

MANAGING



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Looking for a job — Watch out for scams

When you have lost your job or are living on reduced income, the last thing you need is to be ripped off by scam artists promoting jobs and good income. Here are some of the common types of scams to avoid:

The seminar pitch: A real curve ball

Earn up to \$100,000 per year! At the world's most successful seminar, we'll show you how to multiply your money in 6 months or less — with little risk. Our experts will teach you the latest insider secrets for making money fast. You can't afford to pass up this valuable opportunity.

You probably have seen an infomercial promoting a seminar that promises to help you make a lot of money. Promoters say they will give you valuable information about how to invest successfully or operate a profitable business. Their "success stories" and testimonials suggest that anyone who attends the seminar can make money from the investment or business program they're selling.

Promises of quick, easy money can be a powerful lure. But if you buy into a business opportunity at a seminar, you may find that the products and information you purchased are worthless and that your money is gone.

The Federal Trade Commission warns you to be wary of promotional materials or sales pitches that make these claims:

- You can earn big money fast, regardless of your lack of experience or training.
- The program or business opportunity is offered for a short time only.
- The deal is a "sure thing" that will deliver security for years to come.
- You'll reap financial rewards by working part-time or at home.
- You'll be coached each step of the way to success.

Avoid getting hit by the seminar pitch. Here's how.

Take your time. Don't be rushed into buying anything at a seminar. Avoid any high-pressure sales pitches that require you to buy now or risk losing out on the opportunity.

- Investigate the business you're considering investing in. Talk to experienced business people and experts in the field before spending your money.
- Be wary of "success stories" or testimonials of extraordinary success. The seminar operation may have paid skills to give glowing stories.
- Be cautious about purchasing from seminar representatives who are reluctant to answer questions or who give evasive answers to your questions. Remember that legitimate businesspeople are more than willing to give you information about their investment or sales opportunity.

- Ask about costs and the company's refund policy. Get this in writing. However, keep in mind that you may never recoup the money you give to an unscrupulous seminar operation, despite the operator's stated refund policies.

Contact the **Wisconsin Division of Consumer Protection** Hotline at (800) 422-7128, (TTY 608-224-5058), or <http://www.datcp.state.wi.us/cp/consumerinfo/cp/factsheets/index.jsp> for more information or to see if any complaints have been filed against the business you are considering.

Multilevel marketing plans

Do you have a friend who wants to "let you in on the ground floor" of a fantastic business opportunity? Think twice if the opportunity involves making an initial "gift" and then asks you to recruit new members into the business. This is only a new twist on the age-old pyramid scheme. Pyramid schemes like this are illegal and subject to Wisconsin laws that prohibit deceptive or misleading presentations and unfair practices.

Pyramid schemes may be disguised as games, buying clubs, motivational companies, chain letters, mail order operations, or multilevel business opportunities. They all have the theme of get-rich-quick. The latest versions are called "giving" or "gifting" networks. Consumers are asked to "make a contribution" to the chairperson of the plan, who is on the top of the pyramid.

Pyramid promoters are targeting closely-knit social and religious organizations, encouraging participants to bring in friends and relatives. People want to believe friends or relatives, so they are discouraged from checking first with consumer protection agencies or the Better Business Bureau.

Pyramid progression

Level	# of people
1	6
2	36
3	216
4	1,269
5	7,776
6	46,656
7	279,936
8	1,679,616
9	10,077,696

There are many types of pyramid schemes, and the number of people involved varies. Consider the numbers if one person recruited six "investors," each of whom, in turn, had to recruit six others. As the chart to the left below shows, carried through nine progressions it would require over 10 million people!

The company or one individual is at the top. When the supply of people runs out, the pyramid collapses, and most people at the bottom lose their money.

Characteristics of a pyramid

- Emphasis is on recruiting new participants, rather than selling a product or service
- A product or service may be offered but is largely ignored
- Presented as a "unique" way to obtain quick and easy living
- Unclear where money is being spent
- Concentration on recruiting people with limited means and knowledge of business
- Participants may initially make some money

Protect yourself

Before you invest, ask for the company's business and financial statements. Check references and background. Find out where the company is incorporated; out-of-state corporations are often difficult to track down.

