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# THE IMPACT OF FINANCIAL FRAUD IN COLORADO

AUTHOR: THOMAS YOUNG

## ABOUT THE AUTHOR



**Thomas Young** is a Senior Economist with CSI. He brings a wealth of experience at the touch points of economics including economic forecasting, econometrics, public finance, and survey research. He received his Ph.D. in Industrial Organization, Econometrics, and Finance from the University of Utah.

## ABOUT COMMON SENSE INSTITUTE

**Common Sense Institute** is a non-partisan research organization dedicated to the protection and promotion of our economy. As a leading voice for free enterprise, CSI's mission is to examine the fiscal impacts of policies and laws and educate voters on issues that impact their lives.

CSI's founders were a concerned group of business and community leaders who observed that divisive partisanship was overwhelming policy-making and believed that sound economic analysis could help people make fact-based and *common sense* decisions.

CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the Colorado economy and individual opportunity.

## TEAMS & FELLOWS STATEMENT

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. CSI's work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit of academic freedom. The CSI team's work is informed by data-driven research and evidence.

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# INTRODUCTION

Financial fraud is on the rise nationally. Across all 50 states and D.C., the Federal Bureau of Investigation's (FBI) Internet Crime report tracked 859,532 fraud claims in 2024. These claims resulted in \$16.6 billion in financial loss, up 33% from 2023. A separate source, the Federal Trade Commission's (FTC) Consumer Sentinel Network, reported 2.6 million fraud cases in 2024, of which 38% involved losing money. According to this source, citizens reported losing \$12 billion to fraud, up \$2 billion from 2023. **This study seeks to answer the pressing question: What is the extent of financial fraud in Colorado and its impact on the lives of everyday Coloradans and the overall health of the state's economy?**

According to the Colorado Department of Public Safety, reported fraud cases summed to 75,119 from 2022 through 2024.<sup>1</sup> Financial fraud is also costly, with the FTC reporting the total financial loss of financial fraud at \$211 million statewide in 2024, up 314% since 2020.<sup>2</sup> The FBI reported \$244 million in losses from online (formally referred to as *cyber-enabled*) crime in Colorado, up 142% since 2020.<sup>3</sup> These are just the reported figures. Unreported loss from financial fraud is higher.

The FBI reports that among all states Colorado ranks 34th best in total losses from online crime; 44th best in online crime per 100,000 citizens; 33rd best for complaints filed by individuals 60+; and 34th best for cryptocurrency losses by state.<sup>4</sup> The FTC Consumer Sentinel Network figures on fraud, identity theft, and telemarketing suggests Colorado is doing slightly better than the FBI's statistics. Colorado has the 32nd lowest rate of fraud and the 24th lowest rate of identity theft by their metrics.<sup>5</sup>

In Colorado and across the nation, fraudulent financial activity is becoming increasingly sophisticated, encompassing a broad array of schemes such as identity theft, phishing, wire fraud, investment scams, and elder financial abuse. As the digital economy expands and cybercriminal tactics evolve, Coloradans face heightened risks from fraud schemes that attempt to exploit personal vulnerabilities, holes in financial systems, social media platforms, payment technologies, and personal data security. Fraudulent activities result not only in direct financial losses for individuals, businesses, and financial institutions, but they also have ripple effects throughout the state's economy—affecting prices, consumer behavior, public safety expenditures, and overall economic productivity.

This report presents evidence of the economic consequences of financial fraud, covering both the direct and indirect costs of fraudulent activity by examining incident data, economic modeling, and a fraud case study. By analyzing trends in fraud—including the types, methods, and demographic factors associated with its presence—it aims to provide policymakers, businesses, and consumers with actionable insights into the economic stakes of financial fraud.

## KEY FINDINGS

- For the state of Colorado, CSI estimates in 2025 the losses from financial fraud include—
  - An estimated \$375 million in direct, reported losses
  - An estimated \$2.5 billion in unreported losses
- The state's General Fund will lose an estimated \$88 million in tax revenue this year due to financial fraud.
- CSI estimates *reported* fraud alone will have the following impact on Colorado's economy in 2025:
  - A \$954 million reduction in state GDP
  - A \$932 million reduction in statewide personal income
  - A loss of approximately 6,628 jobs
- Estimates on the reporting of financial fraud suggest formal reporting of financial fraud may be quite low, with one estimate putting the figure at 14%. This means that most financial fraud does not get reported to government authorities.
- CSI estimates *all* financial fraud, *reported and unreported*, will have the following impact on Colorado's economy in 2025:
  - A \$5.1 billion reduction in state GDP (\$856 per person)
    - A \$3.9 billion reduction in statewide personal income (\$655 per person)
  - A loss of approximately 16,374 jobs (0.5% of nonfarm jobs)
- Financial fraud has wide-ranging economic implications. The impact is felt across consumer spending, interest rates, available loanable funds, capital investment, government spending and taxing, profit, and community trust.
- Colorado's incidence of financial fraud is around the middle of the states at 18th highest, at 1,260 reported incidents per 100,000 residents, lower than 17th ranked California at 1,291 and 19th ranked Mississippi at 1,221. The states with the highest incidence of financial fraud are Florida and Hawaii with rates that are 72% and 67% higher than Colorado's.



## BACKGROUND

Financial fraud comes in many shapes and sizes, but transactions have two main forms: verified (customer initiated and/or approved) and unverified (not initiated and/or confirmed by customer). Verified fraud typically involves deception or coercion that leads the customer to authorize the transaction, such as in scams or social engineering. Unverified fraud, on the other hand, involves unauthorized access, like stolen card or account credentials used without the customer's knowledge or consent. Specifically, financial fraud includes but is not limited to the following types:

**Grandparent Scam:** Thieves create a story that compels grandparents to send money to help a grandchild out of a bad situation, often being told “please don’t tell mom.”

**Romance Scams:** Fraudsters build fake romantic relationships to emotionally manipulate victims into sending money or personal information.

**Wire Transfer Fraud:** Scammers trick victims into sending money via wire transfer, often by posing as a trusted contact or through scams like romance frauds.

