

Is the Gig Economy Fueling Identity Theft and Fraud? The Short Answer is, Yes!

February 20, 2020 - Millions of Americans are now part of the gig economy. Some of them work at it on a full-time basis. Others are freelancers just trying to make a few extra bucks. That really shouldn't be surprising because those working gig jobs can realize a lot of benefits that they can't get in a more traditional job. They can work when they want to. Often, they can work from home. And in many cases, they can make pretty good money. But there is growing evidence that the gig economy also has a downside that includes fraud and identity theft.

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Gig jobs come in many forms. Rideshare companies like Uber and Lyft certainly come to mind. But there are also platforms like Upwork and Guru that try to match employers with independent contractors to fill short term positions. These platforms are ideal for many types of jobs. Need someone to come up with a couple of lines of computer code? Or how about someone to design a new logo? Why hire a new employee for something like this when you can go online and hire a gig worker? It's fast and can be a lot less expensive than bringing on a new employee. Of course, if you hire the wrong gig worker, it can be very expensive. And therein lies the problem. How do you know anything about the person you are hiring when you haven't done a background check or ever met them in person?

The truth is that it isn't just people seeking flexible hours that work gig jobs. The flexibility and anonymity that comes along with these jobs is also attracting a less desirable sort.

Several gig job platforms don't require a background check for people to join them. Many others have weak background checks that any good synthetic identity can probably fly right through. And even for those platforms that do comprehensive background checks, there are potential issues. For example, there are a several online marketplaces for gig-account owners to rent or sell their accounts to third parties.

The issue here isn't necessarily how the gig hiring platforms are setup. It really has more to do with federal employment laws.

When you hire a new employee, federal law requires you to get information from your new hire that shows they are authorized to work in the United States. Lying about that information is illegal and can result in some significant penalties. Beyond that, most companies now conduct some form of background check. The accuracy of these checks can vary widely but can include processes that screen out even the best of synthetic identities. But that doesn't happen in the case of gig jobs.

When you hire a gig worker, it is up to the platform they work through to conduct background checks. Furthermore, there is no federal mandate that those platforms conduct any sort of background investigation. That means when you hire computer coder with a Scandinavian name, who you think is living in Minnesota, you could actually be getting a hacker who resides in Russia, and giving him access to your company's computers. What could possibly go wrong? It's a big mistake to just assume that the platform you are using has actually done anything to verify the identity of the person you are hiring!

The truth is there are very few laws regulating gig worker screening. And because creating a synthetic identity - usually meaning mixing a real social security number with made up name and address information - is so easy, the minimal screening that many companies do utilize really isn't adequate.

The motivations for gig-workers to create a false identity are many. It could be as simple as someone who is in country illegally and trying to get a job. Or you could be hiring that hacker, mentioned a couple of paragraphs ago, who is intent on getting a piece of ransomware installed on your company computer system. Either way, these are not victimless crimes.

US Bureau of Labor Statistics estimates that 16% of Americans now have some form of gig job; either full or part time. Tax preparation firm Intuit says that number is actually 30%. And there are a number of models that suggest that just ten years from now, the number will grow to 50% of people either trying to supplement their income or work full time in gig jobs.

Without some changes in the law, there will be no way to ensure that employers are actually hiring who they think they are. - People who are legally eligible to work here. People who won't cause damage to their companies. People without violent criminal backgrounds. People who aren't identity thieves - That's completely unacceptable.

Unfortunately, legal changes like this can take a long time. Until then, anyone hiring gig workers should do a little homework to protect themselves. And there are some very simple things you can do.

First, gather some information on the background screening processes used by any hiring platform you are considering. There are some significant differences between them. And when you are going through your selection process, once you've narrowed down your list of potential hires, ask for references. And finally, do a little more homework on any of the references you've been provided and actually pick up the phone and call them.

Just keep in mind that if your goal is nothing more than to find the least expensive person you can to do the job, and you're simply relying on the gig-worker platform you're using to do all of the heavy lifting on screening, you could be making a very expensive mistake!

by Jim Malmberg

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