

Combating Disinformation and Building Trust on Crowdfunding

Platforms: A Framework to Mitigate and Detect Fraud

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Introduction

Disinformation has harmful consequences for both Internet-based crowdfunding companies and their users. The lucrative and connective nature of crowdfunding has led to the success of these companies, but made crowdfunding sites a target for fraudsters using tactics of disinformation. Disinformation can jeopardize the reputations of crowdfunding companies and compromise the trust of users. This paper will provide background on crowdfunding, using GoFundMe.com as a case study to illustrate the problem of disinformation. The proposed framework to mitigate and detect crowdfunding fraud will provide recommendations for implementation, and demonstrate the critical role of information professional in applying this approach.

Background

Crowdfunding¹ platforms assist users in donating and receiving money from anywhere and anyone around the world. In 2016 alone, United States donors trafficked \$738.9 billion across crowdfunding sites.² Companies that use donation-based crowdfunding are at risk for fraud, and donors have no means to validate how funds are spent.³ This lack of accountability is largely due to crowdfunding's reliance on the Internet, which diminishes interpersonal connections that can otherwise thwart fraudulent actors. Face-to-face interactions expose emotions of guilt, shame, and fear when people act deceptively, but researchers have found that digital interactions can

¹ The Federal Trade Commission describes crowdfunding as “a way to raise funds online by convincing a large number of people to each give money for a specific project or cause.” See “FTC examines crowdfunding.”

² “Key Crowdfunding Statistics.”

³ Ibid.

alter individuals' judgement, morals, and ethical sensibility.⁴ The depersonalized and lucrative nature of crowdfunding makes these platforms profitable for creative fraudsters.

GoFundMe.com

GoFundMe is of particular importance in the crowdfunding industry, largely due to its immense popularity and wide reach. This platform is known for donation-based crowdfunding, touted as the preeminent site in free fundraising. GoFundMe supports a variety of crowdfunding needs, with 10,000 people starting a GoFundMe each day in categories including medical, memorial, emergency, education, and animals.⁵ In 2018, the company's website documented more than 1.9 million views on a single fundraiser page in 24 hours and more than 7.2 million comments on all fundraiser pages.⁶ In 2019, there were more than 120 million donations, raising a total of \$9 billion.⁷ GoFundMe relies on repeat donors, with 40% of donors making subsequent donations on the site.⁸

GoFundMe has installed some security checks to vet recipients prior to collecting donations. Recipients are required to give a small amount of personal information before publishing their fundraisers. However, recipients can begin fundraising within a few minutes of signing up on the website. After publishing a campaign, recipients are required to login to their personal email account to verify their email address.⁹ All incoming donations are paused if a recipient's email address is not verified within fourteen days of the first donation, and all donations are refunded to donors if email verification is not completed within thirty days.¹⁰ After a recipient verifies his

⁴ Caspi & Gorsky, "Online Deception: Prevalence, Motivation, and Emotion," 58.

⁵ "GoFundMe: #1 Free Fundraiser Platform - Crowdfund Online."

⁶ "GoFundMe 2018."

⁷ "GoFundMe 2019."

⁸ Ibid.

⁹ "GoFundMe Terms of Service."

¹⁰ "Important Verification and Withdrawal Deadlines."

email, he must withdraw donations within the first thirty days of setting up the campaign or his campaign will be paused.¹¹ Recipients must provide bank account information to receive donor funds within ninety days of publishing a campaign; GoFundMe controls the funds until a recipient provides bank account information.¹² Prior to disbursement of the funds, GoFundMe retains a 2.9% transaction fee and transfers \$0.30 of every donation to a third-party payment processor.¹³ If no withdrawal has been made after ninety days, GoFundMe refunds donations to donors.¹⁴

GoFundMe protects donors in three ways. The platform retains a third-party payment processor to “keep GoFundMe a safe place to donate”—presumably by verifying recipients.¹⁵ Anyone visiting GoFundMe.com can report fraud by filling out a short online form.¹⁶ Donors who are victims of fraud are protected by GoFundMe’s Donor Protection Guarantee, and only need to fill out a form and upload any evidence of fraud in order to receive a refund.¹⁷

Disinformation and Trust on Crowdfunding Platforms

A subcategory of misinformation, disinformation is an act of intentional deception.¹⁸ There are two types of disinformation found on crowdfunding sites: fraudulent stories and fraudulent identities. Donation recipients will use either tactic, or a combination of both, to elicit funds.

