

# Job Scams: The Recession Turns Ugly

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Tuesday, February 10, 2009

provided by

**THE WALL STREET JOURNAL.**

As unemployment reaches levels not seen in decades, job and business-opportunity scams are flourishing.

Consumer-protection and law-enforcement groups and better-business bureaus are reporting a growing number of phony job-recruitment and work-at-home schemes targeting desperate Americans looking for a way to pay the bills.

"In these times of despair, people who have been laid off, including executives, make desperate decisions, and the predators are out there," says Michael Galvin, vice president of communications at the Better Business Bureau of Southeast Florida and the Caribbean, in West Palm Beach, Fla.

## **More Complaints**

The Federal Trade Commission, the consumer-protection agency, received nearly 6,000 complaints against employment agencies and job-counseling services in 2007. The numbers of complaints are almost certain to rise along with the unemployment figures.

Some business-opportunity rip-offs require an upfront fee of \$40 to \$200 or more to receive information. Often, instead of receiving specific instructions, customers receive vague advice on how to place Internet ads to sell products.

Some scams are variants of mail-based frauds originating overseas that have circulated for years, and part victims not only from their cash, but also from sensitive personal information that could be used for identity theft.

Others are "phishing" scams that use email or fake Web sites from phony employers to gather confidential data from victims for identity theft or money laundering.

Among complaints of identity theft, employment-related ID fraud increased to 14% in 2007 from 12% of complaints in 2005, according to the FTC.

## **Limit Personal Data**

Job seekers should protect themselves by withholding some personal information on résumés posted on Internet job boards. They should never supply Social Security numbers or bank-account numbers upfront or over the phone. Also, be wary of job and business opportunities that promise hefty rewards with little effort, consumer-protection officials say.

To be sure, employment and business scams are nothing new. But officials say the number of scams often rises and falls with the economic tides, and right now the tide is bringing in the sharks.

In November, police in Tennessee arrested and charged a female suspect in connection with an employment scam that they believe spanned several states, including Texas, Missouri and New York.

The woman, who had posed as a man, allegedly advertised jobs for security officers and house cleaners. Job hopefuls filled out applications that included their Social Security numbers and dates of birth and paid \$69, supposedly for background checks and drug screenings.

But no job referrals came, and the so-called recruiter allegedly absconded with the job seekers' applications and money. Arresting officers in Memphis said they confiscated 60 work applications and tax documents containing personal information from the suspect.

Meanwhile, phony executive-search firms are demanding thousands of dollars in upfront fees from corporate job candidates, who wind up with nothing but headaches.

Author and executive coach Linda Dominguez says fraudsters apparently are targeting increasingly desperate executives whose résumés have languished on job boards for months.

Sometimes the victims don't report the crimes to the police or other authorities because they're worried about appearing foolish to prospective employers.

In general, "executive recruiters are paid by the companies, so if they are asking for your money, a red flag should go up," Ms. Dominguez says.

## Applicant, Beware

How to protect yourself from employment scams:

- Don't give your Social Security number, date of birth or other confidential information to prospective employers until you receive a firm job offer.
- Research and check the authenticity of any prospective employer. Large employers generally maintain their own Web sites and job boards.
- Don't pay anything before you find out more. Executive-search and job-placement firms generally don't charge upfront fees. Check with your state's department of labor and/or Better Business Bureau about any firms that do.
- Check with your secretary of state, chamber of commerce and BBB regarding the legitimacy of business and franchise opportunities.

Scott Pollack

## 'Work at Home' Scams

Don't pay fees for referrals to government jobs, including jobs with the U.S. Postal Service, either; there are no "secret" channels to government employment.

Federal jobs are listed at [www.usa.gov](http://www.usa.gov); state and local positions also are posted on government Web sites, and information on them is sometimes posted in state unemployment offices.

Pitches for bogus work-at-home opportunities involving medical billing, rebate processing, "mystery shopper" positions that promise to pay you for

buying products anonymously for companies, and money-order processing jobs also are on the rise, say Better Business Bureau and consumer-protection officials.

One classic rip-off involves a "job" cashing checks or reshipping electronics supplied by parcel post. The recipient is supposed to keep a portion of the funds and return the rest to the sender.

But the checks are often counterfeit, and the goods are stolen. A participant runs the risk of being prosecuted as well as cheated.

Roberto delos Santos of Tucson, Ariz., posted his résumé on an Internet job board in late December. The 59-year-old nearly became a victim after answering an emailed job offer for an "administrative assistant."

Without so much as an interview, Mr. delos Santos then received an email informing him he was "hired" and asking him to return a signed job agreement. That's when he learned the "job" consisted of receiving money orders, checks and other instruments and transferring funds through Western Union and MoneyGram.

"I became suspicious," he says, after he noted the irregular spelling of the company's name and other details.

Mr. delos Santos, a former home-care aide, decided not to return the agreement, and instead notified his local Better Business Bureau, which warned him that the pitch was a money-laundering scam.

Meanwhile, own-your-own-business schemes also are spreading, including pyramid schemes disguised as network-marketing (otherwise known as multilevel-marketing) programs. The pitches usually promise outsize riches for little effort.

But if you earn commissions primarily by recruiting others and not by selling goods or services, the enterprise likely is illegal, say officials at the FTC. The agency reported nearly 3,100 complaints about pyramid schemes, chain letters and multilevel marketing groups in 2007.

"If how you get money is getting other people to sign up, that is a sign there is something wrong," says LaShawn M. Johnson, a staff attorney at the FTC.