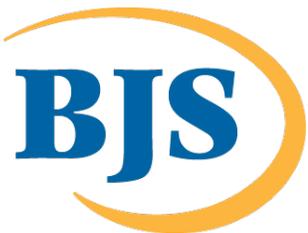




U.S. Department of Justice  
*Office of Justice Programs*

# Measuring Fraud with the National Crime Victimization Survey

November 30, 2016



BUREAU OF JUSTICE STATISTICS

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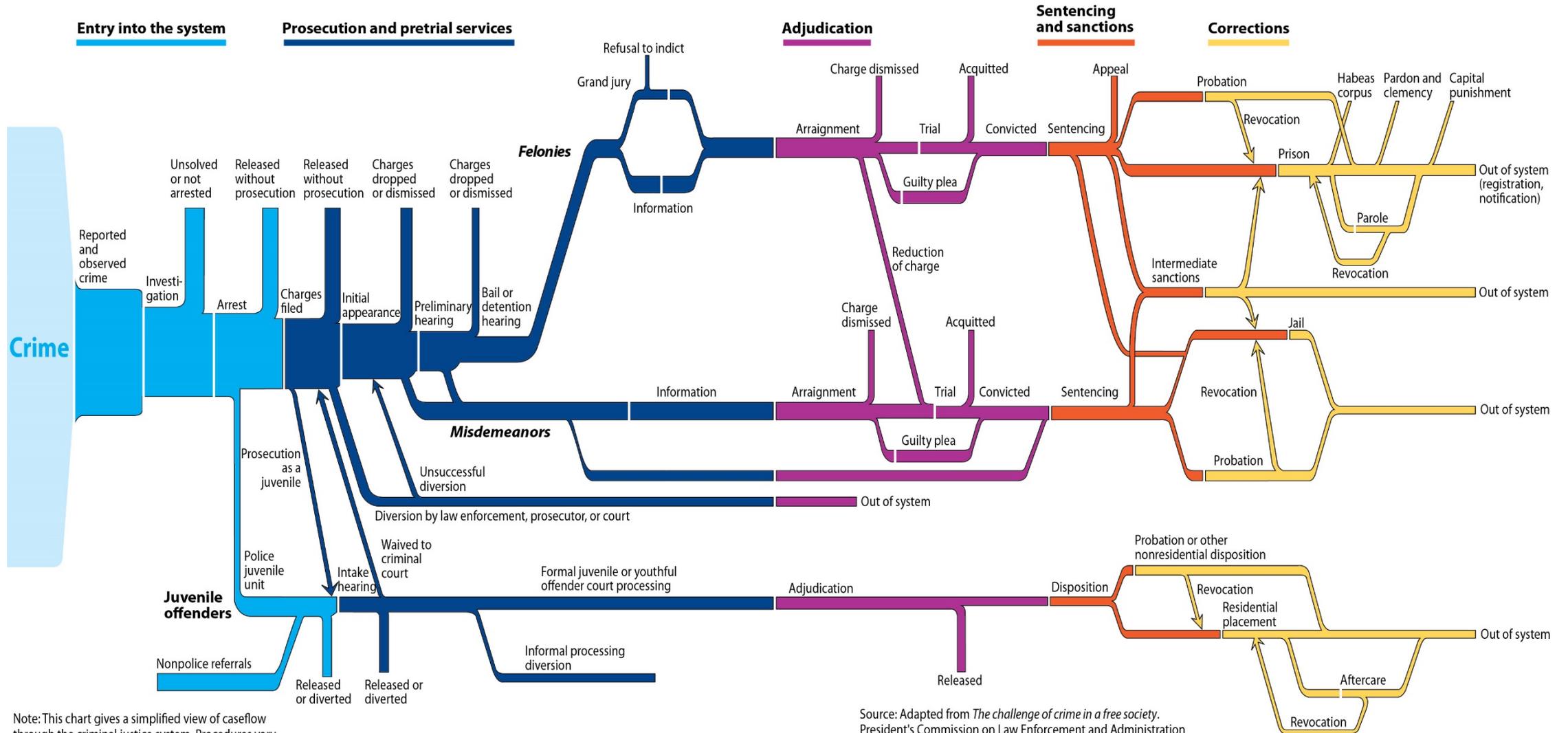
# Presentation Outline

