

Consumer Fraud: A 2008 Survey of AARP Colorado Members' Experiences and Opinions

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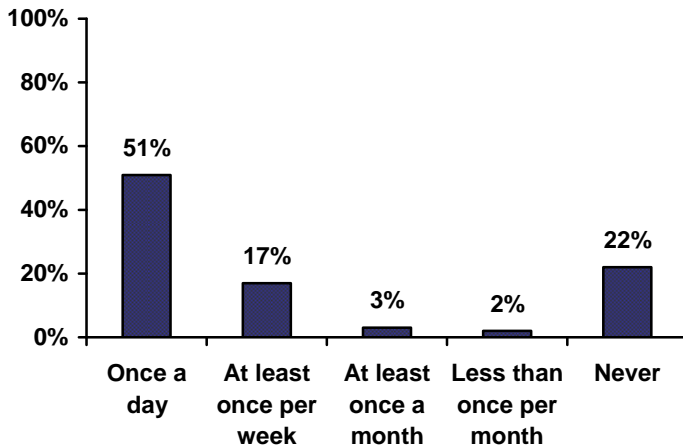


While consumer fraud is not a new crime, in the United States it continues to be one of the most prevalent white collar crimes. Close to 25 million adults in the United States were victims of fraud in 2005, and the most frequently reported types of fraud include advance-fee loan scams, buyers clubs, credit card insurance, and credit repair.¹ Still, between one and two million people were victims of prize promotion scams, Internet service fraud, and pyramid schemes. In Colorado alone, 11,364 consumer fraud complaints were reported to the Federal Trade Commission in 2007. Over \$41.5 million was paid out by Colorado consumers to a business or individual offering a product or service.² This report describes the findings from a state wide survey of AARP members residing in Colorado. The survey gauged member experience and opinion regarding various forms of consumer fraud including Internet scams, securities and investment fraud, and home repair and financing.

Internet Use and Fraud Concerns

One-half of Colorado members say they access the Internet at least once a day, about one in six (17%) access the Internet at least once a week, and almost one-quarter (22%) of members never access the Internet. The most common computer problem Colorado members experience is spam (74%), but one-third also experience email scams, phishing emails, and spyware on their computers. To avoid such problems, three in four survey respondents installed anti-virus protection software, and more than six in ten installed anti-spyware software (64%), avoided posting their email address on websites (64%), or set up firewalls or filters (61%). Additionally, some Colorado members report preventing spam or junk by not giving out their email address to anyone (41%) or resetting their email address so it is hard to guess (9%).

Frequency of Internet Usage
(n=890)



Measures Taken to Avoid SPAM or Junk Email
(n=644 Respondents who accessed the Internet)

Installed anti-virus protection software	75%
Installed anti-spyware software	64%
Avoided posting email address on websites	64%
Set up filters or firewalls	61%
Avoided giving out email address	41%
Reset email address so it is difficult to guess	9%

AARP members in Colorado are concerned about consumers being misled or taken advantage of by certain types of businesses. In fact, the data show that members rank companies selling products over the phone number one (79%) among a list of 17 different types of businesses that could possibly defraud consumers – over half (52%) of members also say they are extremely or very concerned about companies selling products over the Internet.

¹ Federal Trade Commission, *FTC Releases 30.2 Million Americans - 13.5 Percent of U.S. Adults - Fell Victim to Fraud*, October 29, 2007. <http://www.ftc.gov/opa/2007/10/fraud.shtm>

² Federal Trade Commission, *Consumer Fraud and Identity Theft Data*, January –December 2007. <http://www.consumer.gov/sentinel/pubs/top10fraud2007.pdf>

Nearly one in five Colorado members say they would contact either the police (18%), State Attorney General (18%), or the Better Business Bureau (17%) if they had a complaint about a fraudulent or destructive email or Internet problem. About one in ten (11%) would contact the person involved in the scam and more than one-third (36%) say they are not sure who they would turn to for help.

Where or Who Colorado Members Turn to for Help With Concerns About a Fraudulent or Destructive Email or Internet Problem

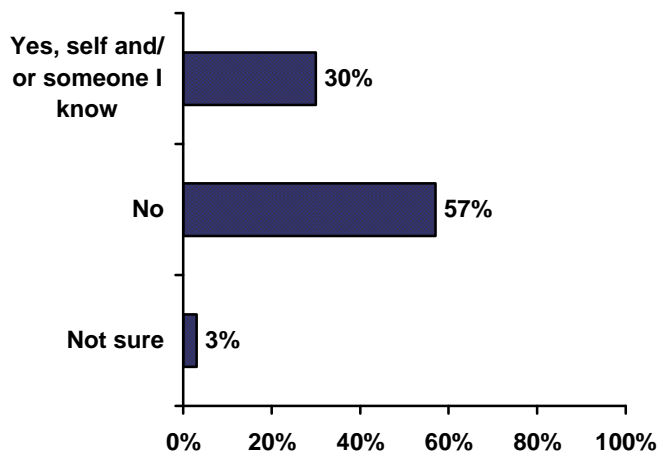
(n=644 Respondents who accessed the Internet)

Police	18%
State Attorney General	18%
Better Business Bureau	17%
Person involved in the email scam	11%
No one	7%
Other consumer protection agency	5%
Personal attorney	3%
Not sure	36%
Other	12%
No answer	18%

Identity Theft

Nearly one-third of AARP Colorado members report being a victim (7%) or knowing someone (22%) who has been a victim of identity theft in the last five years. Among these members, nearly two-thirds (64%) say the incident involved stolen credit card information; four in ten report that bank account information was stolen or used, and about one in five (22%) indicate that a Social Security number was stolen or used. Other members who were victims, or know a victim of identity theft, report new accounts (15%) or loans (8%) were created in their name, an ATM bank card was stolen or used (15%), or personal information was obtained through the Internet (12%).

