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SCAMBUSTERS CHECKLIST

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About the Author

James I. Bond has been a senior counselor and former workshop chairman for SCORE, the resource partner of the U.S. Small Business Administration.

In that role he has helped literally thousands of individuals to uncover and develop business and income opportunities for themselves and their families.

Jim is one of the few marketing, management and strategic planning specialists who has worked with both Fortune 500 companies and smaller regional businesses, including home based entrepreneurs.

For more than thirty years Jim has been a sought-after speaker and consultant to a wide range of organizations, including Amgen, Gannett Media, Tenet Healthcare, The Muscular Dystrophy Association, Litton Industries, Kal Kan (division of M & M Mars Candies) and others.

Previous to that he ran an advertising services agency with such clients as Seagram's Distillers, Avon cosmetics, Abbott Laboratories, and others.

Jim also has a broad range of experience on the employment side, having worked as an executive recruiter, and later as employment coordinator for a major religious organization, where he assisted hundreds of individuals on employment and income opportunity strategies.

Beyond marketing and business counseling, Jim has helped create major strategic programs for individuals who felt too old or otherwise unemployable in a competitive job marketplace.

Having begun as an employee himself and then starting his own business helping literally hundreds of entrepreneurs and businesses owners of just about every size and type, Jim has a unique perspective on how to apply simple methods to generate strategic income and wealth.

This ScamBusters Checklist is excerpted from his larger program designed to help identify legitimate and major income sources. For more information on the expanded program, visit www.ScamBustersGuide.com.





Business-Opportunities and Online Scams to Avoid

In this guide I'll show you 13 simple tests you can make to help determine if something is a scam. Of course, there's no guarantee you'll catch everything. But with these 13 simple tests, you should be able to separate most of the scams from legitimate opportunities.

First, let's start with a basic truth. Unfortunately, especially with business opportunities, many scams and inflated promises are out there, to separate you from your money.



Some are blatant lies, some are illegal opportunities, and some simply overstate the potential you have to earn a reasonable amount of money. So let's list and address the three types of scams:

- Liars, crooks and thieves
- Illegal acts, and
- Inflated promises

Let's go through each of them.

LIARS, CROOKS and THIEVES

Liars, crooks and thieves are everywhere, in just about every moneymaking industry.

Even people who seem like stalwart members of the community can be crooks. Look at Enron, a respected Houston-based Fortune 100 company that made up deals out of thin air. They fooled many of the greatest financial institutions in the nation, into losing literally billions of their dollars on nonexistent investment opportunities. And forget about the Federal or State governments catching them. If not for an insider, we may never have discovered their nefarious actions.

How about Bernie Madoff? He fooled thousands of the most famous people and institutions on the planet into giving him their money, which he lost in the great Ponzi scheme he was conducting. Again, despite years of warnings, the Feds were asleep at the switch and did not uncover his scheme. Had Madoff's own sons not turned in their father, who knows how many more people he would have bilked out of their money.



The point is this. If these pillars of the community could fool supposedly smart people into giving them their money, you can be sure many of us will also be susceptible to the thieves and crooks who populate the business opportunity marketplace. So you must always be vigilant. Never fully trust and always verify.

There is one more type of liar, crook or thief to beware of. And this one is even more difficult to spot.

If someone is in financial or other trouble, they could be prepared to take your money or not honor their promises to you. It's fascinating how desperation will change people. Someone who was always trustworthy could suddenly become a crook. Unfortunately, it's human nature. It's part of the reason you never want to put all your eggs in one basket, if you could at all avoid it.



When a company is near bankruptcy, or when a person is somehow in trouble, with bad debts or maybe even a family member needing expensive medical treatment, desperate people will often revert to embezzlement, making promises they will not keep, like offering a bonus they have no intention to paying, or taking your deposit and disappearing without delivering.

The good news is, by far the large majority of people and businesses are honest. However, you must always be vigilant. If you notice someone is slow to pay, if you are asked for an unusually large deposit, or if you notice fishy transactions on your credit card or in your bank account shortly after signing up for a business opportunity, immediately contact your bank, the police, the District Attorney and/or the Attorney General for your state and/or the FBI and report your suspicions. The faster you can stop illegal or improper actions, the greater a chance you will recover all or part of your lost funds.

