

Beware of Work-at-Home Scams

Home-based business and work-at-home scams can appear to offer a variety of opportunities, but nearly all involve the consumer making an initial investment with a promise of making the money back through a business venture.

Examples of Work-at-Home Scams

Assembly work at home. Consumers invest their own money to pay for materials and produce items that a company has said it will buy. Upon completion of the work, the company often decides not to pay because the work does not meet certain “standards.” In the end, the consumer is left with a large quantity of products that cannot be sold, and has lost the initial investment.

Envelope stuffing. Envelope stuffing is a specific type of assembly work. There are several variations on these scams, but all involve consumers investing money on materials, advertising, or other fees. In nearly all legitimate businesses, mass envelope assembly and stuffing is handled internally by a mechanized operation, or sent to a mailing house. Rarely, if ever, can consumers earn “\$300 per week for 2 hours of work” stuffing envelopes.

Multi-level marketing. Consumers sign on to become “agents” to sell goods for a larger company, investing their money into product samples and training. Many of these companies are legitimate and can be a successful business venture, but some companies emphasize recruitment of agents instead of product sales. As more agents sign on, the market becomes saturated and those at the bottom (new members) are not able to sell their goods. In the end, many agents wind up losing their initial investment.

Online businesses. You may come across an advertisement for a guide or online seminar with information about working at home, which promises to provide a concise and legitimate source for the best opportunities, resources, and successes in working at home. Many times these “resources” may only list free government websites or business opportunities that require more invested money.

Medical billing. Consumers must invest thousands of dollars in exchange for software, training, and technical support, to start their own medical billing service. Unfortunately companies who make these offers don’t provide experienced sales staff or contacts within the medical community to get the business started. According to the FTC, “Few consumers who purchase a medical billing business opportunity are able to find clients, start a business and generate revenues – let alone recover their investment and earn a substantial income. Competition in the medical billing market is fierce and revolves around a number of large and well-established firms.”

Beware Of...

Generally speaking, consumers should beware of:

- Overstated claims of product effectiveness (“the only product you’ll ever need!”)
- Exaggerated claims of potential earnings (“Earn \$500 in just 3 hours!”)
- Claims of inside information (“The government doesn’t want you to know!”)
- Requirements of money for instructions or products before telling you how the plan works (“To learn more, send \$20 for shipping!”)
- Claims of “no experience necessary”
- Use of personal testimonials without identifying the person, or even use of personal testimonials with contact information list (beware if there are only a few listed, as they may be hired to give favorable testimonials).

Ask Questions

Before you become involved in any work-at-home program, and especially before you invest your hard-earned savings, ask questions:

- What tasks will I have to perform?
- Will I be paid salary, or based on commission?
- Who will pay me?
- When will I get my first paycheck?
- What is the total cost of the program – supplies, equipment, membership fees? What will I get for my money?
- What is your refund policy?