Incidence of Identity Theft Among AARP Colorado Members (n=890)



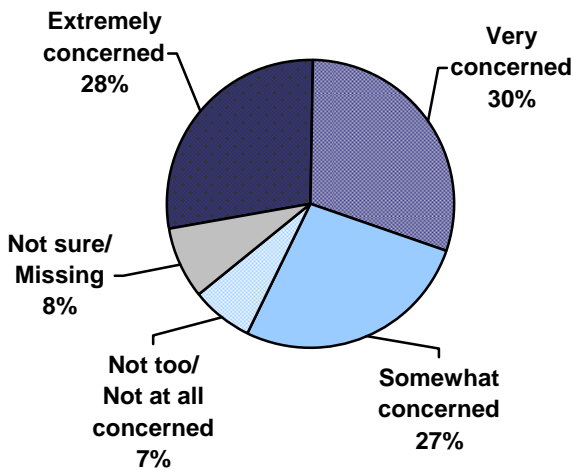
Type of Identity Theft or Personal Information Stolen or Used (n=270 Respondents who have or know someone who has experienced identity theft)

Credit card information	64%
Checking, savings, other bank account	40%
Social Security number	22%
New accounts created in victims name	15%
Personal information was obtained through the Internet	12%
New loans were created in victims name	8%
ATM card	15%
Other	5%

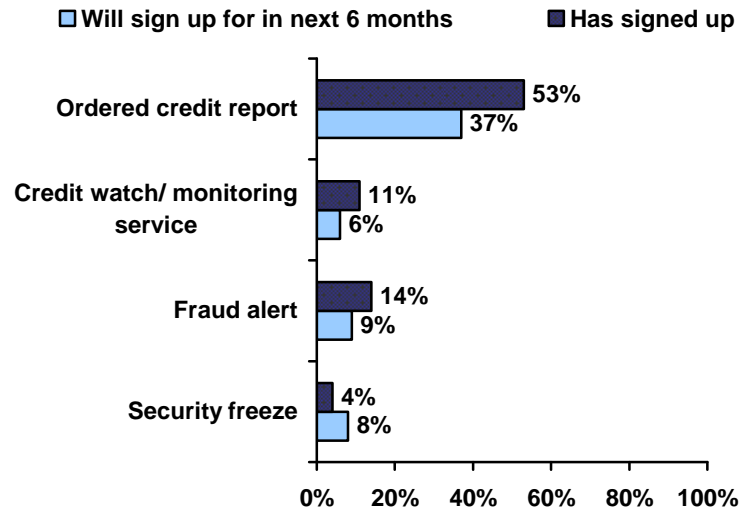
Interestingly, while nearly six in ten (57%) members indicate they or anyone they know have *not* been victims of identity theft in recent years, many (58%) Colorado members are extremely or very concerned about *becoming* a victim of this crime. Another one-quarter (27%) of members are somewhat concerned. To try to prevent identity theft, more than half (53%) of Colorado members have ordered a credit report from one of the three national credit bureaus, and another one-third (37%) plan to do so in the next six months. Less than one in six members have signed up for a fraud alert (14%) or have purchased a credit watch or monitoring service (11%), and less than 10 percent plan to do so in the near future.

Few (4%) Colorado members have signed up for a security freeze, which blocks creditors, lenders, or other businesses from reviewing your personal files to establish new credit in your name without your permission. Of these, one-quarter report that the credit bureau has issued them a pin number. Less than one in ten (8%) Colorado members are extremely or very likely to sign up for a security freeze in the next six months, and another one in seven (14%) are somewhat likely to do so.

Concern About Becoming a Victim of Identity Theft (n=890)



Measures Taken to Prevent Identity Theft (n=890)



Clearly, Colorado members are concerned about being a victim of identity theft. Nearly all (90%) survey respondents say it should be a top or high priority for Colorado to work on strengthening laws and regulations on identity theft.

If members had concerns about being tricked into giving someone their personal identification information, more than two in five (46%) would turn to the police and about one-quarter would contact the District or State Attorney General’s office (26%). Slightly fewer say they are not sure who they would contact (22%) or say they would contact the Better Business Bureau (19%).

Where or Who Colorado Members Turn to if They Were Tricked Into Giving Someone Their Personal Information (n=890)

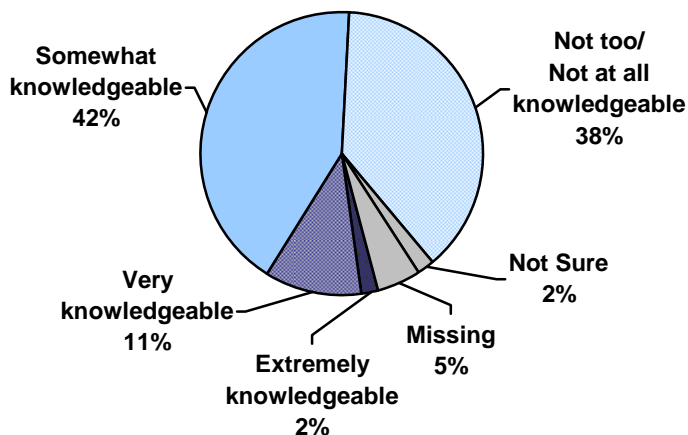
Police or related law enforcement	46%
District or State Attorney General	26%
Not sure	22%
Better Business Bureau	19%
Person Involved in the crime/ swindle	9%
Personal lawyer	9%
Other consumer protection agency	3%
No one	2%
Other	4%
No answer	6%

Securities and Investments and Fraud

More than two in five (42%) AARP Colorado members say they are somewhat knowledgeable about investing: one in eight members (13%) say they are extremely or very knowledgeable about investing. In fact, 43 percent of members currently invest in a 401 (k) or similar plan, and 60 percent currently invest or have invested in stocks, bonds, mutual funds, or other securities on their own and not through their employer. Furthermore, of the members who have invested or ever invested in securities, more than two-thirds (68%) have hired a financial service provider such as a stockbroker.

When asked whether they had been contacted in the past 12 months by anyone selling securities such as stocks or bonds and using terms or sayings such as “high rate of return”, “risk free”, “your investment is guaranteed against loss”, or “you must invest now”, two in ten Colorado members said they had (Yes: 20%; No: 76%; Not sure/ No answer: 4%). Many members have not or do not know of anyone who has been deliberately misled or misinformed by someone selling a security. In the few cases (57 survey respondents) where money was lost from a fraudulent investment, nearly four in ten (38%) members say they lost less than \$50,000, while about one in five (16%) members say they lost \$50,000 or more.

