

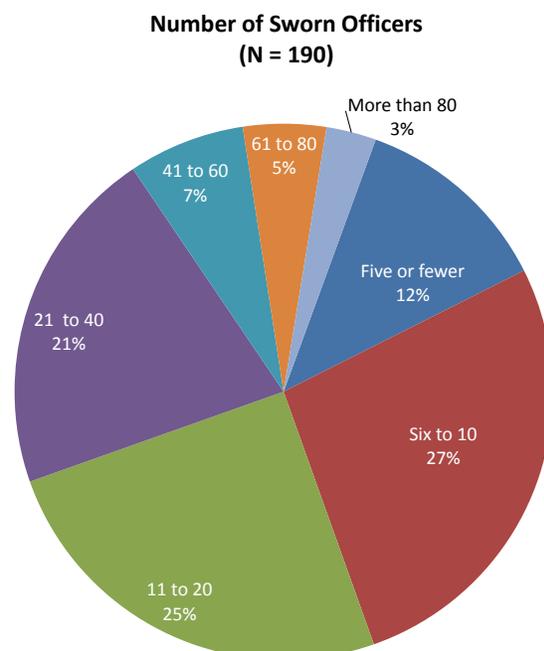
Financial Crime and Identity Theft: *Law Enforcement Response, Challenges and Resource Needs*

Report of Minnesota Law Enforcement Identity Theft Survey December 2013

Building a case in response to reports of financial crime and identity theft presents many challenges for local law enforcement agencies. Many of these crimes are not prosecuted, yet victims still need assistance and support. To better understanding the extent of this type of victimization, the needs of law enforcement, and the ways in which the Office of Justice Programs (OJP) and criminal justice professionals can improve the response given to these victims, OJP conducted a survey of law enforcement agencies in Minnesota.

Introduction

In August and September of 2013 the Minnesota Department of Public Safety Office of Justice Programs sent an on-line survey to all 87 county sheriffs and to 317 municipal police departments. Respondents were asked to complete an online survey about their departmental characteristics, experiences with financial crimes and identity theft, victim assistance, and training needs. A total of 35 sheriffs completed surveys, as did 156 municipal police departments. A total of 384 emails were delivered for a 50 percent response rate. Data were imported into a statistical analysis program and analyzed. Overall results from the survey are presented graphically. Analysis was also completed to see if there were any significant differences based on geography (urban vs. Greater Minnesota) or law enforcement type (municipal police departments vs. sheriffs' offices). Any statistically significant differences are discussed in text boxes throughout the report.

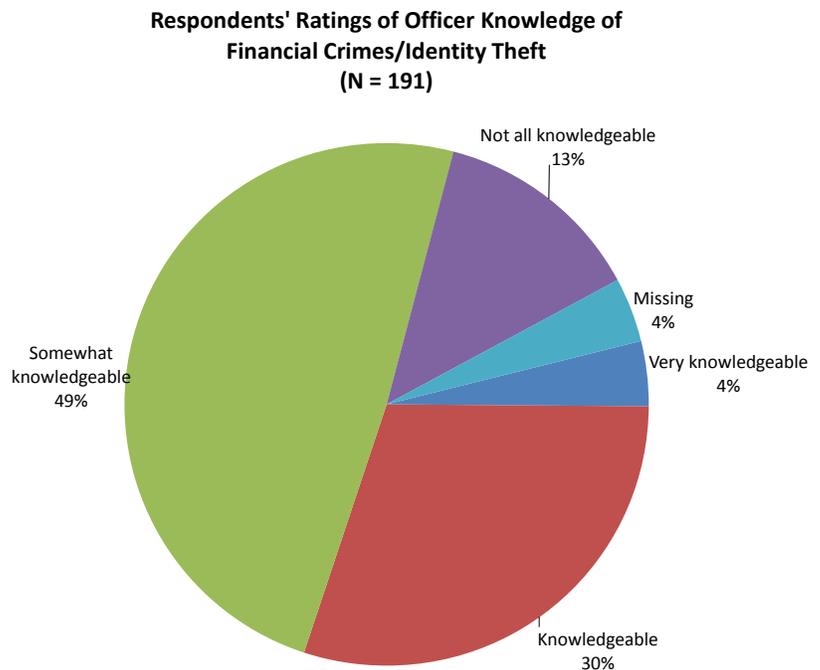


Agency Demographics

Almost seven in 10 respondents (69%) are located in Greater Minnesota. On average, respondents indicated that they had 23 sworn officers in their agencies. As shown in the graph below, almost two thirds of the agencies have 20 or fewer officers (64%). Very few agencies (15%) reported more than 40 sworn officers. Municipal police departments reported an average of 22 sworn officers, while sheriffs reported an average of 27 officers in their agency.

Most law enforcement agencies (71%) reported that they do not have a specialized investigator or unit investigating financial crimes and identity theft. Slightly more than one in 10 agencies reported that they have a single investigator working on financial crimes and identity theft crimes (16%), while 11 percent have a unit of one or more investigators. One agency has a detective unit that would handle these types of cases, while two agencies reported that there is no special unit or officers but that these crimes would be handled by either the chief and lieutenant or by a couple of investigators.

About half (49%) of respondents indicated that the officers in their agencies are somewhat knowledgeable about financial crime and identity theft. Slightly more than one-third (34%) of agencies reported that their officers are knowledgeable/very knowledgeable about these crimes. There is no significant difference between municipal police departments and sheriffs' departments in their assessment of their officers' knowledge of financial crimes or identity theft.