**Investment Fraud:** Scammers lure victims with fake or misleading investment opportunities (e.g., crypto scams, Ponzi schemes, pump-and-dump stock schemes, real estate fraud, fake private placements, high-yield investment programs, etc.) promising high returns, then steal the money.

**Gift Card Scams:** Victims are tricked into buying and sending gift card details to scammers, who often pretend to be authority figures or loved ones.

**Fake Prize Scams:** Victims are told they’ve won a prize but must pay a fee or provide personal information to claim it — which the scammer uses for fraud.

**Imposter Scams:** Scammers impersonate government, business, and other officials or agencies (e.g., Internal Revenue Service or the Social Security Administration) to threaten or persuade victims into sending money or sensitive info.

**Elder Financial Fraud:** Targeted scams against older adults, often involving deception, coercion, or exploitation to steal money or assets.

**Fake Distress:** Fraudsters pretend to be a relative or friend in urgent need of money due to a false emergency.

**Check Fraud:** The use of fake, altered, or stolen checks to unlawfully spend from another person’s financial resources.

**Identity Fraud:** This type of fraud occurs when someone uses another person’s personal identifying information (like name, Social Security number, or bank account information) to commit financial crimes.

**Credit Card Fraud:** Unauthorized use of someone's credit card information to make purchases or withdraw funds. Credit card fraud can also include individuals who fraudulently report a transaction as fraud when they in fact did use their own card to make a transaction.

**Debit Card Fraud:** Illicit use of a person's debit card or account number to withdraw money or make transactions without permission.

**Loan Fraud:** Fraudulently obtaining a loan through misrepresentation of personal, business, or financial information, dedicating loan proceeds in a fraudulent manner, or using stolen identities to secure loans.

**Account Takeover Fraud:** A type of identity fraud where a criminal gains unauthorized access to and control of a person's financial account to steal money or personal data.

**Phishing and Social Engineering Fraud:** When criminals impersonate legitimate entities via emails, phone calls, or fake websites to trick unsuspecting individuals into revealing sensitive account credentials or personal data.

**Installation of Malware:** Malicious software is secretly installed on a device to steal financial data, spy on activities, or gain control over financial accounts.

**Ecommerce Fraud:** Criminals use stolen payment information to make purchases online or set up fake online stores to steal customer payments and data.

**Social Media Fraud:** Scams conducted through social platforms, such as selling stolen or nonexistent goods on social media marketplaces, fake giveaways, impersonation accounts, or phishing links, to steal money or information.

**Payment App Fraud:** Scams involving digital payment apps (e.g., Zelle, Venmo, Cash App) where fraudsters trick users into sending money or gaining access to their financial accounts.

**ATM Fraud:** Illegitimate access to a person's bank account via an ATM, often through stolen cards, cloned cards, or PIN theft. This can also include "jackpotting," which often involves introducing malware into an ATM which causes it to dispense funds inappropriately to the scammer.

**Skimming:** The use of a hidden device (skimmer) placed on ATMs or card readers to steal card information during a legitimate transaction.

**Card Trapping:** A device is inserted into an ATM to capture a card's information; criminals then clone the card's information for use later.

**Money Laundering:** The process of disguising illegally obtained funds to make them appear legitimate, often through complex financial transactions.

**Forgery:** The false making or altering of a document (e.g., signatures, checks) with intent to defraud.

**Counterfeit:** The production or use of fake financial instruments like currency, checks, or cards to deceive and steal money.

**Check Kiting:** Exploiting the float time between banks by writing checks from one account with insufficient funds to another, to create the illusion of funds.

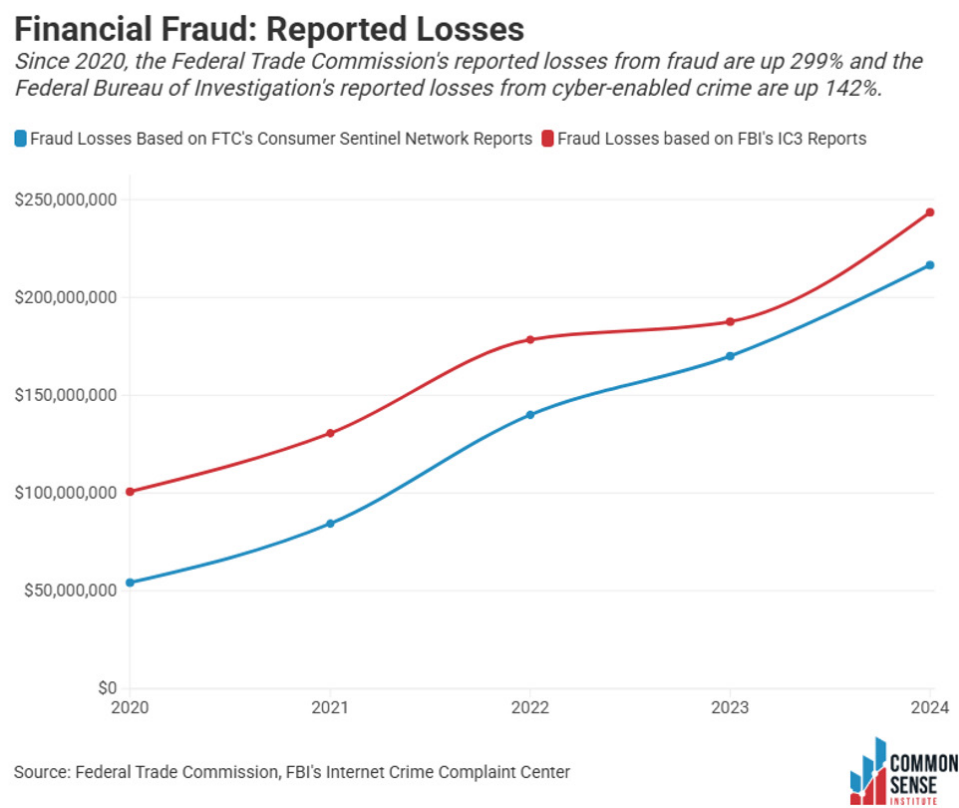
**Alteration:** Illegally changing the details on a legitimate financial document, such as a check or invoice, to increase payment or redirect funds.