If you otherwise suspect something fishy, start by checking references. Not the ones they give you, but the ones you dig up yourself.

Even this may not catch a real problem, but trust your gut. If something doesn't feel right, do more homework before putting too much money or your good name on the line.



CHECKLIST OF 13 WAYS TO HELP VERIFY THAT A BUSINESS OPPORTUNITY IS NOT A SCAM

As people like Bernie Madoff and companies like Enron have demonstrated, **there is NO absolutely surefire way** to verify that a person or business is legitimate.

However, there are a few steps you could take that could minimize your risk and verify that a company or person may be legit to do business with.

Although there is never a guarantee that you will catch every bad apple, here are 13 tests you should always do before investing or getting involved with a business opportunity, that may help:



1. If it sounds too good to be true, it probably is.

"Make a huge income stuffing envelopes..."

"Earn six figures just by doing... nothing..."

There are few mysteries to how money is made. If something seems fishy, it probably is, and you should probably avoid it.

2. Ask these questions:
 - ~ Who will be paying me?
 - ~ When will I get my first paycheck?
 - ~ Will I be paid a salary or will my pay be based on commission?
 - ~ Exactly how much will I get and what exactly will I have to do to get that amount?
 - ~ What are all the tasks will I need to perform?
 - ~ What is the total amount I will have to pay or invest, including supplies, equipment and membership fees?
 - ~ What will I get for my money?

The answers to these questions may help you determine whether a business opportunity is legitimate and whether it may be appropriate for you.



3. Check your:
 - local Consumer Protection Agency,
 - the Better Business Bureau (<http://www.bbb.org/us/Find-Business-Reviews/> and <http://www.bbb.org/>),
 - your state's Attorney General,
 - the Federal Trade Commission's fraud website (<http://www.ftc.gov/bcp/consumer.shtm> and <http://www.ftc.gov/>) --
 - for complaints and fraud alerts -- for
 - (a) this type of business opportunity,
 - (b) for this specific company and
 - (c) for its president.

Note that just because someone is not listed on one of these problem lists doesn't necessarily mean they are scam-free. Some career criminals will start-up often under new business names which may not be listed... yet. Still, this is a great place to start.

4. Perform a Whois lookup for their business website. Although not foolproof, this will often let you know who specifically their website's owner is.

A great place to look these up is: <http://www.betterwhois.com/>

5. Browse scam forums, such as
 - Scam.com
 - <http://www.scam.com/forumdisplay.php?f=14>) and
 - RipOffReport.com,
 - <http://www.workathometruth.com/>

...looking for complaints from consumers.

But BEWARE about taking recommendations from these sites.

Sometimes a person will say EVERYONE in this industry is a crook except so-and-so. That's often someone paid a commission or referral fee by the so-and-so company, so beware what RECOMMENDATIONS you see on these types of sites may not be accurate.



6. If you purchase online from a website, make sure you ONLY enter credit card information on a secure shopping cart page that begins https. The S lets you know it's a secure page (i.e., <https://mcssl.com/secure>) – where most web pages are simply http without the S. The shopping pages may not be secure, but once you have to enter your actual credit card info, that page MUST be secure (with the https).

Also, there should be a reputable third party verification on the actual page you enter your credit card information.

For PAYPAL, the web page should be a Paypal page, saying something like, <https://www.paypal.com/some-long-info>).

When “McAfee Secure” and/or “Norton Secured Powered by VeriSign”, are showing on the credit card page, you should be able to click on the McAfee or Norton logo and it opens a page or box with all or part of the name of the web page you are on and a current date. These help verify that this site is likely secure.

7. NEVER give your social security number to a business website. If you are confident they are a legitimate business but they require one, get a Business Tax ID Number (also known as an EIN / Employer ID Number – note: you don't have to have employees. It's just what the IRS calls it).

