NO PREP

Financial Scams Teens Should Know

Spotting and Avoiding Fraud

Includes: Student reading, case study, differentiated questions, teacher key

Name: Period: Date:

Financial Scams Teens Should Know: Spotting and Avoiding Fraud

In the digital world, scams have become increasingly sophisticated, and teens are often targeted due to their growing independence and frequent online activity. Scammers prey on young people's lack of experience, presenting fraudulent schemes that can lead to financial loss, stolen identities, or other serious consequences. Knowing how to identify and avoid scams is an essential skill for protecting your money and personal information. Understanding the types of scams targeting teens, recognizing the red flags, and knowing what to do if you become a victim are critical for staying safe in an increasingly connected world. Let's explore the most common scams, how they operate, and how you can protect yourself.

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Common Scams Targeting Teens

Scammers use a variety of tactics to deceive their victims, often adapting their methods to target younger audiences. Some of the most common scams include: Phishing Emails and Texts: These messages appear to be from legitimate companies, like banks or online stores, and often include urgent requests to verify personal information or click on a suspicious link. The goal is to steal sensitive information like passwords or credit card numbers. Fake Job Offers: Teens seeking part-time work are often targeted with offers that sound too good to be true. Scammers might ask for upfront payments for "training" or request personal information like Social Security numbers. Scholarship Scams: These scams promise guaranteed financial aid or scholarships in exchange for a fee. Legitimate scholarships never require payment. Online Shopping Scams: Fake websites or social media ads sell products that either don't exist or are of significantly lower quality than advertised. Victims may lose money or expose their credit card details. "You've Won" Scams: Emails or messages claiming you've won a prize often ask for a fee or personal information to

claim it. These are almost always fraudulent. Each of these scams can result in financial loss, stolen identity, or damaged credit, which may take years to recover.

Red Flags to Watch For

While scammers are increasingly creative, their schemes often share common warning signs. Recognizing these red flags can help you avoid becoming a victim: Requests for Immediate Action: Scammers often create a sense of urgency to pressure you into acting without thinking. Unsolicited Messages: Be wary of emails, texts, or calls you didn't expect, especially if they ask for personal information. Too Good to Be True: If an offer seems unrealistic (like a job promising hundreds of dollars a day for minimal effort), it probably is. Grammatical Errors: Many scams originate overseas and contain noticeable spelling or grammar mistakes. Legitimate companies are unlikely to send poorly written communications. Requests for Payment via Untraceable Methods: Scammers often ask for payment through gift cards, cryptocurrency, or wire transfers, as these methods are difficult to trace or recover. Understanding these warning signs is the first step in protecting yourself and your personal information.

Steps to Protect Your Personal Information

Preventing scams starts with safeguarding your personal information. Here are some best practices: Think Before You Click: Avoid clicking on links in unsolicited emails or texts. Instead, go directly to the company's official website. Use Strong Passwords: Create unique passwords for each account and change them regularly. Enable two-factor authentication whenever possible. Be Skeptical: If a job offer or prize seems suspicious, research the company or contact the organization directly to verify its legitimacy. Limit Sharing on Social Media: Scammers can use details from your public profiles to answer security questions or craft convincing scams. Monitor Your Accounts: Regularly check your bank and credit card statements for unauthorized transactions and report them immediately. These habits not only protect you from scams but also build lifelong financial responsibility.

What to Do if You Fall Victim to a Scam

If you suspect you've been scammed, taking quick action can minimize the damage. Here's what to do: Stop Communication: Immediately cease contact with the scammer. Do not send any more money or provide additional information. Report the

Scam: File a report with the Federal Trade Commission (FTC) and local law enforcement. If the scam occurred online, report it to the website or platform. Contact Your Bank: If you provided payment details, notify your bank or credit card company to freeze your account and reverse unauthorized transactions. Place a Fraud Alert: Contact one of the three major credit bureaus (Experian, TransUnion, or Equifax) to place a fraud alert on your credit file. This makes it harder for scammers to open accounts in your name. Monitor Your Credit: Regularly check your credit report for any new accounts or unusual activity. The faster you act, the easier it is to recover from a scam and prevent further harm.

Conclusion

Teens are particularly vulnerable to scams, but with the right knowledge, you can protect yourself from becoming a victim. By recognizing red flags, safeguarding your personal information, and acting quickly if a scam occurs, you can stay one step ahead of fraudsters. Remember, if something feels off, trust your instincts and take time to verify before acting. Financial literacy includes not only managing your money but also protecting it—and that starts with understanding scams and how to avoid them.

Key Information: Table: Common Scams and How to Avoid Them

Scam Type	What to Watch For	How to Avoid It
Phishing Emails	Unsolicited messages with suspicious links	Verify sender; avoid clicking on links
Fake Job Offers	Requests for upfront payments or personal info	Research the company; don't share sensitive data
Online Shopping Scams	Unbelievable deals or unverified sellers	Shop on trusted websites; read reviews
"You've Won" Scams	Requests for fees to claim a prize	Ignore; legitimate prizes don't require payment
Scholarship Scams	Guaranteed scholarships for a fee	Use reputable sources for scholarships

Case Study: Emma's Fake Job Offer

Emma, a high school senior, received an email about a part-time job that seemed perfect. The company promised flexible hours and $25 an hour for basic data entry tasks. All Emma had to do was fill out a form with her name, address, and Social Security number to get started. Excited, Emma provided the information. Two weeks later, Emma's parents noticed unusual activity on their shared credit card. Someone had opened new accounts in Emma's name, using her Social Security number. It turned out the "job offer" was a scam designed to steal personal information. Fortunately, Emma's parents acted quickly, contacting their bank and credit bureaus to prevent further damage.

1. What red flags in the job offer could have alerted Emma to the scam?

2. What steps should Emma take to recover from this identity theft?

Multiple Choice

1. Which of the following is a red flag for a potential scam?
    a) An email from your school about a scholarship
    b) Receiving a receipt after a purchase
    c) A job application that asks for your resume
    d) Immediate requests for payment via gift cards

2. What is the best way to verify the legitimacy of an online offer?

a) Contact the company directly through their official website

b) Respond directly to the email with follow-up questions about the offer

c) Click the link to see if the website loads correctly

d) Forward it to friends for their opinion

3. If you suspect your personal information has been stolen, what should you do first?

a) Ignore it unless you notice unusual activity

b) Close all your social media accounts

c) Contact the scammer to clarify their intentions

d) Notify your bank and freeze your accounts

Matching

Write the letter of the correct definition on the line next to each term.

Term	Definition
1. ___ Phishing email	A) Request for Social Security number
2. ___ Fake job offer	B) Fraudulent prize email
3. ___ Scholarship scam	C) Suspicious payment request
4. ___ "You've Won" scam	D) Contact your bank
5. ___ Recovering from a scam	E) Guaranteed scholarship

Fill-in-the-Blank

1. Scammers often create a sense of _____ to pressure victims into acting quickly.

2. If you notice unauthorized transactions, notify your _____ immediately.

3. Legitimate scholarships never require _____ to apply or claim funds.

Short Answer

Answer each question in 2-4 complete sentences.

1. Why are teens particularly vulnerable to financial scams?

2. What are two effective ways to protect your personal information online?

3. How can recognizing red flags prevent you from falling victim to a scam?