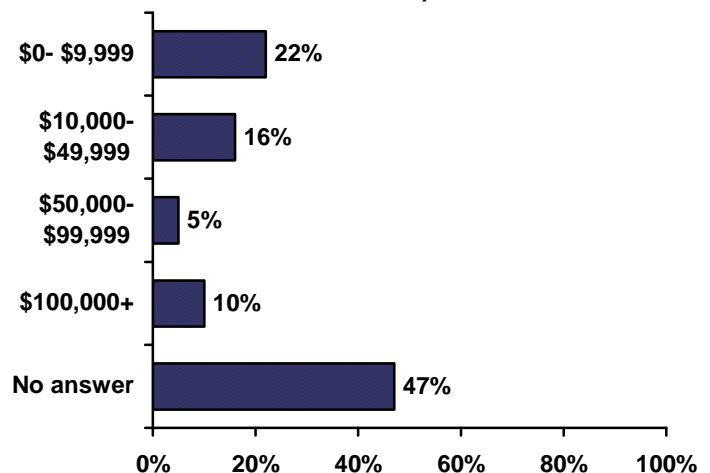
How Knowledgeable Colorado Members are About Investing (N=890)



One in five (21%) Colorado members are extremely or very concerned about being a victim of a financial or investment crime, and more than one-third (35%) are somewhat concerned about being a victim. Furthermore, eight in ten (81%) members say it should be a top or high priority for Colorado to strengthen investment fraud laws and regulations that protect consumers from unfair and deceptive practices.

When asked about possible reasons for being concerned about investing, economic stability is at the top of the list. Seven in ten (71%) members cite the state of the economy as a major concern for them. Three in five (62%) say fear of losing money, and more than half (54%) of members say market volatility is a major concern.

How Much Money Lost as a Result of Fraudulent Investment (n=57 Respondents who lost money from fraudulent investments)



Major Concerns About Investing in Stock Market Today (n=890)

State of the economy	71%
Fear of losing money	62%
Market volatility	54%
Lack of consumer protections	30%
Insider trading	29%
Transition fees too high	27%
Incompetent stock brokers/ financial advisors	26%
Accuracy of published financial statements	23%
Fear of being victim of fraud	21%
Other	2%

More than one-third (38%) of Colorado members say they would contact the District or State Attorney General if they had a complaint about financial securities investments. About one in five members would contact the Better Business Bureau (23%), the police (21%), or the person involved in the investment (19%). About one in six (17%) members would contact a personal lawyer. Two in ten members say they are unsure about where or who they would turn to for help.

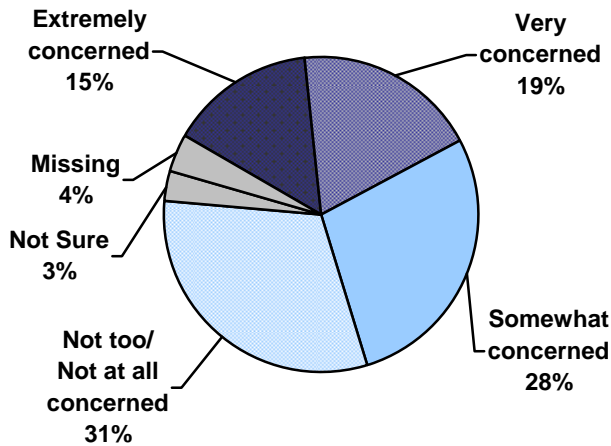
Where Or Who Colorado Members Turn To For Help With Concerns About Financial Securities (n=533 Respondents who invest in Securities)

District or State Attorney General	38%
Better Business Bureau	23%
Police	21%
Person involved in the investment	19%
Personal lawyer	17%
Other	7%
Other consumer protection agency	6%
No one	2%
Not sure	20%
No answer	1%

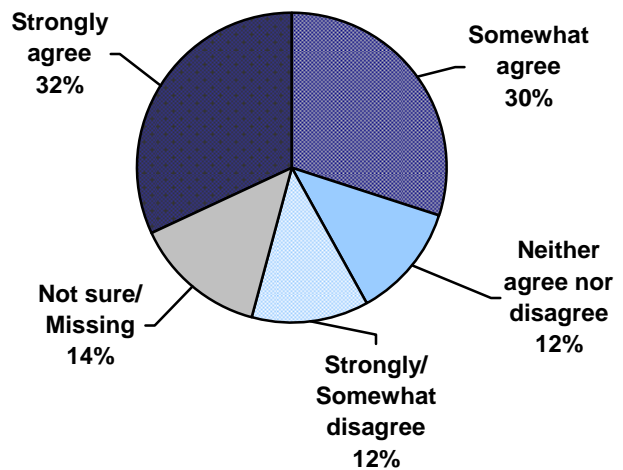
Home Financing and Improvement

With the downward turn in the economy, issues such as plummeting home values, mortgage fraud and foreclosures touch many lives. Currently, two in five (42%) AARP Colorado members are homeowners. Nearly half (47%) of these homeowners say that in the past two years the value of their homes has declined and about one in eight (12%) members say they have postponed selling their home because of the poor housing market. Furthermore, nearly two-thirds (62%) of AARP Colorado homeowners are at least somewhat concerned about the effect of mortgage foreclosures on their neighborhood or community. When it comes to sub-prime or non-traditional loans, three in five (62%) Colorado members say they strongly or somewhat agree that borrowers of these loans who are facing a pending foreclosure should be given the opportunity to deal with delinquency and restructure the loan.

Concerned About Mortgage Foreclosures on Members' Neighborhood or Community? (n=890)

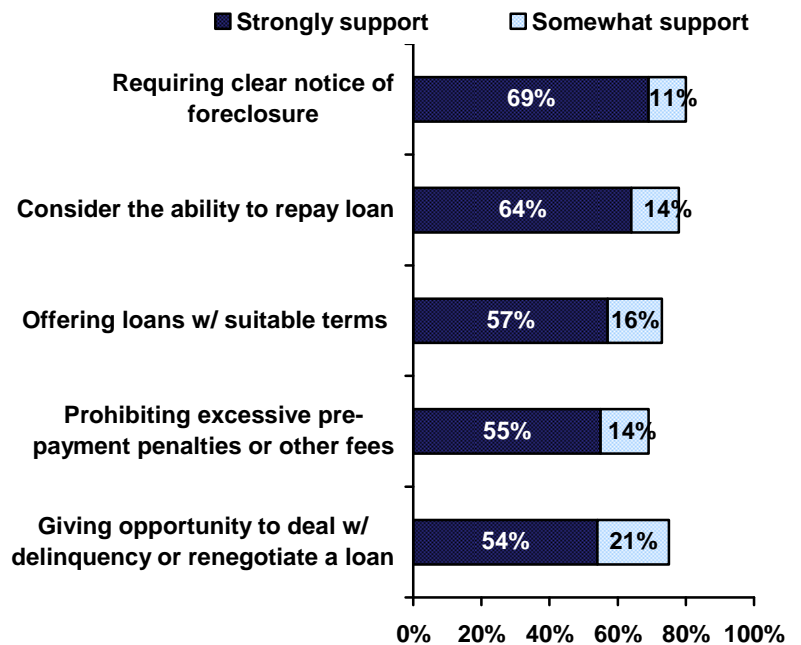


Support for Sub-Prime Borrowers Being Given the Opportunity to Deal With the Delinquency (n=890)



