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## Home Based Business Scams

### Home-based Business Scams

In theory, working from home might seem like a great idea, especially if you want to make extra money, but before you decide to take the plunge, there are certain things you should know right at the very start. While there are many business opportunities that are quite legitimate, be aware of those work-at-home businesses offered by companies whose only purpose is to defraud you.

### Popular home-based business scams

The most common home-based scam is envelope stuffing. Here's how it works: you are promised to be paid a set amount for each envelope stuffed. All you must do is send a registration fee of around \$40, and you will receive a starter kit that includes a list of companies that might want to pay you to stuff envelopes for them. Or you might get instructions to place an ad like the one you saw, asking people to send you money and/or postage for information about working at home. What you are not told is that the company will reject your finished product, claiming that it "doesn't meet our specifications."

Also, watch out for companies promoting "craft assembly." This scam encourages you to assemble toys, dolls, or other craft projects at home with the promise of high per-piece rates. Once again, you must first pay a fee up-front for a starter kit which includes instructions and parts and just like envelope stuffing you will end up not getting paid for your time and work.

Another scam is medical billing. Here, you pay between \$300 and \$900 for a list of "potential clients" and software to start your own medical billing service at home. What is usually left out of the sales pitch is that most doctors and medical clinics process their own bills, or outsource the processing to firms, not individuals.

Sometimes, the offer to start your own home-based business is just a simple request for you to call a "1-900" to get more information. "1-900" numbers cost money to call, and that's how the scammers make their profit.

### Responding to Classified Ads: Five Warning Signs

What about classified ads offering work-at-home opportunities? According to Liz Folger, *The Stay-at-Home Mom's Guide to Making Money*, "It's estimated that six million people answer classified ads each year regarding money scams. Here are Folger's five tips to spot scams:

- ◆ The very first line states you can make hundreds of dollars a week working from home.
- ◆ There is no experience needed.
- ◆ There is lots of CAPITALIZATION AND!!!!!! used in the ad.

- ◆ Ad is extremely vague. You don't understand what the job is or how you could make money.
- ◆ For a fee, a company will send you a list of businesses that are looking for home workers.

### Why Seniors are Usually Most at Risk

Seniors are targeted relentlessly—some get more than 20 calls a day from scam artists. Studies by AARP show that older telemarketing fraud victims are more trusting and don't realize that the voice on the phone could belong to someone who is trying to steal their money. Many seniors feel that it's impolite to hang up on people. Swindlers know how to take control of the conversation and are prepared to tell any lies necessary to keep potential victims on the phone. So here are some valuable tips:

- ◆ Know who you're dealing with. The company may not be offering to employ you directly, only to sell you training and materials and to find customers for your work.
- ◆ Don't believe that you can make big profits easily. Operating a home-based business is just like any other business; it requires hard work, skill, good products or services, and time to make a profit.
- ◆ Find out if there is really a market for your work. If the company claims it has customers waiting, ask who they are and contact them to confirm.
- ◆ Know the refund policy. If you have to buy equipment or supplies, ask whether and under what circumstances you can return them for a refund.
- ◆ Be wary of offers to send you an "advance" on your "pay." Some con artists use this ploy to build trust and get money from your bank.

### Use These Preventative Measures

To avoid being pestered by telemarketers offering "business opportunities", use an answering machine, or caller ID. Sign up for the national "do not call" registry. Under federal law you can tell telemarketers not to call you by calling (888) 382-1222 or [www.donotcall.gov](http://www.donotcall.gov).

Also, have a plan for speaking to telemarketers before you pick up the phone. Know what questions you want to ask, be polite but firm, and hang up if someone refuses to answer your questions.

If you think you are a victim of identity theft, please contact Identity Fraud, Inc. at:

**1-866-4ID-FRAUD**  
(866-443-3728)