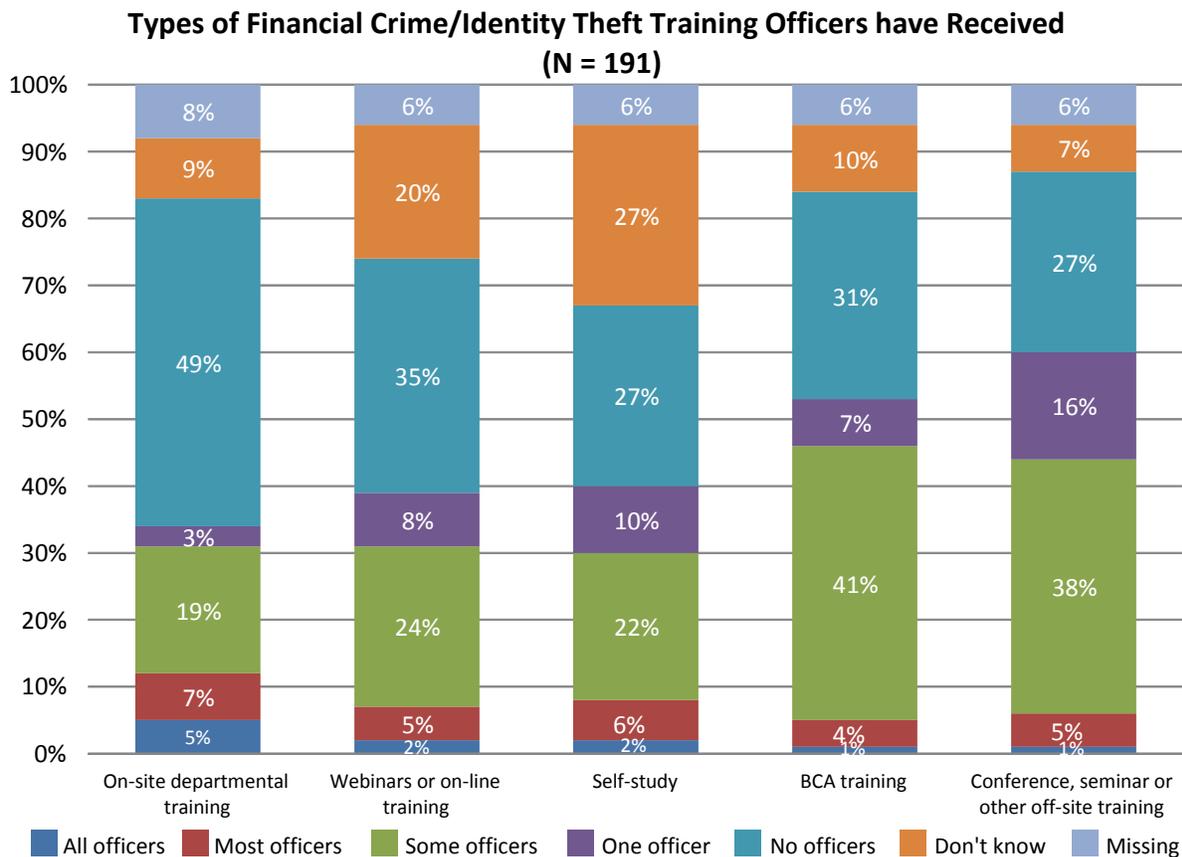
DEDICATED RESOURCES

Greater Minnesota law enforcement agencies are significantly more likely than urban agencies to report that all officers in their departments are responsible for investigating all types of crimes (79% vs. 49%, respectively), while urban agencies are more likely to have a person or unit dedicated to financial crimes and identity theft (46% vs. 19%, respectively)

Urban law enforcement agencies are more likely than Greater Minnesota agencies to report that their officers are very knowledgeable or knowledgeable about financial crimes and identity theft (51% vs. 29%, respectively).

Training

Respondents were asked to report how many of the officers in their agencies have received financial crimes and identity theft training. Very few agencies reported that all of their officers have received any type of financial crime or identity theft training (5% or fewer). Six in 10 (60%) respondents reported that at least one officer in their agency has attended a conference, seminar or some other off-site training related to financial crimes/identity theft. Slightly more than half (53%) of agencies reported that at least one officer has attended a training by the Bureau of Criminal Apprehension (BCA). Forty percent of agencies reported that at least one officer has engaged in self-study about these crimes. Other types of training received include on the job experience (N = 1), membership in National White Collar Crime (N = 1) and the Minnesota Financial Crimes Task Force (N = 1)



TRAINING

County sheriffs are more likely than municipal police departments to report that all of their officers have received training from the BCA (18% vs. 3%, respectively).

Urban law enforcement is more likely to have some or one of their officers trained by the BCA (66% vs. 44%, respectively) or to have had on-site department training (34% vs. 19%).

Percent (N = 122)*	Specific Training Needs
21%	Basic Training/general refresher/best practices
18%	Any training is welcome
11%	Training held locally/on-line/no travel/free training during shifts/cost effective training
9%	Training on how to start an investigation/how to investigate/steps of the investigation/uniform investigation guides
6%	Resources available for very large cases or out of state/country cases
4%	Training on resources available to victims and officers/training on resources for victims/training on resources for law enforcement
4%	Training on the necessary documentation to prove theft/training on documentation for prosecution/items needed to succeed in prosecution
4%	Training on financial crimes/on-going training on new financial scams/information on money laundering
4%	No training needed/need resources not training
3%	Advanced training/advanced training for detectives
3%	Training about Internet based financial and identity theft crimes/web-based fraud/how to locate origin of original email.
3%	A to Z investigation guide/training on how to do an investigation from start to finish
3%	Training on prevention information for the community /identity safety tips for community
2%	Training on what other agencies are doing
1%	Training on how to assist the county attorney in prosecuting offenders
1%	When to refer a case to the financial crimes task force
1%	Training on how to determine which cases are worth investigating
1%	Training on how to keep up with new technologies
1%	How to investigate the manufacturing of fraudulent items
1%	Interview and interrogation classes
1%	DNA's new process

*Respondents could offer more than one response.

Respondents were given the opportunity to describe the specific types of training that would benefit the officers in their agencies in addressing financial crime and identity theft. About two in 10 (21%) of respondents mentioned that they feel their officers need basic training or at least a refresher course on this type of crime. A similar percentage (18%) would be happy with any kind of financial crime/identity theft training that was offered. About one in 10 respondents (11%) reported they welcome training that is free, low cost and locally delivered. This could include web-based trainings.

Frequency of Financial Crime and Identity Theft Reports

Respondents were asked to estimate how often they received reports of various types of financial crimes and identity theft. The following are the most frequently reported financial and identity theft crimes:

- Other scams, such as romance, Nigerian, lottery, etc. (40% reported a few times a month or more)
- ATM card used without permission (30%)
- Check overpayment scams (26%)

Forty-four percent of agencies receive reports of embezzlement by an employee or volunteer organization once or twice a year, as did agencies reporting home improvement scams (39%).

How Frequently Law Enforcement Receives Reports on Types of Financial Crimes

	Daily	Weekly	Few times a month/ Monthly	Once every couple of months	Once or twice a year	Never	Don't know	Missing
Other scams (romance, Nigerian, lottery, etc.)	3%	18%	31%	17%	15%	3%	3%	10%
Other financial crime	3%	6%	17%	8%	27%	7%	20%	12%
ATM card used without permission	2%	11%	28%	14%	27%	7%	2%	9%
Check overpayment scams	2%	9%	32%	18%	17%	6%	6%	10%
Victim's name used in someone else's arrest	1%	4%	14%	18%	33%	13%	6%	11%
Victim's name used to receive benefits (welfare/utilities, etc.)	1%	3%	11%	19%	25%	19%	12%	10%
Investment fraud/scams		5%	18%	23%	26%	10%	7%	11%
Home improvement scams		2%	13%	19%	39%	13%	5%	9%
Financial exploitation of a vulnerable adult		2%	25%	22%	35%	4%	3%	9%
Insurance fraud			8%	14%	35%	16%	15%	12%
Embezzlement by employee or volunteer organization			10%	17%	44%	12%	7%	10%
Mortgage fraud			1%	8%	20%	40%	20%	11%

More than one-quarter (27%) of agencies stated that they receive reports about the financial exploitation of a vulnerable adult monthly at least monthly. In addition, almost one-quarter (23%) of agencies reported financial exploitation of an elderly or vulnerable adult as the most serious financial crime their agency addresses.