# Colorado sees thousands of cases of financial fraud annually

This report focuses on the broader economic impact of all types of financial fraud, including the types of fraud listed in the “Background” section. Figure 1 shows the reported losses due to fraud from 2020 through 2024 based on information provided by the Federal Trade Commission (FTC) and the Federal Bureau of Investigation (FBI).

Based on both FBI and FTC data, financial fraud in Colorado increased every year from 2020 to 2024. Direct losses tracked in the FTC’s Consumer Sentinel Network reports record losses increasing from \$54.2 million in 2020 to \$216.5 million in 2024. Thus, since 2020 the FBI’s reported losses from cyber-enabled crime are up 142%, and the FTC’s reported losses are up 299%. These data do not encompass all financial fraud that occurred in the state over the period, as many cases go unreported, but they are indicative of a broader trend of rising fraud cases. The subsection of this report entitled “Unreported Financial Fraud” under the “Data and Analysis” section goes into more depth on fraud not reported in these data sets.

**FIGURE 1. REPORTED LOSSES FROM FINANCIAL FRAUD, COLORADO, 2020 THROUGH 2024**





# THE COST OF FINANCIAL FRAUD

The cost of financial fraud comprises numerous potential costs, including but not limited to the following tangible and intangible costs:

1. **Property/Asset Loss:** The actual financial or asset loss resulting from fraud — stolen funds, emptied bank accounts, fraudulent loans, or lost valuables due to scams or theft.
2. **Productivity Impact:** Time and energy spent dealing with fraud (filing reports, fixing credit, replacing IDs, contacting banks) can cause absenteeism or distraction at work, affecting individual and overall workplace productivity.
3. **Quality of Life:** The aftermath of financial fraud can lead to long-term lifestyle changes – reduced financial stability, inability to pay for basic living expenses (housing, food), isolation, and loss of trust in institutions or people.
4. **Public Services:** Government and public-sector resources are consumed during investigations, fraud prevention efforts, consumer support services, and law enforcement actions. Fraud increases strain on social services, especially in cases like elder abuse.
5. **Mental Health Costs:** Fraud can severely affect a person's psychological well-being. Victims often report depression, anxiety, shame, and distrust of others. In severe cases, it can lead to long-term emotional trauma, PTSD, or even suicide.
6. **Medical Costs:** Victims may experience health problems due to stress, anxiety, or trauma caused by fraud. This can lead to increased doctor visits, medication use, or even hospital stays for issues like high blood pressure, panic attacks, or sleep disorders.
7. **Adjudication and Sanctioning:** Legal and judicial systems incur costs for prosecuting fraud cases. This includes law enforcement time, court expenses, public defenders or legal aid, and incarceration or rehabilitation programs for offenders.
8. **Insurance Costs:** Financial fraud can drive up the cost of property insurance, medical insurance, and auto insurance, among others.

Costs vary widely depending on the type of financial fraud and how many victims are involved.

# Colorado saw over 43,000 cases of financial fraud in 2024

Nationally, based upon information released by the FTC from the Consumer Sentinel Network, in 2024 there were 2.6 million fraud reports covering \$12 billion in fraud losses.<sup>6</sup> Of these reports, 38% involved a financial loss with a median loss of \$499 and an average loss of \$4,859.<sup>7</sup> Using reported information from the FTC, Colorado residents experienced \$216.5 million in losses across 43,302 reported frauds in 2024.<sup>8</sup>

No governmental agency—the FTC, the FBI, or the Colorado Department of Public Safety—releases complete information on all types of financial fraud, including the crimes listed in the “Background” section. Figure 2 depicts the reported or estimated counts of financial fraud in 2024. Overall, the most common type of fraud is imposter scams, which includes Grandparent Scams, Fake Distress, and other types of illegal misrepresentation for financial gain.

**FIGURE 2. REPORTED OR ESTIMATED COUNTS OF SELECTED FINANCIAL FRAUD TYPES.**

## Estimated Cases in Colorado Listed in the Background Section

Type of scam	Number of cases in Colorado
Imposter Scams (Business, Government, Family & Friend)	13,570
Grandparent Scam	Under imposter scam
Fake Distress	Under imposter scam
Identity Fraud	10,201
Ecommerce Fraud	6,532
ATM Fraud	4,421
Phishing and Social Engineering Fraud	4,294
Credit Card Fraud	4,192
Installation of Malware	2,982
Elder Financial Fraud	2,243
Debit Card Fraud	2,230
Payment App Fraud	2,011
Loan Fraud (Counterfeit/forgery)	1,824
Investment Fraud	1,719
Fake Prize Scams (Prizes, Sweepstakes & Lotteries)	1,632
Wire Transfer Fraud	1,443
Romance Scam	944
Gift Card Scams	913
Check Fraud	236
Social Media Fraud	136
Account Takeover Fraud	Not individually reported
Card Trapping	Not individually reported
Money Laundering	Not individually reported
Skimming	Not individually reported
Counterfeit/Forgery	Not individually reported
Check Kiting	Not individually reported
Alteration	Not individually reported

Source: Federal Trade Commission, Federal Bureau of Investigation, Colorado Department of Public Safety