Many (86%) members say it should be a top or high priority for Colorado to strengthen laws and regulations regarding mortgage fraud. Members show strong support for each of the five proposed measures tested in this survey. About eight in ten Colorado members strongly or somewhat support requiring a clear notice to borrowers of pending foreclosure (80%) or requiring the lender to consider the borrowers' ability to repay the loan (78%). Slightly fewer members say they support requiring lenders to provide the homeowner with the opportunity to deal with a delinquent loan or to renegotiate the loan (75%) or to offer loan products to borrowers that have suitable terms (73%).

Support for Consumer Protections Against Foreclosures by... (n=890)



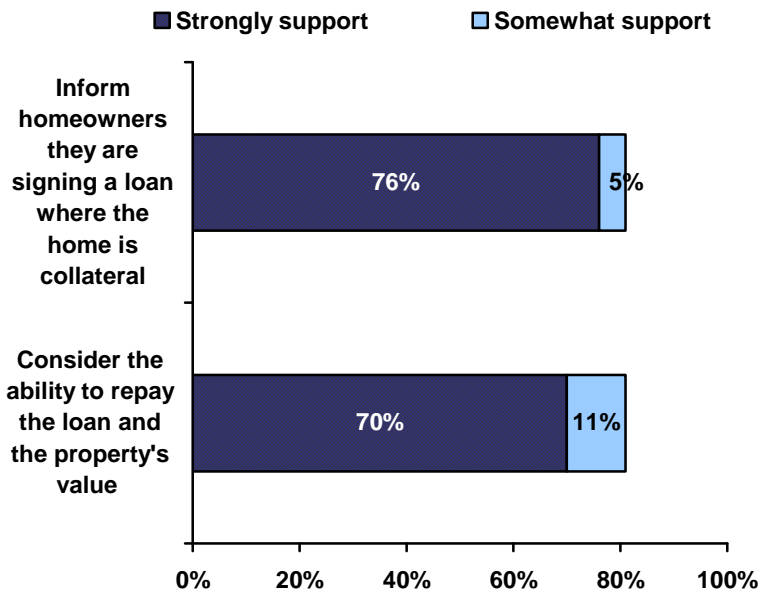
If Colorado members had concerns about sub-prime or non-traditional loans, about one-quarter or more say they would contact the person involved in the loan (28%), the District or State Attorney General (26%), or the Better Business Bureau (24%). About two in ten (19%) say they would contact a personal lawyer. More than one-quarter (27%) are not sure who they would turn to for help.

Where or who Colorado Members Turn to for Help With Concerns About Sub-Prime Loans (n=890)

Person involved in the loan	28%
District or State Attorney General	26%
Better Business Bureau	24%
Personal lawyer	19%
Police	8%
Other consumer protection agency	6%
Other	3%
No one	3%
Not sure	27%
No answer	6%

Many (68%) Colorado members say they have hired a person or company to make home improvements in the past ten years. More than three-quarters (79%) of members in Colorado say it should be a top or high priority for Colorado to strengthen laws and regulations regarding home repairs or home repair financing. In addition, when asked about lending practices designed to protect consumers who get loans directly from home improvement contractors, eight in ten (82%) members support measures that require disclosures to ensure homeowners are informed that their homes are being used as collateral for the loan in which they are signing. About the same percent (81%) support measures that require lenders to consider the homeowner's ability to repay the loan and to consider the property's value before the loan is given. More than six in ten (64%) Colorado members say they would contact the Better Business Bureau if they had a concern about a home improvement contractor.

Support or Opposition for Possible Lending Practices That Require Lenders to...
(n=890)



Where or Who Colorado Members Turn to for Help With Concerns About Home Improvement Contractors
(n=890)

Better Business Bureau	64%
Business/ person involved in the home improvement	26%
District or State Attorney General	23%
Personal lawyer	20%
Police	15%
Other consumer protection agency	4%
Other	4%
No one	1%
Not sure	11%
No answer	4%

Summary of Survey Findings

AARP Colorado members are concerned about the possibility of being defrauded and having their personal information stolen or used by someone they don't know – in fact, many members are highly concerned about being misled or taken advantage of by companies selling products over the phone (78%) or the Internet (52%). Half or more members are highly concerned about being misled by a number of company or business types: mortgage lenders, pharmaceutical companies, home repair contractors, and companies selling health insurance.

More specifically, most AARP Colorado members report being extremely or very concerned about being victims of identity theft. Two in ten members are extremely or very concerned about becoming a victim of investment fraud. In fact, two-thirds report a major concern or worry about losing money in the stock market, while about three in ten cite a lack of consumer protections (30%), inside trading (29%), and incompetent brokers and advisors (26%).

Many Colorado members have made attempts to protect themselves against fraud. Among those members who utilize the Internet, most have installed protective software or filters and try to protect their email addresses. Members have also contacted one of the three national credit bureaus to order a credit report (53%), sign up for a fraud alert (14%), or purchase a credit watch or monitoring service (11%).

When asked where to go for help, nearly one in five members say they would turn to the police, State Attorney General, or Better Business Bureau with concerns about identity theft. Likewise, if members in Colorado had a complaint about a financial investment – one-third would contact the Attorney General's Office, more than two in ten members would contact the police, Better Business Bureau, or the person or business with who they made the investment. Interestingly, one in five members simply report they don't know where to turn for help with a concern or complaint about a financial investment, a sub-prime loan, or if the wrong person has access to their personal information.

Recommendations

Based on the findings from this survey, AARP Colorado should work toward helping the state implement legislation that will provide residents ages 50 or older greater protection from identity theft and consumer fraud. The data also suggest a tremendous opportunity for the state office to educate and inform the 50 and older population in Colorado about the types of fraud they may be most vulnerable to and where to turn to for help with concerns or complaints of potential scams or dubious business transactions or investment information.

