



Employment Scams Report

2020

Introduction

In March 2020, the BBB Institute for Marketplace Trust (BBB Institute) released the *2019 BBB Scam Tracker Risk Report*, announcing that employment scams were the riskiest scams for the second year in a row. Only weeks after the release of the report, the COVID-19 pandemic forced the shut-down of businesses across North America. Hundreds of thousands who lost their jobs now seek new employment opportunities via online platforms. This new environment has created a “perfect storm” for scammers, prompting BBB to launch a new research project to better understand how employment scams are being perpetrated, who is being targeted, the overall impact of these scams, and how we can help people avoid losing money to them. A survey was distributed to those who reported employment scams to BBB Scam TrackerSM between 2017 and March 2020.¹

What Is an Employment Scam?

Employment scams typically occur when job applicants are led to believe they are applying or have just been hired for a promising new job, but they have actually fallen for a scam. This can mean giving personal information that can be used for identity theft or sending money for “training” or “equipment.” In another variation, the victim may be “overpaid” with a fake check and asked to wire back the difference.

Overall Impact of Employment Scams

Employment scams were the #1 riskiest scam in both 2018 and 2019, according to the BBB Risk Index—a multidimensional approach to evaluating scam risk that considers three dimensions: exposure (prevalence of a scam type), susceptibility (the likelihood of losing money when exposed to a scam type), and monetary loss (the median dollar loss reported for a particular scam type). An estimated 14 million people are exposed to employment scams with more than \$2 billion lost per year, not counting time or emotional losses.² The risk of this scam continues to rise across all three factors, with preliminary 2020 data showing a similar trend (Figures 1–3).

¹ Survey Methodology: Survey distributed between 4.06.20 to 4.12.20 to 10,670 people that reported an employment scam to BBB Scam Tracker, with a 7.1% response rate. Approximately +/- 4% margin of error at 95% confidence level. Limitation primarily around self-reported nature of information.

² Estimates based on data from BBB Scam Tracker, World Bank (labor force size) and Google Survey (March 16-18, 2020) for the U.S. and Canada.

FIGURE 1

EXPOSURE by Year

Employment scams are on the rise with an **average exposure of 7.5%**.

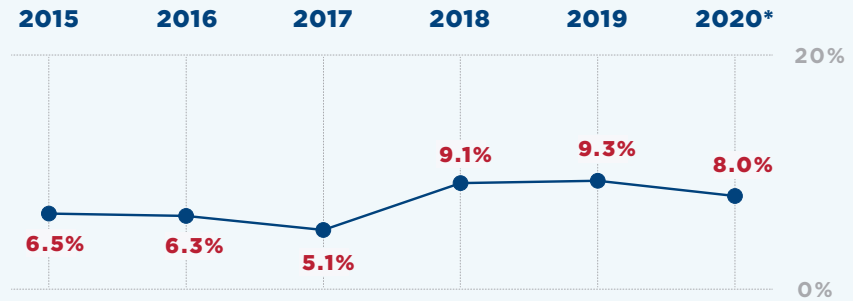


FIGURE 2

SUSCEPTIBILITY by Year

The **overall susceptibility** for employment scams is **15.6%**.

