



Business Opportunity Scams

An increasing number of TV, magazine and radio advertisements claim that you, too, can become rich the “quick and easy way.” However, these get rich quick deals seldom live up to the grandeur of their claims.

As Secretary of State, one of my responsibilities is to protect Illinois investors from being taken in by fraudulent business deals. This brochure informs you about the warning signs of a business opportunity scam and what to expect when entering into a legitimate business deal.

The best way to protect yourself from a business opportunity scam is to research the business you wish to invest in and carefully read all the information provided before you commit. Every business opportunity should be carefully considered and examined for fraudulent claims.

Jesse White

Jesse White
Secretary of State

Business opportunities

A business opportunity is a contract or agreement between a seller and a purchaser that requires a payment, and the seller provides any product equipment, supplies or services to start a business. Legitimate business opportunities provide the entrepreneur a prepackaged small business. Typical business opportunities may include vending machines, amusement games, pay telephones or display racks for items such as greeting cards. The purchaser is responsible for cleaning, restocking and collecting the money. The seller is responsible for providing the machines or racks and, if agreed to, may find locations or provide inventory for restocking.

BUSINESS OPPORTUNITIES	BUSINESS OPPORTUNITIES	BUSINESS OPPORTUNITIES	BUSINESS OPPORTUNITIES
<p>GUARANTEED INCOME ABSOLUTELY NO RISK Earn \$2500+ per sale. We do the selling & consumer marketing for you. Financing available.</p> <p>MAKE YOUR DREAMS COME TRUE Our marketing service can build your monthly income! Guaranteed Results! Free Details.</p> <p>EARN A FREE CAR This is the opportunity you've been looking for. Free information about our new products. Call today!</p>	<p>PROFITS IN REAL ESTATE Use our money! Split big profits! Complete training for buying foreclosed property!</p> <p>FINANCIAL INVESTMENT FUN Turning cash into serious money. Call for free literature.</p> <p>ATTENTION HOMEMAKERS If you disregard this message you will miss the opportunity of a lifetime. Business completely from your own home.</p>	<p>MAKE \$30,000 IN 4 MONTHS We do all sales for you. Written money-back guarantee. Call for urgent information.</p> <p>MARKETING BLOCKBUSTER You can make a difference. Unlimited Income Potential.</p> <p>HUNGRY FOR MONEY Big bucks in 30 days. Call or go hungry!</p> <p>GET RICH Home business. Call now for free tape.</p>	<p>INCREDIBLE INVESTMENT Huge profit potential. 1000's of locations available. Get in on this ground floor opportunity for the highest return on your dollars.</p> <p>SEEKING DISTRIBUTORS NOW! Employment professionals will send you money opportunity offers for free.</p> <p>AFFORDABLE We'll show you how to create your own 900 number. Great earning potential.</p>

When considering a business opportunity

Business opportunity scams are most often promoted through small ads in newspapers or magazines, televised infomercials and on the Internet. Most of these ads promise short working hours with huge earning potential. The catch phrase of nearly all speculative business opportunities implies that a person with no experience can work just a few hours a week (often at home) and become wealthy.

Fraudulent telemarketing operators are promoting worthless small business deals to unsuspecting entrepreneurs. Even though an advertisement appears in a newspaper, magazine, infomercial or on the Internet, it does not mean that the business opportunity has been approved or endorsed by the publisher or registered through the Illinois Securities Department.

Consumer tips

Before purchasing a business opportunity, check out the following:

- **Registration:** Contact the Illinois Securities Department to inquire whether the business opportunity is registered or exempt from registration requirements, and whether the business opportunity or its promoters have been the subject of any disciplinary actions.
- **Disclosure statement:** Most sellers of business opportunities are required by Illinois law to provide a purchaser with a **disclosure statement** at least 10 business days before they sign a contract or pay any money. Take time to read this information carefully. If a salesperson cannot provide a disclosure statement or pressures you to buy immediately, be skeptical.
- **Guarantees of profits:** All companies that guarantee earnings or profits from the purchase of a business opportunity must include a **reviewed financial statement** in the disclosure. Study the financial statement carefully to determine that the company has adequate revenues to honor the guarantee.

REMEMBER – Do not sign a contract or pay any money until you have thoroughly checked out the business opportunity. Also, remember that oral statements and promises that are not in the disclosure statement are meaningless.

For more information

Secretary of State Illinois Securities Department

421 E. Capitol Ave., 2nd Floor
Springfield, IL 62701
217-782-2256

69 W. Washington St.
Ste. 1220
Chicago, IL 60602
312-793-3384

800-628-7937 (toll-free)
888-231-1175 (Spanish line)

WWW.CYBERDRIVEILLINOIS.COM



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Avoiding Business Opportunity Scams

JESSE WHITE
Secretary of State

Illinois Securities
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