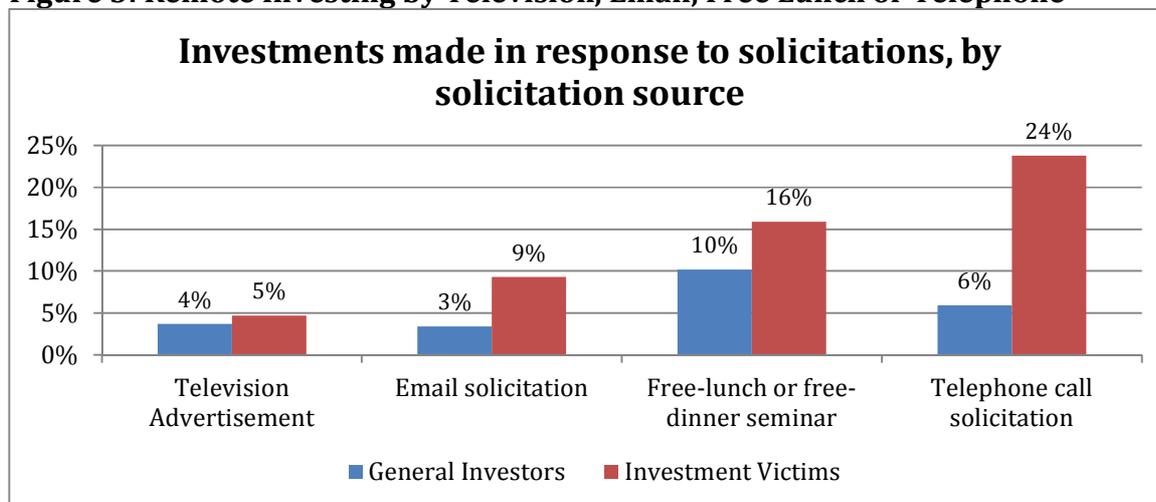
Active Trading: Investment fraud victims reported making significantly more investment decisions (selling one stock and buying another or investing in something new) in a typical year than the general investors. More than four-in-ten (41.6%) of investment fraud victims report making 5 or more investment decisions in a year, compared to only about one-in-ten (10.6%) of general investors.

Figure 2: Number of Investment Decisions Per Year



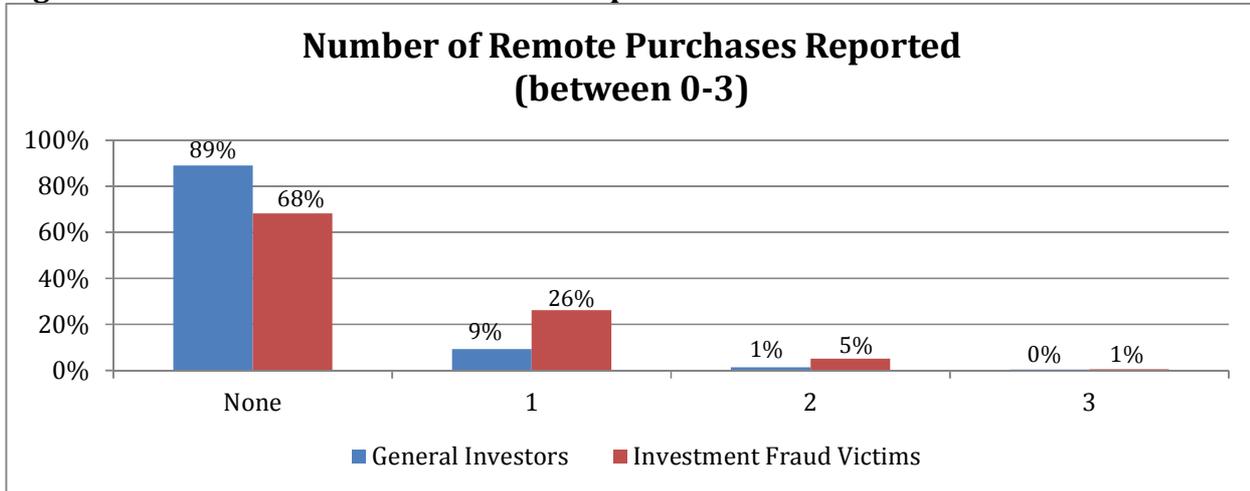
Remote Purchasing: Respondents were asked about making investments in response to advertisements on television, solicitations by email, a presentation at a free-lunch or free-dinner seminar, or a telephone call from someone they did not know. Looking at each question individually, investment fraud victims were significantly more likely to report making an investment in response to a solicitation received by email (Investment victims: 9.3%; General investors: 3.4%); a presentation at a free-lunch or free-dinner seminar (Investment victim: 15.9%; General investor: 10.2%); and a call they received from someone they did not previously know (Investment victim: 23.8%; General investor: 5.9%). There was no significant difference in the number of investments each group responded in response to a television advertisement (Investment victims: 4.7%; General investors; 3.7%).

