

# Popular Employment Scams

## A) Job Place Scams

### 1. Job Training – Job Guaranteed

Job seekers are asked to pay for job training that claim to guarantee employment and high starting salaries with the same company that offers the training. Often this ‘training’ does not lead to employment and legitimate employers may not recognize the certification.

### 2. Phoney employment agency

Fake employment agencies contact people who may have posted their resumes online or with a job-search engine. Job hunters are invited to interviews and promised employment with substantial annual salaries. They are then pressured to sign a contract and asked to pay an administration fee for the job placement service. The victims might never hear from the company again, or they will be given a list of referral companies that have never heard of the phoney agency and have no work to offer. Complaints will be dismissed with a referral to ‘the fine print’ in their contract, which says employment is not guaranteed.

### 3. Resume blasting

The simplest form of employment scamming offers guarantees of employment within a fixed time period, such as 30 days, for a fee. To lure you into paying, they might even promise you “money back guaranteed”. After you pay, they will say that your resume was sent to all the big companies that you might have a chance of working for.

What they actually do is to spam thousands of companies who don’t even hire for your position. This, however, makes it impossible to get a refund when they do not get you a job that fits you. In addition they cover themselves by sending you a few \$8 an hour jobs, not even in your field, which you could easily have found for yourself.

### 4. Misleading Private Career Colleges

Private career colleges are schools that focus on preparing students for a very specific job or skill. There are over 500 private career colleges in Ontario alone. Though most of them are running government approved programs, you should be careful in choosing a private college. There are many private colleges either unregistered with the government or running unapproved programs. Usually they charge higher tuition fees for their courses and also promise internships (3 to 6 months unpaid job placement at a company or organization) at the end of the course. However, these colleges do not guarantee a job placement and the certificate is not recognized by any employer.

## **5. Working for Foreign Companies**

The employer, typically based in a foreign country, poses as a legitimate company looking on job recruitment websites for an agent to represent the company in Canada. The job is to accept payments from Canadian customers on behalf of the foreign company, and then transfer a portion of the proceeds offshore. The employer indicates that a key qualification for the position is that employees must be online banking customers, able to receive funds electronically, using Interac Email Money Transfer.

Once the employee receives the funds in his/her account, he/she is given instructions to transfer the money via a funds wire transfer service to a foreign address. As compensation, the employee or 'transfer agent' is paid a percentage of the funds received and transferred. The job hunters are actually being used as 'mules', to transfer stolen funds outside of Canada. Anyone who participates, even unknowingly, would become an accomplice to the crime and can be prosecuted.

## **6. Cash-handling scam**

These scammers do internet searches on various companies to obtain hiring managers names. They then advertise job offers on Job Search sites. The job hunter will then apply for the position with a resume. The person applying for the position will get a message almost instantly from a common email account such as "Yahoo", asking for credentials. The scammer will sometimes request that the victim have an "Instant Messenger" chat to obtain more information. The scammer guarantees employment, usually through automated computer programs that have a certain algorithm, with "canned responses" in broken English.

The scammer sends the victim fraudulent negotiables, assuring them that they get to keep part of the funds. They will expect the victim to send the remainder to various parties that they specify, under the guise that they are legitimate business contacts. This is a [money laundering](#) scheme, as the victim becomes a pawn in the filtering process. The process continues until the victim catches on, or even gets caught, since they would technically be an accomplice in the eyes of the law.

## **7. Secret Shopper / Mystery Shopper Scams**

It is true that some retailers hire marketing research companies to evaluate the quality of service in their stores and these companies often use "mystery shoppers" to get the information anonymously. They assign a mystery shopper to make a particular purchase in a store or restaurant, for example, and then report on the experience. Typically, the shopper is reimbursed, and can keep the product or service.

Con artists are using newspaper ads and emails to create the impression that they have lucrative mystery shopper jobs to offer with reputable companies. These ads usually promote a website where consumers can "register" to become mystery shoppers. You become the mystery shopper after you pay a fee for information about a certification program, a directory of mystery shopping companies, or a guarantee of a mystery shopping job.

## **8. Pyramid Schemes**

Pyramid schemes are frauds that are based on recruiting an ever-increasing number of investors. The initial promoters (those at the peak of the pyramid) recruit investors who are expected to bring in more investors, who may or may not sell products or distributorships. Recruiting newcomers is more important than selling products.

Pyramid selling is a type of multi-level marketing that is a criminal offence under the *Competition Act* due to the following deceptive practices:

- There is compensation paid for recruiting a new salesperson
- There is inventory loading, that is, the recruits must purchase an unreasonable quantity of product
- Purchases are required as a condition of entry. (You may, however, be required to pay for a sample kit, but this kit must be at cost.)
- having an unreasonable product return policy.

Pyramid selling is also a criminal offence under the Criminal Code of Canada.

No new money is created in pyramid schemes. Investors who get in early take their profits from investors who join later. At some point, no new investors can be found and as a result the last investors, who are at the bottom of the pyramid, lose their money. They also face prosecution, as pyramid schemes are illegal.