Methodology

AARP conducted the 2008 AARP Colorado Member Survey from August through September 2008. A sample of 2,000 AARP members in Colorado, proportionally stratified by three age segments, 50 to 59, 60 to 74, and 75+, was selected from AARP's membership database. Each sampled member was contacted about the survey in four ways: a pre-notification postcard, the survey itself, a reminder postcard, and a second survey. Fifty-one percent of the sampled Colorado members returned surveys by the cut-off date, providing 890 useable surveys for analysis. Thus, the survey has a sampling error of plus or minus 3.4 percent.³ Survey responses were weighted to reflect the distribution of the age segments in the member population of Colorado. As of September 2008, there are 703,143 AARP members in Colorado representing 52 percent of the 50+ population in the state.

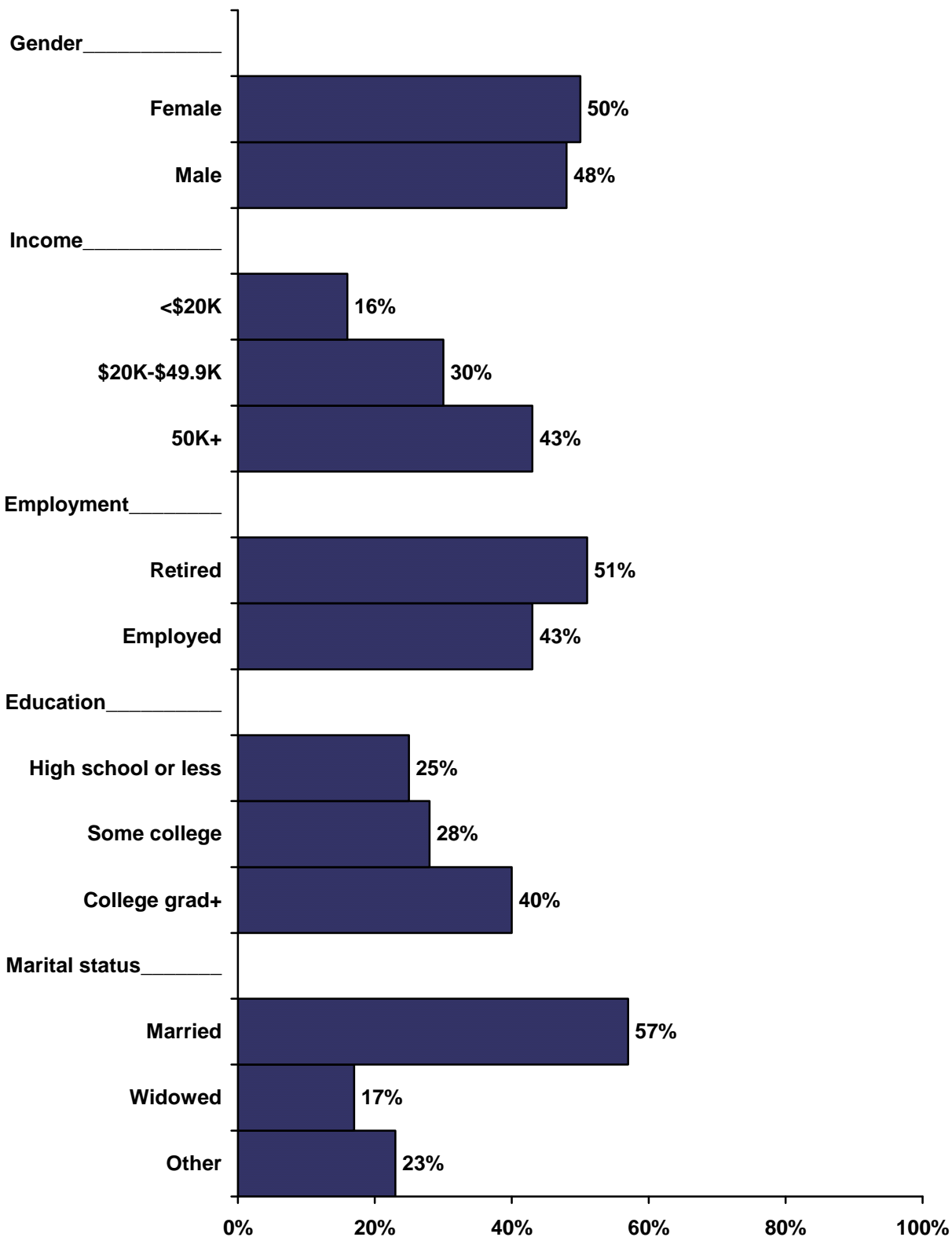
Acknowledgement

AARP staff from the Colorado State Office, State Affairs, and Knowledge Management contributed to the design and implementation of this study. Special thanks go to AARP staff including Jon Looney, and Amy Nofziger, Colorado State Office; Mary Wallace, State Affairs; Rachelle Cummins, Darlene Matthews, and Jennifer Leslie, Knowledge Management who assisted with survey design and report preparation. Jennifer Sauer, Knowledge Management designed the survey and Cassandra Burton wrote the report. For more information about the surveying instrument, please contact Jennifer Sauer 202-434-6207 or contact Cassandra Burton at 202-434-3547 regarding the report.

³ This means the results are within 3.4 percent of what the results would have been if every member in Colorado had been surveyed.

DEMOGRAPHIC CHARACTERISTICS

Demographic Characteristics (n=890)



ANNOTATED QUESTIONNAIRE

2008 AARP Colorado Member Survey: Consumer Issues

N= 890

1. Thinking about your own experience and what you know about the experiences of other people, how concerned are you about each of the following businesses possibly misleading or taking advantage of consumers? Please check (✓) box best representing your response.