Percent (N = 158)*	Most Serious Financial Crime Agencies Deal With
23%	Exploitation of a vulnerable adult/Elderly adult
18%	Stolen credit cards/stolen ATM cards/credit card fraud
15%	Scams/online scams/phone scams/phone scams of family member in jail
10%	Identity theft to make purchases/identity theft for fraudulent accounts and transactions/identity theft for employment/stolen ID, SSN
8%	Worthless checks/check fraud/counterfeit checks/stolen checks
6%	Employee theft/embezzlement
4%	Overpayment scams
4%	Lottery scams/lottery scams with a money transfer(western union)
3%	Fraud/general fraud/fraudulent returns to stores
2%	Internet fraud where people wire money overseas/wire money to another state
2%	EBT/Welfare card fraud/government entitlement scams
1%	Scams on Craigslist
1%	Mortgage fraud
1%	Home improvement scams
1%	Family using money that should be going to services for another family member
1%	Bank fraud/fraudulent banking transactions
1%	Everything is serious

*Respondents could offer more than one response

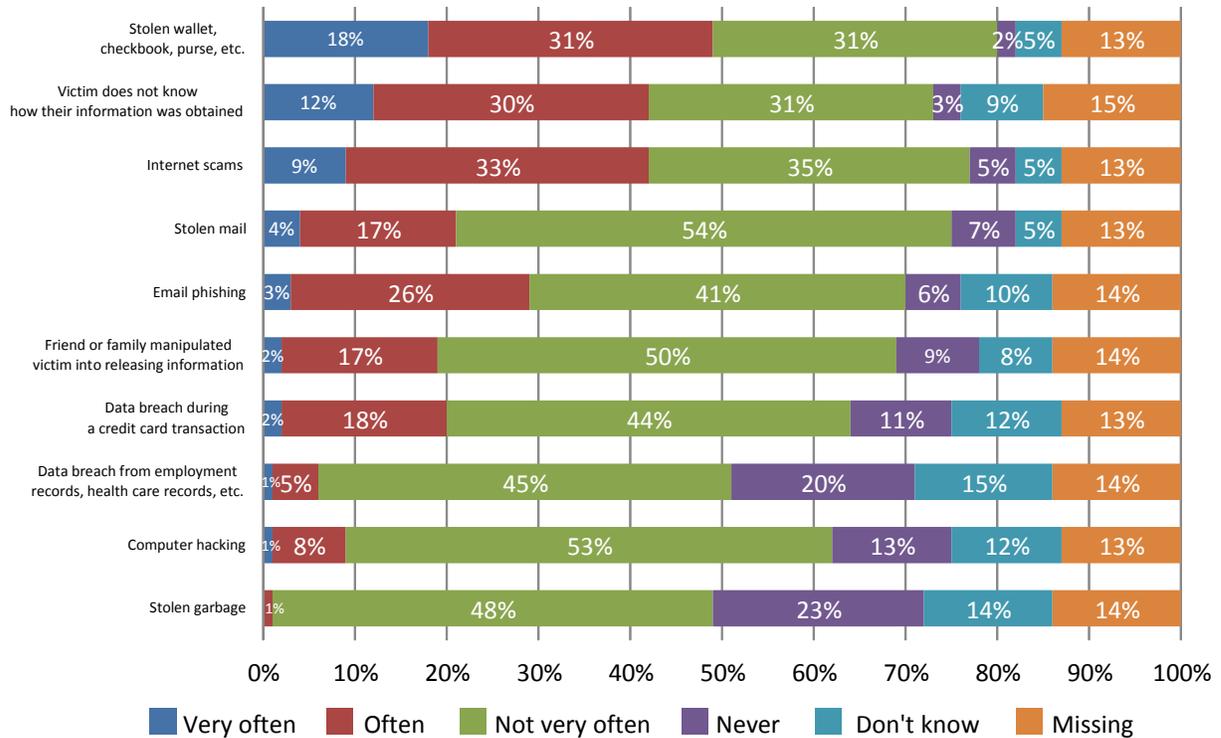
Almost two in 10 (18%) agencies reported that stolen credit cards, ATM cards and credit card fraud are the most serious financial crimes they have to address. Various scams were mentioned by 15 percent of respondents, with several specifically mentioning scams asking for money for “relatives” who are in jail.

INSURANCE SCAMS

Municipal police departments are more likely to report that they never receive reports about insurance fraud than are sheriff’s departments (28% vs. 3% respectively).

How Stolen Identities are Obtained

**How Often Victims Report the Following Ways Their Personal Information was Stolen
(N = 191)**



Respondents were also asked to report how victims of identity theft had their information stolen. The most frequently cited method was a stolen wallet, checkbook or purse (49% - very often/often). Forty-two percent of agencies reported that very often or often victims don't know how their identities are stolen or they are obtained through Internet scams. About three in 10 agencies report that victims very often or often have their identities stolen through email phishing (29%). About two in 10 agencies report that victims very often or often have their mail stolen (21%), experience a data breach during a credit card transaction (20%), or a family or friend manipulates them into releasing their information (19%).

HOW PERSONAL INFORMATION OBTAINED

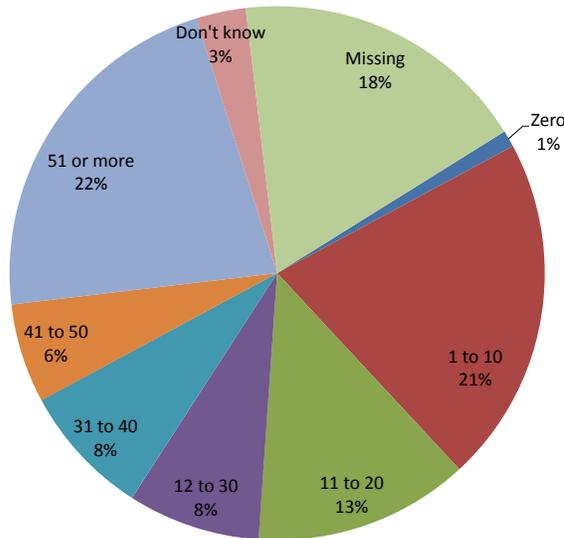
Urban law enforcement is more likely than Greater Minnesota law enforcement to report that victims very often or often report the following ways in which their personal information was obtained:

- Stolen wallet, checkbook, purse, etc. (90% vs. 43% - very often/often)
- Stolen mail (51% vs. 13% - very often/often)
- Friend or family manipulated victim into releasing personal information (32% vs. 15% - often)