This is absolutely free, takes just a couple of minutes to get, connects to your social security number for the IRS, but keeps your actual Social Security number private otherwise, and does not trigger anything with the IRS (i.e., that they should be checking you. It is simply set up to protect your identity from business identities who may ask for your social security number.)

Technically, you don't even have to have a business to get one. But it's an easy way to keep your Social Security Number private. Fill out the form at the IRS website (under TOOLS – APPLY FOR AN EIN) at <http://www.irs.gov> or go directly to the website at:

<http://www.simplefilings.gov-tax.com/federal-ein/>

8. Check references. And don't just rely on the references they give you. If possible, randomly contact others who are also involved in this business opportunity, if you could find them through Google or other sources. And DO NOT just rely on friends, unless they have been involved for more than 4 or 5 years. (And don't necessarily trust testimonials on their brochures and website. Any crook can write a testimonial and make it look



- like it's from a customer.)
9. Find out how long they have been in business. If fewer than 4 or 5 years, this may be a cause for concern. Many newer business opportunities are legitimate. Unfortunately, there's little opportunity to evaluate a newer one until it has a track record.
 10. Do not send money orders, checks, credit card or bank information to a person or a company with just a P.O. box that doesn't also have a physical address, and definitely be cautious when sending money or this type of financial information to a foreign country.
 11. Check the Internet for complaints about this company (start by typing into Google the company or product name followed by the word "complaints").

Remember, every business that's been around for a while will probably have complaints, some legitimate and some from competitors trying to make them look bad.

When you buy books and products from Amazon.com, ratings for top vendors are rarely 100%. Top vendors who have been around for a while will be somewhere between 88% and 99% satisfaction rating. That doesn't mean they are terrible. It's just life. No matter how great your product or service is, it's almost impossible to please everyone, especially if you have hundreds or thousands of customers.

Also, some complaints will come from competitors. I discovered an online complaint for a civil engineer I know, that was placed by a competitor. You could click the link and clearly see that it was from a competitor and that he had posted online complaints against other competitors as well. We had no idea how to remove the fake complaints, and got no help from Google. So definitely examine complaints. But take every complaint with a grain of salt.

12. Ask a REAL expert. We often ask friends and family for their opinion, when their guess may be no better than our own. However, experts are often available, if you just spend a little time and look. College professors, the EDC, SCORE, the SBA... these are among the many free resources that may be available to you, before you jump into a business opportunity you are unsure of.

I had a sign maker recently ask me about a web marketer who approached him with an unusual but appealing business proposal. They proposed building a website for the sign maker and bringing him customers, in exchange for \$50-a-month and 8.5% of profits for every



paying job they brought.

Frankly it sounded too good to be true, so he asked me for advice. I asked if he could cancel at any time (that's one way they get you, by hooking you into a long term contract you cannot get out of). He explained he could cancel at any time. I immediately recognized this could be a good legitimate opportunity, one, in fact, that I push web marketers to make.

Of course he still needs to read all the fine print, to make sure it says what they verbally promised. But this could be a fantastic way for him to get more customers with almost no risk or cost, and a great way for the web marketer to get ongoing income for himself, all at the same time.

So he'll get to take advantage of a potentially great income opportunity for his existing business, because he sought out an expert's advice. Just as you should, if possible.

13. And finally, trust your gut. If something just doesn't feel right, you probably want to pass on it. At the subconscious lever we often perceive things that we are not even aware of consciously. A subtle expression, a contradictory statement... If your gut is telling you something is wrong, you'll probably want to pass, no matter how great something sounds.

ILLEGAL ACTS

(#2 of the Business Ops and Scams to Avoid)

About 30 years ago my wife and I responded to a classified ad in Entrepreneur Magazine, saying,

"Make thousands of dollars stuffing envelopes. No experience necessary. You won't believe how easy this is. Just send \$20 in a SASE (Self Addressed Stamper Envelope) to this address..."

We sent the twenty bucks, and lo-and-behold, we got a photocopied page that said we should do exactly what they did... place an ad in a newspaper or magazine with the same offer they had, and almost magically, your mailbox will fill with envelopes of \$20 bills.