	Extremely Concerned ▼	Very Concerned ▼	Somewhat Concerned ▼	Not Very Concerned ▼	Not at all Concerned ▼	Not Sure ▼	No Answer ▼
a. Banks.....	7%	17%	34%	29%	10%	1%	2%
b. Home repair contractors.....	20%	32%	28%	9%	4%	2%	4%
c. Mortgage lenders.....	30%	29%	20%	8%	6%	3%	5%
d. Companies selling products over the Internet.....	24%	29%	25%	9%	5%	4%	4%
e. Companies that sell products by calling people on the phone.....	54%	24%	10%	4%	4%	2%	3%
f. Brokerage/investment companies	15%	25%	30%	15%	5%	6%	3%
g. Insurance companies.....	16%	22%	32%	19%	6%	2%	3%
h. Lotteries	14%	14%	22%	25%	16%	5%	5%
i. Used car dealers.....	22%	24%	26%	13%	7%	4%	4%
j. Check cashing outlets	29%	19%	12%	14%	9%	12%	5%
k. Health care organizations.....	23%	26%	27%	14%	5%	2%	4%
l. Utility companies.....	14%	19%	28%	24%	11%	2%	3%
m. Pharmaceutical companies.....	28%	26%	23%	13%	5%	3%	2%
n. Credit unions.....	5%	10%	19%	33%	22%	6%	4%
o. Companies or people who sell health insurance plans	23%	29%	28%	11%	4%	3%	2%
p. Financial advisors	16%	24%	31%	14%	7%	6%	3%
q. Sellers of burial services	22%	25%	24%	14%	6%	7%	2%

Computer and Internet Use and Experience

2. How often would you say you typically access the Internet?

- 51% At least once a day
- 17% At least once a week but not every day
- 3% At least once a month but not every week
- 2% Less than once a month
- 22% Never [GO TO QUESTION 6]
- 1% Not sure [GO TO QUESTION 6]
- 5% No Answer

3. In the last 12 months, have you experience the following computer or internet problems? (n=644; Respondents who access the Internet)

	Yes ▼	No ▼	Not Sure ▼	No Answer ▼
a. Viruses or worms attacked your computer	20%	65%	7%	8%
b. SPAM or junk email.....	74%	17%	1%	8%
c. Spyware found on your computer was monitoring your activities...	24%	46%	21%	10%
d. Phishing email – email pretending to be from trusted institution and trying to obtain your personal information.....	32%	46%	13%	8%
e. Email scams offering money or other big winnings if you pay something or provide personal information	39%	48%	6%	8%

4. In the last 12 months, have you taken the following actions to avoid receiving SPAM or junk email or unknowingly downloading harmful viruses, worms, or spyware? (n=644; Respondents who access the Internet)

	Yes ▼	No ▼	Not Sure ▼	No Answer ▼
a. Avoided posting my email address on websites.....	64%	24%	4%	8%
b. Avoided giving out my email address to anyone	41%	48%	2%	9%
c. Reset my email address so it is hard to guess	9%	79%	3%	9%
d. Installed anti-virus protection software.....	75%	15%	2%	8%
e. Installed anti-spyware software.....	64%	25%	4%	7%
f. Set up filters or firewalls.....	61%	25%	7%	7%

5. If you had a complaint about a fraudulent or destructive email or internet problem like Spam or a virus, to which of the following would you turn to for help: (n=644; Respondents who access the Internet)

- 18% Police or related law enforcement
- 17% Better Business Bureau
- 11% Business/person involved in the email scam
- 3% Personal lawyer
- 18% State Attorney General's office
- 5% Other Consumer Protection Agency/office (specify): _____
- 7% No one
- 12% Other (specify): _____
- 36% Not sure
- 18% No Answer

Identity Theft

Identity theft can occur when someone gets access to your bank accounts, checking accounts, or credit cards and then uses them fraudulently to run up bills. Identity theft can also occur when someone gets personal information about you – such as your name, Social Security number, date of birth, or mothers maiden name – and uses it to open new bank accounts, open new loans, or make large purchases in your name.

6. In the last five years, have you or someone you know experienced identity theft?

- 7% Yes, I was a victim of identity theft
- 22% Yes, a person I know was a victim of identity theft
- 1% Yes, both I and someone I know have been victims of identity theft
- 57% No **[GO TO QUESTION 8]**
- 3% Not sure **[GO TO QUESTION 8]**
- 9% No Answer

7. Which of the following best describes the kind(s) of identity theft you or someone you know experienced? (n=270; Respondents who know someone who experienced identity theft)

	Yes ▼	No ▼	Not Sure ▼	No Answer ▼
a. Credit card information stolen or used.....	64%	17%	5%	15%
b. Checking, savings, or other bank account information was stolen or used	40%	31%	8%	22%
c. A Social Security number was stolen or used.....	22%	37%	13%	28%
d. New accounts (bank or credit card) were created or opened in victim's name.....	15%	40%	14%	31%
e. New loans were created in victim's name.....	8%	45%	16%	31%
f. ATM bank card was stolen or used	15%	40%	15%	30%
g. Personal information obtained through Internet	12%	38%	19%	31%
h. Other: (Specify): _____	5%	10%	8%	77%

8. How concerned are you about becoming a victim of identity theft?

- 28% Extremely concerned
- 30% Very concerned
- 27% Somewhat concerned
- 6% Not too concerned
- 1% Not at all concerned
- 1% Not sure
- 7% No Answer

9. **In the past 3 years**, have you contacted any of the three national credit bureaus to:

	Yes ▼	No ▼	Never heard of this service ▼	Not Sure ▼	No Answer ▼
a. sign up for a Fraud Alert ?.....	14%	61%	9%	1%	16%
b. purchase a credit watch or monitoring service?	11%	68%	6%	1%	15%
c. requested a report of your personal credit history? .	53%	37%	1%	1%	8%

10. **In the next 6 months**, how likely are you to contact any of the three national credit bureaus:

	Extremely likely ▼	Very likely ▼	Somewhat likely ▼	Not Very likely ▼	Not at all likely ▼	Not Sure ▼	No Answer ▼
a. to sign up for a Fraud Alert	4%	5%	13%	38%	17%	9%	14%
b. to purchase a credit watch or monitoring service	3%	3%	10%	40%	21%	8%	15%
c. to request a report of your personal credit history	21%	16%	20%	19%	11%	4%	8%

11. **Currently, in Colorado, you have the right to place a Security Freeze on your credit reports to block creditors, lenders, or other businesses from reviewing your personal files to establish new credit in your name without your permission. To place a freeze on your credit files, you would sign up with one or each of the three major credit bureaus. In Colorado, there are certain fees for placing, lifting, or removing a freeze. Do you currently have a Security Freeze placed on your credit files?**

- 4% Yes
- 72% No [GO TO QUESTION 13]
- 13% Never heard of this service [GO TO QUESTION 13]
- 2% Not sure [GO TO QUESTION 13]
- 9% No Answer

12. **Has the credit bureau(s) issued you a PIN number to access your frozen account?**
(n=34; Respondents with security freeze on credit files)

- 25% Yes
- 43% No
- 29% Not sure
- 3% No Answer

13. **In the next 6 months**, how likely are you to sign up with a national credit bureau to place a security freeze on your credit files?