Fraudulent Stories

Prior to publishing a campaign, recipients are asked to write about themselves and why they are seeking donations.¹⁹ This gives recipients the freedom to write a compelling story within the

¹¹ Ibid.

¹² Ibid.

¹³ “Everything You Need to Know About GoFundMe’s Fees.”

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ “Reporting a Campaign.”

¹⁷ “The GoFundMe Guarantee.”

¹⁸ “Disinformation: Oxford English Dictionary.”

¹⁹ “Creating a GoFundMe From Start to Finish.”

categorical bounds of the platform. A highly publicized example of a fraudulent story was published in late 2017. Katelyn McClure created a campaign on GoFundMe.com for a homeless man, Johnny Bobbitt, claiming that he helped her and her boyfriend by giving them gas money.²⁰ After raising over \$400,000, McClure gave Bobbitt \$75,000 and spent the remaining donations.²¹ The narrative was fabricated and, in March 2019, Bobbitt pled guilty to one count of conspiracy to commit money laundering and McClure pled guilty to one count of conspiracy to commit wire fraud.²²

Fraudulent Identities

Recipients can use two tactics to assume a fraudulent identity. The first is to act as a proxy to raise money for those in need.²³ Police departments have found scammers gravitate towards this tactic after horrific events occur, such as a mass shooting.²⁴ For example, a man found a memorial fund had been established in his honor, claiming that he died in the Parkland High School mass shooting.²⁵ The second approach is to act as a victim of a real event, but use the donations for an entirely separate purpose. This type of identity fraud occurred when a baby passed away and a family member created a campaign to pay for funeral expenses.²⁶ Though the child did pass away, the person who created the account was not related to the family. After an investigation, it became clear that the fraudster found photos of the child on the parents' social media, posed as a relative, and used the photos to create a GoFundMe campaign to request donations.²⁷

²⁰ Garcia, "Couple and Homeless Man Behind Viral GoFundMe Campaign Are Charged With Conspiracy.

²¹ Victor, "Woman and Homeless Man Plead Guilty in \$400,000 GoFundMe Scam."

²² Ibid.

²³ "Creating a GoFundMe From Start to Finish."

²⁴ "AP Uncovers 'Scams and Waste' Rampant in Pulse Shooting GoFundMe Campaigns."

²⁵ "After Florida Shooting, GoFundMe Scams Sprout Up."

²⁶ "Expenses for Baby Henley."

²⁷ "Kentucky Parents 'Angry' Over Fake GoFundMe Campaign For Their Deceased Baby."

Trust on Crowdfunding Sites

Trust is key to battling online disinformation. The concept of trust “concerns a positive expectation regarding the behavior of somebody or something in a situation that entails risk to the trusting party.”²⁸ Trust is a high value currency in the current tech landscape.²⁹ Establishing a trustworthy relationship with donors can be financially beneficial for Internet companies, leading to “improved Web sites, sales revenues, profitability, and ultimately shareholder value.”³⁰ Without trust, donors may not revisit a site—making this value fundamental to a crowdfunding site’s operations. Donors expect fundraising platforms to protect against and deter fraudulent users. A survey of 200 GoFundMe users, however, found that only 27.9% of respondents believe fundraiser recipients are “usually honest people,” and only 20.1% think visitors to the site effectively prevent fraud.³¹ These opinions underscore the need for crowdfunding companies to effectively mitigate and detect disinformation in order to grow and sustain trust.

A Framework to Mitigate and Detect Fraud

The following framework proposes strategies to mitigate and detect fraud on crowdfunding sites. This approach consists of three interrelated components: content analysis and moderation, transparency, and regulation.

Content Analysis and Moderation

Content analysis and moderation is comprised of machine learning, commercial moderators, and user moderators.

²⁸ Marsh & Dibben, “The Role of Trust in Information Science and Technology.”

²⁹ “An Economy of Trust: How Transparency Is Changing the Tech Industry.”

³⁰ Shankar et al., “Online trust: a stakeholder perspective, concepts, implications, and future directions.”

³¹ “Worries About Fraud Top List Of Crowdfunding Concerns.”