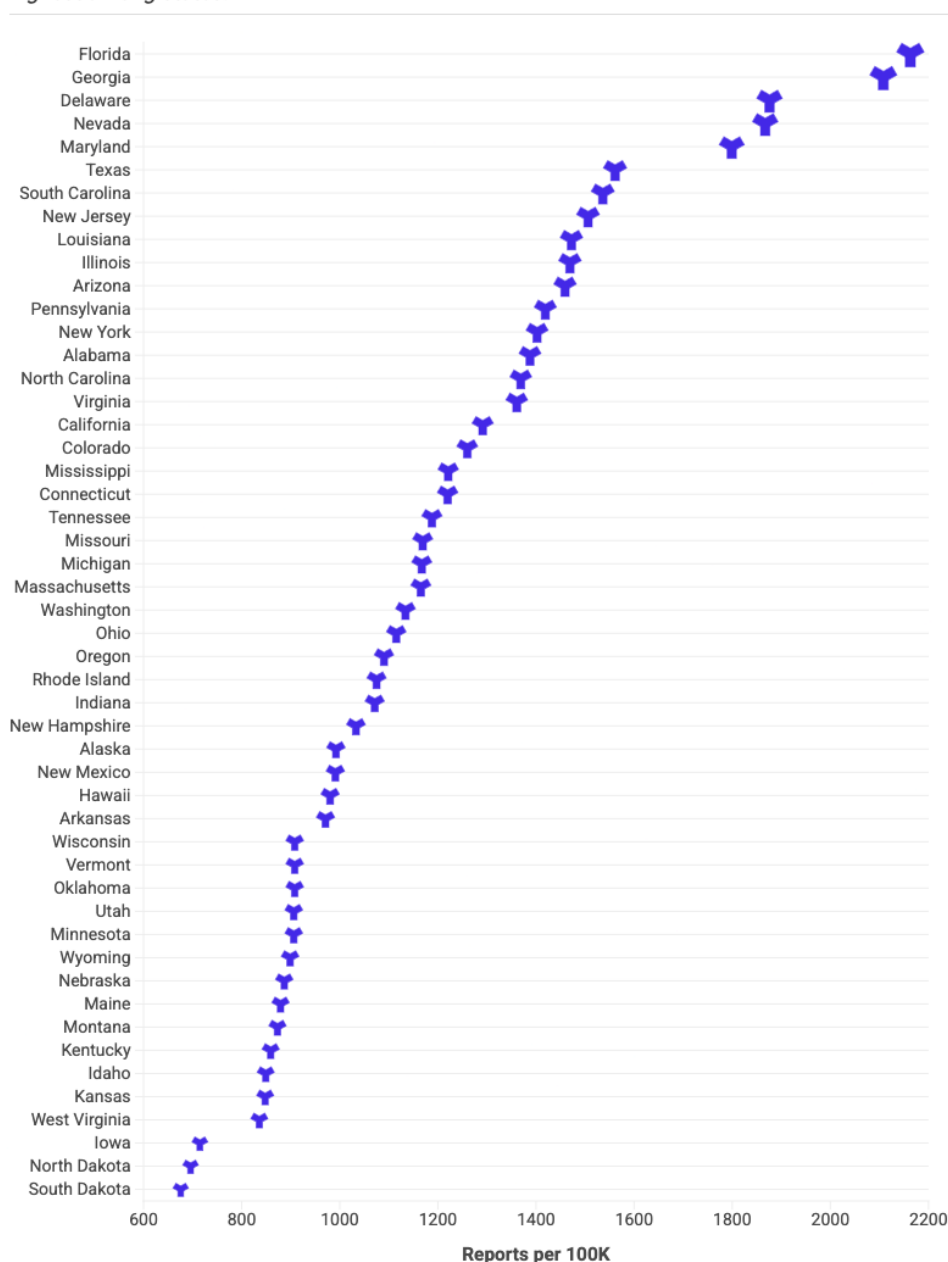


Generally, financial fraud in Colorado is a little higher than the average across states. Using FTC accounting, Colorado had the 18th highest fraud incidence rate among all states (Figure 3) at 1,260 per 100,000 residents.<sup>9</sup> The state just above Colorado with a higher financial fraud rate is California at 1,291 per 100,000 residents. Just below Colorado is Mississippi at 1,221 per 100,000 residents. Colorado performs much better than the top two financial fraud states – Florida and Georgia. Reports of fraud per 100,000 residents are 72% and 67% higher in these states compared to Colorado.

**FIGURE 3. REPORTING OF FRAUD PER 100,000 INDIVIDUALS BY STATE**

### Reports of Fraud per 100K Individuals by State

*Colorado's incidence of fraud per 100K individuals is a bit higher than average, ranked 18th highest among states.*



Source: [Federal Trade Commission](#)



## Older Coloradans experience the greatest losses from fraud

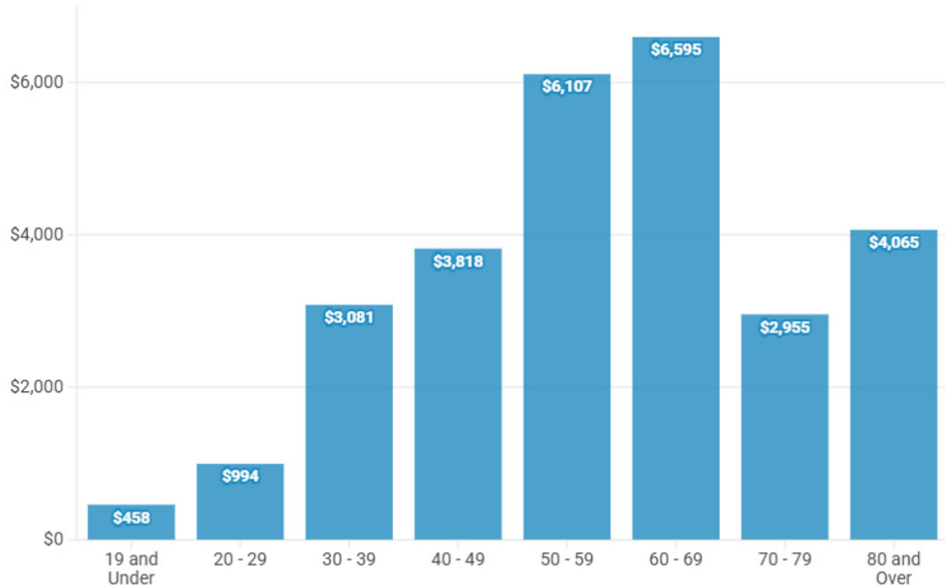
In Colorado, based upon the FTC's age group breakdown of reported fraud, 30% of reported cases involved financial loss greater than \$0, with the average loss of \$3,896 (Figure 4).

The average loss for incidents of fraud in Colorado is lowest for the 19 and under age group and rises for each subsequent age group until peaking with the 60 to 69 age group. Colorado fraud victims aged 60 to 69 experience an average loss of \$6,595—a much larger loss than the \$994 average loss for a 20- to 29-year-old. After peaking at \$6,595 for 60- to 69-year-olds, the average loss declines to \$2,955 for the 70 to 79 age group and then rises to \$4,065 for the 80 and over age group.