- Avoid any plan that includes commissions for recruiting additional distributors. It may be an illegal pyramid.
- Beware of plans that ask new distributors to purchase expensive inventory. These plans can collapse quickly.
- Be cautious of plans that claim you will make money through the commissions on sales made by new distributors you recruit rather than through sales you make yourself.
- Beware of plans that claim to sell miracle products or promise enormous earnings. Ask the promoter of the plan to substantiate claims with hard evidence.
- Beware of skills — decoy references paid by the promoter to describe their fictional success in earning money.
- Don't pay or sign any contracts in an "opportunity meeting" or any other high-pressure situation. Insist on taking your time to think over a decision to join. Talk it over with your spouse, a knowledgeable friend, an accountant, or a lawyer.

For more information contact the **Federal Trade Commission** at (877) FTC-HELP, (877) 382-4357, (866) 653-4261 (TTY), or www.ftc.gov. Or contact the **Wisconsin Division of Consumer Protection Hotline** at (800) 422-7128, (608) 224-5058 (TTY) or www.datcp.state.wi.us/core/consumerprotection/consumerprotection.jsp



Work-at-Home scam

Be part of one of America's fastest growing industries! Earn thousand of dollars a month — from your home — processing medical billing claims.

You can find ads like this everywhere — on the telephone pole on the corner, in your newspaper, or in the pop-up ads on your computer. While the pitch is appealing, especially if you can't work outside your home, proceed with caution. Frequently these work-at-home opportunities fail to deliver on their promises.

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.

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 online. 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."

The promoter 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.

The promoter will follow up by sending you materials that typically include a brochure, application, sample diskettes, a 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 software, training, and technical support.

Unfortunately, few people who purchase a medical billing business opportunity are able to find clients — let alone recover their investment and make money. Competition in the medical billing market is fierce and revolves around a number of large and well-established firms.

Envelope stuffing. Promoters 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 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 you must spend many hours producing goods that the company has promised to buy. 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, the company refuses to pay for the work because it didn't meet "quality standards."

Questions to ask

Before signing up, find out — in writing — what's involved in the work-at-home program. Here are some questions you might ask:

- What tasks will I have to perform?
- 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?

Check out the company with the following:

Wisconsin Consumer Protection Hotline

(800) 422-7128

(608) 224-5058 (TTY)

www.datcp.state.wi.us/core/consumerprotection/consumerprotection.jsp

Federal Trade Commission

www.ftc.gov/bcp/menu-fran.htm

Better Business Bureau

www.bbb.org/

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.

Resources

For help watching out for scams...

See these money management fact sheets in this series, in English or Spanish:

Setting spending priorities (B3459-01)/
Cómo decidir cuáles son los gastos más importantes (B3459-01S)

Strategies for spending less (B3459-02)/
Cómo gastar menos (B3459-02S)

Deciding which bills to pay first (B3459-03)/
Cómo decidir qué cuentas pagar primero (B3459-03S)

Talking with creditors (B3459-04)/
Comunicación con los acreedores (B3459-04S)

Keeping a roof overhead (B3459-05)/
Cómo asegurarse de que la familia tenga donde cobijarse (B3459-05S)

Meeting your insurance needs (B3459-06)/
Cómo pagar por el seguro que necesita (B3459-06S)

Bartering (B3459-07)/
El trueque (B3459-07S)

Making the most of what you have (B3459-08)/
Cómo sacar el mayor provecho de lo que tiene (B3459-08S)

Deciding if bankruptcy is an option for you (B3459-09)/
Cómo decidir si la protección por bancarrota es una buena opción para usted (B3459-09S)

Taking care of yourself (B3459-10)/
Cómo satisfacer las necesidades personales (B3459-10S)

How you can help when mom or dad is unemployed (B3459-11)/
Cómo puedes ayudar cuando tu papá o tu mamá está sin empleo (B3459-11S)

Helping children cope (B3459-12)/
Cómo ayudarles a los niños a sobrellevar las dificultades (B3459-12S)

Community agencies that can help (B3459-13)/
Las agencias comunitarias pueden ayudar (B3459-13S)

Looking for a job—Watch out for scams (B3459-14)/
Búsqueda de trabajo—Tenga cuidado con las estafas (B3459-14S)

Where to go for help finding a job (B3459-15)/
Dónde conseguir ayuda para encontrar empleo (B3459-15S)

Starting your own business (B3459-16)/
Cómo iniciar su propio negocio (B3459-16S)



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