- Background on Bureau of Justice Statistics (BJS)
- Background on the National Crime Victimization Survey (NCVS)
  - Methodology
  - Type of information collected
- Utility of NCVS for measuring fraud
- Development of fraud supplement
- Findings from cognitive testing
- Next steps

# What is the Bureau of Justice Statistics (BJS)?

- **BJS:** Independent statistical arm of the U.S. Department of Justice
- **BJS mission:** To collect, analyze, publish, and disseminate information on crime, criminal offenders, victims of crime, and the operation of justice systems at all levels of government.
- **BJS value:** Data are critical to federal, state, and local policymakers for combating crime and ensuring that justice is both efficient and evenhanded.
- **Authorizing legislation:** First established on December 27, 1979 under the Justice Systems Improvement Act of 1979, Public Law 96-157 (the 1979 Amendment to the Omnibus Crime Control and Safe Streets Act of 1968, Public Law 90-351).

# What is the sequence of events in the criminal justice system?



Note: This chart gives a simplified view of caseload through the criminal justice system. Procedures vary among jurisdictions. The weights of the lines are not intended to show actual size of caseloads.

Source: Adapted from *The challenge of crime in a free society*. President's Commission on Law Enforcement and Administration of Justice, 1967. This revision, a result of the Symposium on the 30th Anniversary of the President's Commission, was prepared by the Bureau of Justice Statistics in 1997.

# BJS Data Users

- Government Agencies & Entities
  - Examples: Office for Victims of Crime, Federal Trade Commission, state governments, law enforcement agencies
- Legislators
- Advocacy Groups
  - Examples: civil rights groups, anti-violence groups, gun control groups
- Media
- Members of the legal community
- Academics & Researchers
- Students
- General public

# National Crime Victimization Survey

- Nationally representative, self-report survey conducted continuously since 1973
- One of two key measures of crime in the US (FBI's Uniform Crime Reports)
  - Independent from police statistics
- Key Goals:
  - Capture the '**dark figure**' of unreported crime
  - Information on characteristics of victims, incidents and consequences
- Only source of national data on a number of policy-relevant subjects related to criminal victimization – intimate partner violence, hate crime, workplace violence, injury, firearms and crime, cost of crime, and reporting to police

