



Federal Trade Commission Protecting America's Consumers

For Release: 11/22/11

FTC Adds New Protections for Consumers Seeking to Work from Home

The Federal Trade Commission has approved changes to its Business Opportunity Rule that will ensure that consumers have the information they need when considering buying a work-at-home program or any other business opportunity. The changes simplify the disclosures that business opportunity sellers must provide to prospective buyers. The simplified disclosures will help prospective purchasers assess the risks of buying a business opportunity, while minimizing compliance burdens on businesses.

In addition, the [Final Rule](#), which will be effective on March 1, 2012, applies to business opportunities previously covered under the Rule, as well as work-at-home offers such as envelope stuffing and craft assembly opportunities. The final Rule requires business opportunity sellers to give consumers specific information to help them evaluate a business opportunity. Sellers must disclose five key items of information in a simple, one-page document:

- the seller's identifying information;
- whether the seller makes a claim about the purchaser's likely earnings (and, if the seller checks the "yes" box, the seller must provide information supporting any such claims);
- whether the seller, its affiliates or key personnel have been involved in certain legal actions (and, if yes, a separate list of those actions);
- whether the seller has a cancellation or refund policy (and, if yes, a separate document stating the material terms of such policies); and
- a list of persons who bought the business opportunity within the previous three years.

Misrepresentations and omissions are prohibited under the Rule, and for sales conducted in languages other than English, all disclosures must be provided in the language in which the sale is conducted.

Consumers should use the disclosure document and supplementary information to fact-check sellers' sales pitches. This information will be helpful to consumers like Teresa Yeast, a stay-at-home mother who purchased a craft-assembly work-at-home program from a company called Darling Angel Pin Creations. The FTC filed a law enforcement action against that company in February 2010 for allegedly claiming that consumers could make hundreds of dollars assembling angel pins at home. "It's important to be skeptical and to be cautionary when you're approached with ... a business opportunity," Mrs. Yeast said. "I saw an opportunity that looked great, and took it. They took my money."

The announcement of a final Business Opportunity Rule completes the process that started when the Commission published an Initial Notice of Proposed Rulemaking and proposed creating a Business Opportunity Rule separate from the Franchise Rule. The FTC issued a Revised Proposed Business Opportunity Rule and conducted a public workshop, and the staff issued a Staff Report. At every stage of the Rule amendment proceeding, the Commission solicited comment on the economic impact of the Rule, as well as the costs and benefits of each proposed amendment. In issuing the final Rule, the Commission has carefully considered the comments received and the costs and benefits of each amendment.

To find out more about business opportunity sellers' compliance obligations, read [Selling a Work-at-Home or Other Business Opportunity? Revised Rule May Apply to You](#) or watch this new [video](#). Consumers thinking about buying a business opportunity should read [Looking to Earn Extra Income? Rule Helps You Avoid Bogus Business Opportunity Offers](#) to learn more about the final Rule.

The Commission vote approving the final amendments to the Business Opportunity Rule was 4-0.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online [Complaint Assistant](#) or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides free information on a variety of [consumer topics](#). Like the FTC on [Facebook](#) and follow us on [Twitter](#).

MEDIA CONTACT:

Office of Public Affairs
202-326-2180

(Bus Opp Rule)

E-mail this News Release

If you send this link to someone else, the FTC will not collect any personal information about you or the recipient.

Related Items:**16 C.F.R. Part 437: Disclosure Requirements and Prohibitions Concerning Business Opportunities: Final Rule Amendments and Statement of Basis and Purpose**

- [Text](#) of the Federal Register Notice
 - [Appendix A](#)
 - [Appendix B](#)

Business Information:

- [Video: The Business Opportunity Rule](#)
- [Selling a Work-at-Home or Other Business Opportunity? Revised Rule May Apply to You](#)
- [Looking to Earn Extra Income? Rule Helps You Avoid Bogus Business Opportunity Offers](#)

Last Modified: Tuesday, November 22, 2011