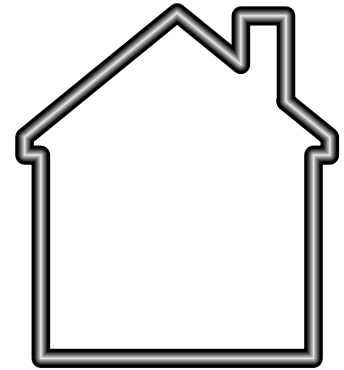


FTC FACTS for Consumers

Work-at-Home Schemes



*Be part of one of America's Fastest Growing Industries.
Earn thousands of dollars a month — from your home —
processing Medical Billing Claims.*

You can find ads like this everywhere — from the street light and telephone pole on your corner to your newspaper and PC. While you may find these ads appealing, especially if you can't work outside your home, proceed with caution. Not all work-at-home opportunities deliver on their promises.

Many ads omit the fact that you may have to work many hours without pay. Or they don't disclose all the costs you will have to pay. Countless work-at-home schemes require you to spend your own money to place newspaper ads; make photocopies; or buy the envelopes, paper, stamps, and other supplies or equipment you need to do the job. The companies sponsoring the ads also may demand that you pay for instructions or "tutorial" software. Consumers deceived by these ads have lost thousands of dollars, in addition to their time and energy.

Classic Work-at-Home Schemes

Several types of offers are classic work-at-home schemes.

- **Medical billing.** Ads for pre-packaged businesses — known as billing centers — are in newspapers, on television and on the Internet. If you respond, you'll get a sales pitch that may sound something like this: There's "a crisis" in the health care system, due partly to the overwhelming task of processing paper claims. The solution is electronic claim processing. Because only a small percentage of claims are transmitted electronically, the market for billing centers is wide open.

The promoter also may tell you that many doctors who process claims electronically want to "outsource" or contract out their billing services to save money. Promoters will promise that you can earn a substantial income working full or part time, providing services like billing, accounts receivable, electronic insurance claim processing and practice management to doctors and dentists. They also may assure you that no experience is required, that they will provide clients eager to buy your services or that their qualified salespeople will find clients for you.

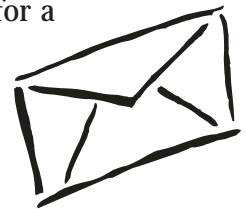
The reality: you will have to sell. These promoters rarely provide experienced sales staff or contacts within the medical community.

The promoter will follow up by sending you materials that typically include a brochure, application, sample diskettes, a contract (licensing agreement), disclosure document, and in some cases, testimonial letters, videocassettes and reference lists. For your investment of \$2,000 to \$8,000, a promoter will promise soft-

ware, training and technical support. And the company will encourage you to call its references. Make sure you get many names from which to choose. If only one or two names are given, they may be "shills" — people hired to give favorable testimonials. It's best to interview people in person, preferably where the business operates, to reduce your risk of being misled by shills and also to get a better sense of how the business works.

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.

- **Envelope stuffing.** Promoters usually advertise that, for a "small" fee, they will tell you how to earn money stuffing envelopes at home.



Later — when it's too late — you find out that the promoter never had any employment to offer. Instead, for your fee, you're likely to get a letter telling you to place the same "envelope-stuffing" ad in newspapers or magazines, or to send the ad to friends and relatives. The only way you'll earn money is if people respond to your work-at-home ad.

- **Assembly or craft work.** These programs often require you to invest hundreds of dollars in equipment or supplies. Or they require you to spend many hours producing goods for a company that



has promised to buy them. For example, you might have to buy a sewing or sign-making machine from the company, or materials to make items like aprons, baby shoes or plastic signs. However, after you've purchased the supplies or equipment and performed the work, fraudulent operators don't pay you. In fact, many consumers have had companies refuse to pay for their work because it didn't meet "quality standards."

Unfortunately, no work is ever "up to standard," leaving workers with relatively expensive equipment and supplies — and no income. To sell their goods, these workers must find their own customers.

Questions to Ask

Legitimate work-at-home program sponsors should tell you — in writing — what's involved in the program they are selling. Here are some questions you might ask a promoter:

- What tasks will I have to perform? (Ask the program sponsor to list every step of the job.)
- Will I be paid a salary or will my pay be based on commission?
- Who will pay me?
- When will I get my first paycheck?
- What is the total cost of the work-at-home program, including supplies, equipment and membership fees? What will I get for my money?

The answers to these questions may help you determine whether a work-at-home program is appropriate for your circumstances, and whether it is legitimate.

You also might want to check out the company with your local consumer protection agency, state Attorney General and the Better Business Bureau, not only where the company is located, but also where you live. These organizations can tell you whether they have received complaints about the work-at-home program that interests you. But be wary: the absence of complaints doesn't necessarily mean the company is legitimate. Unscrupulous companies may settle complaints, change their names or move to avoid detection.

Where To Complain

If you have spent money and time on a work-at-home program and now believe the program may not be legitimate, contact the company and ask for a refund. Let company representatives know that you plan to notify officials about your experience. If you can't resolve the dispute with the company, file a complaint with these organizations:

- The Federal Trade Commission works for the consumer to prevent fraud and deception. Call 1-877-FTC-HELP (1-877-382-4357) or log on to www.ftc.gov.
- The Attorney General's office in your state or the state where the company is located. The office will be able to tell you whether you're protected by any state law that may regulate work-at-home programs.
- Your local consumer protection offices.
- Your local Better Business Bureau.
- Your local postmaster. The U.S. Postal Service investigates fraudulent mail practices.
- The advertising manager of the publication that ran the ad. The manager may be interested to learn about the problems you've had with the company.

For More Information

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, call toll-

free, 1-877-FTC-HELP (1-877-382-4357), or use the complaint form at www.ftc.gov. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.



Federal Trade Commission
Bureau of Consumer Protection
Office of Consumer and Business Education

March 2001