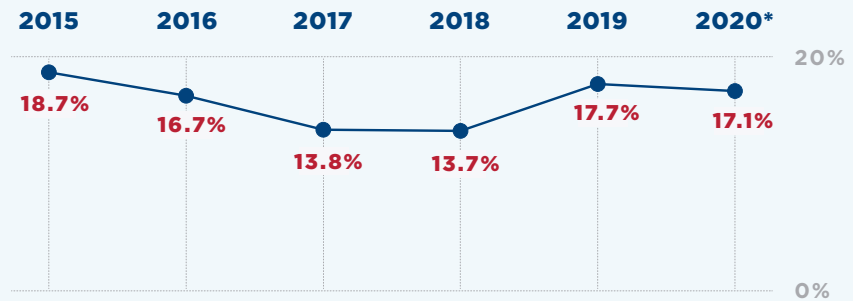
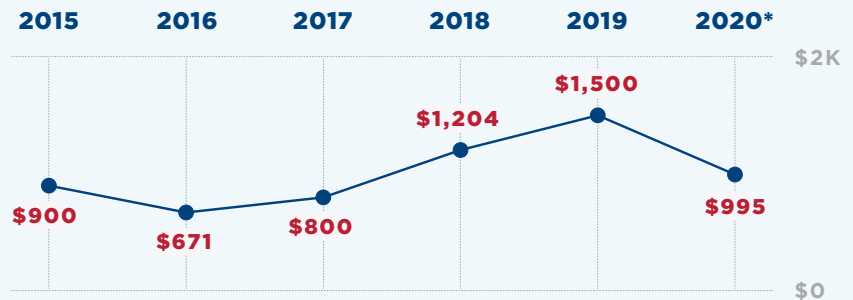


FIGURE 3

MEDIAN \$ LOSS by Year

The **overall median dollar loss** for employment scams is **\$1,000**.

Currency not adjusted for inflation.



* The 2020 statistics include data reported from January 2020 to May 2020.

How Scammers Engaged with Their Targets

In 80 percent of employment scams reported to BBB Scam Tracker, contact was initiated by the scammer. The most frequent methods scammers used to engage with their targets were email and text.

For every victim who lost money, at least one other worked without pay, and yet another lost personal information.

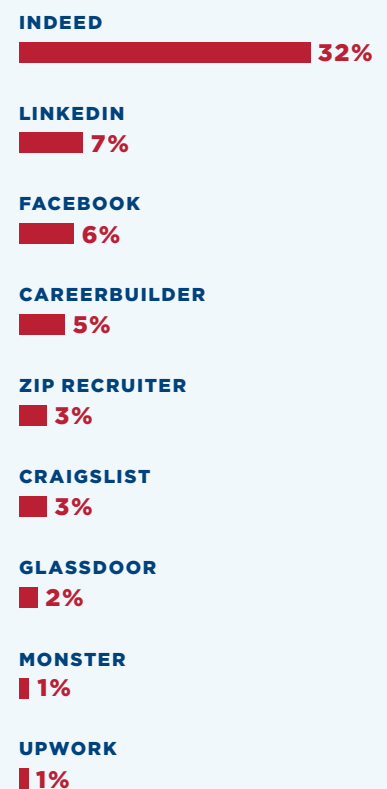
Employment scams are a good example of a high-touch approach where scammers take the time to prepare elaborate setups. Scammers conduct in-depth interviews via Skype, Zoom, or Google Hangouts and other online technologies, provide employment forms, and ask their targets to perform job duties before the scam is discovered. Seventy percent of those who engaged with employment scams received an official offer letter, 51 percent submitted a resume, 48 percent participated in a phone interview, and 32 percent performed work for which they were not paid.

One of the most popular tactics used by scammers is the fake check scam, in which the target is asked to deposit a check and transfer funds to another account before they realize the original check is bad; 36 percent of those who engaged with employment scams said they received a fake check. Scammers also use employment scams to get personally identifiable information (PII) from their victims, which can later be used for identity theft. Thirty-four percent of those who reported employment scams shared a copy of their driver's license and 26 percent provided their Social Security or Social Insurance numbers.

Impersonation is another popular tactic used by scammers who utilize online platforms to perpetrate their scams (Figure 4). Most who reported employment scams said they continued to engage with the scammer because it sounded legitimate. Fraudsters promote fake jobs by impersonating well-known companies. By far the most impersonated employer was Amazon, followed by Walmart. These fake jobs were often positions with few prerequisites or requirements; 65 percent of job offers were related to becoming a “warehouse redistribution coordinator” or some similar titles involving the reshipment of packages (reshipment scams often involve stolen goods).