We did exactly what they said and guess what! They were right... with one exception. We literally got over \$2,000 sent to us, almost overnight. It was amazing.





But we also got something else.

I remember the shiver I got up my spine when I saw those two letters, one from the Attorney General of New York and one from the Attorney General for the State of Vermont. Both were cease-and-desist notices, claiming we were doing something illegal and could go to jail if we continued.

It turns out, we were involved in a pyramid scheme, and that's illegal.

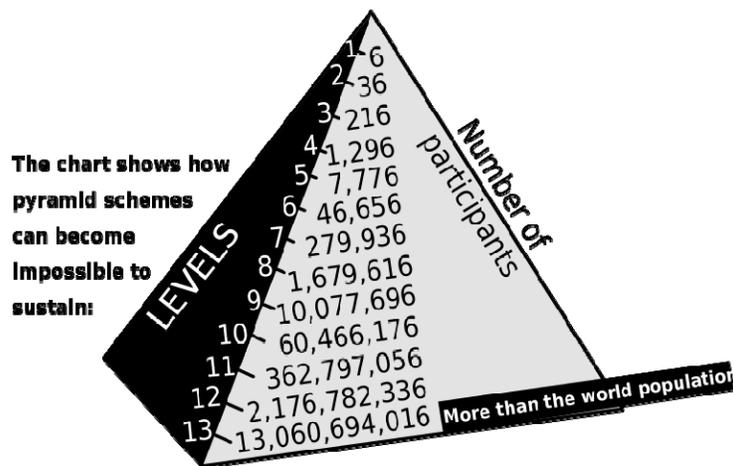
A pyramid scheme is any business where you promise participants payment (directly or indirectly) for enrolling other people into the scheme, without supplying any real product or service. You basically promise, if they get enough people to give them money as you have, they will pocket all that money, as you are doing. The problem with pyramid schemes is, eventually someone will lose, because the only way everyone will earn money is if, more than the entire earth's population invests in the scheme.

So basically, you get suckers to invest, until eventually, you get suckers who lose their money.

I've seen versions of this where friends get friends to put \$100 or even \$1,000 into a pot, following the basic scheme. However you do it, this is illegal, and immoral, because eventually, someone will lose their money.

Wow. And it sounded like such a great idea, didn't it?!

Multi-level businesses, also known as Network Marketing businesses, where you



get paid for signing up other people to sell a company's products or services, like with Amway, Mary Kay, Tupperware, and so many others, are perfectly legal. Although at the surface they appear to be pyramid schemes because they reward you for signing up other people to do the same as you are doing, these companies are selling a legitimate

product or service as part of the scheme. Amway, for example, has been investigated by the Federal Trade Commission. In a way Amway was a surrogate for the whole MLM industry.

But in the end the FTC concluded that they are NOT an illegal pyramid scheme but rather, a clever compensation scheme where product is changing hands and people can be rewarded for helping others to also become distributors.



OTHER ILLEGAL ACTS

Other illegal acts could involve defrauding or deceiving the public, selling products or services that are restricted or illegal, including selling counterfeit or plagiarized products, pretending to be someone or something you or your products are not, and otherwise committing illegal acts in the course of your job.

One such scheme highlighted by the TV newsmagazine 60-Minutes provided great incomes to people who, in the course of their work, had to forge signatures on documents for legitimate banks. Although everything including the companies they were serving seemed okay with what was being done, employees knew in their gut that, despite the great pay, they were doing something highly illegal.

The U.S. postal inspection service is planning an initiative similar to a public warning campaign related to fake check programs, for example, similar to the initiative currently in place through the website fakechecks.org.

The overarching rule here is, if you are asked to commit what you know is an illegal act, don't do it. It could ruin your ability to make a decent living in the future.

OVERPROMISING

(#3 of the Business Ops and Scams to Avoid)

Although this is listed under Business Opportunities and Scams to Avoid, in some cases you may still want to go ahead, but understanding that the opportunity to earn the high income they say is overstated—meaning, in all likelihood you'll never make as much money as they promise.