Machine Learning

Classification machine learning techniques can analyze text and photograph content to differentiate between fraudulent and genuine content. Researchers have proven the capabilities of machine learning classifiers in the detection of malicious and untrustworthy Internet content,³² such as through spam detection filters used by email platforms.³³ These tools may include those that establish language patterns, such as concordances, which could be useful in differentiating between fraudulent and authentic fundraisers.³⁴

Commercial Content Moderators

Commercial content moderators are hired to detect fraudulent content on Internet platforms using linguistic and cultural cues—an instinct lacked by a machine.³⁵ Using trained individuals to scrutinize campaigns may be the best way to differentiate fact from fiction. Fraudulent campaigns are often identical to authentic campaigns, requiring additional research or human insights to distinguish them. Unlike unassuming donors, content moderators can look at content analytically, distancing themselves from the emotional appeal that content scammers use to prey on donors.³⁶

Users as Content Moderators

Human intuition is a valuable resource in uncovering fraud, and site visitors can act as a first line of defense for crowdfunding sites.³⁷ GoFundMe encourages its users to practice vigilance,

³² Asiri, “Machine Learning Classifiers.”

³³ Hou et al., “Malicious web content detection by machine learning.”

³⁴ Kotevko, “Mining the internet for linguistic and social data: An analysis of ‘carbon compounds’ in Web feeds”

³⁵ Dr. Sarah Roberts explains content moderation to be “the organized practice of screening user-generated content (UGC) posted to Internet sites, social media and other online outlets to determine the appropriateness of the content for a given site, locality, or jurisdiction.” See Roberts, “Content Moderation,” 1.

³⁶ Luu, “The Life Changing Linguistics of Nigerian Scam Emails,” 129-130.

³⁷ Gillespie, *Custodians of the Internet: Platforms, Content Moderation, and the Hidden Decisions That Shape Social Media*.

but warns visitors against abusing reporting power.³⁸ Like commercial content moderators, users can detect fraud in ways that computers fall short. As GoFundMe suggests, potential donors can take several steps to investigate a campaign before donating: research the organizer on the Internet,³⁹ reverse image search photos from the campaign,⁴⁰ read comments on the page,⁴¹ look for misleading or suspicious statements in the campaign description,⁴² search for a clear answer as to how donations will be spent,⁴³ and determine if the recipient of funds is in control of withdrawals.⁴⁴

Transparency

A transparent relationship between users and online platforms is essential to establish trust. A 2018 European study found that transparency was important to decision making, useful to establish trust and confidence in online environments, and increased the probability that individuals would use or select a product.⁴⁵ In the long-term, lack of transparency can impact a company's reputation because damaging trust can lead to backlash and stagnant growth.⁴⁶ Beyond the benefits to users, a prioritization of transparency improves internal collaboration by increasing ethical standards.⁴⁷ GoFundMe's site, however, has little information regarding fraud. This opacity may stem from the fear that addressing fraud will result in more payouts to donors who have been defrauded on the site.

³⁸ "Reporting a Campaign."

³⁹ "How to Determine if it is Safe to Donate to a Campaign."

⁴⁰ "Crowdfunding fraud: How to spot fake online fundraising campaign"

⁴¹ "How to Determine if it is Safe to Donate to a Campaign."

⁴² "Reporting a Campaign."

⁴³ "Here's how to spot a fake crowdfunding page."

⁴⁴ "How to Determine if it is Safe to Donate to a Campaign."

⁴⁵ Lupiáñez-Villanueva, et al., "Behavioural study on the transparency of online platforms."

⁴⁶ Weisbaum, "Trust in Facebook has dropped by 66 percent since the Cambridge Analytica scandal."

⁴⁷ "An Economy of Trust: How Transparency Is Changing the Tech Industry."

Regulation and Enforcement

Not all fraud can be prevented, but strict regulation and enforcement can deter fraudulent actors and make crowdfunding sites safer. The United States Department of Justice, U.S. Attorney General’s Office, and Federal Trade Commission have no power to mitigate fraud through regulation or oversight of Internet sites and can only warn users of the possibility of scams. GoFundMe, like most websites, is a self-regulated entity and, therefore, has sole control over the platform’s data. A lack of regulation has led third parties to launch efforts to curb fraud on crowdfunding sites. GoFraudMe.com, for example, was developed to catalog cases of fraud that have occurred on GoFundMe. The owner of GoFraudMe researches, collects, and archives fraudulent GoFundMe campaigns published by reputable news outlets and law enforcement agencies, giving donors the information they need to make informed decisions.