FIGURE 4

MOST REPORTED ONLINE PLATFORMS



▶ Sixty-five percent of job offers were related to becoming a “warehouse redistribution coordinator” or some similar titles involving the reshipment of packages.

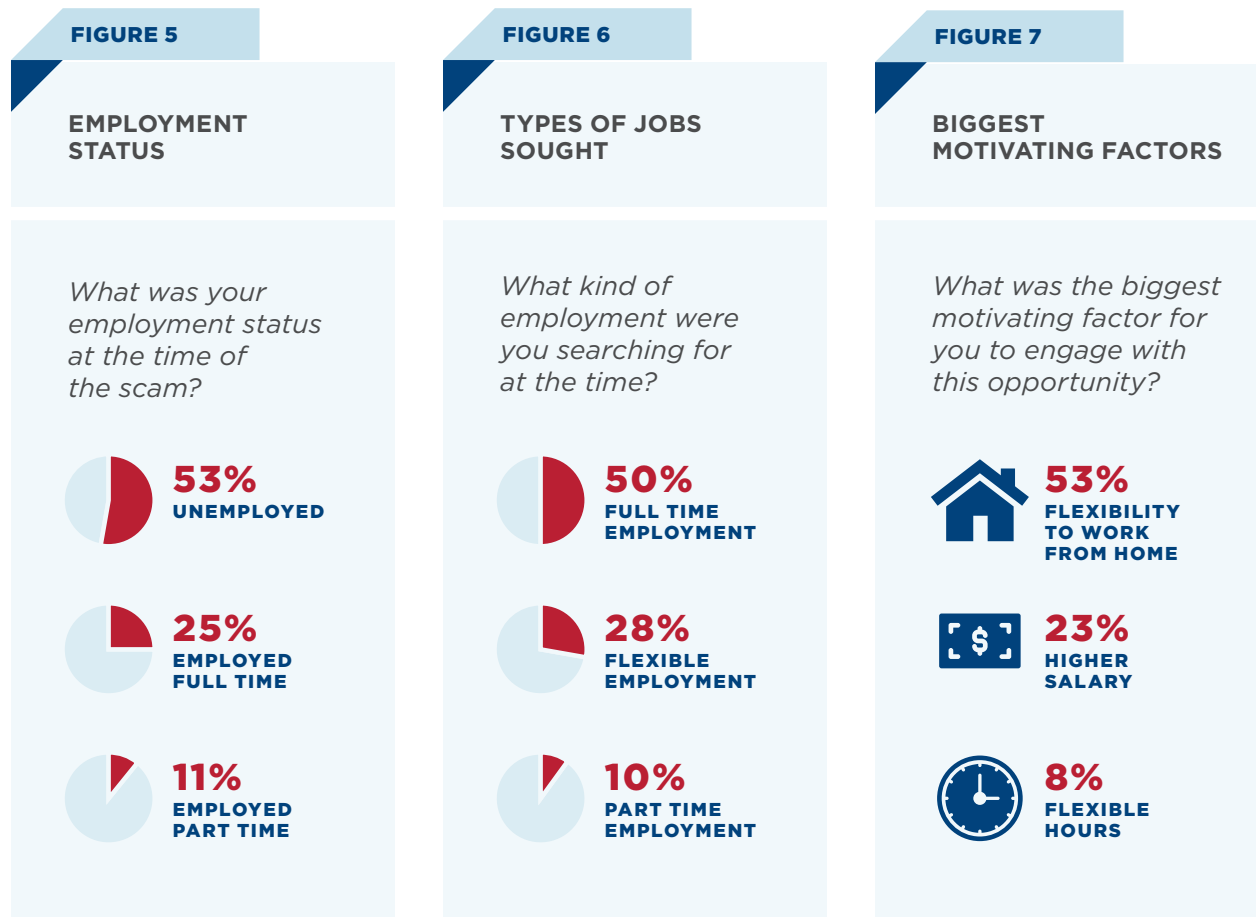
Who Fell Prey to Employment Scams?

