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Million Canadians victims of fraud: Survey

Only a minority filed complaints with most feeling authorities are too lenient with the perpetrators

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Canadians are sickened by fraud and have little confidence that authorities will catch and punish the perpetrators severely, a new survey has found.

The national poll suggests 1 million adults fell victim to investment fraud in the past 20 years and many lost more than money.

A substantial proportion of the sampling of victims surveyed report suffering both social and health consequences. Yet a small minority bothered to file complaints. Many of those who did complain felt authorities did not act.

Among those victims surveyed:

- Two-thirds said they lost trust in others, and became less willing to invest.
- A third became stressed and angry, a fifth depressed and isolated and a tenth or more experienced extreme weight changes, anxiety attacks or more frequent illness.
- Between a tenth and a fifth withdrew from social and family activities, from friends and volunteer activities.
- Nearly twice the frequency of problems was reported by those who lost \$10,000 or more, and by the friends and family of victims.

Some 2,000 adults were polled earlier this summer for Canadian Securities Administrators, to bore deeper into some findings from a 2006 survey that gauged investor knowledge and practices. Results were released today as a kick-off to investor education month.

The Small Investor Protection Association argues that a two-year limitation period for filing civil lawsuits - down from six years previously - penalizes victims who suffer emotional and health effects.

The new survey by Innovative Research Group Inc. reveals that many Canadians do not know about securities commissions, and that most of those surveyed feel unprotected.

"Canadians are concerned the `system' takes fraud too lightly," the authors report.

Nearly everyone surveyed said fraud should be treated as seriously as other crimes, but more than half (51 per cent) feel it's not. Two-thirds feel fraud artists get away with their crimes, and those who get caught are given a light sentence.

A fifth of respondent reported being approached with what they believe was an investment fraud

in the past three years; more when obvious email spam was counted.

Loss of trust was the leading consequence of fraud because half recent victims were introduced through a friend, neighbour, co-worker or family member.

Yet a quarter of victims admitted falling for a bogus investment scheme more than once. Three-quarters of victims never recovered their money.

Fraud, and attempts at fraud, went unreported by about three-quarters of victims. Top reasons given included embarrassment, the small sum of money involved, the time it takes to make a complaint, a lack of proof or the fact the fraudsters were based offshore, or were bankrupt.

The way 2,000 Canadians respond to different questions is considered an accurate reflection of national thinking, at least within 1.28 percentage points, 19 times out of 20.