Figure 3: Remote Investing by Television, Email, Free Lunch or Telephone



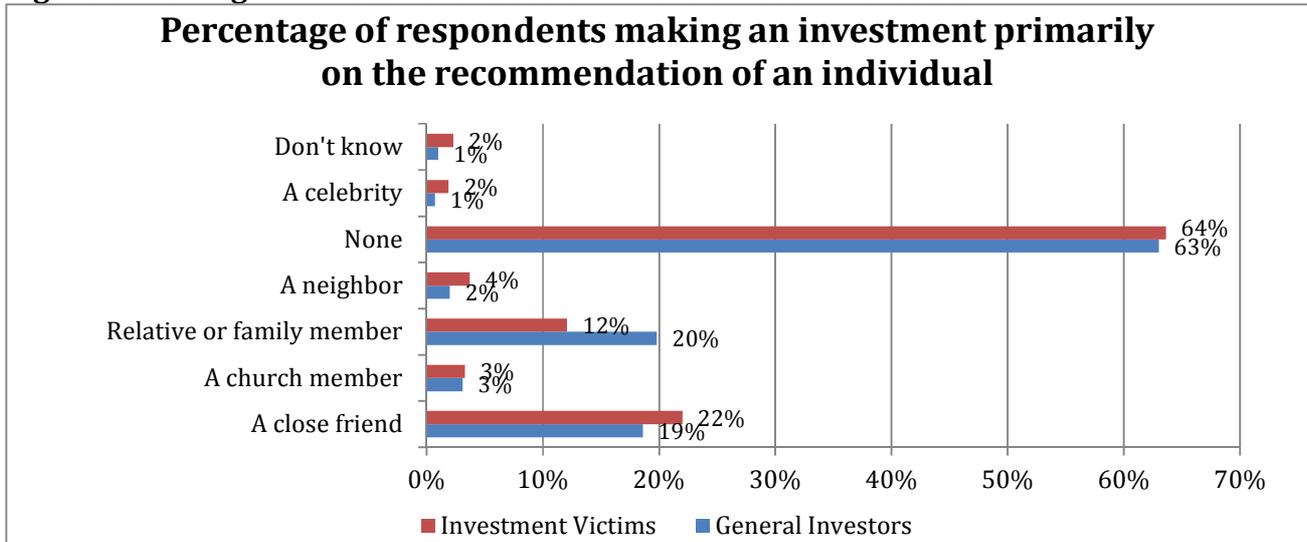
Three of these requests can be grouped together as remote purchases (television advertisement, email solicitation, telephone call). When looking at the total number of remote purchases (between 0-3) that investment victims and general investors reported, investment victims were significantly more likely to report that they made one or more remote purchases (Investment victims: 31.8%; General investors: 11.0%).

Figure 4: Number of Remote Purchases Reported



Recommendations from friends: When asked about making investments primarily on the recommendation of a close friend, a church member, a relative or family member or a neighbor, investment victims and general investors responded similarly. The majority of respondents (64%: Investment victims; 63%: General investors) said they had not make an investment primarily on the recommendation of any of these individuals. Around one-fifth of each group reported making an investment on the recommendation of a close friend (22%: Investment victims; 19%: General investors). Significantly more general investors reported making an investment primarily based on the recommendation of a relative or family member (20%) compared to the investment victims (12%).

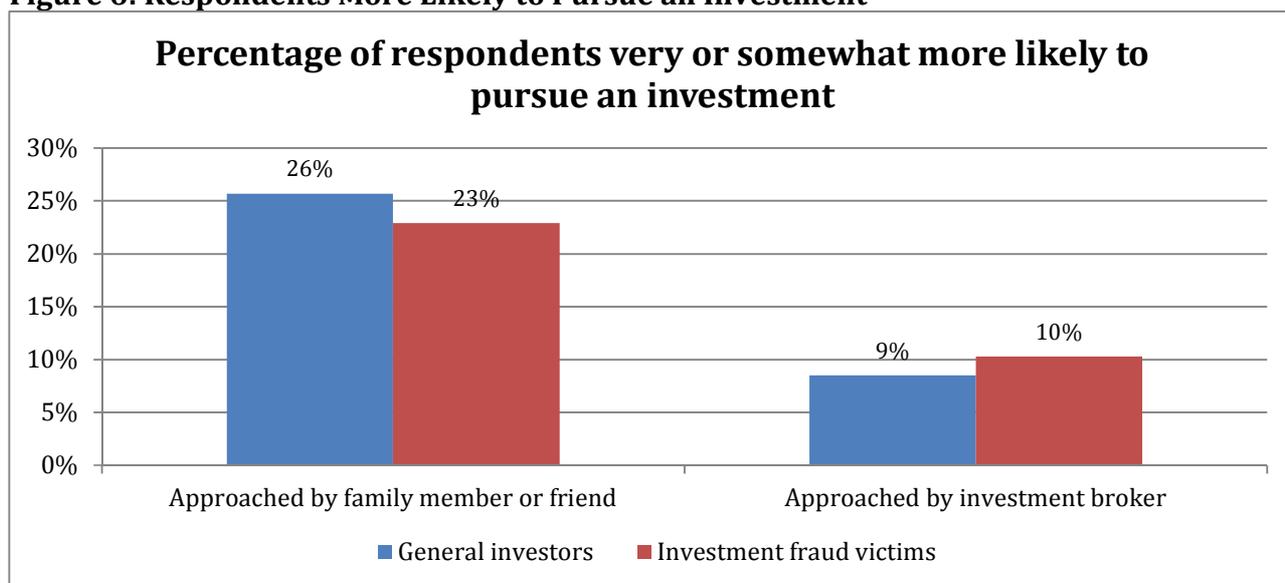
Figure 5: Making An Investment Based on Friend's Recommendation



Do Not Call/Background Check: Less than one-third of either group reported that they had ever checked the background of a broker to see if they are registered with the state or national securities regulators before hiring them (Investment victims: 30.8%; General investors: 31.3%). And less than two-thirds of either group reported that they are currently signed up for the Do Not Call List (Investment victims: 60.3%; General investors: 62.8%).