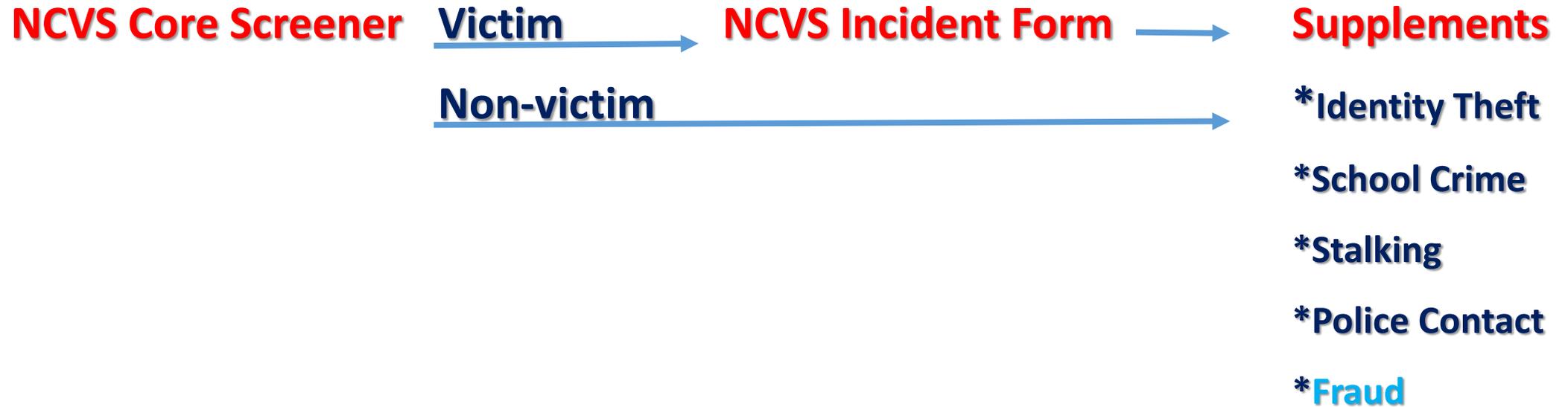
# NCVS Methodology

- Interview ~100,000 households, ~200,000 persons each year
- Interviews conducted by US Census Bureau
- HHs/persons interviewed every 6 months over a 3 year period
- Mode: first interviews in person, subsequent interviews conducted either in person or by phone
  - Interviews conducted with all persons 12 or older in sampled households
  - Response rate - ~87%

# NCVS Methodology

- Challenge to producing annual victimization estimates
  - **Recall/Identification**
  - **Date**
  - **Classification**
- Core crimes measured using **incident-** and **attribute-**based approach
  - **Screening instrument** – broad questions designed to cue respondent memory
  - **Crime incident report** – administered for each incident experienced during reference period
  - **Supplements** – special topic modules

# NCVS Methodology



Supplements focus on measuring prevalence rather than incidence

# Key Information Collected

- Victim characteristics
  - Age, race/ethnicity, gender, income, education
- Type of victimization
- Mode (how offense was committed)
- Associated harms
  - Monetary loss
  - Emotional distress
- Victim response
  - Reporting to law enforcement
  - Reporting to other entities
  - Other protective actions
- Victim-offender relationship

# Key Estimates

**TABLE 1**  
**Violent victimization, by type of violent crime, 2014 and 2015**

Type of violent crime	Number	
	2014*	2015
<b>Violent crime<sup>a</sup></b>	5,359,570	5,006,620
Rape/sexual assault <sup>b</sup>	284,350	431,840 ‡
Robbery	664,210	578,580
Assault	4,411,010	3,996,200
Aggravated assault	1,092,090	816,760 ‡
Simple assault	3,318,920	3,179,440
Domestic violence <sup>c</sup>	1,109,880	1,094,660
Intimate partner violence <sup>d</sup>	634,610	806,050 ‡
Stranger violence	2,166,130	1,821,310
Violent crime involving injury	1,375,950	1,303,290

# NCVS Utility for Measuring Fraud

- **Nationally representative**
  - Good coverage and high response rates for populations most at risk/key populations
- **Asks respondent about personal experiences with fraud**
  - Captures information about the response and impact on victim
  - Ability to measure frauds reported and not reported to police/consumer complaints
  - Official police statistics will not reflect the true magnitude of the fraud problem
- **Large sample sizes allow for disaggregation of estimates by key characteristics**
- **Routine administration allows for the assessment of change**

# NCVS Utility for Measuring Fraud

## Challenges

### ▪ Recall/Identification

- Involves deception
- Involves an assessment of the offender's intent/motivation
- Older population may have harder time recalling incident
- Stigma/embarrassment

### ▪ Dating event

- Event may be on-going or in-process

### ▪ Details of incident

- Basic information may be unknown (e.g., offender)
- Rarely reported, little formal investigation

# Fraud Supplement Development

- Based on taxonomy and building on FFRC pilot testing
- Necessary to reduce **false positives** identified through pilot testing
  - **Introductory language** – focus respondents w/o using word ‘fraud’
  - **Fraud items** – language revised to eliminate **attempted** fraud
    - “Did you **lose** money because....”
    - Screeners focus on same Level II categories of fraud as pilot
  - **New items** – ask about ID theft and negative financial experiences (not rising to the level of fraud)
    - Allow respondents to report on these experiences while keeping them separate from measures of fraud

# Fraud Supplement Development

## Example – Consumer Investment

### *Negative financial experiences*

In the past 12 months...have you invested in something that was supposed to give you a high rate of return, but the investment caused you to lose money or did not provide the return you expected?

### *Fraud*

In the past 12 months...has anyone **convinced** you to invest your money in something by promising a high or guaranteed rate of return, but the investment turned out to be **made up**, or you suspect your money was **never** invested at all?