Look in your email Spam folder and you will no doubt find plenty of these types of scams just begging for you to try them. Here are few in my junk folder just from the past few days:

- Forget \$200 a day... Think BIGGER!
- Powerful Business Models Create Early Retirement
- 3 Minutes -- \$6,748.07 – Facebook!
- You've Just Made \$7,064.83 in Commissions
- \$898/day from 6 "off-the-street" newbies? (open now)
- Make \$353 in the next 12 minutes



I often wonder, if someone has a really great way to make money, why would they share it with me. Of course there are plenty of true moneymaking opportunities on the Internet, in newspapers and magazines, and advertised on TV. But for most, the claims far exceed the reality. For every one person who



actually makes incredible money, there are often hundreds, if not thousands who made zero, or who lost their shirt.

This is not meant to turn you off to trying moneymaking opportunities. Many are terrific.

Just realize that even some of the good ones can tend to overpromise. In a way, we are so jaded, it's almost the only way they could break through the clutter.

I am not condoning it, but just letting you know, when you see what appears to be a legitimate claim saying you could make \$1,000, cut that number in half or a quarter and figure it's actually \$500 or \$100 you'll earn.



The Federal Trade Commission and state Attorneys General are supposed to clamp down on impossible claims, but for every one they stop, five new ones pop up.

So the best practice is to be vigilant, and make sure the opportunity makes sense.

Take envelope stuffing schemes. If you can buy or rent envelope stuffing machines that stuff thousands of envelopes an hour, why would someone pay you to do the same thing?

And if they do fill orders for customers, will you need to have tons of their products in your home, waiting to be shipped? Do you believe they will trust you with possibly thousands of dollars of their products? They don't really know you. So, will they require you to make a deposit (a possible red flag), to pay for all the product you will have in your home?

I'm not saying all these schemes are fraudulent. But it makes you wonder, doesn't it?

MAKING IT SOUND TOO EASY

Often the opportunity is real, but they make it sound much easier than it actually is. I bought a franchise ages ago, and they made it seem like winning customer would be easy as pie. They even said they would supply plenty to get me started.

Well... the product was fabulous, but winning customers was nowhere as easy as they implied. And of course, they showed these people making tons of money. But after I joined I discovered that by far, the majority were struggling just to get by.

Eventually I figured out how to make great money with their products. But it was in spite of them, not because of them.



The point is simple. Assume that you will make less money than they promise, and that it will be harder than they imply. That's not to say you should pass on every opportunity. But going in with this attitude will help you uncover the best opportunities for you while preparing you for the best results.

WORK-AT-HOME JOBS TO BE CAUTIONS OF

Here are a few of the types of work-at-home jobs that you may want to examine carefully before you jump in with both feet.

LISTS OF JOB-OPPORTUNITIES

You'll often see offers where they will provide you a list of work-at-home job opportunities, if you pay them a nominal fee. There are enough real sources that you shouldn't pay to get a list. Often these are old lists with obsolete opportunities that are not even around anymore. Don't waste your money on these.



STUFFING ENVELOPES

These promise you \$3-\$5 for stuffing envelopes. Think about this. Machines will stuff thousands of envelopes per hour. Why would someone pay you to do what a machine can do faster and cheaper?

Or worse, some try to get you to buy equipment to stuff envelopes. More often than not, these are scams.

CLAIMS PROCESSING

Although some of these are legitimate, the ones that require you to buy equipment or pay for any equipment are usually scams.

Similar to envelope stuffing, these will often try to get you to buy costly equipment up-front, and then don't deliver the income they promise. You'll probably want to avoid these.



DATA ENTRY JOBS

They may have you posting ads or needing to buy equipment before you see any earnings. Although some of these are perfectly legitimate, the amount you earn is sometimes so small that it often isn't worth the cost and effort.

There are many cases where specialized data entry may be legitimate. We see this with medical and legal transcribing, for example, where the income can be terrific. However, these generally require specialized training, where you learn the language of doctors or lawyers.

For general data entry jobs, you'll probably want to do a good job of evaluating it before you agree to do it.



