

## **Starting an Internet Business**

An internet business can sound like a dream: work from home, set your own hours, be your own boss. But if you're considering buying an internet business opportunity, watch out for promises of big or guaranteed earnings. Regardless of the stories you've might have read or heard about college-age entrepreneurs turning into internet gazillionaires, there's no such thing as a sure thing.

Any online business opportunity that promises guaranteed income, large returns, or a "proven system" is likely a scam. If you pay for the so-called opportunity, you're then often asked to pay even more: for business coaching or mentoring services to guarantee or increase your business's success. The money you spend on those extra coaching services is almost always more money down the drain.

## **Short on Details**

An internet business is just like any other business: it requires a solid business plan. Anyone who sells legitimate business opportunities should give you detailed information. Be skeptical of a seller who offers vague descriptions of what the business is and how it will work. Sit down and ask yourself some critical questions, like:

- What would you be selling or doing?
- How and why would shoppers find and use your website?
- How would the business generate income?
- What would your specific expenses be? Can you afford it?
- When would you expect to turn a profit?

Answer these questions *before* you consider paying for any possible business opportunity, no matter how good it sounds.

Some sellers claim – or imply – that you don't need to understand the details of the business because "it's the internet," "it's a turnkey system," or because their supposed experts, coaches or mentors will "take care of everything for you," walking you through the process. But the internet is not a magical place for business owners: success in an internet business requires the same solid planning and hard work as any other venture. Profitable "turnkey" businesses are rare, at best.

## **Resist the Pressure**

Scammers try to create the impression that, if you don't buy immediately, you're going to miss out on a valuable opportunity. They say you need to act fast, and may suggest that other buyers are ready to take your place if you hesitate or ask questions. They want to persuade you to give up your credit card or bank account information before you've had time to research their claims or other people's experiences with the company. The scammers know that if you do some research, you're likely to find reports of rip-offs. In fact, a quick internet search often is enough to show you alarming complaints. Legitimate business opportunities don't need to use high-pressure sales tactics: an offer that is good today is likely to be good tomorrow, too.

As part of their sales pitch, scammers also often hype a "no risk" refund policy to encourage you to buy an opportunity before you've researched it. Don't buy that line. Regardless of the promises, you're not likely to get your money back again. So take your time to research and consider before you pay.

## **Bogus Business Coaching Services**

If you pay to start your internet business, you'll often get another pitch pushing you to pay for expert advice. They'll claim you can earn even more money with these extra services. But if you pay, you'll probably find that any service you get is of little to no value, or is merely information you can get for free elsewhere.

To avoid business coaching scams and find real support:

- **Beware of the upsell.** If you're asked to pay even more money to help your business succeed, stop. Hang up and take your time to consult with others. Consider the details of the offer. Many of these offers are scams, especially when the caller pressures you to make a quick decision.
- **Don't pay for free information.** You may be able to get legitimate business development advice and counseling through agencies like the Small Business Administration.

## **Before You Buy Any Business Opportunity**

- **Make sure the seller backs up its claims.** Under the Business Opportunity Rule, which is enforced by the FTC, business opportunity sellers like these have to support their earnings

claims. If the company says buyers can earn a certain income, the seller also must give you a document that tells you specifics like the number and percentage of previous purchasers who earned that much. If the promotion makes an earnings claim — but the additional information isn't there — the business opportunity seller may be violating the law. If a company guarantees big earnings, stay away, even if they promise you'll get your money back. No person or company can ever promise specific earnings or outcomes for any business.

- **Study any disclosure documents.** Under the Business Opportunity Rule, many business opportunity promoters also must give you a document with information about cancellation and refund policies, any lawsuits against the promoter from purchasers, other legal actions claiming the promoter committed fraud, and contact information for references who have bought the opportunity.
- **Interview previous buyers in person.** This helps lessen the chances you'll be misled by phony references.
- **Research the company.** Search online for the company name, or the name of the company's CEO or president, plus the words "complaint" or "scam." You also can contact the state attorney general's office or local consumer protection agency, both where the business opportunity promoter is based and where you live. See if there are any complaints against them. While a complaint record may tip you off to some questionable business practices, a lack of complaints doesn't mean the company — or the opportunity — is legitimate. Dishonest dealers often change names and locations to hide a history of complaints.
- **Consult an attorney, accountant, or other business advisor.** Do it before you put any money down or sign any papers. Signing up for a business opportunity can be costly, so it's best to have an expert check out the contract first.

### **Report Possible Fraud**

If you suspect a business opportunity promotion is a scam, tell the FTC: [ftc.gov/complaint](https://www.ftc.gov/complaint). And report it to the attorney general's office in the state where you live, as well as the state where the business opportunity promoter is based.