**FIGURE 4. AVERAGE FRAUD AMOUNT BY AGE GROUP, COLORADO**

### Fraud Loss by Age Group

Overall, the average loss per fraud is much higher for individuals in the 50 to 70 year age group with an average loss of \$6,595 for 60-69 year olds and \$6,107 for 50-59 year olds.



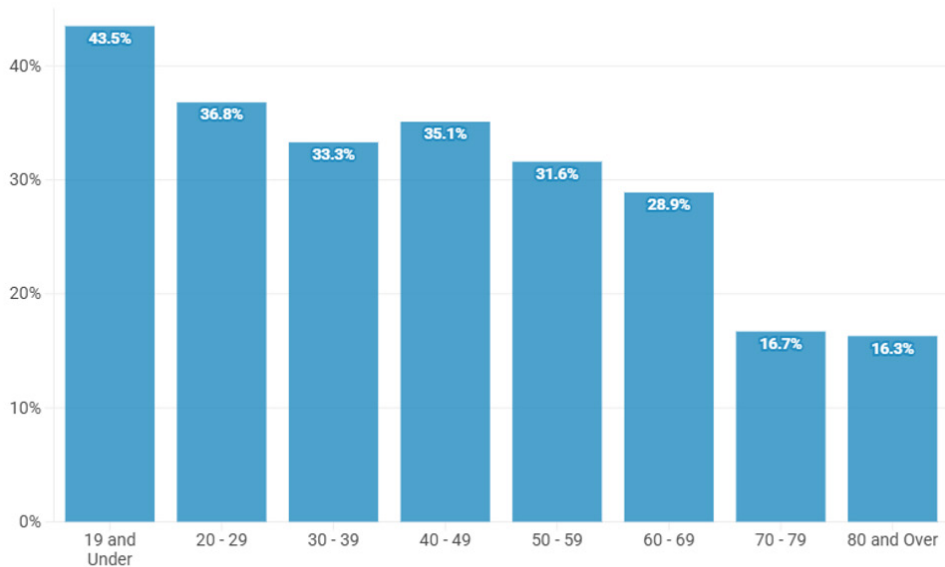
Source: Federal Trade Commission



**FIGURE 5. PERCENTAGE OF CASES INVOLVING A FINANCIAL LOSS BY AGE GROUP, COLORADO**

### Percent of Fraud Reports Involving a \$ Loss by Age Group

Overall, although the younger generation is less likely to report being victim of financial fraud, when they do report financial fraud, they are more likely to report a financial loss.