Financial and Identity Theft Crimes Reported, Investigated and Charged

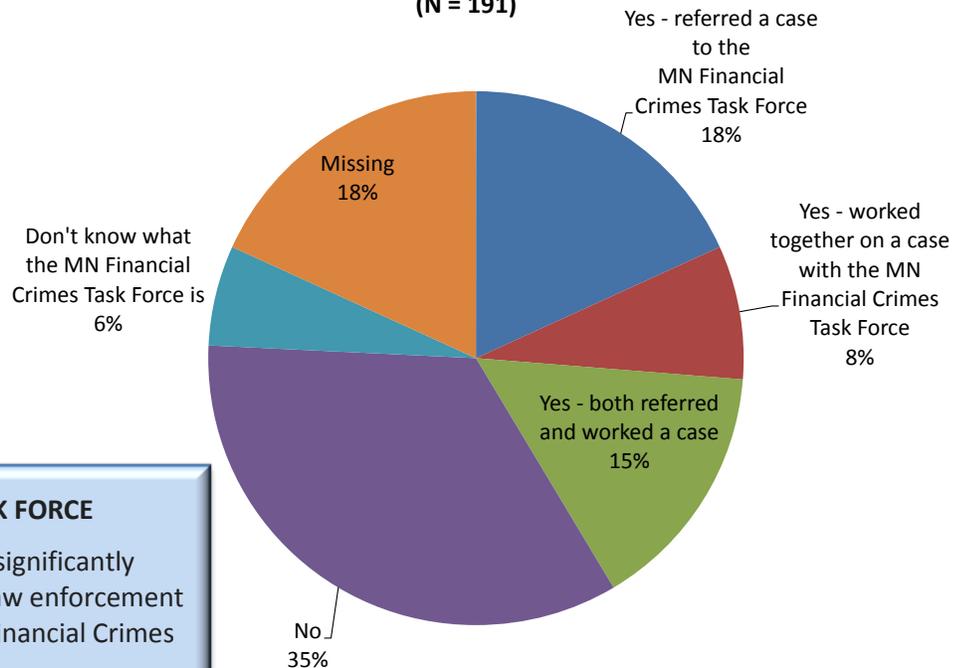
Slightly more than one-third of respondents (34%) received between one and 20 reports of financial crime or identity theft last year. Additionally, 28% of respondents reported 41 or more of these types of crimes last year. Respondents reported an average of 38 cases investigated and 19 cases resulting in charges.

Number of Financial/Identity Thefts Reported Last Year
(N = 191)



Overall, slightly more than one-third (34%) of respondents have never referred a case nor have they worked with the Minnesota Financial Crimes Task Force. Fifteen percent of respondents have both referred and worked a case with the Task Force.

Whether Agency has Worked with MN Financial Crimes Task Force
(N = 191)



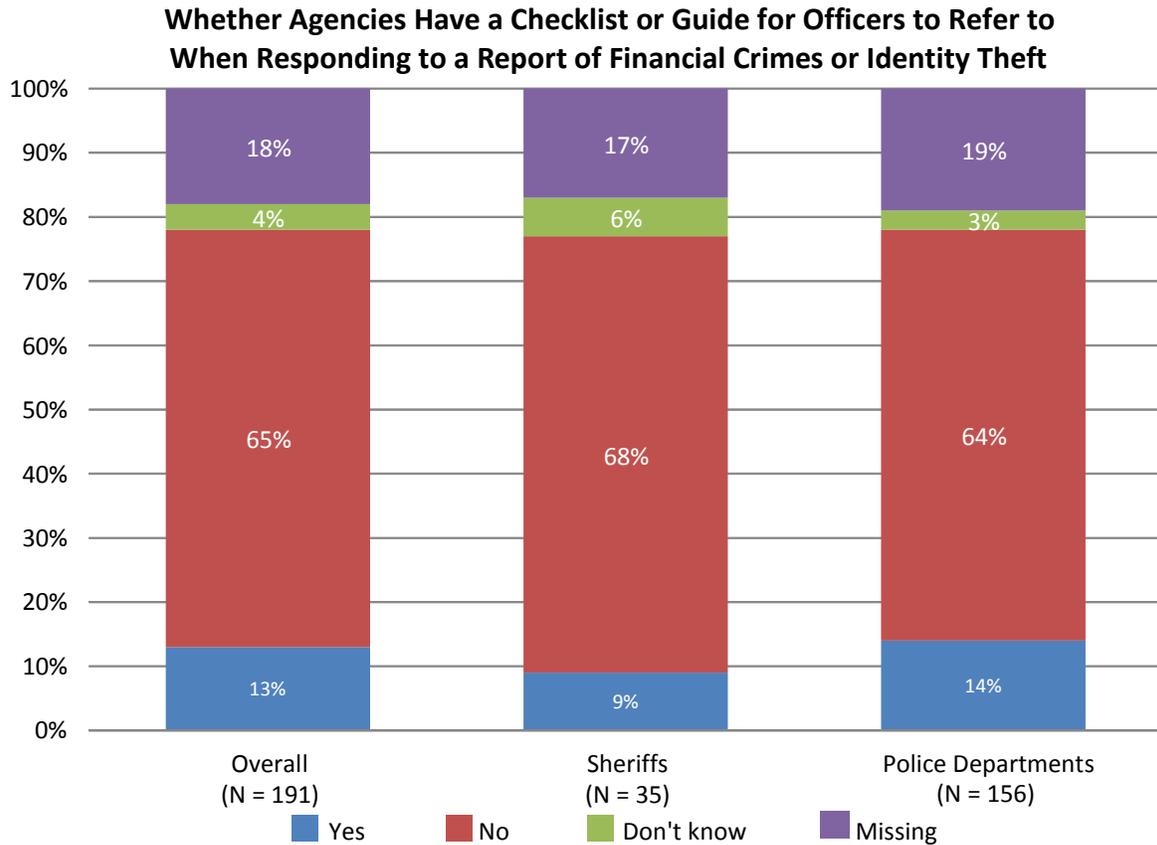
MINNESOTA FINANCIAL CRIMES TASK FORCE

Urban law enforcement agencies are significantly more likely than Greater Minnesota law enforcement to have worked with the Minnesota Financial Crimes Task Force:

- Referred a case (30% vs. 18%, respectively)
- Worked a case together (14% vs. 9%)
- Both referred and worked a case together (36% vs. 10%)

Victim Assistance

Investigating financial crimes and identity theft can be very challenging for law enforcement. It is also challenging to provide effective victim assistance for such complicated and far-reaching crimes. Most agencies (65%) do not have a checklist or guide for officers to refer to when responding to a report of financial crime or identity theft.

