

Business Opportunities and Franchises

The ad promises that you can be your own boss and make big profits. It sounds good, but crooks may be trying to steal money, not help you earn it.

- **Don't believe claims that you can make money with little or no effort.** It takes hard work to run your own business, and no one can guarantee how much profit you'll make.
- **Be cautious about emails offering business opportunities.** Many unsolicited emails are fraudulent.
- **Get information in writing before you decide.** The Federal Trade Commission's (FTC) Franchise Rule requires franchise and business opportunity sellers to give you detailed written information, called the "disclosure document," at least 10 days before you pay any money or agree to purchase. There are some exceptions. If the company claims to be exempt from the Rule, call the FTC toll-free at 877-382-4357 to check.
- **Talk to current owners.** The written information that sellers must provide includes the names, addresses, and phone numbers of people who have already purchased the franchise or business opportunity. Ask them if their experiences matched what the company promised.
- **Investigate earnings claims.** If the company makes any claims about how much you are likely to make, it must give you written information about the number and percentages of owners who have actually made those profits.
- **Do some research.** Check at your local library or bookstores for publications about how to run a business. For free brochures about franchises and business opportunities from the FTC, call the toll-free number above or go to www.ftc.gov.
- **Don't be pressured.** Demands that you act immediately are danger signs of fraud.
- **Get everything in writing.** The contract you are asked to sign should include all the terms of the deal and the promises that were made.
- **Get professional advice.** Going into business yourself is a major undertaking, even if the company offers to help. Review the contract with an attorney, and ask an accountant to look over the finances. Paying for professional advice now could save you from big losses later.