

Beware of Work-at-Home Scams



On February 22, 2005, my office took legal action against the owners of three work-at-home schemes operating in Texas. The suits came

in support of a national effort led by the Federal Trade Commission to crack down on illegal business opportunity and work-at-home schemes. Operation Biz Opp Flop should serve as a warning to con artists we will not tolerate get-rich-quick rip-offs.

Chances are you have encountered an outlandish work-at-home advertisement. These types of advertisements abound on the Internet, on television, and in newspapers. Unfortunately, these offers rarely deliver on their promises. Consumers lose thousands of dollars on work-at-home scams every year.

Most ads fail to mention that you must work many hours without pay. In addition, you usually have to spend your own money for supplies such as newspaper ads, envelopes, paper and stamps. You may also be asked to pay for instructions and tutorial software.

One online company we sued claimed that by purchasing its software and services, consumers would be

able to set up websites and sell various products or services at a large profit. The company charged a \$500 fee for the Web package, as well as support and mentoring.

After consumers paid the \$500 set-up fee, the defendants approached them with an offer of "expert technical assistance" costing an additional \$4,000. Consumers who complained to my office said they were led to believe the expert technical assistance was part of the \$500 start-up fee.

Another classic work-at-home scheme involves medical billing. The ads offer pre-packaged businesses, known as billing centers. You may also be told that many doctors are turning to electronic billing to save money. Promoters may say that you can make a substantial amount of money processing these claims for doctors. The promoter may even supply you with a list of "eager" clients. No experience is needed.

What you might NOT be told is that you have to market these services to the medical community. The promise of "eager" clients is usually a hollow one. The seller rarely has reliable contacts within the medical community.

Another infamous work-at-home scam is envelope stuffing. This type of deceptive advertisement promises you information on how to make money stuffing envelopes at home. After

you pay the promoter a "small fee," you will receive a letter telling you to place the same envelope stuffing ad in newspapers and magazines and on the Internet. You'll only make money if people respond to your ad. Some promoters are so brazen as to suggest soliciting family members.

Assembly work is also a very popular work-at-home scheme. In this case, you may be told that you can make thousands of dollars assembling items for a company that has promised to buy them from you. You must first buy certain types of equipment to produce the goods for the company. The equipment typically costs hundreds of dollars. However, after you perform the work, the business in question will usually refuse to pay you, citing lack of quality.

The ads may vary in how they get your attention, but they are consistent in their quest to relieve you of your money. I urge you to be very cautious when considering a work-at-home opportunity. As always, if it sounds too good to be true, it probably is.

POINTS TO REMEMBER

Work at Home Schemes

Questions to ask:

- What tasks will I have to perform?
- Will I be paid a salary or by commission?
- Who will pay me?
- When will I get my first paycheck?
- What is the total cost of the program?
- Can I get that in writing?

To File a complaint with the Attorney General's Office go to www.oag.state.tx.us or call 800-621-0508

File a complaint with the Federal Trade Commission at www.ftc.gov or call 877-382-4357

The U.S. Postal Service investigates mail fraud. Contact your local postmaster for more information.

Contact the editor or Webmaster of the publication hosting the ad. They may be interested in fraud associated with their businesses.

www.oag.state.tx.us



ATTORNEY GENERAL OF TEXAS

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Information on this and other topics is available on the Attorney General's Web site at www.oag.state.tx.us.