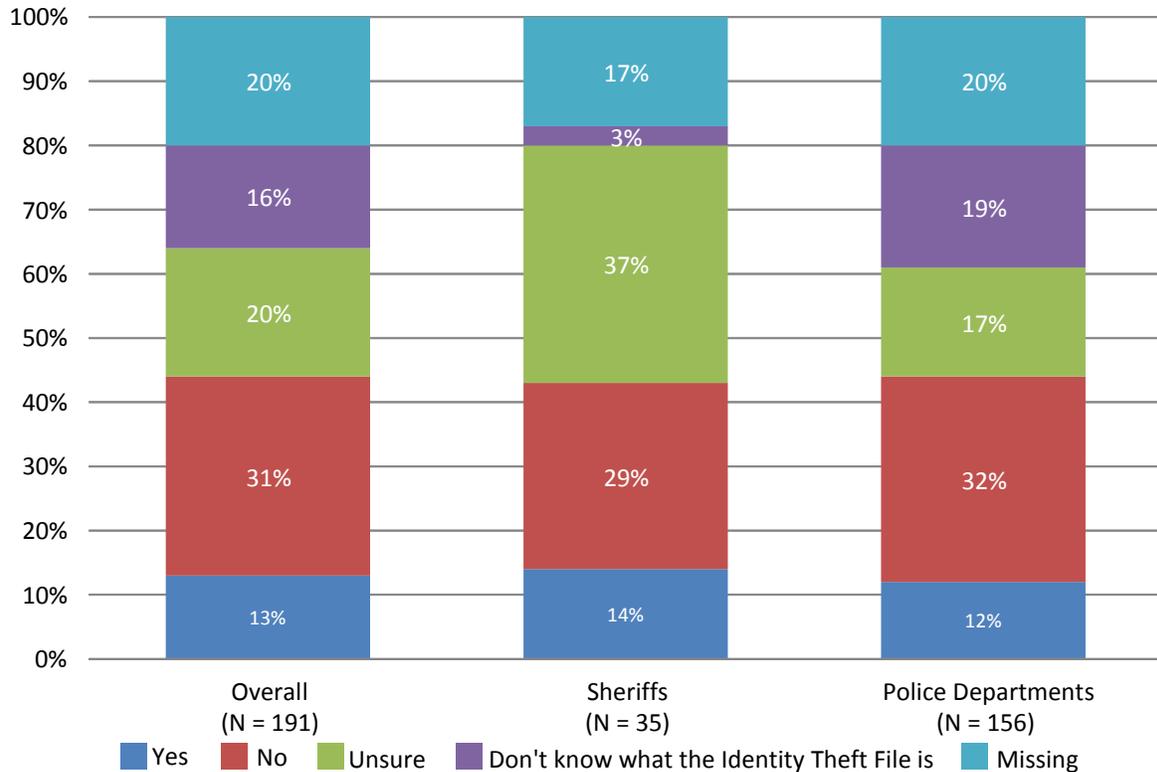


LAW ENFORCEMENT CHECKLISTS OR GUIDES

Urban law enforcement (22%) is more likely than Greater Minnesota law enforcement (13%) to have a checklist or guide officers can refer to when responding to reports of financial crime and identity theft.

The National Crime Information Center Identity Theft File is a tool for law enforcement to flag stolen identities and identify imposters they encounter. Very few (13%) respondents have assisted a victim in signing up for the NCIC Identity Theft File. About half (51%) of respondents have not or aren't sure if they have signed a victim up for the Identity Theft File and 16% don't know what the File actually is. Almost two in 10 (19%) police department respondents do not know what the Identity Theft File is.

Whether Agencies Have Assisted a Victim in Signing Up with the NCIC Identity Theft File

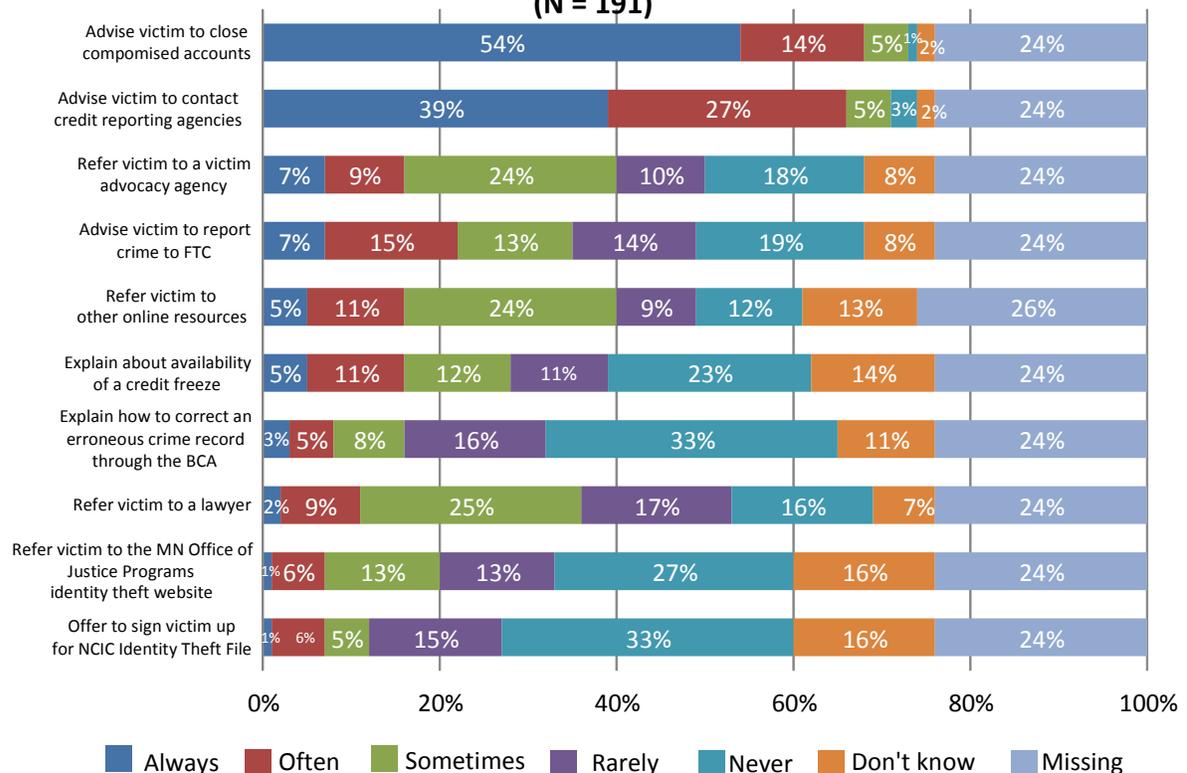


NCIC IDENTITY THEFT FILE

Municipal police departments are significantly more likely than sheriffs' offices to report that they do not know what the National Crime Information Center Identity Theft File is (19% vs. 3% respectively). Urban law enforcement is more likely than Greater Minnesota to have assisted a victim in signing up for the NCIC Identity Theft File (26% vs. 10%, respectively).

In order to understand how law enforcement assists victims of financial crimes and identity theft, respondents were asked how often they provide information, resources and help to those who have experienced these crimes. Data suggest that law enforcement most often advises victims to close compromised accounts (68% - always/often) or contact credit rating agencies (66% - always/often). These two pieces of information are vital for victims to prevent further victimization and identify the extent of the harm. In comparison, the frequency with which law enforcement provides other referral information or suggestions to respond to the victimization is significantly lower. For instance about two in 10 (22%) always or often advise victims to report crime to Federal Trade Commission (FTC). Only 16 percent of law enforcement agencies always or often refer victims to advocacy agencies or other online resources, or explain the availability of a credit freeze. Nearly half of the respondents indicated they rarely or never explain how to correct an erroneous crime record through the BCA (49%) or offer to sign victims up for the NCIC identity Theft File (48%)

How often Agencies Provide the Following Help and Information to Victims of Financial Crimes and Identity Theft (N = 191)