Likelihood of pursuing a high-risk investment from a friend versus a broker: Participants were asked to rate the likelihood that they would pursue an investment if they were approached by a friend or family member or an investment broker. There were no differences between the general investors and the investment fraud victims in their ratings. Both groups were more interested in investments they might learn about from a friend or family member than from an investment broker. Around one-quarter of respondents in each group said they would be very or somewhat likely to pursue an investment opportunity that they learned about from their friends (Investment victims: 22.9%; General investors: 25.7%). Fewer respondents in both groups said they would be very or somewhat likely to pursue an investment if they were approached by an investment broker (Investment victims: 10.3%; General investors: 8.5%).

Figure 6: Respondents More Likely to Pursue an Investment



General investors and investment victims responded similarly when asked if they would be more interested in an investment if their favorite media organization advertised that investment. About one-quarter of respondents in each group (Investment fraud victims: 27.6%; General investors: 22.2%) said they would be much more or somewhat more interested.

Losing money to investment fraud: Respondents were all asked if anyone has ever convinced them to invest their money in something by promising high or guaranteed rates of return, but the investment turned out to be worthless or they suspect their money was never invested at all. Nearly half (47.2%) of the investment victims admitted that this had happened to them, and nearly two-in-ten (18.3%) of the general investors admitted that they had lost money. Among those who responded yes, investment fraud victims were less likely to report that this happened to them only once (Investment victims: 30.7%; General investors: 43.6%).

Investment fraud victims were significantly more likely to report that they had lost money within the last three years (Investment fraud victims: 40.6%; General investors: 14.8%) compared to the general investors who admitted to losing money.

Table 2: Frequency of Victimization among Self-Reporters

Frequency	General Investors (n=149)	Investment Fraud Victims n=101
Only once	43.6%	30.7%
2-3 times	40.3%	44.6%
4 or more times	13.4%	21.8%
Don't know/Refused	2.7%	3.0%

Table 3: Time Frame of Victimization among Self-Reporters

Time Frame	General Investors (n=149)	Investment Fraud Victims (n=101)
0 to 3 years ago	14.8%	40.6%
4 or more years ago	80.5%	56.5%
Don't know/refused	4.7%	3.0%

Demographics

The investment fraud victims are significantly more likely to be male, older, married, living alone or with their spouse only, to be a veteran and to be more conservative. No significant differences were found in education, income, employment status or religiosity.

Table 4: All Demographics

AGE	General Investors	Investment Fraud Victims
18 to 49 years old	11.7%	4.7%
50 to 69 years old	44.9%	38.3%
70 years or older	35.9%	51.0%

GENDER	General Investors	Investment Fraud Victims
Male	41.9%	80.8
Female	57.5%	19.2

MARITAL STATUS	General Investors	Investment Fraud Victims
Currently Married	58.0%	65.9%

EDUCATION	General Investors	Investment Fraud Victims
Less than 4 year college degree	42.0%	36.0%
4 year college degree or more	55.8%	62.1%

INCOME	General Investors	Investment Fraud Victims
Less than \$50,000 a year	24.7%	21.5%
\$50,000 or more a year	40.4%	46.3%
Prefer not to say	34.9%	32.2%

LIVING SITUATION	General Investors	Investment Fraud Victims
Living with Someone (in addition to spouse)	30.8%	18.2%
Living alone or with spouse only	66.1%	79.9%

VETERAN STATUS	General Investors	Investment Fraud Victims
Veteran	18.3%	32.7%

EMPLOYMENT STATUS	General Investors	Investment Fraud Victims
Currently Employed Full/Part-time	40.7%	38.8%
Retired and not looking for work	47.7%	54.2%

WORLD VIEW	General Investors	Investment Fraud Victims
Liberal (Very Liberal, Liberal, Moderately liberal)	33.2%	14.5%
Moderate	15.1%	13.1%
Conservative (Very Conservative, Conservative, Moderately conservative)	43.6%	63.6%
Prefer not to say	8.1%	8.9%

RELIGIOSITY	General Investors	Investment Fraud Victims
Very/Moderately Religious	59.7%	58.9%
Somewhat/not at all Religious	34.8%	34.6%
Prefer not to say	5.5%	6.5%

Logistic Regression Analysis

A logistic regression analysis was performed using SAS Version 9.4 to program the data and MPlus 7 to do the analysis.² This analysis determined which risk variables accounted for the most variance between victims and general investors and therefore which variables are most likely to predict future victimization.

- Male Gender
- Conservative Ideology
- High Trading Frequency
- Frequent Remote Investing
- Value Wealth As A Success Measure
- Targeted by Phone, Email and Regular Mail
- Preference for Unregulated Investments
- Older Age

These findings support the pairwise comparisons reported earlier in this report and may be useful for developing public education materials like quizzes and other tools that can help investors assess their own level of vulnerability to investment fraud.

² Note for more detailed information about this logistic regression analysis, contact Doug Shadel or Karla Pak.

Discussion

The goal of this study was to identify psychological, behavioral and demographic risk factors that might make investors more vulnerable to investment fraud. The data revealed a number of such risk factors.

