

Office of Attorney General Terry Goddard



STATE OF ARIZONA
DEPARTMENT OF LAW
1275 W. WASHINGTON STREET
PHOENIX, ARIZONA 85007-2926
WWW.AZAG.GOV

ANNE TITUS HILBY
PRESS SECRETARY
PHONE: (602) 542-8019
CELL PHONE: (602) 725-2200
ANNE.HILBY@AZAG.GOV

FOR IMMEDIATE RELEASE

Consumer Advisory

Terry Goddard Reports 300% Jump in Business ‘Opportunity’ Complaints

(Phoenix, Ariz. – May 5, 2009) Attorney General Terry Goddard is warning consumers of a sharp increase in work-at-home or get-rich-quick opportunity scams due to the rough economic climate. These schemes typically offer consumers a simple at-home job or a plan for starting a business that promises large profits in exchange for a significant up-front payment.

Complaints received by the Attorney General’s Office about business “opportunity” scams increased 300 percent from the first quarter of 2008 to the first quarter of 2009. During the first quarter in 2008, these scams were listed as the Office’s third most common scam complaint. By the first quarter of 2009, they climbed to first on the Office’s top 10 list.

The majority of these recent complaints concerned Internet-based opportunities. Many victims report becoming involved in the scam because they were looking to offset a negative financial event, such as a layoff, loss in the stock market or a resetting mortgage payment.

The schemes operate by requiring consumers to pay an initial price or fee, often \$500 to \$1,000, with the promise that they will be able to make extra income easily. When the venture produces little revenue, the promoter quickly tries to up-sell the victim, pressuring him or her to buy expensive advertising or marketing tools to make the “business” more effective.

After the promoter collects the money, the consumer finds that the business venture is either completely unsuccessful or produces a return much smaller than the start-up costs.

In addition, some people take advantage of consumers who have already lost money in unsuccessful business opportunity ventures by offering to help them “recover” — for a fee — the money they lost. In reality, these “recovery” services are almost never successful.

“Scam artists can make risky business opportunities seem like an attractive option for hard-working consumers,” Goddard said. “During hard economic times, more consumers are worried about making financial ends meet, and more scams prey on that need.”

Goddard offered the following tips for consumers who consider spending money on business “opportunities”:

- Make sure the opportunity is genuine and the business can be validated through a source like the Better Business Bureau.
- Avoid work-at-home jobs that charge an up-front fee and be skeptical about claims regarding income potential or recovery services for any losses.
- Meet personally with representatives from the company, view the physical location of the company and verify the actual earning potential of the opportunity to make sure the opportunity is reliable.
- Determine how many individuals are participating in multi-level marketing programs and their average income.
- Never invest more money than you can afford to lose and be prepared to cut losses if you suspect a problem.

More information about business “opportunity” scams and consumer advice about the top 10 most common scams can be found on the Attorney General’s Web site at www.azag.gov.

If you believe you have been a victim of fraud, please contact the Attorney General's Office in Phoenix at 602.542.5763; in Tucson at 520.628.6504; or outside the Phoenix and Tucson metro areas at 1.800.352.8431. To file a complaint in person, the Attorney General’s Office has satellite offices throughout the state with volunteers available to help. Locations and hours of operation are posted on the Attorney General’s Web site. Complaints may also be filed online.

###