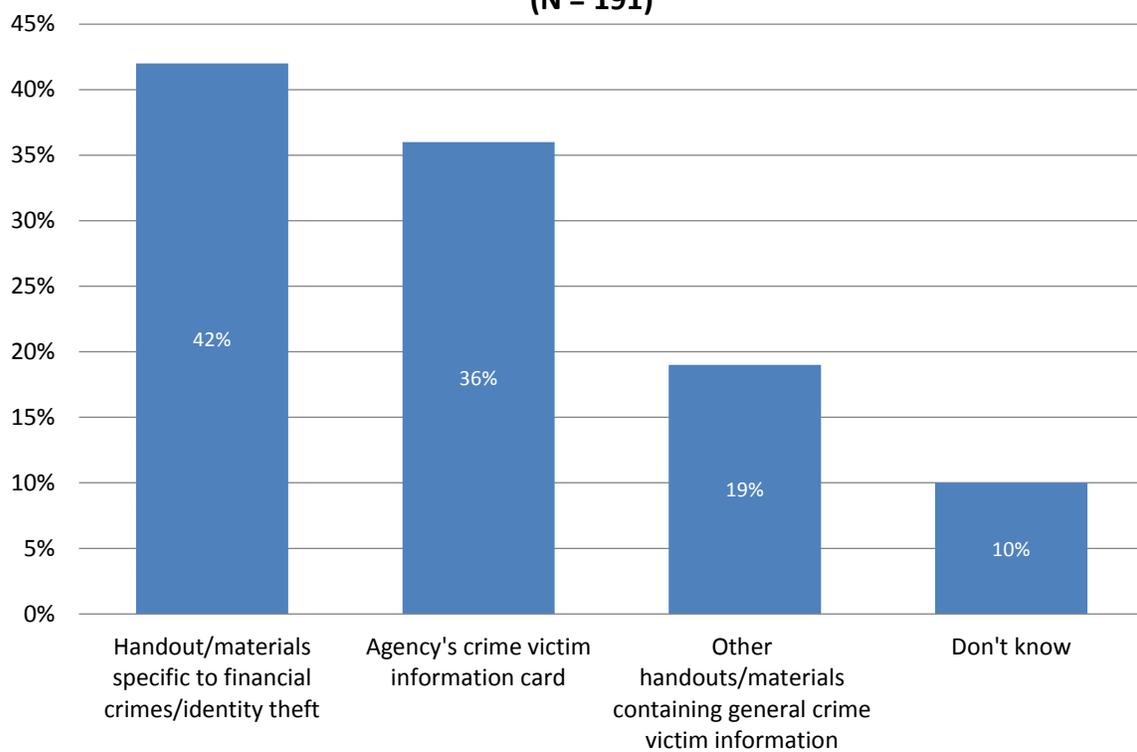
REFERRAL TO OJP WEBSITE

Greater Minnesota law enforcement is more likely to always or often refer victims to the Minnesota Office of Justice Programs identity theft website (14% vs. 9%), while urban law enforcement only does this sometimes (35% vs. 15%).

Urban law enforcement is more likely to always or often refer a victim to online resources (35% vs. 24%).

In addition, about four in 10 (42%) agencies reported that they have written handouts and materials, specific to financial crimes and identity theft that they can provide to victims. Slightly more than one-third (36%) of agencies provide victims with a crime victim notification card. Notably, law enforcement is required to provide victim information to **all** crime victims at initial contact, including victims of financial crime and identity theft (Minn. Stat. 611A.02, subd. 2). When asked what other kinds of written materials are provided to victims, three respondents reported that they have nothing to hand out. Two respondents hand out the phone numbers to three major credit card reporting agencies, the FBI and Social Security Administration.

Kinds of Written Materials Agencies Provide to Victims of Financial Crimes/Identity Theft (N = 191)



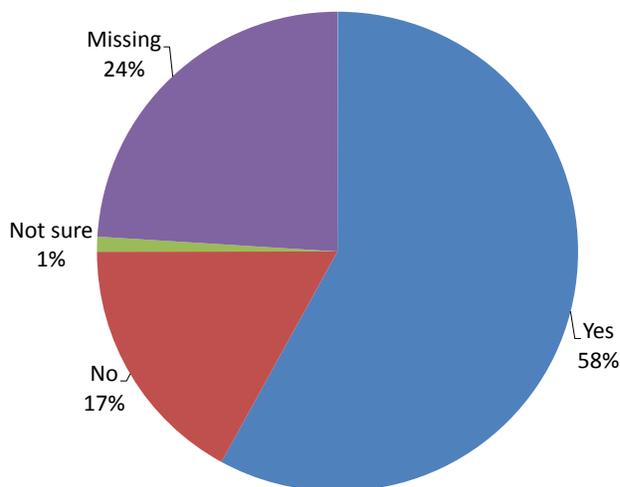
VICTIM INFORMATION

Urban law enforcement is significantly more likely than Greater Minnesota law enforcement to provide victims with handouts or materials specific to financial crime and identity theft (56% vs. 36%) or their agency's crime victim information card (48% vs. 31%).

Community Education on Financial Crime and Identity Theft

More than half (58%) of law enforcement agencies reported that they provide general financial crime and identity theft information and education to their communities. Those that provide community education and training most often use brochures and handouts (69%) or presentations (64%) to educate their communities. Four in 10 law enforcement agencies reported that they have information

Whether Agencies Provide General Information to Their Communities about Financial Crime/Identity Theft (N = 191)

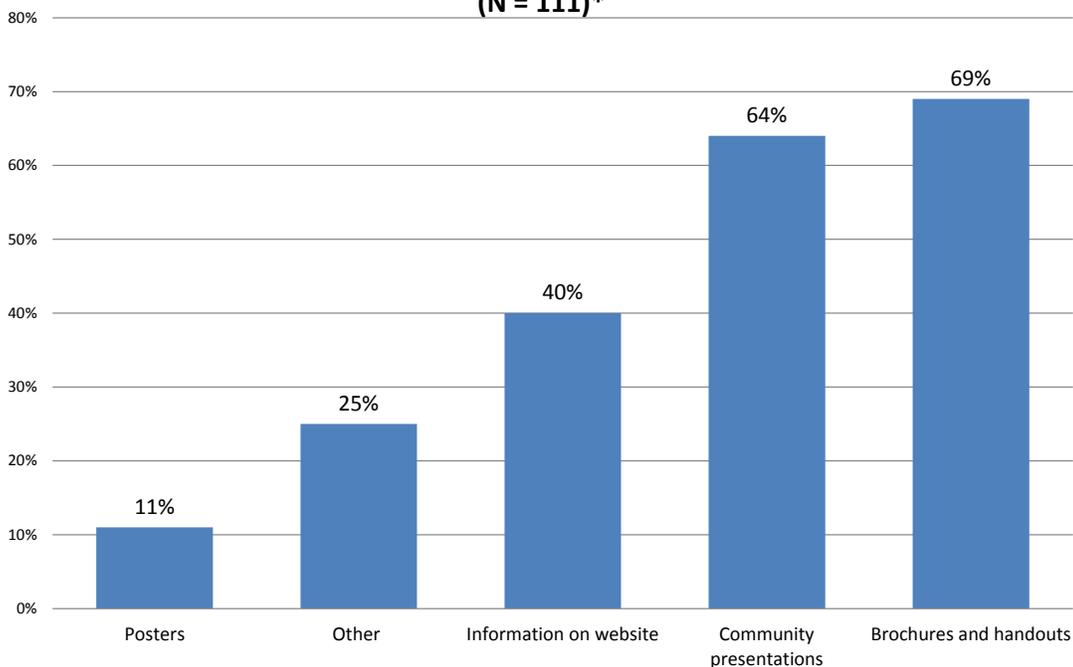


about these crimes on their websites. One-quarter (25%) of law enforcement reported other ways in which they provide information on these crimes, including media releases and newspaper articles, newsletters, cable networks shows, Facebook and other social networking sites.