- 4% Extremely likely
- 4% Very likely
- 14% Somewhat likely
- 37% Not too likely
- 21% Not at all likely
- 14% Not sure
- 6% No Answer

14. If you had concerns about someone tricking you into giving them your personal identification information, to which of the following would you turn for help:

- 46% Police or related law enforcement
- 19% Better Business Bureau
- 9% Business/Person involved in the crime or swindle
- 26% District or State Attorney General's office
- 9% Personal lawyer
- 3% Other Consumer Protection Agency/office (specify): _____
- 2% No one
- 4% Other (specify): _____
- 22% Not sure
- 6% No Answer

Securities and Investments

15. In general, how knowledgeable would you say you are about investing?

- 2% Extremely knowledgeable
- 11% Very knowledgeable
- 42% Somewhat knowledgeable
- 24% Not too knowledgeable
- 15% Not at all knowledgeable
- 2% Not sure
- 5% No Answer

16. Do you invest in a retirement plan like a 401K through a current or previous employer?

- 43% Yes
- 51% No
- 1% Not sure
- 5% No Answer

17. Do you currently invest or have you ever invested or owned *other* "securities" such as stocks, bonds, or mutual funds on your own and NOT through an employer?

- 60% Yes
- 34% No [GO TO QUESTION 24]
- 2% Not sure [GO TO QUESTION 24]
- 4% No Answer

18. Have you ever hired a stockbroker, financial planner, investment advisor, or other type of financial services provider? (n=533; Respondents who invest in securities)

- 68% Yes
- 30% No [GO TO QUESTION 19]
- 1% Not sure [GO TO QUESTION 19]
- 1% No Answer

18a. IF YES, have you ever checked their background to see if they registered with a national or local securities regulator before you hired them?
(n=360; Respondents who have hired financial service provider)

45% Yes
50% No
3% Not sure
3% No Answer

19. What are your MAIN concerns or worries about investing in the stock market today?

(n=533; Respondents who invest in securities)

	Major concern	Minor concern	Not a concern at all	Not sure	No Answer
	▼	▼	▼	▼	▼
a. Fear of losing money	62%	28%	3%	1%	5%
b. The state of the economy	71%	20%	3%	1%	3%
c. Market volatility	54%	32%	4%	2%	8%
d. Accuracy of published financial statements	23%	40%	23%	4%	10%
e. Fear of being the victim of investment fraud	21%	39%	29%	3%	9%
f. Incompetent stock brokers and financial advisers	26%	35%	27%	2%	10%
g. Insider trading	29%	30%	25%	6%	10%
h. Lack of significant consumer protections	30%	35%	20%	5%	10%
i. Transaction fees too high.....	27%	37%	22%	4%	10%
j. Other: (specify)	2%	1%	2%	2%	94%

20. In the past 12 months, has anyone approached or contacted you about investments using or saying terms like, “high rate of return”, “risk free”, “your investment is guaranteed against loss” or “you must invest now”? (n=533; Respondents who invest in securities)

20% Yes
76% No
2% Not sure
2% No Answer

Investment or securities fraud is a practice in which investors make purchase or sale decisions on the basis of false information and deceptive practices in the stock and commodity markets. Securities fraud includes outright theft from investors, misstatements on company financial reports or Securities and Exchange Commission (SEC) filings, lying to corporate auditors, insider trading, stock manipulation schemes, and embezzlement by stockbrokers. Fraudulent securities practices, those in violation of securities laws, typically result in financial losses to the investor(s).

21. Thinking back over the past 5 years, have you or anyone you know been deliberately misled or misinformed by an individual or company selling a security that you invested but resulted in the loss of your money, savings, or entire investment? (n=533; Respondents who invest in securities)

4% Yes, just me
4% Yes, someone I know
3% Yes, both I and someone I know
83% No [GO TO QUESTION 22]
4% Not sure [GO TO QUESTION 22]
3% No Answer

21a. IF YES, approximately how much money did YOU lose as a result of that investment? (n=57; Respondents who lost money from being misled/misinformed)

22% \$0 - \$9,999
16% \$10,000 - \$49,999
5% \$50,000 - \$99,999
10% \$100,000 or more
47% No Answer [GO TO QUESTION 22]

22. How concerned are you about being the victim of a financial or investment crime? (n=533; Respondents who invest in securities)

8% Extremely concerned
12% Very concerned
35% Somewhat concerned
32% Not too concerned
9% Not at all concerned
1% Not sure
4% No Answer

23. If you had concerns about a financial securities investment, which of the following people or places would you turn to for help: (n=533; Respondents who invest in securities)

21% Police or related law enforcement
23% Better Business Bureau
19% Business/person involved in the investment
17% Personal lawyer
38% District or State Attorney General's office
6% Other Consumer Protection Agency/office (specify): _____
2% No one
7% Other (specify): _____
20% Not sure
1% No Answer

Mortgage and Loan Issues

24. Do you own your home outright, are you paying off a mortgage or are you renting?

42% Own home outright
40% Paying off a mortgage
10% Rent [GO TO QUESTION 26]
2% Other [GO TO QUESTION 26]
< 0.5% Not sure [GO TO QUESTION 26]
5% No Answer

25. In the past 2 years, have any of the following happened to you:

(n=735; Respondents who own their own home.)

	Yes ▼	No ▼	Not Sure ▼	No Answer ▼
a. The value of your home decreased.....	47%	37%	11%	5%
b. The interest you pay on your mortgage increased	7%	72%	2%	19%
c. Sold your home	5%	79%	<0.5%	16%
d. Bought/moved to a more affordable home	4%	80%	<0.5%	16%
e. Moved into an apartment because you couldn't afford a mortgage.....	<0.5%	83%	<0.5%	17%
f. Postponed selling your home because of poor housing market.....	12%	73%	1%	15%
g. Lost a home due to foreclosure.....	1%	83%	<0.5%	16%

26. How concerned are you about the effect of mortgage foreclosures on your neighborhood or community?

- 15% Extremely concerned
- 19% Very concerned
- 28% Somewhat concerned
- 22% Not too concerned
- 9% Not at all concerned
- 3% Not sure
- 4% No Answer

Sub-prime mortgage loans are higher cost home loans that are given to a consumer who may be considered by the broker or lender to be higher risk borrowers. There are also other non-traditional loans given to prime borrowers that have high-risk features that are not well disclosed to the consumer such as interest- only provisions for a period of time, teaser rates (very low temporary introductory loan rate), and multiple rate adjustments.