Those who were unfamiliar with employment scams and their tactics were more likely to lose money; 93 percent of those who lost money said they were unaware of these scams, while 80 percent of those who didn't lose money were unfamiliar with employment scams.

Financial stability also played a role with 73 percent of those who reported losing money from the scam saying they did not have enough income to cover monthly bills.

Employment Status and Motivating Factors

Fifty-three percent of people reporting employment scams to BBB Scam Tracker were unemployed at the time of the scam, 25 percent were employed full time, and 11 percent were employed part-time (Figure 5). Of those reporting employment scams, 50 percent were seeking full-time positions, 28 percent were seeking flexible job opportunities, and 10 percent were seeking part-time jobs (Figure 6). The top reasons people pursued the job opportunities (Figure 7) promised by scammers were the opportunity to work from home (53 percent), a higher salary (23 percent), and flexible hours (8 percent).



Please note that the sum of each of these Figures does not total 100 because some "other" responses were not included.

Key Engagement and Demographic Factors

According to the survey, 76 percent reported that they suspected it was a scam but continued to engage with the scammer while 24 percent knew it was a scam and immediately disengaged. Of those who continued to engage, 37 percent didn't understand it was a scam until the engagement was concluded.

STRUCTURAL INTERVENTIONS:
Bank tellers and retail employees tried to intervene and stop the fraud in 13 percent of reports where the person engaged with the scam. When they did, they were successful in helping the person avoid losing money 69% of the time.

Like all scam types, employment scams can impact groups differently. For example, while younger groups were more exposed to these types of scams, older people had a higher median dollar loss (\$1,550 for ages 65+ and \$1,600 for ages 45-54). Ages 25-34 had the highest exposure and susceptibility to these types of scams (Figure 8). There was a stark difference between genders, with women experiencing a much higher rate of exposure (69.1 percent) compared to men

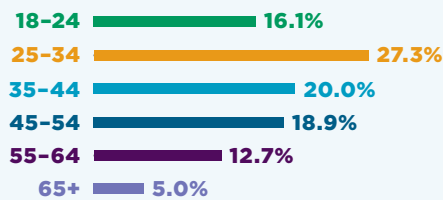
(30.9 percent) and a much lower median dollar loss (\$997) compared to men (\$1,300) (Figure 9).

Students appear to be more susceptible (18.1 percent) than non-students (15.1 percent), but student status did not appear to have an impact on the median dollar loss. Military spouses and veterans were more likely to be victimized by employment scams at 19.2 percent and 16.6 percent versus non-military consumers at 15.5 percent. More notably, the median dollar loss was significantly higher for service members (\$1,680), military spouses (\$1,825), and veterans (\$1,905) than non-military consumers (\$1,000).