Since many behaviors begin with a person's psychological predispositions about the world, we wanted to see if victims see the world differently and if so, how this might put them at risk. One noteworthy difference found was the value victims place on wealth as a measure of success. Significantly more victims said that an important measure of success in life was the accumulation of money. While the importance of wealth accumulation is a mindset held by many Americans, it is significant that more fraud victims hold this belief than the general investor population and it may contribute to their being vulnerable to scammers. What we don't know is whether this increased value on wealth among victims was a world view they held prior to being victimized that led to their being scammed or whether it was the result of being taken. Regardless, the increased importance they place on financial wealth suggests that they would be vulnerable to scammers offering big returns in the future.

It is also significant that more victims reported being open to new opportunities presented by salespersons. One would think that individuals who have been scammed and lost money would be reticent to consider new opportunities, but the data suggests the opposite. One possible explanation comes from interviews with the victims themselves: many say they still have an acute interest in investment opportunities because they feel the need to make up ground lost by their previous victimization. This finding has been identified in previous studies and is believed to be a major risk variable for falling for investment scams. The individual who has a mindset that actively looks for opportunities no one else has found yet is precisely who scammers want to pitch and it can put especially inexperienced investors at great risk.

Believing in the value of wealth accumulation and openness to investment opportunity alone may not be enough. A third mindset variable found among more victims was the belief that the most profitable investments are those not regulated by the government. This mindset works against one of the central prevention tips offered by law enforcement and regulators about how to avoid fraud: always deal with registered brokers and registered investments. The reason authorities offer this advice is because an overwhelming majority of the fraud cases they prosecute involve either an unregistered broker or an unregistered investment. In other words, most of the bad guys intentionally operate outside of the regulatory environment where it is easier to swindle investors without getting caught. A mindset that proclaims a preference for unregulated investments can put the investor at grave risk of being taken.

The final mindset finding from this study is more victims believe in taking chances with one's money if those chances are likely to pay off. This suggests that victims are more willing to take risks to make money than the general investor population even AFTER they have been taken. Again, it is not clear if this risk mindset existed among victims prior to their being scammed or if it is the result of being scammed and wanting to make up for lost ground by investing in higher risk, higher return investments.

In addition to the mindset findings, the study results point to several behavioral factors that put victims at risk and many of them flow directly from the mindset findings. The fact that many more victims received unsolicited phone calls, emails and letters from brokers suggests that they not only have a mindset of openness to sales pitches, but that they are signaling to the investment brokers out there that they wish to be pitched with investment opportunities. This increased targeting of victims compared to general investors puts them squarely in the risk zone for fraud. In addition, more fraud victims reported making five or more trades in a year compared to the general investor population. Active trading is another way victims may signal to scammers that they are investors who like to make frequent investments and could be easier targets to approach.

Another finding was that victims were more likely to make remote investments, meaning investments where the seller was far away and they were communicating with them by phone, email or other media advertising like television commercials. In fact, five times as many victims as general investors reported making an investment over the phone with a sales person with whom they had previously not done business. Previous studies have found a link because so-called “remote purchasing” where investors might be making decisions without checking with trusted advisors first, and fraud victimization (Pratt, Holtfreter & Reisig (2012).

On the demographic side, many more of the victims were older, male and married, which replicates previous studies that show a similar pattern (AARP, 2011). A new finding was that more of the victims were veterans.

Conclusion

What emerges from this study is a well-rounded profile of the kinds of mindsets, behaviors and demographic characteristics that are correlated to falling prey to investment fraud. Individuals who match the descriptions herein are not necessarily destined to fall prey to the scammer’s tricks. But if you recognize any of these risk factors in yourself or among those you care about, it would be wise to be on alert whenever the phone rings or an email comes into your inbox offering an amazing new opportunity to pad your 401k account.

Detailed Methodology

Known Fraud Victim Survey: The sample for the telephone survey of fraud victims was provided by AARP from of database of known victims of fraud. The telephone list consisted of 8,095 total household contacts.³ All telephone survey interviews were conducted by an independent telephone calling center, Opinion Access Corporation (Opinion Access), between August 23 and September 7, 2016. In that process, all records were called until its status was “resolved” (e.g., until an interview was completed, telephone number was found to be non-working, or the respondent provided a hard refusal not to participate) or until at least 6 attempts had been made. Opinion Access completed 214 telephone interviews. All analysis of interview data was conducted by ARC. This listed sample of known victims is a non-probability sample and therefore was not weighted to back to any related universe and no estimate of theoretical sampling error can be calculated.

The final status of all survey records for the Known Fraud Victim Survey is provided below in Table A-1. The incidence is the proportion of people who were contacted and confirmed eligible who subsequently completed the survey.

Table A-1: Known Fraud Victim Survey CATI Disposition Report

Incidence	18%
Average Length of Interview (in minutes)	16
Total Completed Interviews:	214
Eligible, Non-interview	950
Language Problems	25
No Such Person/ “Wrong Number”	308
Known respondent refusal	617
Unknown Eligibility, Non-interview:	5,521
No Answer	1935
Busy	77
Technology barriers (e.g. call blocking)	12
Refusal	4
Answering Machine	2271
Callback/Respondent Never Available	1220
Break-off	2
Not Eligible:	1410
Non-working number	292
Disconnected number	333
Changed Number	377
Fax numbers	191
Do Not Call List	162
Business	55

³ Many household contacts contained both home and cellular telephone contact information.

