

Work-at-Home Businesses



Want to be your own boss? Earn thousands of dollars a month from home? Ads promote many different work-at-home jobs and businesses, but often the message is the same: they promise you'll earn a great living from home, even in your spare time.

Don't take their word for it – many of these “jobs” are scams, or don't deliver on the claims they make. So do some research, and learn about common work-at-home scams.

What to Know About Work-at-Home Businesses

When money's tight, a work-at-home opportunity might sound like just the thing to make ends meet. Some even promise a refund if you don't succeed.

But the reality is many of these jobs are scams. You end up paying for starter kits or certifications that are useless, find your credit card is charged without your permission, or get caught up in a fake check scam.

Other work-at-home offers just don't deliver on their promises. The ads don't tell you that you may have to work a lot of hours without pay, or don't disclose all the costs up-front. You might spend money based on promises you'll quickly earn it back — but you don't. People tricked by work-at-home ads have lost thousands of dollars, not to mention their time and energy.

Common Work-at-Home Scams

Internet businesses

You're told you can earn thousands of dollars a month starting your own internet business. The company says that no experience is necessary because they have experts to coach you, and you're pressured to pay for the opportunity right away. Once you pay, the company says you won't succeed unless you pay for more pricey services. Many people who pay for these "businesses" are left with a lot of debt and not much else.

Other work-at-home offers tell you that you can make money doing tasks like internet searches on prominent search engines and filling out forms. You just have to pay a small shipping and handling fee. Later on, you learn that the company isn't connected with a well-known search engine like it claims — scammers are just lying to get your credit or debit card information. If you pay them even a tiny fee online, they can use your financial information to put additional charges on your card.

Envelope stuffing

For a small fee, the ad says, you'll make lots of money stuffing envelopes. But after you pay, you find out there is no work. Instead, you get a letter telling you to get other people to buy the same envelope-stuffing opportunity or some other product. You earn money **only** if those people respond the same way you did.

Assembly or craft work

You see an ad that says you can make money assembling crafts or other products at home for a company that has promised to buy them. You may have to invest hundreds of dollars for equipment or supplies — like a sewing or sign-making machine from the company, or materials to make items like aprons, baby shoes, or plastic signs. Then you spend many hours making the “product.” But after you’ve bought your supplies and done the work, the company doesn’t pay you — supposedly because your work isn’t “up to standard.” Unfortunately, no work ever is, and you’re left with equipment and supplies, but no income.

Rebate processing

The ad says you can earn money by helping to process rebates. The fee for training, certification, or registration is nothing compared to what you’ll earn, the ad promises. The “#1 certified work-at-home consultant” behind the program will show you how to succeed like she did. What you get instead are poorly written and useless training materials. There are no rebates to process, and few people ever get a refund.

Medical billing

The ads promise a substantial income for full- or part-time work processing medical claims electronically — no experience needed. When you call the toll-free number, a sales rep tells you doctors are eager for

help. In exchange for your investment of hundreds — or thousands — of dollars, the rep says, you'll get everything you need to launch your own medical billing business, including the software to process the claims, a list of potential clients, and technical support.

But the companies rarely provide experienced sales staff or contacts in the medical community. The lists they give you often are out-of-date and include doctors who haven't asked for billing services. The software they send might not even work. Competition in the medical billing market is fierce, and few people who make the investment are able to find clients or generate any income — let alone get back their investment.

Mystery shopping

Ads for mystery shoppers say they want people who are willing to shop at certain stores or dine at certain restaurants, and then report on their experience in exchange for money. While there are some legitimate mystery shopping jobs, many are scams. Scammers might tell you that you need to pay for worthless certifications, directories, or job guarantees. Others are running fake check scams — they ask you to deposit checks and wire some of the money back, before you and the bank find out the check is fake, and you're responsible for paying it back. You should never have to pay to get into the mystery shopping business.

Multilevel marketing

Another type of work-at-home opportunity is a multilevel marketing (MLM) plan. In multilevel or network marketing, you're supposed to sell products to the public — often by word of mouth and direct sales. In legitimate MLM opportunities, you'll earn commissions for the products you sell, and for sales made by people you recruit.

But not all multilevel marketing plans are legitimate. Some MLM companies tout luxurious lifestyles and suggest you'll earn enough money to quit your job or meaningfully supplement your income. But are their claims for real? Be wary and ask for written information about how much money most people make (after deducting their expenses). Also, if anyone suggests recruiting is the real way to make money, know this: MLMs that survive on recruiting new participants rather than retail sales are pyramid schemes. Pyramid schemes are illegal, and the vast majority of participants lose money.

How to Know If It's a Scam

Promises of a big income working from home, especially when the “opportunity” involves an up-front fee or giving your credit card information, should make you very suspicious. It doesn't matter if the ad shows up in a trusted newspaper or website, or if the people you talk to on the phone sound legitimate. It still could be a scam.

If you're thinking about following up on a work-at-home offer, do your homework. The FTC's Business Opportunity Rule has safeguards in place to make sure you have the information you need to tell whether a work-at-home opportunity is a risky business. Under the Rule, sellers have to give you a one-page disclosure document that offers key pieces of information about the opportunity. Use the information in the disclosure document to fact-check what the seller tells you. In addition to reviewing the disclosure document, here are some questions to ask:

- What tasks will I have to perform? Are any other steps involved?
- Will I be paid a salary, or will I be paid on commission?
- What is the basis for your claims about my likely earnings? Do you survey everyone who purchased the program? What documents can you show me to prove your claims are true before I give you any money? Note: If a seller makes a claim about how much money a person can earn, the seller also has to give you an earnings claim statement with more specifics.
- Who will pay me?
- When will I get my first paycheck?

- What is the total cost of this 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 legitimate, and if so, whether it's a good fit for you.

Check them out

It's a good idea to research other people's experience. Try entering the company or promoter's name with the words "complaint," "reviews," or "scam" into a search engine. Read what others have to say. After all, it's your money on the line.

You also might try checking out a company with your local consumer protection agency, your state Attorney General, or the Better Business Bureau — not only where the company is located, but also where you live. These organizations can tell you whether they've gotten complaints about a particular work-at-home program. But remember: just because there aren't complaints doesn't mean the company is legitimate. Dishonest companies sometimes settle complaints and change their names or move to avoid detection.

Report a Scam

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

- The FTC at [ftc.gov/complaint](https://www.ftc.gov/complaint) or 1-877-FTC-HELP (1-877-382-4357).
- The Attorney General's office in your state or the state where the company is located. Find yours at [naag.org](https://www.naag.org). The office can tell you if you're protected by a state law that regulates work-at-home programs.
- 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 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 get free information on consumer issues, visit [ftc.gov](https://www.ftc.gov) or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261.

Watch a video, How to File a Complaint, at consumer.ftc.gov/media to learn more. The FTC enters consumer complaints into the Consumer Sentinel Network, a secure online database and investigative tool used by hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.



Federal Trade Commission
consumer.ftc.gov
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