INFORMATION TO VICTIMS AND PUBLIC

Urban law enforcement is more likely than agencies in Greater Minnesota to use brochures and handouts (54% vs. 34%) or to post information on their websites (46% vs. 13%) to provide information to their communities about financial crimes and identity theft.

How Agencies Provide Information to Their Communities on Financial Crime/Identity Theft (N = 111)*

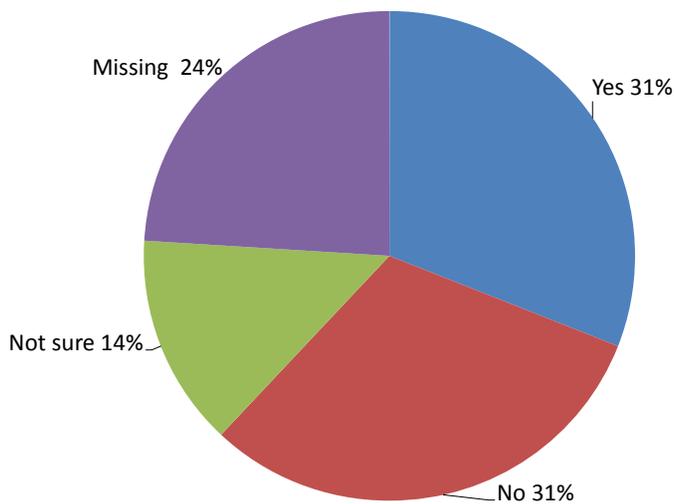


*Asked only of those law enforcement agencies that provide community education on financial crimes and identity theft.

Law Enforcement Response to Criminal Identity Theft

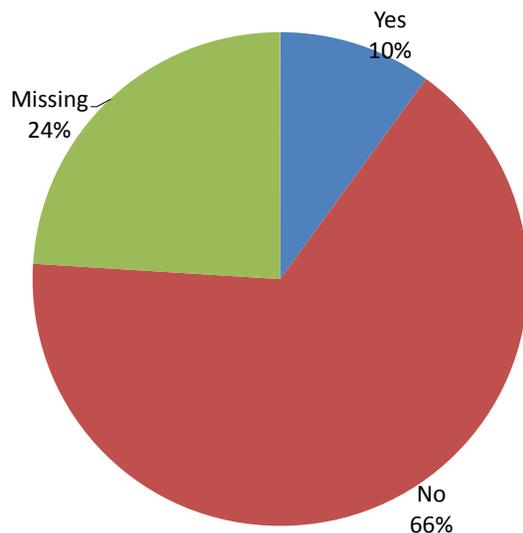
Criminal identity theft occurs when an imposter uses another person’s name when they are interviewed, cited, or arrested by the police. There are avenues in which victims of criminal identity theft can correct erroneous data in law enforcement reports. Slightly more than three in 10 (31%) of law enforcement agencies reported that they have a process by which victims of criminal identity theft can correct erroneous data in police reports. The same percentage (31%) does have a process to do this and 14 percent are not sure if they have such a process.

Whether Agencies Have a Process by Which Victims of Criminal Identity Theft can Correct Erroneous Data in a Police Report (N = 191)



In addition to local procedures by which victims can correct police reports, the Minnesota Department of Public Safety Bureau of Criminal Apprehension allows for victims of criminal identity theft to provide fingerprints and other information to resolve false criminal histories. Two thirds (66%) of law enforcement agencies are not aware of the BCA’s Questioned Identity Process.

Whether Agencies are Aware of the Questioned Identity Process at the Bureau of Criminal Apprehension (N = 191)



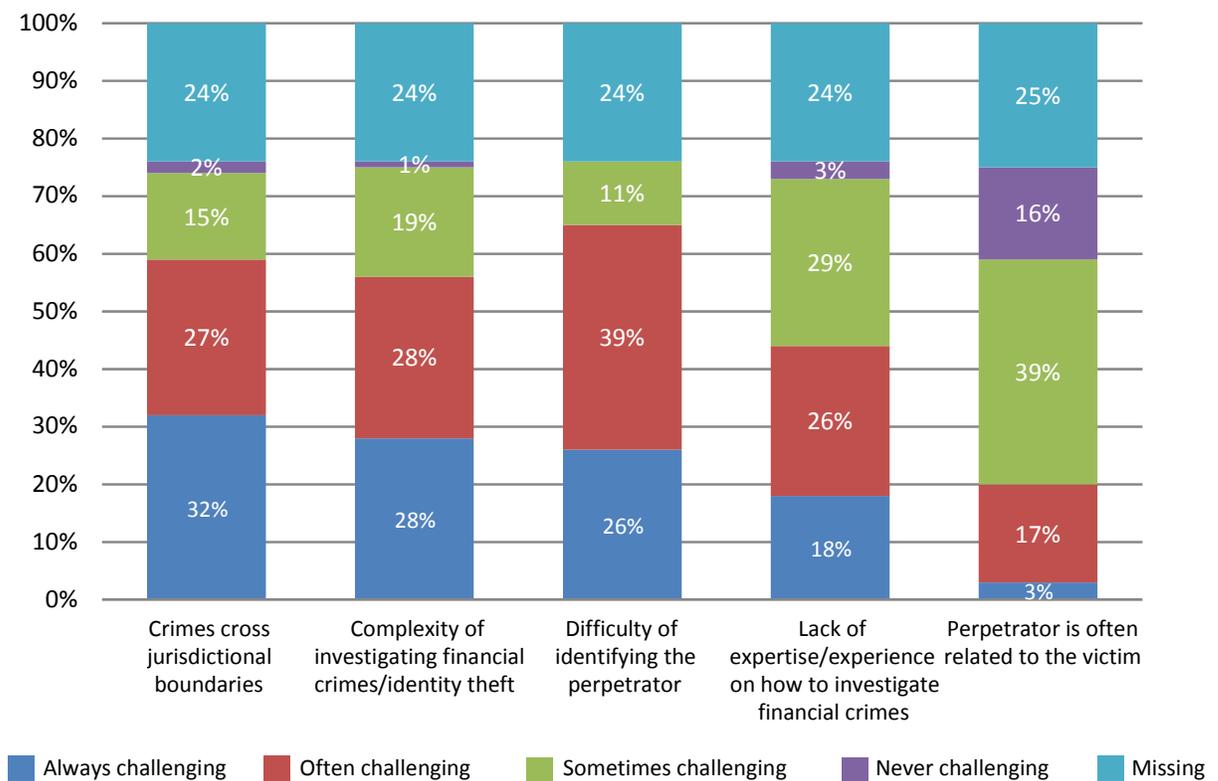
CORRECTING DATA

Urban law enforcement is more likely than Greater Minnesota to have a process to address criminal identity theft in erroneous police reports (58% vs. 33%). They are also more likely to be aware of the Questioned Identity Process at the Bureau of Criminal Apprehension (22% vs. 9%).

