

Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

'Net-Based Business Opportunities: Beware of Flop-portunities

*"Earn big bucks selling Internet-related products or services.
No computer experience or sales experience necessary!"*

Ads promising big money from Internet-related business opportunities: You've seen them on TV, in newspapers, and even in your e-mail. Everyday, people make money using the Internet, and the commercial possibilities seem endless. Unfortunately, every entrepreneur who buys into an Internet "opportunity" doesn't automatically find a pot of gold at the end of the digital rainbow.

Scam artists are cashing in on the Internet's potential by selling fraudulent Internet-related business opportunities. They say you can earn thousands of dollars selling machines that enable television access to the Internet or selling kiosks that provide walk-up access to the Internet. Or, they claim they can train you to be a high-paid "Internet consultant." Many of these scams are targeted to individuals who are not technologically savvy. Indeed, many pitches seem designed to take advantage of an entrepreneur's "Internet innocence." Don't let them fool you.

The Federal Trade Commission urges you to investigate Internet-related business opportunities as carefully as you would check out any business opportunity. Before you invest or buy into any business opportunity:

- Realize that seminar "trainers" or "consultants" often are there to sell you a business opportunity, not teach you Internet basics. In fact, they may be counting on your lack of experience with computers or the Internet.
- Get all earnings claims in writing. In fact, get all promises in writing.
- Talk to others who have purchased the opportunity to see if their experience verifies the claims. Visit them in person. And keep your eyes and ears open for "shills" or phony references. Don't accept a list of references selected by the company that offers the business opportunity as a substitute for a complete list of franchise or business opportunity owners.
- Ask for a disclosure document. Most business opportunities are required to provide one, under the FTC Franchise Rule. It should provide detailed information to help you compare one business with another. Be skeptical of companies that do not have disclosure documents.

For more information about franchises, business opportunities, multi-level marketing plans or pyramid schemes, write to the Consumer Response Center, Federal Trade Commission, Washington, DC 20580; toll-free 1-877-FTC-HELP(382-4357); TDD: 202-326-2502, or visit the FTC on the Internet at ftc.gov. Click on publications.