Survey of U.S. Investors: ARC conducted a total of 814 computer-aided telephone interviews (CATI) with investors in the United States (age 18 and higher). All respondents were targeted from random digit dialing (RDD) lists of eligible landline telephones in the United States⁴. All respondents were screened to have taxable, non-retirement assets. Telephone survey interviews were conducted by two independent telephone calling centers, Opinion Access Corporation (Opinion Access) and MKTG Inc (MKTG), between September 23 and October 17, 2016. Opinion Access conducted 600 telephone interviews and MKTG conducted 214 telephone interviews. All analysis of interview data was conducted by ARC. The resulting probability sample of self-reported investors ages 18 and older was not weighted because a comparable or corresponding national universe to use could not be found. Unweighted, this sample as a margin of error +/- 3.4 percent.

The final status calls made by Opinion Access is provided below in table B-2. The final status of all calls made by MKTG is provided in Table B-3.

Table B-1: US Investor Survey, Opinion Access Disposition Report

Incidence	28%
Average Length of Interview (in minutes)	14
Total Completed Interviews:	600
Eligible, Non-interview	
Language Problems	216
Break-off (Sensitive Subject)	231
Other Break-off	335
Terminated: Non-investor	717
No one 18+ in household	15
Unknown Eligibility, Non-interview:	81,786
No Answer	38926
Busy	3779
Technology barriers (e.g. call blocking)	44
Refusal (name unconfirmed)	3556
Cell phone	18
Refusal	3556
Callback/Respondent Never Available	8897
Answering Machine	23010
Not Eligible:	111486
Non-working number	22177
Disconnected number	23272
Changed Number	59232
Fax numbers	4802
Do Not Call List	827
Business	1176

⁴ Investor respondents were recruited from landline RDD contacts (and not cell phone contacts) to match the landline-only methodology of the Known Victim Survey.

Table B-2: US Investor Survey, MKTG Disposition Report

Incidence	64%
Average Length of Interview (in minutes)	15
Total Completed Interviews:	214
Eligible, Non-interview:	135
Terminated: Non-investor	125
Break-off	10
Unknown Eligibility, Non-interview:	21,749
No Answer	18,221
Busy	608
Technology barriers (e.g. call blocking)	248
Refusal	833
Callback/Respondent Never Available	1,839
Not Eligible:	3,492
Language Problems	91
Disconnected number	3,173
Changed Number	6
Fax numbers	149
Business	73

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Annotated Survey

Telephone Survey

A. [Introduction]

[Survey Intro – Read by Interviewer]

I'm calling from [FIRM NAME], an independent research firm. We are conducting interviews on behalf of a national non-profit conducting research to better understand people's thoughts and opinions on investing.

We are not selling anything. Be assured that all of your answers to our questions will never be made public. Try to answer our questions to the best of your recollection, and it's okay to answer "I don't know" or "not sure" to any of our questions. This should take less than 15 minutes of your time.

A1. Do you currently invest or have you ever invested or owned "securities" such as stocks, bonds, mutual funds, etc., either through a company or on your own? This could also include investments in a 401(K) or an IRA, variable annuities, or hedge funds

	U.S. Investors (N=814)	Known Victims (N=214)
Yes	100.0%	88.3%
No	0.0%	9.3%
Not sure	0.0%	2.3%

B. Targeting

B1. In a typical month, how many **calls** would you say you receive from investment sales people trying to get you to invest money?

	U.S. Investors (N=814)	Known Victims (N=214)
Don't get any/no calls at all	64.6%	38.8%
Between 1-5 calls	24.3%	36.9%
Between 6-9 calls	2.8%	7.5%
Between 10-15	2.5%	4.2%
More than 15 calls	2.0%	9.8%
Not sure	3.6%	2.8%
Don't know/Refused	0.2%	0.0%

B2. In a typical month, how many **emails** would you say you receive from investment sales people trying to get you to invest money?

	U.S. Investors (N=814)	Known Victims (N=214)
Don't get any/no emails at all	59.7%	39.3%
Between 1-5 emails	19.5%	23.4%
Between 6-9 emails	4.2%	6.5%
Between 10-15 emails	4.4%	8.4%
More than 15 emails	6.8%	14.5%
Not sure	4.7%	7.9%
Don't know/Refused	0.7%	0.0%

B3. In a typical month, how many **letters** would you say you receive from investment sales people trying to get you to invest money?

	U.S. Investors (N=814)	Known Victims (N=214)
Don't get any/no letters at all	38.5%	30.4%
Between 1-5 letters	43.7%	48.1%
Between 6-9 letters	7.1%	7.5%
Between 10-15 letters	4.3%	4.7%
More than 15 letters	2.6%	4.7%
Not sure	3.4%	4.7%
Don't know/Refused	0.4%	0.0%

C. Investment Behaviors

C1. Thinking about investments you have made in the past, have you ever made an investment based primarily on a recommendation from any of the following individuals (answer "yes" to all that apply)

	U.S. Investors (N=814)	Known Victims (N=214)
A close friend	18.6%	22.0%
A church member	3.1%	3.3%
A relative or family member	19.8%	12.1%
A neighbor	2.0%	3.7%
A celebrity	0.7%	1.9%
None of these	63.0%	63.6%
Don't know/Refused	1.0%	2.3%

C2. Have you ever checked the background of a broker to see if they are registered with state or national securities regulators BEFORE you hired them?