Challenges in Investigating Financial Crimes and Identity Theft

When asked what challenges they face when investigating financial crimes and identity theft, almost two-thirds (65%) of agencies reported that the difficulty in identifying a perpetrator is always or often challenging. More than half find it always or often challenging that the crimes cross jurisdictional boundaries (59%) and that they are very complex to investigate (56%). Slightly more than four in 10 (44%) agencies feel that their lack of experience or expertise in how to investigate financial crime is always or often challenging. Least challenging reported by agencies is the relationship between victim and perpetrator.

Challenges Agencies Face in Investigating Financial Crimes/Identity Theft (N =191)



In addition, when asked other challenges they face, 21 percent of respondents reported that the lack of time to dedicate to these cases is a serious challenge. The same percentage (21%) said that the most serious challenge is that often the perpetrators are from another state or country. Other challenges include the difficulty of getting information from Internet service providers, banks, stores and other financial institutions (12%), lack of resources to put toward these investigations (10%) and inexperienced officers (9%).

Percent (N = 58)*	Most Serious Financial Crime Agencies Deal With
21%	Lack of time/time consuming/difficulty in prioritizing investigations.
21%	Internet scams that occur outside the state/country/investigation leads to another country/distance of the suspect
12%	Difficult to get information from ISPs, Internet based companies or stores/lack of cooperation from banks or other financial institutions
10%	Lack of resources
9%	Young, inexperienced officers/lack of training for officers
5%	Too much time between crime and reporting
5%	Prosecutors won't prosecute suspects from other states/countries/federal agencies won't follow up with international crimes
3%	Lack of victim because credit card companies refund the fraudulent purchase and pass the cost onto the consumers
3%	Knowing what information to provide to victims
2%	Lack of victim cooperation
2%	Forensic accountants are expensive
2%	Lack of video evidence at stores
2%	Lack of understanding by the county attorney about the complexity of these crimes
2%	Lack of cooperation from other, connected jurisdictions
2%	Theft in companies that have no internal accounting controls

*Respondents could offer more than one response.

Needed Resources and Strategies

Law enforcement agencies were asked what resources or strategies, assuming available funding, would assist them in their ability to help victims of financial crime and identity theft. Almost half (49%) of respondents would like more training. Relatedly, law enforcement would like additional law enforcement resources (10%), a full-time investigator or shared investigators (10%) and information to share with victims (9%). While only five percent of respondents specifically mentioned an investigative checklist, this relates to other law enforcement resources mentioned.

Percent (N = 134)*	Additional Resources and Strategies that Would Increase an Agency's Ability to Help Victims of Financial Crime and Identity Theft
49%	Training
10%	Law enforcement resources/Website on who to contact for resources/knowing what resources are available/resources for officers/pamphlets and handouts
10%	Full time investigator/county-wide investigator/regional investigator /more personnel
9%	Webinars/documents to give to victims/community wide hearing for victims so they know what to expect/coordinated message for victims/consistent information for victims across the state
5%	Investigative materials/investigative checklist/investigative resources
3%	Clearing house to contact, share information and work cases jointly
3%	Statewide task force to take over cases that involved multiple suspects and/or cities
2%	Prevention activities/community education
2%	Unsure/don't know
1%	Video enhancing equipment
1%	Technical assistance
1%	Forensic accountant
1%	An analyst or liaison to help with investigations
1%	Prosecutors who will pursue these crimes
1%	Education for business to help stop financial card fraud
1%	Contact information at financial institutions
1%	Anything would be helpful

*Respondents could offer more than one response.

Conclusions and Recommendations

A number of themes emerged from the Minnesota Law Enforcement Identity Theft Survey , many of which confirm the experiences of officers in the field, many of which indicating the need for continued and enhanced attention to be paid toward these crimes.

The following are the main conclusions from the survey along with the corresponding recommendations.

Awareness:

- There is a need to increase departmental knowledge about financial crimes and identity theft. The majority of law enforcement respondents consider their officers only somewhat or not at all knowledgeable about financial crimes and identity theft. Additionally, very few departments have staff trained to address these types of crimes but are very interested in increasing their capacity. Some respondents indicated they would like more advanced training for their investigators, along with investigative resources.

Recommendations

- Provide local, cost-effective basic training on financial crimes and identity theft to law enforcement across Minnesota. Web-based trainings would be appropriate, as would trainings that give step-by-step instructions on how to conduct these types of investigations. Recently, the Alcohol and Gambling Enforcement Division has developed an interactive online training for law enforcement about scams and how to investigate these cases, which is now available through the BCA.¹
- Develop advanced training for investigators, along with investigative resources.

About the victimization

- Law enforcement most frequently deals with check overpayment scams, unauthorized ATM card usage, and other types of scams like Nigerian or lottery scams, which occur over the Internet or on the phone.
- The financial exploitation of elderly or vulnerable adults is considered the most serious financial crime that agencies address. In addition, it is one of the most frequently reported financial crimes.

¹ See the BCA's Criminal Justice Training & Education website:
<https://cjte.x.state.mn.us/ei/cm.esp?id=3&pageid=3C20W9MNY&showpage=coursesrch&cd=2401247533&start=eiscript>

- When it comes to methods by which identities are stolen, the most frequent method reported by law enforcement was that the information is obtained through stolen wallets, checkbooks or purses, however, very often the victim does not know how the perpetrator obtained his or her identity information.

Community outreach

- While most agencies do some kind of outreach to inform their communities about financial crimes and identity theft, there is a need for better, consistent information to be provided to communities and victims.

Recommendations

- Law enforcement would benefit from comprehensive resources that they could provide to communities on prevention of financial crime and identity theft. If resources are available, prevention and education efforts would be a funding priority.
- Inform law enforcement about resources and information currently available that can assist in public outreach.

Victim Assistance

- Law enforcement agencies need and express the desire for help in delivering appropriate victim assistance. Law enforcement most often advises victims to close compromised accounts and contact credit reporting agencies, but few go beyond those basic services. For instance, very few law enforcement agencies have helped victims sign up with the NCIC Identity Theft File or refer them to an appropriate victim service, relevant governmental agency (like the BCA) or online resources.

Recommendations

- Develop handouts and materials specific to financial crime and identity theft that law enforcement could provide to victims. These materials could include both local and national resources to assist victims. This information would be of particular use to Greater Minnesota law enforcement agencies that are less likely than urban to have these types of materials available.
- Educate law enforcement on the availability of the Questioned Identity Process at the Bureau of Criminal Apprehension.
- Train officers on the need to distribute the victim information card to all crime victims, including victims of identity theft and financial crimes.

Collaboration and partnerships

- The complexity of financial crimes and identity theft and the fact that these crimes very often cross jurisdictional boundaries create challenges for law enforcement investigations. Opportunities for law enforcement to collaborate and share information would increase investigative capacity.

Recommendations

- Consider the development of a financial crimes clearinghouse that would be available for law enforcement to share information and work cases jointly.
- Help law enforcement agencies by providing information about or access to other law enforcement expertise, including better understanding of the role of the Minnesota Financial Crimes Task Force.

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December 5, 2013