# Fraud Supplement Development

## Example – Relationship/Trust

### *Negative financial experiences*

In the past 12 months...have you paid money to help a family member or friend who misled you about what they were using the money for or did not pay you back as they said they would?

### *Fraud*

In the past 12 months...have you lost money because you were **convinced** to help someone who **pretended** to be a family member, friend, caregiver, or someone interested in you romantically, but that person turned out to be an **imposter**?

# Fraud Supplement Development

**Cognitive Testing**: Process of identifying issues with question wording, comprehension, or measurement

2 types of cognitive testing:

1. **Crowdsourcing** – use of an existing online platform to administer select survey items and ask follow-up questions about them
2. **In person** - administration of full instrument in interview setting, with follow up questions to probe on respondent understanding of items and thought process when responding

# Crowdsourcing Findings

## Cognitive Testing - Crowdsourcing

- 1<sup>st</sup> round conducted – 150 respondents
- Focused on screener – 16 questions
  - 5 asking about negative experiences/ID theft
  - 9 fraud
  - 1 final catch-all (anything missed)
- After affirmative responses to screening items, respondents asked to provide description of what happened- narrative

# Crowdsourcing Findings

- Overall, negative financial experiences and ID theft items, were successful at capturing these types of incidents.
- Negative financial experience related to consumer investment:
  - “I was talked into buying a big box of products for a set price and told they would be easy to sell for more than twice the amount I paid for them. Nobody wanted them.”
- Negative financial experience related to relationship/trust deception:
  - “I gave my husband some cash. He was supposed to buy a pizza, get some gas, and deposit the rest. He used some of it to buy a Google Play card for one of his games.”

# Crowdsourcing Findings

- However....**high level of false positives associated with fraud items as well**
  - **Often difficult to identify whether fraud occurred or not**
- Consumer investment fraud:
  - “A friend of a friend was trying to attract investors to a restaurant he was planning to open. Knowing that he has had successes in the past we decided, along with several friends, to get in on the restaurant. Suffice it to say, the restaurant is still not open and we have not received any of our initial funding back although we still keep getting vague responses like the restaurant will still open but a couple of years from now. “
- Relationship/trust fraud
  - “A guy on a forum claimed to be in trouble and I did send money knowing it might be a lost cause but then maybe he needed help. No romance, just he was asking for help.”

# Crowdsourcing Findings

## Major challenges with current screening questions:

- **Duplication** - small # reported same experience multiple times
- **False negatives** – small # reported experiences that seemed like fraud under neg. financial experiences items
- **False positives** – clearly occurring; difficult to identify
  - Dependent on intentions of perpetrator
  - Legal perspective – timing matters
    - If victim did not attempt to get money back **OR** is still in communication with other party about getting money back, **NO** fraud has occurred

# Next Steps

**2<sup>nd</sup> round of crowdsourcing:** Testing 2 versions of screener

## **Screener 1: Current version + follow up items after affirmative responses**

- Tried to get money back?
- Still in communication with other party?

## **Screener 2: New version**

- Closer to the core NCVS approach
- Broader screeners (fewer of them) with follow up items
- Focusing on identifying particular incidents and classifying the types of fraud based on attributes

# Next Steps

1. Once screener is finalized through inexpensive, fast online testing, switch to cognitive interviews with full instrument
2. Aiming for 50/60 cognitive interviews with victims and smaller number of nonvictims early in 2017
3. Goal: NCVS supplement administered to all persons 16+
  - OMB notice posted in early 2017
  - Data Collection July-December, 2017 ~80,000 interviews
  - Report and data released 2018

## Contact Information

Lynn Langton, Ph.D.  
Chief, Victimization Statistics  
[Lynn.Langton@usdoj.gov](mailto:Lynn.Langton@usdoj.gov)

Rachel Morgan, Ph.D.  
Statistician  
[Raxchel.Morgan@usdoj.gov](mailto:Raxchel.Morgan@usdoj.gov)

Michael Planty, Ph.D.  
Deputy Director  
[Michael.Planty@usdoj.gov](mailto:Michael.Planty@usdoj.gov)