	U.S. Investors (N=814)	Known Victims (N=214)
Yes	31.3%	30.8%
No	67.2%	65.4%
Don't know	1.4%	3.7%
Refused	0.1%	0.0%

C3. Are you signed up for the federal Do Not Call List?

	U.S. Investors (N=814)	Known Victims (N=214)
Yes	62.8%	60.3%
No	30.8%	30.4%
Don't know	6.3%	9.3%
Refused	0.1%	0.0%

C4. How many times per year would you say you make an investment decision, like selling one stock and buying another or investing in something new?

	U.S. Investors (N=814)	Known Victims (N=214)
None	46.9%	29.0%
1-2	30.1%	16.8%
3-4	9.6%	10.3%
5-6	3.1%	6.1%
7 or more	7.6%	35.5%
Don't know	2.5%	2.3%
Refused	0.2%	0.0%

C5. Have you ever made an investment in response to any of the following ...

1. An advertisement you saw on television?

	U.S. Investors (N=814)	Known Victims (N=214)
Yes	3.7%	4.7%
No	95.9%	94.4%
Don't know/Refused	0.4%	0.9%

2. A solicitation you received via email?

	U.S. Investors (N=814)	Known Victims (N=214)
Yes	3.4%	9.3%
No	95.9%	88.8%
Don't know/Refused	0.6%	1.9%

3. A presentation you saw in person as part of a free lunch or dinner seminar?

	U.S. Investors (N=814)	Known Victims (N=214)
Yes	10.2%	15.9%
No	88.9%	83.2%
Don't know/Refused	0.9%	0.9%

4. A call you received from someone you did not know?

	U.S. Investors (N=814)	Known Victims (N=214)
Yes	5.9%	23.8%
No	93.7%	74.8%
Don't know/Refused	0.4%	1.4%

C6. If you were approached by a friend or family member who told you about an investment opportunity that guaranteed a 25% annual return and had no risk, how likely would you be to pursue that investment? Would you say you would be...

	U.S. Investors (N=814)	Known Victims (N=214)
Very Likely	6.3%	7.0%
Somewhat Likely	19.4%	15.9%
Somewhat Unlikely	15.8%	15.4%
Very Unlikely	56.3%	59.3%
Don't know/Refused	2.2%	2.3%

C7. If you were approached by an investment broker with whom you had never done business before who told you about an investment opportunity that guaranteed a 25% annual return and had no risk, how likely would you be to pursue that investment? Would you say you would be...

	U.S. Investors (N=814)	Known Victims (N=214)
Very Likely	0.9%	1.9%
Somewhat Likely	7.6%	8.4%
Somewhat Unlikely	14.3%	15.9%
Very Unlikely	75.2%	72.0%
Don't know/Refused	2.1%	1.9%

C8. If your favorite media organization advertised a particular type of investment, how would that influence your interest in such an investment? Would you say you would be...

	U.S. Investors (N=814)	Known Victims (N=214)
Much more interested	0.9%	1.4%
Somewhat more interested	21.3%	26.2%
Somewhat less interested	20.0%	22.0%
Much less interested	50.7%	37.4%
Don't know/Refused	7.1%	13.1%

C9. To the best of your knowledge, are advertisements for consumer products that appear on television reviewed and approved by a government agency?

	U.S. Investors (N=814)	Known Victims (N=214)
Yes	14.3%	13.1%
No	65.6%	67.8%
Don't know/Not Sure	20.0%	19.2%
Refused	0.1%	0.0%

C10. [IF C9=1, "Yes"] To the best of your knowledge what is the name of the government agency that reviews and approves advertisements for consumer products? [OPEN END]

D. Investor Mindset

The following questions address your personal philosophy about investing and money. For each statement, please tell me if you 1=Strongly Agree, 2=Somewhat Agree, 3=Somewhat Disagree or 4=Strongly Disagree.

[RANDOMIZE D1 through D17]

D1. I admire people who own a significant number of financial assets.

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	12.8%	15.9%
Somewhat Agree	33.9%	39.7%
Somewhat Disagree	25.2%	22.0%
Strongly Disagree	23.7%	15.4%
Don't know/Refused	4.4%	7.0%

D2. Some of the most important achievements in life include acquiring money.

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	12.9%	18.7%
Somewhat Agree	27.6%	41.6%
Somewhat Disagree	21.7%	21.0%
Strongly Disagree	35.4%	16.4%
Don't know/Refused	2.3%	2.3%

D3. Buying things brings me a lot of pleasure.

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	11.5%	8.9%
Somewhat Agree	31.2%	34.1%
Somewhat Disagree	27.1%	32.2%
Strongly Disagree	27.4%	21.5%
Don't know/Refused	2.7%	3.3%

D4. I don't mind taking chances with my money, as long as I think there's a chance it might pay off.

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	6.6%	17.3%
Somewhat Agree	23.5%	30.4%
Somewhat Disagree	20.1%	20.1%
Strongly Disagree	47.2%	30.8%
Don't know/Refused	2.6%	1.4%

D5. I believe that when it comes to investing, sometimes you have to break the rules to get ahead.

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	4.1%	7.5%
Somewhat Agree	11.8%	11.2%
Somewhat Disagree	16.8%	29.0%
Strongly Disagree	63.5%	46.3%
Don't know/Refused	3.8%	6.1%

D6. I like to keep my eyes and ears open for emerging investment opportunities that no one has heard about yet.