ASSEMBLY JOBS

Assembling crafts kits often pays less than people expect, and may require you buy equipment to get started. If you consider this type of opportunity, make sure you have a clear understanding of exactly how much you will earn from each assembly, and how long it takes per assembly. A 40-hour week earning \$100 may not be your idea of a great income opportunity.

POSTING ADS

There are plenty of opportunities to post ads on online forums and bulletin boards. Like assembly jobs above, although you may not be required to buy a kit, this tends to be a ton of work for almost no pay. Do the math if you consider this one. Will you get paid for posting the ad, or if someone actually clicks on it? And realistically, how much could you possibly earn in a typical week. The income is generally a fraction of what people expect.



SUMMARY ABOUT INCOME OPPORTUNITIES

The bottom line of all this, even for a legitimate income opportunity, is to understand the answers to these four questions before you sign on:

1. Will you need to purchase some kit, equipment or supplies, or otherwise pay some fee to get started? It may be fine, but you need to understand this before you say yes.
2. How much do you earn for each piece done?
3. How many can realistically be done in a day or week?
4. What specifically is involved in getting the work done? And are you willing to spend time doing that?

If the answers to these questions are satisfactory, the income opportunity may be good for you.



The ScamBusters Guide to Additional Income Sources

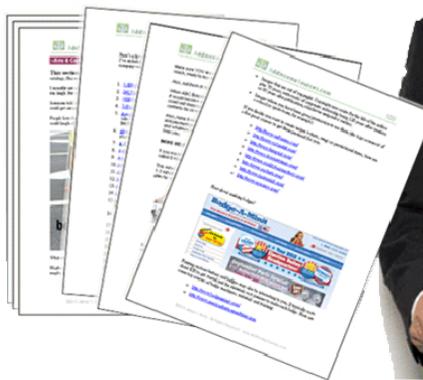
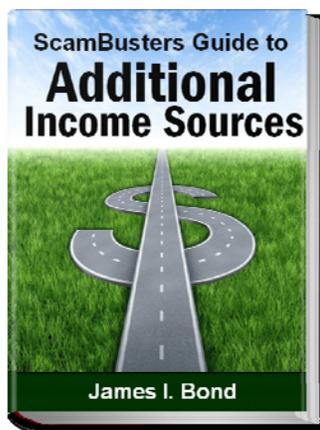
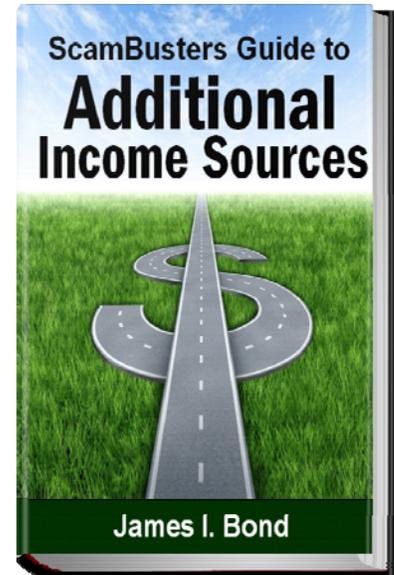
This ScamBusters “Checklist” is excerpted from a much larger program which contains the first-ever list of just about every major income source available, entitled **The ScamBusters Guide to Additional Income Sources**.

It’s a virtual encyclopedia of methods and sources for generating income, often at little or no cost.

You’ve never seen anything like it anywhere. In just a couple of hours, this multimedia program turns you into a mini-expert in how money is really made.

You’ll learn simple ways to generate income quickly, with hundreds of legitimate income source, including what each pays, what they require, scams to avoid and how to get started almost immediately.

You’ll also learn methods most people never consider, including short-term and longer-term resources that generate thousands of dollars and more, of steady dependable income, while avoiding the numerous scams, overpromises and misleading claims.



Encyclopedia BIG-5 Directory Step-by-Step Videos

It includes the complete Encyclopedia of Income Sources and Methods, the Big-5 Directory with contact information for hundreds of legitimate income sources, and Step-By-Step Videos. Learn more at www.ScamBustersGuide.com.