Source: Federal Trade Commission

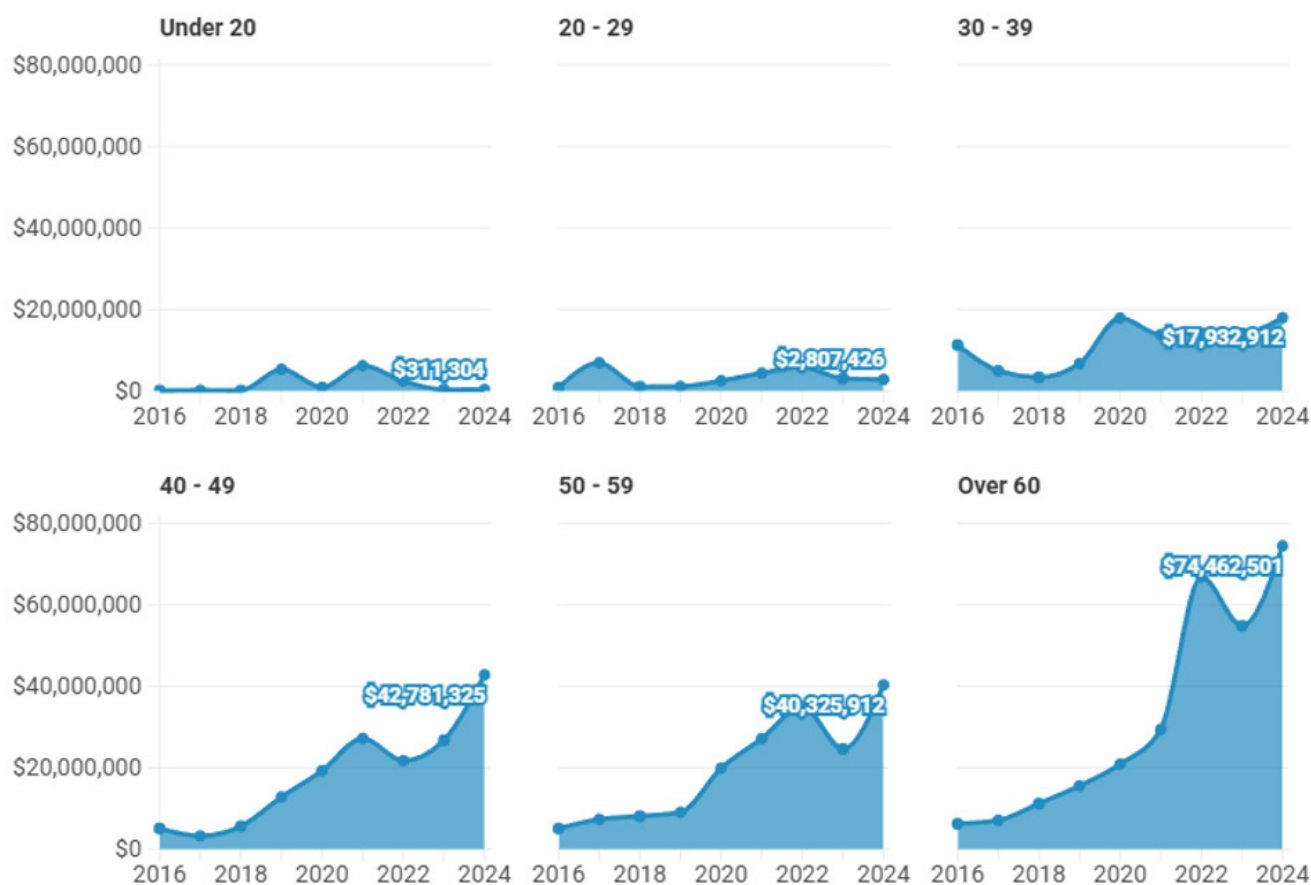


Interestingly, of the few younger people aged 20 to 29 who reported losing money to fraud, they reported a dollar loss at a higher rate (44%) compared to every other reported age bracket.<sup>10</sup> In fact, the percentage of fraud reports involving a financial loss declines as one moves through the age groups, reaching a low of just 16% for the 80 and over age group. This should not be confused with prevalence. The younger generation (for the 20 to 29 age group, the reporting prevalence is 0.03%) is much less likely to report being victim of financial fraud compared to the 60 to 69 age group (prevalence is 0.58%) or the 70 to 79 age group (prevalence is 0.96%) (Figure 5). Overall, older Coloradans are more likely to report being victims of financial fraud and incur higher dollar losses, although when the younger generation does report financial fraud, their reports tend to involve dollar losses at higher rates.

Figures 7 and 8 illustrate the demographic breakdown of financial fraud according to statistics gathered by the FTC's Consumer Sentinel Network. As mentioned previously, the FBI also reports figures on financial fraud through its Internet Crime Report (ICC).<sup>11</sup> Using information from the ICC, the demographic breakdown of internet-based financial fraud in Colorado is also heavily centered on the older generation (Figure 6) with 42% of reported loss in 2024 coming from individuals aged 60 and over, up from 26% in 2020 and 27% in 2021. The two age groups under 30-years-old consistently account for only a small fraction of the reported financial loss—1.7% in 2024, down from its nine-year peak of 12.7% in 2019.

**FIGURE 6. REPORTED LOSS FROM FINANCIAL FRAUD BY AGE GROUP**

## Reported Loss from Internet Crime By Age Group



Source: Internet Crime Complaint Center • Note: Please note that the losses reported by the IC3 here is not comprehensive of all losses stemming from financial fraud in the state.





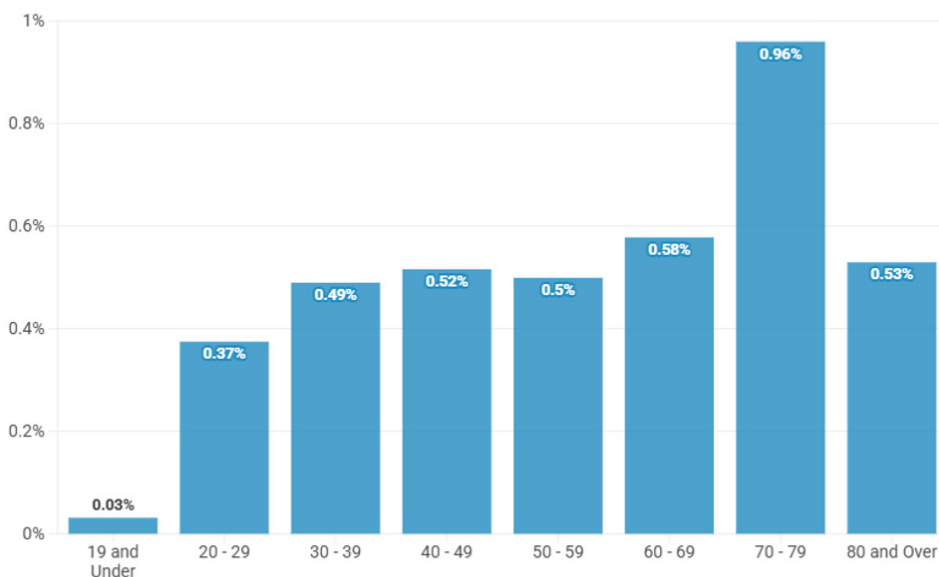
The data show financial losses from fraud are concentrated among individuals over the age of 60. This could occur because older Coloradans have more money or because they are more likely to fall for scams. A deeper look at the data suggests both contribute to the concentration of loss to financial fraud among older Coloradans. Using the FTC's reporting of fraud complaints by age groups and comparing the number of reports with the estimated number of individuals in the state within each age group confirms the older generation has more money to lose and are more likely to fall victim to fraud.

As shown in figure 7, the percentage of individuals aged 19 and under reporting a fraud case was just 0.03%, much less than the 0.58% for 60 to 69-year-olds, the 0.96% for 70 to 79-year-olds, and the 0.53% for individuals 80-years-old and older.

**FIGURE 7. PERCENTAGE OF INDIVIDUALS IN EACH AGE GROUP REPORTING FRAUD**

### Percentage of Individuals in Each Age Group Reporting Fraud

*Overall, the younger generation is much less likely to report fraud compared to every other age group.*



Source: Federal Trade Commission



## CASE STUDY

To provide an idea of how financial fraud impacts an economy, the following example shows why financial fraud matters. Suppose two large cryptocurrency ATM operators in the state allowed citizens to transfer more than \$20 million to scammers through their kiosks.<sup>12</sup> Further suppose that in order to send money through their machines, the two companies reportedly charged fees of 23% and 21%, respectively. The cryptocurrency ATM operators directly benefited by failing to inform Coloradans of their refund policies and unknowingly facilitated the alleged scam, which targeted victims over the age of 60.

In dollar terms, this case reduced the available amount of wealth to citizens by \$20 million. Almost all this \$20 million would have eventually circulated through Colorado's economy had citizens not fallen victim to this alleged scam. What is the economic impact of the missing \$20 million?

Using the Regional Economic Model's Incorporated's (REMI) Tax PI+ model, if this case were to take place in 2025, the missing \$20 million would result in the following economy-wide impact—also shown in Table 1:

- Lower GDP by \$31 million.
- Missing personal income of \$20 million.
- Missing business sales (Output) of \$53 million.
- Lower employment by 216 people.