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	9.0%	12.6%
Somewhat Agree	21.4%	27.6%
Somewhat Disagree	23.6%	21.5%
Strongly Disagree	43.6%	36.0%
Don't know/Refused	2.5%	2.3%

D7. I am interested in receiving investment offers because you never know when something great might come along.

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	3.3%	3.3%
Somewhat Agree	12.0%	20.1%
Somewhat Disagree	20.6%	19.2%
Strongly Disagree	62.3%	57.0%
Don't know/Refused	1.7%	0.5%

D8. The most profitable financial returns are often found in investments that are not regulated by the government.

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	10.8%	13.6%
Somewhat Agree	19.5%	34.6%
Somewhat Disagree	20.6%	17.3%
Strongly Disagree	26.4%	19.2%
Don't know/Refused	22.6%	15.4%

D9. The last place I would look for help in making good investments is the government.

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	31.9%	39.7%
Somewhat Agree	16.7%	15.9%
Somewhat Disagree	21.6%	15.4%
Strongly Disagree	24.9%	25.7%
Don't know/Refused	4.8%	3.3%

D10. I am much more likely to invest in something if a friend or family member has recommended it to me.

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	10.3%	4.2%
Somewhat Agree	34.4%	31.3%
Somewhat Disagree	22.4%	26.6%
Strongly Disagree	31.3%	35.5%
Don't know/Refused	1.6%	2.3%

D11. If I hear about an investment from someone I trust, I don't feel the need to do as much research before investing.

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	7.2%	5.1%
Somewhat Agree	20.3%	29.0%
Somewhat Disagree	20.0%	22.4%
Strongly Disagree	50.0%	42.1%
Don't know/Refused	2.5%	1.4%

D12. I am satisfied with the amount of money I currently have.

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	31.0%	26.2%
Somewhat Agree	28.0%	32.7%
Somewhat Disagree	21.3%	21.5%
Strongly Disagree	18.1%	17.3%
Don't know/Refused	1.7%	2.3%

D13. I am satisfied with the amount of money I have in my retirement nest egg.

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	30.3%	23.8%
Somewhat Agree	28.6%	29.4%
Somewhat Disagree	19.8%	23.8%
Strongly Disagree	19.3%	21.0%
Don't know/Refused	2.0%	1.9%

D14. I sometimes feel bored in my day-to-day life

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	9.2%	4.2%
Somewhat Agree	22.5%	20.6%
Somewhat Disagree	15.8%	19.6%
Strongly Disagree	49.9%	52.8%
Don't know/Refused	2.6%	2.8%

D15. I sometimes feel lonely in my day-to-day life

	U.S. Investors (N=814)	Known Victims (N=214)
Strongly Agree	4.7%	3.3%
Somewhat Agree	14.6%	15.0%
Somewhat Disagree	15.7%	18.7%
Strongly Disagree	61.7%	59.8%
Don't know/Refused	3.3%	3.3%

E. Investment Situations

E1. Has anyone ever convinced you to invest your money in something by promising high or guaranteed rates of return, but the investment turned out to be worthless or you suspect your money was never invested at all? This can include investments in stocks, bonds, commodities, real estate, precious metals, and other types of investments that you were falsely told would increase in value over time.

	U.S. Investors (N=814)	Known Victims (N=214)
Yes	18.3%	47.2%
No	80.7%	51.9%
Don't know/Refused	1.0%	0.9%

E2. How many times has this happened to you?

	U.S. Investors (N=149)	Known Victims (N=103)
Only once	18.6%	48.1%
2-3 times	8.1%	14.5%
4-5 times	7.4%	21.0%
More than 5 times	1.4%	7.0%
Don't know/Refused	1.1%	3.7%

E3. Thinking about the most recent time someone sold you an investment that turned out to be worthless or for which you lost money, how long ago did that happen?

	U.S. Investors (N=149)	Known Victims (N=103)
Less than 12 months ago	1.0%	4.7%
1-3 years ago	1.7%	15.4%
4-5 years ago	1.2%	11.7%
More than 5 years ago	13.6%	15.0%
Don't know/Refused	1.0%	1.4%

E4. Listed below are a number of events that sometimes bring about change in the lives of those who experience them. Thinking about the most recent time you may have lost money to an investment, which of the following events did you experience in the 12 months PRIOR to making that investment? (Say "yes" to all that apply).

	U.S. Investors (N=149)	Known Victims (N=103)
Death of a spouse	0.7%	1.9%
Death of a close family member	2.0%	1.9%
Divorce	1.1%	0.9%
Illness or major surgery yourself	1.2%	2.8%
Illness or major surgery of a loved one	0.5%	0.5%
Losing a job	1.2%	1.9%
Change of residence	1.1%	0.5%
Significant change in financial status	2.5%	3.3%
Retire from a job	2.6%	1.9%
Other (please specify)	2.3%	9.8%
None of these	2.9%	0.0%
Don't know/Refused	5.2%	27.1%

E5. Listed below are a number of events that sometimes bring about change in the lives of those who experience them. Which of the following events have you experienced during the past 12 months?

	U.S. Investors (N=814)	Known Victims (N=214)
Death of a spouse	4.2%	0.9%
Death of a close family member	15.4%	8.4%
Divorce	1.2%	0.5%
Illness or major surgery yourself	14.7%	7.5%
Illness or major surgery of a loved one	12.9%	5.6%
Losing a job	5.3%	2.3%
Change of residence	3.2%	1.4%
Significant change in financial status	6.3%	7.0%
Retire from a job	8.0%	3.7%
Other (please specify)	10.8%	16.4%
None of these	13.1%	0.0%
Don't know/Refused	29.5%	57.5%

F. Demographics

F1. Please describe your gender.

