FRAUD VICTIMIZATION: Risky Business or Just Bad Luck?

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ABSTRACT: Victimology theory recognizes that the characteristics, attitudes, and behaviors of potential victims influence the likelihood of criminal victimization. An important question for victimologists is whether potential victims put themselves at risk by engaging in risky behavior or whether victimization is primarily a result of bad luck. While this question has been investigated extensively with respect to street crime victimization, little attempt has been made to apply it to victimization by fraud. This article investigates the influence of attitudes toward financial risk taking on the likelihood of fraud victimization. Using data from a telephone survey of 400 randomly sampled respondents, we find that age and attitudes toward financial risk taking are significantly related to the likelihood of attempted victimizations but not to successful victimizations.

INTRODUCTION

The idea that fraud victims are risk takers and may sometimes share responsibility for their victimizations is a cliche of popular culture. It is captured in such maxims as "you can't cheat an honest man" and "there's a sucker born every minute." These remarks suggest that both the offender and the fraud victim engage in risky business and that bad luck may not be the only factor involved in victimization by fraud. There are also theoretical reasons for suspecting that like other crime victims, fraud victims may play a role in facilitating their own victimizations. This study investigates whether attitudes toward financial risk taking influence the likelihood of victimization by fraud. We find that there is a kernel of truth in the stereotype of the fraud victim. As with the victims of other forms of crime, potential victims of fraud influence their likelihood of victimization through their own risk-taking characteristics.

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We begin by reviewing previous research on fraud victims. Next, we elaborate on why risk-taking attitudes may be linked to this form of crime victimization. Survey data are then used to test the influence of financial risk-taking attitudes on the likelihood of fraud victimization, controlling for selected demographic variables.

**FRAUD VICTIMS**

Broadly construed, fraud refers to the "crime type comprising offenses sharing the elements of practice of deceit or intentional misrepresentation of fact with the intent of unlawfully depriving a person of his or her property or rights" (Rush, 1986, p. 103). Fraud can occur in a variety of forms. Sometimes individuals defraud businesses, as in false insurance claims, or individuals may victimize governmental agencies, as in welfare or medical benefit frauds. In this study, we focus on frauds in which individuals are the victims — that is, offenses in which individuals are intentionally and unlawfully deceived into parting with money or property by another person or organization. According to Bequai (1978, p. 51), these consumer or personal frauds "are essentially confidence games, usually contrived to appeal to the greed of the victim."

Until recently, most previous research on personal fraud focused on the victims of a single offender or on complaints received at a particular consumer protection agency (Blum, 1972; Jesilow, Klemper, & Chiao, 1992; Shover, Fox, & Mills, 1994; Vaughan & Carlo, 1975; 1976). Because these studies tend to be based on small non-random samples, they provide little generalizable information about the correlates of fraud victimization.

Since 1990, however, more reliable statistical data on fraud and its victims have become available. In a national survey of 1,246 respondents, Titus, Heinzelman, and Boyle (1995) found that 58% of the sample had experienced at least one victimization or attempted victimization. Nearly one-third of the sample (31%) had experienced a victimization or attempted victimization in the preceding year. Of the 31% who were approached in the previous year, just under half (48%) suffered successful victimizations. Thus, approximately 15% of the total sample were victimized by a successful personal fraud in the preceding year.

To investigate the characteristics of personal fraud victims, Titus et al. (1995) focused on those victimized in the past year. Contrary to what one might expect and to reports in the popular media, they found that age is negatively related to fraud victimization. Younger persons are more likely to be approached and more likely to lose money or