

Protecting Wisconsin Consumers for 75 Years

Get rich quick?

Perhaps you've seen infomercials—program-length TV commercials—touting easy ways to make money in real estate, or to get low-interest government loans or grants to start a new business or go to college. Maybe you've seen advertisements in the classified section of newspapers or magazines promising “big money” business opportunities or work-at-home schemes. Companies behind these infomercials and print ads often claim that by using their products and services, you can learn how to increase your wealth or start a business, sometimes from the comfort of your home.

Some infomercials and other advertisements may encourage you to purchase program materials, such as books, audio and video tapes, or computer hardware and software. The materials can range in price from less than \$100 to several thousand dollars. Some promoters even claim to include a toll-free telephone consulting service with your purchase and offer a money-back guarantee.

The Bureau of Consumer Protection knows these claims sound tempting and often too good

to be true. The fact is that many of them are. The Bureau of Consumer Protection investigates companies that make false, misleading, or unsubstantiated claims about wealth-building and business opportunity programs and has found a pattern in the sales pitches that could tip you off to a scam.

The Sales Approach

Companies often use infomercials to promote their wealth-building programs and merchandise. These infomercials have the look, feel, and length of real TV programs. They often imitate the format of genuine talk shows or investigative consumer news programs. The products being sold often are discussed as part of the program and touted by paid “experts,” “moderators,” or “reporters.” The programs may last for 30 minutes, interrupted by advertisements for the show's products with ordering information. Infomercial promoters of wealth-building schemes claim that if you follow their methods, you can make substantial sums of money through real estate, investments and business opportunities, or get low-interest government loans or

grants. These claims may be false, misleading, or unsubstantiated.

You're Invited!

Some of the infomercials and advertisements invite you to attend seminars where you can learn more about how to start a home-based business. More than likely, the seminar is a sales pitch. The smooth-talking salespersons may endorse the programs, materials, or services or use testimonials to illustrate what easy money you can make by using the promoter's products. Lured by the promises of easy success, you may invest in programs, materials, or services without much thought. Later, you, like many others, may find that the program or business opportunity was essentially worthless and that all you have are empty promises.

How Not to be a Victim

Consider the following precautions if you're tempted to respond to an infomercial.

- Be skeptical about “get rich quick” advertising claims. Ask companies for written substantiation for claims in

their presentations, especially about success rates.

- Be aware that “experts” who endorse a product often are paid by the advertiser.
- Be wary of purchasing a program if company representatives give you evasive answers or they aren’t willing to answer your questions at all.
- Before you buy, decide whether the price reflects a fair market value.
- Be wary of promises of free money or low-interest government loans. As a rule, these are available only in limited circumstances.
- Don’t be pressured to purchase immediately. Good opportunities are not sold through high pressure tactics.
- Before you buy, ask about the company’s qualifying requirements and refund policy.
- Check out the company with the:

Bureau of
Consumer Protection
1-800-422-7128

Better Business Bureau
1-800-273-1002

They may be able to tell you if any unresolved consumer complaints are on file.

For More Information

Consider consulting the following resources to learn more about money management and business ownership:

- Your local library. Check out materials on personal finance and those geared toward the small business owner. You also might take some courses on these subjects at local community colleges.
- Contact the:

Wisconsin Small
Business Administration
(608) 441-5261

Wisconsin Department
of Commerce
1-800-435-7287

US Small Business
Administration
1-800-827-5722

US Department
of Commerce
1-800-424-5197

Ask about publications and programs they offer for new and potential business owners.

- For the college-bound, any college financial aid office. Ask about grants, loans and scholarships, and eligibility criteria.

Where to Complain

If you have been victimized by a wealth-building or business opportunity promoter write to the Federal Trade Commission:

Correspondence Branch
Federal Trade Commission
Washington, DC 20580

Although the FTC does not intervene in individual consumer disputes, the information you provide may indicate a pattern of possible law violations requiring action by the Commission.

Contact the National Fraud
Information Center (NFIC):

1-800-876-7060
<http://www.fraud.org>

The NFIC is a private nonprofit organization that operates a consumer hotline to provide service and assistance in filing complaints. NFIC helps the FTC and the state consumer protection agencies by entering complaints into a computerized database to help track and identify fraud operators.

For more information, or to file a complaint, contact the Bureau of Consumer Protection at:

(800) 422-7128

2811 Agriculture Drive
PO Box 8911
Madison WI 53708-8911
(608) 224-4976

FAX: (608) 224-4939

TTY: (608) 224-5058

E-MAIL:
DATCPHotline@Wisconsin.gov

WEBSITE:
www.datcp.state.wi.us

(Some information taken from the Federal Trade Commission)