	U.S. Investors (N=814)	Known Victims (N=214)
Male	41.9%	80.8%
Female	57.5%	19.2%
Other	0.0%	0.0%
Prefer not to say	0.6%	0.0%

F2. What year were you born?

1. [OPEN END]

F3. What is your current marital status?

	U.S. Investors (N=814)	Known Victims (N=214)
Currently married	58.0%	65.9%
Currently living with partner/significant other	2.6%	0.5%
Widowed	15.7%	15.0%
Divorced	10.0%	6.5%
Separated	0.9%	1.4%
Never married	8.6%	7.9%
Prefer not to say	4.3%	2.8%

F4. What is the highest level of education that you completed?

	U.S. Investors (N=814)	Known Victims (N=214)
Less than high school	2.2%	1.9%
High school graduate or equivalent	15.6%	15.4%
Some college or technical training beyond high school	24.2%	18.7%
College graduate (4 years)	28.0%	27.6%
Post graduate or professional degree	27.8%	34.6%
Prefer not to say	2.2%	1.9%

F4. Do you currently have children or any other family members living with you in your household (please do not include your spouse)?

	U.S. Investors (N=814)	Known Victims (N=214)
Yes	30.8%	18.2%
No	66.1%	79.9%
Prefer not to say	3.1%	1.9%

F5. Which of the following best describes your current employment status?

	U.S. Investors (N=814)	Known Victims (N=214)
Employed or self-employed full-time	30.7%	24.3%
Employed or self-employed part-time	10.0%	14.5%
Retired and not working	47.7%	54.2%
Unemployed and looking for work	1.0%	1.9%
Homemaker	2.2%	0.5%
Disabled	3.9%	0.9%
Student	0.0%	0.0%
Something Else (specify)	1.6%	1.4%
Prefer not to say	2.9%	2.3%

F6. What was your approximate household income before taxes in 2015?

	U.S. Investors (N=814)	Known Victims (N=214)
Less than \$15,000 (\$14,999)	3.1%	5.1%
\$15,000 to less than \$25,000 (\$24,999)	4.8%	3.7%
\$25,000 to less than \$35,000 (\$34,999)	7.2%	5.1%
\$35,000 to less than \$50,000 (\$49,999)	9.6%	7.5%
\$50,000 to less than \$75,000 (\$74,999)	13.5%	14.0%
\$75,000 to \$125,000 (\$124,999)	14.3%	19.6%
\$125,000 or more	12.7%	12.6%
Prefer not to say	34.9%	32.2%

F7. Do you currently serve in the United States Military?

	U.S. Investors (N=814)	Known Victims (N=214)
Yes	1.1%	1.9%
No	96.1%	95.3%
Refused	2.8%	2.8%

F8. Have you ever served in the United States military?

	U.S. Investors (N=814)	Known Victims (N=214)
Yes	18.3%	32.7%
No	78.7%	63.6%
Refused	2.9%	3.7%

F9. Are you of Spanish, Latino, or Hispanic descent?

	U.S. Investors (N=814)	Known Victims (N=214)
Yes	2.3%	2.8%
No	93.0%	94.4%
Prefer not to say	4.7%	2.8%

F10. What is your race?

	U.S. Investors (N=814)	Known Victims (N=214)
White / Caucasian	82.2%	85.0%
Black/African American	6.3%	2.3%
Native America	1.1%	1.4%
Asian American	0.6%	1.9%
Other	3.3%	2.8%
Prefer not to say	6.5%	6.5%

F11. Which of the following best describes your worldview? (check one only)

	U.S. Investors (N=814)	Known Victims (N=214)
Very Liberal	6.3%	4.2%
Liberal	13.9%	5.1%
Liberal/Moderate	13.0%	5.1%
Moderate	15.1%	13.1%
Moderate/Conservative	15.1%	19.2%
Conservative	17.2%	26.6%
Very Conservative	11.3%	17.8%
Prefer not to say	8.1%	8.9%

F12. Would you say that when it comes to faith, you are:

	U.S. Investors (N=814)	Known Victims (N=214)
Very religious	26.0%	26.2%
Moderately religious	33.7%	32.7%
Somewhat religious	20.8%	22.9%
Not at all religious	14.0%	11.7%
Prefer not so say	5.5%	6.5%

AARP is a nonprofit, nonpartisan organization, with a membership of nearly 38 million that helps people turn their goals and dreams into 'Real Possibilities' by changing the way America defines aging. With staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and promote the issues that matter most to families such as healthcare security, financial security and personal fulfillment. AARP also advocates for individuals in the marketplace by selecting products and services of high quality and value to carry the AARP name. As a trusted source for news and information, AARP produces the world's largest circulation magazine, AARP The Magazine and AARP Bulletin. AARP does not endorse candidates for public office or make contributions to political campaigns or candidates. To learn more, visit www.aarp.org or follow @aarp and our CEO @JoAnn_Jenkins on Twitter. State Research at AARP brings the right knowledge at the right time to our state and national partners in support of their efforts to improve the lives of people age 50+. State Research consultants provide strategic insights and actionable research to attain measurable state and national outcomes. The views expressed herein are for information, debate, and discussion, and do not necessarily represent official policies of AARP.



AARP Research

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