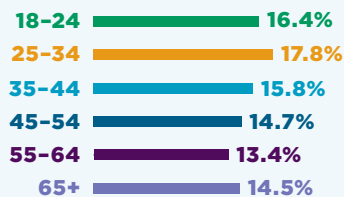
FIGURE 8



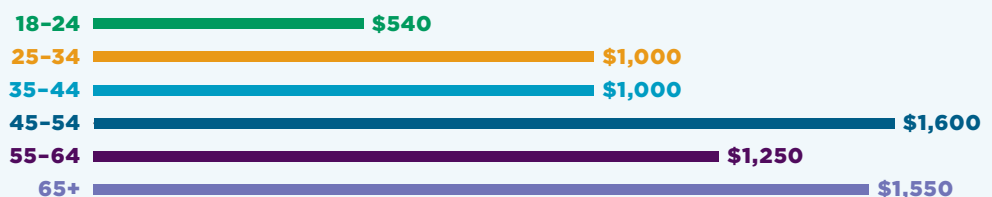
EXPOSURE
by Age



SUSCEPTIBILITY
by Age

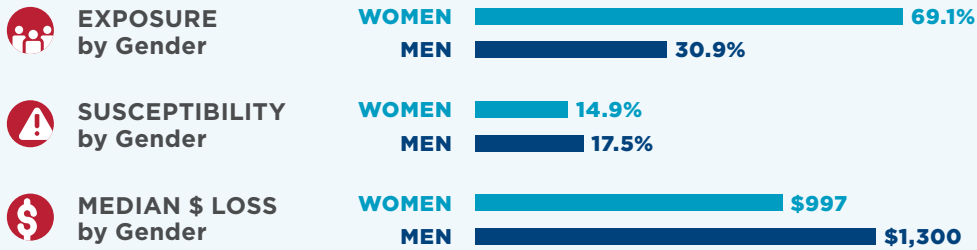


MEDIAN \$ LOSS
by Age



Ages 25-34 are the most exposed and susceptible to employment scams, while **ages 45-54** and **65+** reported the highest median \$ loss.

FIGURE 9



Women report being more exposed to employment scams, but **men** are more susceptible and report higher median \$ losses.

Prevention Tips

Together, we can help prevent employment scams. Below are tips for consumers and for businesses and employers.

WHAT CONSUMERS CAN DO

- 1 Always do background research** on the job offer. Take the time to find the job listing on the company’s website directly.
- 2 Be wary of work-from-home, shipping/warehouse opportunities or secret shopper positions.** Sixty-five percent of fake job offers were related to becoming a “warehouse redistribution coordinator” or some similar titles involving the reshipment of packages.
- 3 Watch out for on-the-spot job offers.** You may be an excellent candidate for the job, but beware of offers made too quickly or without an interview.
- 4 Don’t fall for a fake check scam.** Thirty-six percent of those who reported employment scams said they received a fake check. Be wary if the “employer” asks you to deposit a check and transfer funds to another account for training, equipment, or any other reason.
- 5 Be cautious sharing personal information or any kind of pre-payment.** For every victim who lost money, at least one other worked for the scammer without pay, and yet another provided personal information.
- 6 Be wary of offers that seem too good to be true.** Scammers promise work-from-home jobs, higher salaries, and flexible opportunities if you pay for coaching, training, certifications or directories. If you are paying for the promise of a job, it’s probably a scam.
- 7 Be wary of vague job descriptions.** In order to reach as many people as possible, scammers list job requirements that are broad enough to enable anyone to qualify.
- 8 Even if you do the work, it still may be a scam.** Thirty-two percent of those who reported employment scams said they did work before they realized it was a scam.

WHAT BUSINESSES AND EMPLOYERS CAN DO

- 1 Post all jobs on your website in an accessible way** so job applicants can confirm which jobs are legitimate.
- 2 Be consistent about how and where you post all open positions** to ensure consumers can easily confirm job announcements and offerings.
- 3 Explain in detail your company’s hiring process** and be sure you are consistent with that policy.
- 4 Post tips and other resources** for consumers visiting the employment section of your website.
- 5 Help BBB Institute and others spread the word** about job scams and how to avoid them by encouraging consumers to learn more at [BBB.org/EmploymentScams](https://www.bbb.org/employmentscams).

Acknowledgements

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About BBB Institute

The BBB Institute for Marketplace Trust (BBB Institute) is the charitable arm of the Better Business Bureau. Our mission is to educate and protect consumers, establish best practices for businesses, and solve complex marketplace problems. Our consumer educational programs, which include a wide array of resources on fraud prevention and education, are delivered digitally and in person by BBBs serving communities across North America. You can find more information about BBB Institute and its programs at BBBMarketplaceTrust.org.



About BBB Scam Tracker

BBB Scam Tracker (BBB.org/ScamTracker) is an online tool that enables consumers to learn about the latest scams being perpetrated in their communities, report scam activity, and prevent others from falling prey to similar cons.



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For online job board-specific tips for searching and applying for jobs safely from Indeed, LinkedIn, CareerBuilder, Facebook, Glassdoor, Monster, and more, visit:

BBB.org/EmploymentScams