

# Financial Scams and Schemes

## Summary

Students will understand ways to avoid financial scams and schemes designed to defraud consumers.

## Main Core Tie

Adult Roles and Financial Literacy

[Strand 3 Standard 2](#)

## Materials

- [Consumer Fraud lecture notes](#)
  - [Consumer Fraud student worksheet](#)
  - [Consumer Fraud transparencies](#)
  - [Financial Schemes teacher information](#)
  - [Vocabulary worksheet and key](#)
- Two different sizes of bottles of gelatin capsules.

## Instructional Procedures

### Vocabulary

#### Primary Vocabulary

Scams  
Defraud  
Ponzi schemes  
Pyramid schemes  
Affinity fraud

#### Supplementary Vocabulary

Scimming

### FCCLA Activity Option

Use the information on Financial Fitness found on the [FCCLA website](#).

Banking Basics - Conquer bank accounts, credit, and investments  
Cash Control - Track and plan personal spending  
Making Money - Sharpen on-the-job financial fitness  
Consumer Clout - Become a savvy spender  
Financing Your Future - Apply financial skills to real life.

### Introduction/Pre-Assessment

Fraud has become a lucrative business in the United States. Every year thousands of consumers are defrauded out of millions of dollars. There are many scams and creative people thinking of hundreds of new ways to take money from other people.

### Content Outline, Activities and Teaching Strategies

(All options do not necessarily need to be taught. Select ones to cover standards and objectives and according to your district policies.)

#### Option 1: Discussion

Using the [Teacher Information Financial Schemes](#) (pdf) have a lecture/discussion on financial schemes.

#### Option 2: Motivator - Vitamin Fraud

The teacher begins this discussion with a bottle of gelatin capsules that have been relabeled as LIFE SECRETS--HIGH-TECH VITAMINS. The teacher tries to sell these "vitamins" to the students in the

class, promising energy, strength, and improved thinking skills. The teacher uses deceptive sales practices, promising better grades at school, more friends, improved relations at home, more romance, etc. . . . Be sure to include some personal testimonials of vim and vigor from current fitness stars. Try to commit some students to buy these vitamins.

Prior to class, assign a student to buy your vitamins. When the assigned student comes to the front to make the purchase, pull out an even larger and brighter bottle of pills and try to convince the student to buy the larger bottle, telling him/her that for his/her size and physical condition, these would be the correct choice. After all they only cost a mere \$5.00 more and could really add some bonuses to life. At the end of your presentation, tell them that you have been demonstrating some deceptive and unfair selling methods to them. These methods are practiced all over. Utah is the fraud capital of the United States, due to our trusting natures and belief in the goodness of people. We need to constantly be aware of how we are investing our money and research all investment programs before we invest.

#### Option 3: Consumer Fraud

Lecture/Discussion using [Consumer Fraud Lecture Notes](#) (pdf), [Consumer Fraud Transparencies](#) (pdf), and [Consumer Fraud Student Worksheet](#) (pdf).

#### Option 4: Fraud Presentations

Identify a type of fraud using a Federal Trade Commission (FTC) publication or website [www.ftc.gov](http://www.ftc.gov). Create a visual on this fraud and share your findings to the class.

#### Summary/Evaluation

In this lesson, students will learn about different types of personal identification information, how thieves use this information, what a person can do to protect him/herself, and what to do if they are a victim of fraud.

#### Authors

[CTE LESSON PLANS](#)