**TABLE 1. CASE STUDY #1 ECONOMIC IMPACT**

### Case Study #1 Economic Impact

Year	Gross Domestic Product	Personal Income	Total Employment	Output (Sales)
2025-2027	(\$31,397,486)	(\$19,538,349)	(216)	(\$52,974,104)

Source: REMI, CSI Modeling

## DATA AND ANALYSIS

Financial fraud has several direct impacts. First, it reduces consumer spending and investable assets. Second, it imposes a cost to government to investigate and enforce wrongdoing. It also lowers consumer confidence and trust in society, which can cause investors to forgo investments and reduce productivity. These direct impacts can have secondary effects including lost job prospects, a decline in the amount of loanable funds, higher interest rates to cover losses, and more.<sup>13</sup>

To account for these wide-ranging effects, this study employs estimates of the direct impact of financial fraud from the following activities listed in Appendix A. This list stems from information provided by the Colorado Department of Public Safety,<sup>14</sup> the Federal Trade Commission,<sup>15</sup> and the Internet Crime Complaint Center.<sup>16</sup> Because there can be overlap in information reporting from these three sources, attempts were made to ensure no double counting occurred.

### An estimated \$2.5 billion in financial fraud goes unreported

For the following reasons, among others, individuals and businesses may opt not to report financial fraud. The lack of reporting, however, does not mean the economic impact does not occur. As one might expect, estimates on unreported financial fraud vary widely. Using an estimate derived from the Financial Industry Regulatory Authority, **only 14%** of financial fraud is formally reported to government authorities.<sup>17</sup> This estimate is used in this report. The estimated amount of **unreported financial fraud in Colorado in 2025 is \$2.5 billion**. This is **on top of the \$354 million in reported losses**.

Reasons for lack of reporting include:

- Embarrassment or shame
- Involvement of trusted individuals
- Fear of retaliation
- Distrust of governmental authorities.

## ECONOMIC IMPACT

Considering the case study, CSI quantified the overall impact of financial fraud on the broader Colorado economy for two scenarios: first, only reported losses and second, reported and unreported losses.

### Reported Losses Impact on Jobs, GDP, Personal Income

The following figure provides an estimate the economic impact of reported financial fraud in the state in 2025. Overall, in 2025 reported financial fraud will —

- Decrease GDP by \$954 million.<sup>18</sup>
- Reduce Personal income by \$932 million.<sup>19</sup>
- Reduce jobs by 6,628.

**TABLE 2. ECONOMIC IMPACT FROM REPORTED LOSSES**

#### Economic Impact from Reported Losses Stemming from Financial Fraud in 2025, Direct + Indirect

Factor	Gross Domestic Product	Personal Income and Income-Related	Disposable Personal Income	Total Employment	Output (Sales)
Indirect	(\$591,769,006)	(\$577,916,781)	(\$496,404,444)	(6,628)	(\$591,769,006)
Direct	(\$362,226,459)	(\$353,747,404)	(\$336,060,034)		(\$362,226,459)
Total	(\$953,995,465)	(\$931,664,185)	(\$832,464,478)		(\$953,995,465)

Source: REMI, CSI Modeling



## Reported and Unreported Losses Impact on Jobs, GDP, Personal Income

The following figure provides an estimate of the economic impact of reported and unreported financial fraud in the state in 2025. Overall, in 2025 all financial fraud will —

- Decrease GDP by \$5.1 billion.<sup>20</sup>
- Reduce Personal income by \$3.9 billion.<sup>21</sup>
- Reduce jobs by 16,374.

**TABLE 3. ECONOMIC IMPACT FROM REPORTED AND UNREPORTED FINANCIAL FRAUD**

### Overall Economic Impact of Financial Fraud in 2025, Direct + Indirect

Year	Gross Domestic Product	Personal Income and Income-Related	Disposable Personal Income	Total Employment	Output (Sales)
Indirect	(\$1,781,565,208)	(\$1,341,803,576)	(\$1,153,830,885)	(16,374)	(\$3,058,135,906)
Direct	(\$3,354,887,823)	(\$2,526,767,171)	(\$2,400,428,812)		(\$5,758,814,141)
Total	(\$5,136,453,030)	(\$3,868,570,747)	(\$3,554,259,698)		(\$8,816,950,047)

Source: REMI, CSI Modeling





## BOTTOM LINE

The increase in cases of financial fraud nationally has naturally resulted in growing direct financial losses from fraud. In 2024, Colorado's fraud rate was a little higher than average with the 18th highest rate of fraud cases per 100,000 residents. Colorado's direct reported losses from fraud are now approaching \$354 million annually. The real number is likely much higher, as research suggests only 14% of all financial fraud gets reported. As the impact of these direct losses ripple through the state's economy, they impact Coloradans beyond just the direct loss. Common Sense Institute's estimates using dynamic modeling find the total cost to the economy of financial fraud considering direct and secondary economic impacts results in thousands of jobs lost, a reduction in GDP of \$5.1 billion, and a reduction in statewide personal income of \$3.9 billion. To mitigate these negative outcomes, Coloradans must remain vigilant, working with their trusted financial institutions to recognize and avoid fraud.

# METHODOLOGY

## Model for Broader Economic Impact from Financial Fraud

To estimate the economic impact of financial fraud on Colorado's economy, CSI used the following assumptions as direct inputs into the REMI model (estimates of reported and unreported financial fraud) (Table 1):

**TABLE 1.**

Measure	REMI Input Amount for 2025	REMI Variable
Miscellaneous Investments & Investment Advice	\$1,027,902,333	Modeled as reduced Dividend Income because it acts more as a reduced annualized dividends than reduced immediate consumption.
Romance Scams	\$409,983,419	Modeled as a reduction in consumer spending
Business Imposters	\$181,773,253	Modeled as a reduction in consumer spending
Government Imposters	\$162,332,641	Modeled as a reduction in consumer spending
Prizes, Sweepstakes & Lotteries	\$96,219,057	Modeled as a reduction in consumer spending
Fake Check Scams	\$75,582,804	Modeled as an increase in Production Cost with Immediate Market Share Response
Job Scams & Employment Agencies	\$71,166,764	Modeled as a reduction in consumer spending
Tech Support Scams	\$49,527,171	Modeled as an increase in Production Cost with Immediate Market Share Response
Online Shopping	\$44,912,393	Modeled as a reduction in consumer spending