The recent high rate of foreclosures has been largely attributed to the increase of sub-prime loans and non-traditional loans to borrowers who do not qualify for prime rate loans or have low credit ratings and were unaware of the true cost of the loan.

27. How strongly do you agree or disagree that borrowers of sub-prime or non-traditional loans facing a pending home foreclosure should be given the opportunity to deal with the delinquency and restructure the loan?

- 32% Strongly agree
- 30% Somewhat agree
- 12% Neither agree nor disagree
- 7% Somewhat disagree
- 5% Strongly disagree
- 9% Not sure
- 5% No Answer

28. Please rate your support or opposition to the following possible consumer protections regarding sub-prime or non-traditional loans in Colorado:

	Strongly Support ▼	Somewhat Support ▼	Neither Support or Oppose ▼	Somewhat Oppose ▼	Strongly Oppose ▼	Not Sure ▼	No Answer ▼
a. Prohibiting excessive pre-payment penalties or other high fees	55%	14%	10%	2%	3%	8%	9%
b. Requiring clear notice to borrower of pending foreclosure	69%	11%	5%	<0.5%	<0.5%	7%	8%
c. Requiring broker or lender to consider borrower's ability to repay the loan	64%	14%	5%	<0.5%	1%	7%	8%
d. Requiring broker or lender to offer a loan product that has loan terms suitable for a particular borrower.....	57%	16%	9%	1%	1%	8%	8%
e. Requiring broker or lender to provide homeowner with opportunity to deal with a delinquency/renege a loan. .	54%	21%	7%	1%	2%	7%	9%

29. If you had concerns about sub-prime mortgage loans or other non-traditional loans, which of the following people or places would you turn to for help:

- 8% Police or related law enforcement
- 24% Better Business Bureau
- 28% Business/person involved in the loan
- 19% Personal lawyer
- 26% District or State Attorney General's office
- 6% Other Consumer Protection Agency/office (specify): _____
- 3% No one
- 3% Other (specify): _____
- 27% Not sure
- 6% No Answer

Home Repair/Improvement Issues

30. In the past ten years, have you taken out a home equity loan or borrowed against your home? This includes any loan that uses your home for collateral.

- 31% Yes
- 66% No
- 1% Not sure
- 3% No Answer

31. Have you ever hired a person or company to make repairs or improvement to your home?

- 68% Yes
- 28% No [GO TO QUESTION 33]
- 1% Not sure [GO TO QUESTION 33]
- 3% No Answer

32. Did you ever have a bad experience as a result of hiring a person or company to make repairs or improvements to your home? (n=609; Respondents who hired a home improvement company.)

- 31% Yes
- 67% No
- 2% Not sure
- 1% No Answer

33. Listed below are two possible lending practice laws designed to protect consumers who get loans directly from home improvement contractors – or any loan that uses a home as collateral – from misleading, deceptive or fraudulent business practices. Please rate your support or opposition to each.

	Strongly Support ▼	Somewhat Support ▼	Neither Support or Oppose ▼	Somewhat Oppose ▼	Strongly Oppose ▼	Not Sure ▼	No Answer ▼
1. Requiring disclosures that inform homeowners they are signing a loan in which their home is collateral.....	76%	5%	4%	1%	1%	5%	7%
2. Requiring lenders to consider the homeowner’s ability to repay the loan <u>and</u> the property’s value before giving a loan.....	70%	11%	5%	1%	1%	5%	6%

34. If you had concerns about home improvement contractor, which of the following people or places would you turn to for help:

- 15% Police or related law enforcement
- 64% Better Business Bureau
- 26% Business/person involved in the home improvement contract
- 20% Personal lawyer
- 23% District or State Attorney General’s office
- 4% Other Consumer Protection Agency/office (specify): _____
- 1% No one
- 4% Other (specify): _____
- 11% Not sure
- 4% No Answer

35. How much of a priority should it be for Colorado to strengthen laws and regulations that protect consumers from unfair and deceptive practices in each of the following areas?

	Top Priority ▼	High Priority ▼	Medium Priority ▼	Low Priority ▼	Not a Priority ▼	Not sure ▼	No Answer ▼
a. Identity theft	67%	23%	4%	1%	1%	2%	3%
b. Home repairs/home repair financing	40%	38%	13%	2%	1%	3%	4%
c. Mortgage fraud	59%	27%	6%	2%	1%	2%	4%
d. Investment fraud.....	52%	29%	9%	3%	1%	2%	4%

ABOUT YOU

D1. What is your age as of your last birthday? _____ (in years)

- 27% 50-64
- 42% 65-74
- 26% 75+
- 5% No Answer

D2. What is your current marital status?

- 57% Now married
- 2% Not married, living with partner
- 17% Widowed
- 14% Divorced
- 1% Separated
- 6% Never married
- 4% No Answer

D3. What is the highest level of education that you completed?

- 6% 0-12th grade (no diploma)
- 19% High school graduate (or equivalent)
- 17% Post-high school education (no degree)
- 11% 2-year college degree
- 14% 4-year college degree
- 8% Post-graduate study (no degree)
- 18% Graduate or professional degree (s)
- 7% No Answer

D4. Which of the following best describes your current employment status?

- 5% Self-employed, part-time
- 5% Self-employed, full-time
- 8% Employed, part-time
- 25% Employed, full-time
- 51% Retired, not working at all
- 2% Not in labor force for other reasons
- 1% Unemployed but looking for work
- 3% No Answer

D5. Are you of Hispanic, Spanish, or Latino origin or descent?

- 7% Yes
- 89% No
- 1% Not sure
- 3% No Answer

D6. What is your race?

- 91% White or Caucasian
- 2% Black or African American
- 1% American Indian or Alaska Native
- 1% Asian
- 0% Native Hawaiian or other Pacific Islander
- 2% Other (Specify): _____
- 4% No Answer

D7. What was your annual household income before taxes in 2007?

- 6% Less than \$10,000
- 10% \$10,000 to \$19,999
- 10% \$20,000 to \$29,999
- 10% \$30,000 to \$39,999
- 10% \$40,000 to \$49,999
- 18% \$50,000 to \$74,999
- 26% \$75,000 or more
- 11% No Answer

D8. What county do you live in? _____

D9. Are you male or female?

- 48.1% Male
- 49.8% Female
- 2% No Answer

Thank you for completing this survey. Please use the postage-paid envelope and return it to:
State Research Surveys, AARP, 601 E Street, NW, Washington, DC 20049, by **August 22, 2008.**

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