## **B) Overseas Job Placement Scams**

### **1. Come Fly With Us**

You have to be extra careful about newspaper ads online ads promising jobs with real companies and offer lucrative salaries and conditions in foreign countries. In one popular scam, you're invited for an interview – likely in a hotel suite or rented office – by individuals posing as foreign employers or their agents. You're told you've won the job and all you have to do is pay a few hundred dollars for visas and other paper work. The phoney employer pockets the money and disappears.

### **2. Representative/ Collection Agent**

Another form of the scam is the "Representative/Collection Agent" variation wherein the scammer advertises, usually on legitimate online job sites, available positions for "Representative or Collection Agent" for a company abroad. As the representative, the job involves receiving cash payments and depositing payments received from "customers" into one's account and remitting the rest to the overseas business bank account. This is essentially money laundering.

### **3. Bogus job offers**

Another form involves bogus jobs being placed on legitimate Internet job boards. For example, a fraudster places a bogus job listing on a legitimate employment site, which is then e-mailed to

thousands of job seekers wishing to find a job meeting that criteria. The fraudsters then take advantage of those who contact them, by asking for employment, visa, or travel fees in advance before they can consider the person for employment. Often, they create fabricated websites mirroring the real company sites, or create fake websites parodying a non-existent company which is legitimately registered in their origin country for the sole purpose of scamming victims.

Most often, fraudsters will use stolen credit card information to pay for posting their job opportunities on legitimate sites, as well as paying for the hosting of a bogus company's site.

A newer form of employment scam has arisen in which job seekers are sent a bogus job offer and then their personal information is stolen during the application process and then sold to third parties for a profit, or used for identity theft.

### **C) Business Start up Scams**

#### **1. Small Business start up**

Companies that advertise specialized business opportunities, such as office cleaning, will promise clients contracts in exchange for an 'investment' fee of several thousand dollars. The paperwork suggests that the individual is a 'partner' or 'sub-contractor' and they may even be encouraged to register their own business as a separate entity from the company. The company guarantees a certain number of clients within a specific timeframe or the investment fee will be refunded. The company ultimately fails to refer the promised number of clients and fails to deliver the refund.

#### **2. Work From Home Scams**

Work-from-Home scams are often conducted through spam emails or advertisements posted on notice boards. Most of these ads are not real job offers. Many of them are actually fronts for a money-laundering scam, an upfront payment scam or a pyramid scheme.

There are two basic types of scams involved. Con artists use both types to make money, either by:

1. Having their victim work from home, doing envelope stuffing, craft assembly, or other tasks, and falsely representing a company.
2. Claim to "helping" the victim start up own home-based business, as a mystery shopper, network marketer or other businesses.

With the promises and guarantees to "make money fast" many newcomers fall prey to home-based "opportunities". In addition, the sickly, disabled, elderly, stay-at-home mothers, low-income or no-income families, and the people with limited education often become victims.

Popular work from home scams

- Envelope Stuffing
- Chain Letters/Emails ("Make Money Fast")
- Multi-Level Marketing (MLM)
- "Turn Your Computer Into a Money-Making Machine!"
- Typing At Home
- "Just Call This 1-900 Number for More Information"
- "A List of Companies Looking for Home workers!"
- Email Processing
- Medical Billing
- Craft Assembly

## **Tips To Help You Avoid Employment Scams**

- Be cautious if you are asked to pay for specialized job training in exchange for "guaranteed" employment.
- Be wary if you are asked to pay an upfront fee to a job placement company to obtain a dream job.
- Do not pay an upfront fee for a not-to-be-missed business opportunity.
- Be wary if the company uses high-pressure sales techniques and refuses to take "no" for an answer.
- Avoid ads that ask you to call a special number. Many times, the number is a long-distance line that bills you at a costly rate per minute.
- Be wary if a company refuses to provide you with references you can check.
- Never give out your Social Insurance Number, credit card number or any other financial information in response to an advertisement.
- Don't give personal information to anyone unless you've been offered a job in writing and receive a copy of the contract. Special caution is urged when making an application over the Internet because the company you thought had an office next door could really be located anywhere.
- Consider whether the pay offered is too high for the simple work promised. Legitimate companies pay wages based on the skills and training needed. Also, consider "Can a machine do this job?" If a task can be done faster and cheaper by another method, why is the job being offered to any consumer?
- Get a complete description of the work involved before sending any money. Consumers may find what they are asked to do after paying is far different that what was stated in the ad. Consumer should never have to pay for a job description or for needed materials.
- Do not depend on oral promises. Get in writing the refund, buy-back and cancellation policies of any company you deal with.
- Remember personal physical safety. Make sure the place where you're being invited for an interview is a regular office or other business location. If it's outside regular business hours, don't go alone and make sure you tell someone where you're going.
- If someone wants you to pay to work for them, wonder why. Upfront fees are a favourite source of income for job scam artists.

- Offers of easy money are often too good to be true. Web-based job recruitment efforts that require you to move funds outside Canada could be a front for an illegal operation. While the opportunity may look appealing, the job could be a scam, and a criminal offence.
- Check any employment-related information for unusual phrasing and look for misspelled words.
- If you are suspicious, check with local law enforcement.