



Employment Scams

From the Office of Minnesota Attorney General Lori Swanson

The Minnesota Attorney General's Office warns students and young adults to be on guard against fraudulent operators offering to assist them in obtaining employment. Young adults are often targeted by pyramid schemes, work-at-home scams, door-to-door sales scams, modeling/entertainment scams, and employment agency scams. Typically, each of these scams solicits consumers with promises of high salaries and little work. Don't be tricked: if it sounds too good to be true, it is.

Pyramid Schemes

Pyramid schemes are illegal money-making ventures, which continually recruit new members, and use the new members' entrance fees to enrich those at the top of the pyramid. Although pyramid schemes generally advertise that everyone can make money by participating, this claim is untrue. Pyramid schemes focus on recruiting new members, rather than the sale of any actual product or service, and such schemes always collapse. Pyramid schemes may be disguised as games, chain letters, motivational companies, "multi-level marketing" plans, mail order operations, or investment organizations.

Work-at-Home Scams

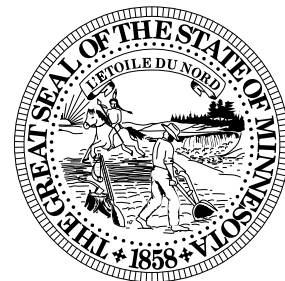
Many people who need extra money would like to work at home. Unfortunately, some companies cheat people out of money by preying on this desire to make easy money. Work at home "companies" advertise that consumers can make thousands of dollars per week processing medical billing, completing assembly or craft work, stuffing envelopes, etc. Most often, consumers responding to these solicitations are asked to pay money up front to receive training materials, informational booklets, or other supplies in order to start working on their own. Do not fall for this scam. Remember, if it sounds too good to be true, it is.

Door-to-Door Sales

Many young adults are solicited to operate as door-to-door sales representatives. In many cases, however, these business opportunities are not what they seem. For instance, in some cases, sales representatives are required to operate as "independent contractors" with no guarantee of a salary. Sales representatives operating as independent contractors may be responsible to purchase products directly from the company prior to selling them in the community and may also be responsible to handle collections activity, returns, and other legal matters without assistance from the company. Consumers should make sure that they investigate a company thoroughly before agreeing to a contract.

Modeling/Entertainment Scams

Entertainment agencies sometimes offer young adults the opportunity to take a shot at "making it big" by attending modeling and entertainment seminars. Attending these seminars often costs money. In other cases, the agencies may offer to create a "press packet" or other promotional materials for an individual in exchange for payment. Oftentimes, the services provided by these agencies can be obtained for less money or free of charge. Consumers should make sure that they understand exactly what services and products they are getting for their money before signing any agreement with such entertainment agents. Consumers with questions about an entertainment



agency may contact the Minnesota Department of Labor and Industry, which is the State agency with the authority to regulate entertainment agencies.

Employment Agencies

Employment agencies can be a valuable resource for some consumers seeking work. Unfortunately, some employment agencies take advantage of clients by misrepresenting the services that they actually provide. The Minnesota Attorney General's Office recently filed a lawsuit against a Minnesota-based employment agency, alleging that it used false and deceptive claims of exclusive access to "hidden job markets" to encourage clients to pay the agency thousands of dollars. In some cases, agencies advertising job opportunities may only supply information about job hunting. In addition, some agencies charge up-front fees or skim large percentages off of a client's paycheck when the client obtains employment. Consumers should be suspicious of such fees and closely review any the terms and conditions before agreeing to any contract.

Resources

Contact the following resources for more information:

Federal Trade Commission

Consumer Response Center
600 Pennsylvania Avenue NW
Washington, DC 20580
Toll free: 1-877-382-4357

Department of Commerce

85 East Seventh Place, Suite 500
St. Paul, MN 55101
(651) 296-4026
Toll free: 1-800-657-3602

Minnesota Department of Labor and Industry

443 Lafayette Road North
St. Paul, MN 55155
(651) 284-5005 or 1-800-342-5354
TTY: (651) 297-4198

Office of Minnesota Attorney General

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1400 Bremer Tower
445 Minnesota Street
St. Paul, MN 55101

(651) 296-3353 or 1-800-657-3787

TTY: (651) 297-7206 or 1-800-366-4812

www.ag.state.mn.us
