

SURVEY

B.C. residents face biggest fraud threatJANET MCFARLAND
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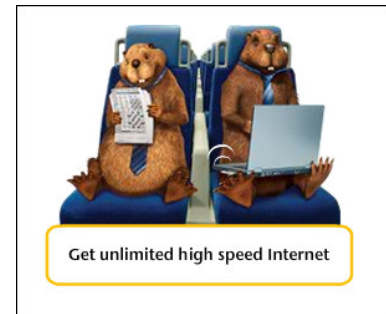
Residents of British Columbia have been more likely to fall victim to financial fraud and more likely to be targeted more than once, a new survey has found.

A survey of 5,858 Canadians for the Canadian Securities Administrators (CSA) - an umbrella group of provincial securities commissions - found almost one in 20 Canadians or 4.5 per cent have been the victim of investment fraud, and 41 per cent have been approached with a fraud at some point.

The study found fraud rates vary dramatically across the country, with 13 per cent of people in B.C. saying they had invested after being targeted with a fraud, while only 4 per cent of residents of Atlantic Canada said they had been lured to invest after being approached with a fraud.

The study also found B.C. residents are also most likely to be targeted repeatedly. Thirty-eight per cent of fraud victims in B.C. said they have been ripped off more than once compared with a national average of 25 per cent.

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However, the rate of fraud in B.C. has taken a turn for the better in the past few years.

Patricia Bowles, director of communication and education at the B.C. Securities Commission, said B.C. has experienced some major frauds that are contributing to the large number of people reporting being scammed - including the scandal at defunct Eron Mortgage Corp., where 3,000 residents of the province lost more than \$200-million.

B.C. also has large communities of well-off senior citizens who have been targets.

"We have a lot of people retiring out here with money," Ms. Bowles said.

B.C. has also seen a large number of frauds hitting tight-knit religious communities. A criminal infiltrates the community and gains trust, then members unwittingly refer each other to the fraud.

Greg Lyle, managing director of Innovative Research Group, which conducted the study, said frauds in close-knit groups are the most successful of all. The survey found almost three-quarters of victims said they had a strong level of trust in the person who approached them.

"If you've been approached and you don't have a relationship of trust with the person approaching you, the odds are they're not going to succeed," Mr. Lyle said.

The study also found some attitudes seem to correlate with a greater likelihood of being a victim. The most significant is a belief - highest in B.C. - that professional investment advisers cannot be trusted.

Mr. Lyle said the good news for B.C. residents is that the recent fraud rate is dropping sharply. Of victims identified in the survey, 36 per cent in Manitoba and Saskatchewan said they invested during the past three years while only 17 per cent of the fraud victims in B.C. and Alberta said their crimes occurred in the past three years - the lowest level in Canada.

"It looks like it's a bit of a history story," Mr. Lyle said. "Earlier, B.C. and Alberta were the Wild West, and that fits in with our stereotype. But if you look at what's going on today, either they've slowed down or the rest of the country has caught up."

Ms. Bowles said the B.C. Securities Commission launched an aggressive campaign last year - including radio and print ads - to inform residents about fraud, a move which may be contributing to the declining numbers of recent victims.

The campaign has included partners from the religious community, including God's Fraud Squad - an information program delivered by two pastors in the Fraser Valley - and the Canadian Conference of Mennonite Brethren Churches.

The survey also found most victims never report their crimes. Only 24 per cent of those targeted said they contacted authorities, with many saying they were too embarrassed, or not enough money was involved.

Scott Boyle, who heads a new scam unit at the Ontario Securities Commission, said regulators are working hard to get more people to come forward when they are first approached with a fraud, even if they are suspicious and don't invest.

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