Recommendations

Crowdfunding companies like GoFundMe could effectively apply the above framework to mitigate and detect fraud with the help of information professionals. These trained custodians are experts in managing, filtering, and appraising content throughout the information pipeline. Information professionals specializing in informatics are authorities in “information-seeking behavior and information use; user-centered approaches to information system design; human-computer interaction; database design and management; and information policy, including intellectual property, informational privacy, and internet governance.”⁴⁸ Each facet of an information professional’s education is applicable to the recommendations below, and confirms

⁴⁸ “Areas of Specialization – UCLA GSEIS Information Studies.”

the impact that information professionals can bring to organizations beyond the library and archive.

Recommendations to Effectively Implement Content Analysis and Moderation

1. Information professionals should be hired to advise crowdfunding companies regarding storage and organization processes for data and assets that are critical to content moderation and analysis.
2. Algorithmic bias is prevalent due to a lack of diversity in the technology industry as a whole.⁴⁹ Crowdfunding companies should consider diverse perspectives to reduce lopsided trends when creating algorithms, implementing machine learning, and hiring content moderators.⁵⁰
3. Crowdfunding companies could create a variety of flags dedicated to different types or levels of fraud.⁵¹ This would help companies systematically sift through flagged campaigns, utilize site visitors as a resource, and encourage reporting.

Recommendations to Increase Transparency

1. Changes in the user interface can effectively generate new avenues of trust.⁵² This may include: verified user badges; prioritized placement of single-click access to flag fraudulent or suspicious campaigns; documentation that alerts donors as to whether the campaign's creator is or is not the recipient of donations; single-click access on all campaigns that redirects to the crowdfunding company's fraud and reporting policy; and a required photograph of the organizer.

⁴⁹ "Diversity in High Tech."

⁵⁰ Noble, *Algorithms of Oppression*, 3.

⁵¹ Gillespie, *Custodians of the Internet*.

⁵² Marsh & Dibben, "The Role of Trust in Information Science and Technology."

2. Information architecture professionals, such as user experience researchers and designers, can be critical in enhancing a website's transparent interface. User testing can help crowdfunding companies understand user needs and, ultimately, create a safer site.
3. Beneficiaries⁵³ should be asked for personal information that would allow for effective vetting of all individuals associated with a campaign. Such information may include the successful passage of a background check and the publishing of more information on the campaign page.
4. Crowdfunding platforms should explicitly state what proportion of each donation is used to keep the site safe. Explaining how funds are used to mitigate and detect fraud will increase transparency and boost the reputation of the company.

Recommendations to Establish External Regulation and Oversee Enforcement

1. Creating an open channel of communication between crowdfunding companies and government agencies could help the latter analyze campaigns while increasing data accuracy and reporting.
2. Seeking oversight from regulatory groups such as the Financial Action Task Force (FATF) could protect international users. The FATF is “an inter-governmental body that sets standards and promotes effective implementation of legal, regulatory and operational measures for combating money laundering and terrorist financing.”⁵⁴
3. Crowdfunding companies should hire information professionals to inform user protection policies and support platforms' compliance with regulation.

⁵³ An individual receiving donations, but not necessarily the administrator of the campaign.

⁵⁴ Miralis, “Cyber laundering.”

Summary

Crowdfunding platforms provide a valuable resource, but the risk of disinformation can outweigh the positive impact these sites have on society. The sustained growth and popularity of crowdfunding is dependent on establishing and maintaining trust with users. This paper aims to highlight the infiltration of disinformation on crowdfunding sites and provide recommendations to mitigate and detect fraud through a three-pronged approach: content analysis and moderation, transparency, and regulation. Motivation on the part of crowdfunding companies is required to implement this framework, as eroding trust between platform and user can risk the moral and financial existence of a crowdfunding company. Information professionals would play a crucial role in implementing this approach, as threats of fraudulent content demonstrate the need for high-level information management and policy reform. Ultimately, information professionals' expertise could be key to diminishing disinformation's hold on crowdfunding sites.

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