Measure	REMI Input Amount for 2025	REMI Variable
Vacation & Travel	\$30,328,201	Modeled as a reduction in consumer spending
Malware & Computer Exploits	\$28,365,121	Modeled as a reduction in consumer spending
Online Payment Services	\$25,903,365	Modeled as a reduction in consumer spending
Business & Work-at-Home Opportunities	\$21,123,297	Modeled as a reduction in consumer spending
Family & Friend Imposters	\$20,469,492	Modeled as a reduction in consumer spending
Timeshare Sales	\$17,202,976	Modeled as a reduction in consumer spending
Medical Treatments & Cures	\$11,581,738	Modeled as a reduction in consumer spending
Pyramids & Multi-Level Marketing	\$10,086,147	Modeled as a reduction in consumer spending
Diet Products, Plans & Centers	\$9,171,397	Modeled as a reduction in consumer spending
Website Content	\$7,498,490	Modeled as an increase in Production Cost with Immediate Market Share Response
Real Estate	\$110,938,351	Modeled as reduced Dividend Income because it acts more as a reduced annualized dividends than reduced immediate consumption.
Advance-Fee Credit	\$6,373,510	Modeled as a reduction in consumer spending
Timeshare Resales	\$5,506,656	Modeled as a reduction in consumer spending
Stocks & Commodity Futures Trading	\$4,993,613	Modeled as a reduction in consumer spending
Credit & Debt Counseling	\$4,966,752	Modeled as a reduction in consumer spending
Social Networking Services	\$3,850,795	Modeled as a reduction in consumer spending
Charitable Solicitations	\$3,788,047	Modeled as a reduction in consumer spending
Non-Educational Grants	\$3,279,634	Modeled as an increase in Production Cost with Immediate Market Share Response
Mortgage Modification & Foreclosure Relief	\$2,576,921	Modeled as a reduction in consumer spending

Measure	REMI Input Amount for 2025	REMI Variable
Phone Billing	\$1,991,462	Modeled as a reduction in consumer spending
Medical Insurance & Discount Plans	\$1,445,525	Modeled as a reduction in consumer spending
Tax Preparers	\$1,389,165	Modeled as a reduction in consumer spending
Office Directory Listings & Ad Space	\$1,354,521	Modeled as an increase in Production Cost with Immediate Market Share Response
Website Design & Promotion	\$1,162,700	Modeled as an increase in Production Cost with Immediate Market Share Response
Foreign Money & Inheritance Scams	\$378,372	Modeled as a reduction in consumer spending
Credit Repair	\$199,352	Modeled as a reduction in consumer spending
Immigration Services	\$52,912	Modeled as a reduction in consumer spending
Office Supplies & Services	\$34,321	Modeled as an increase in Production Cost with Immediate Market Share Response
Invention Promotion	\$16,807	Modeled as a reduction in consumer spending
Scholarships & Educational Grants	\$306	Modeled as a reduction in consumer spending
Property & Inheritance Tracers	\$0	Modeled as a reduction in consumer spending
Credit Card Identity Theft	\$189,614,562	Modeled as a reduction in consumer spending
Other Identity Theft	\$131,271,620	Modeled as a reduction in consumer spending
Bank Account Identity Theft	\$48,619,119	Modeled as a reduction in consumer spending
Loan or Lease	\$82,652,502	Modeled as a reduction in consumer spending
Employment or Tax-Related	\$58,342,942	Modeled as a reduction in consumer spending
Credit Bureaus and Information Furnishers	\$77,790,590	Modeled as a reduction in consumer spending
Debt Collection	\$14,585,736	Modeled as a reduction in consumer spending
Auto Related	\$19,447,647	Modeled as a reduction in consumer spending

Measure	REMI Input Amount for 2025	REMI Variable
Internet Services	\$9,723,824	Modeled as a reduction in consumer spending
Privacy, Data Security, and Cyber Threats	\$134,082,844	Modeled as a reduction in consumer spending
Business Email Compromise (BEC)	\$722,650,105	Modeled as an increase in Production Cost with Immediate Market Share Response
Extortion	\$18,348,531	Modeled as a reduction in consumer spending
Overpayment	\$6,855,442	Modeled as a reduction in consumer spending
Phishing/Spoofing	\$4,592,795	Modeled as a reduction in consumer spending
Ransomware	\$14,625,835	Modeled as a reduction in consumer spending



## APPENDIX A

This study employs estimates of the direct impact of financial fraud from the following activities for its economic impact assessment:

- Miscellaneous Investments & Investment Advice
- Romance Scams
- Business Imposters
- Government Imposters
- Prizes, Sweepstakes & Lotteries
- Job Scams & Employment Agencies
- Vacation & Travel
- Online Shopping
- Tech Support Scams
- Malware & Computer Exploits
- Timeshare Sales
- Pyramids & Multi-Level Marketing
- Credit & Debt Counseling
- Online Payment Services
- Business & Work-at-Home Opportunities
- Family & Friend Imposters
- Fake Check Scams
- Advance-Fee Credit
- Medical Treatments & Cures
- Real Estate
- Timeshare Resales
- Tax Preparers
- Charitable Solicitations
- Credit Repair
- Website Design & Promotion
- Phone Billing
- Medical Insurance & Discount Plans
- Diet Products, Plans & Centers
- Mortgage Modification & Foreclosure Relief
- Website Content
- Invention Promotion
- Office Directory Listings & Ad Space
- Non-Educational Grants
- Stocks & Commodity Futures Trading
- Foreign Money & Inheritance Scams

- Social Networking Services
- Immigration Services
- Office Supplies & Services
- Prepaid Phone Cards
- Scholarships & Educational Grants
- Property & Inheritance Tracers
- Credit Card Identity Theft
- Other Identity Theft
- Bank Account Identity Theft
- Loan or Lease
- Government Documents or Benefits
- Credit Bureaus and Information Furnishers
- Debt Collection
- Auto Related
- Internet Services
- Privacy, Data Security, and Cyber Threats
- Business Email Compromise (BEC)
- Extortion
- Overpayment
- Phishing/Spoofing
- Ransomware

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