



### What does the BBB have in common with Bernard Madoff?

What does the BBB have in common with Bernard Madoff? That's a great question and I guess in part it depends on who you ask.

For starters, we all know by now Bernard Madoff - *“former Nasdaq stock exchange chairman, is accused of masterminding a 50-billion-dollar pyramid fraud that promised huge returns to investors in return for their capital, appears to have only used his clients to pay off other customers, confirmed court-appointed trustee Irving Picard.”*

<http://www.google.com/hostednews/afp/article/ALeqM5gUBybksidFWxUZgudCijklFK1n3g>

How was he able to do this? According to published reports, he was able to keep everyone “fooled” and “in the dark” by getting away with not having to disclosed how he made his constant, huge returns because (1) of his reputation as a former Nasdaq Chairman and (2) He told everyone his formula for Success was a secret (Proprietary).

<http://www.investmentnews.com/apps/pbcs.dll/article?AID=/20090201/REG/302019991/1011>

*“His exceptional credentials allowed him to deceive so many people for so long.”*

<http://www.busrep.co.za/index.php?fSectionId=565&fArticleId=4819140>

*“Madoff never reported a down year. Even when the stock market was plunging, he reported solid gains.*

*The strategy, Madoff would say vaguely, was to buy shares in blue-chip companies but take out derivatives to mitigate potential losses.*

***Any further inquiry would be met with a pained look, as if someone had asked for the secret formula for Coca-Cola. Still, the returns tasted good, no one reported any problem cashing out, and Bernie had such respectable friends.”***

This sounds remarkably similar to what the Atlanta BBB does today with regards to how they grade each company with their new grading system. Let's see (1) The BBB is considered by many to be the “spiritual leader” of good business practices and (2) Their “formula”, like Bernard Madoff's formula, is a secret. The BBB's own web site calls their formula “Proprietary”. This seems to be a very convenient way for the BBB to continue to get away with their unfair practices.

<http://atlanta.bbb.org/WWWRoot/SitePage.aspx?site=39&id=d2c61947-98b8-4b9a-a1a5-605493094264>

## **BBB's Proprietary Ratings Formula**

BBB Hands out Grades and Not All Local Businesses are Passing with Flying Colors

If you have kids in school, you know how a report card can be a time bomb in a small envelope. Perhaps your child's report card makes you beam with pride over a long list of A's. Maybe you offer encouragement to do better in classes where they have gotten C's. Or, in the case of the D's or F's, you dole out a stern lecture and an indefinite grounding sentence.

Imagine though if your child's teacher only gave a pass or fail grade. If your son failed English, does that mean he's dyslexic? If your daughter passed math, does that mean she should skip grade-school and head to an Ivy League university? A simple pass/fail just doesn't provide as much detail as the letter-grade scale.

Reporting on the reliability of businesses is similar and your BBB is now passing out grades to area companies to help consumers more easily identify which companies can head to the front of the class and which need some time in study hall.

In the past, BBB Reliability Reports™ only stated whether a business had a “Satisfactory” or “Unsatisfactory” record—a fairly black and white assessment in a marketplace of gray. An outfit that is scamming consumers would of course have an unsatisfactory record, but so could a legitimate company that was delivering on the promised goods, but was taking too long to process rebates.

Because a simple pass/fail or satisfactory/unsatisfactory just did not provide enough information, our new BBB Reliability Reports™ now include a letter grade—from A+ down to a lowly F. These new grades better represent BBB's degree of confidence that the business is operating in a trustworthy manner and will make a good faith effort to resolve any customer concerns.

BBB ratings are different from many consumer review sites. BBB's ratings are based on standards and developed using objective information and actual incidences of a business's behavior that are verified and evaluated by BBB professionals.

The new letter-grade ratings system provides a way for consumers to more easily understand a company's track record for customer service and integrity. A parent won't be as thrilled if their child merely "passes" science as opposed to getting a glowing A+. Nor does a "fail" give the parent a clear picture of just how badly their child might be at dissecting a frog. In the same way, the new ratings are an even better way for BBB to point consumers toward trustworthy businesses, and more clearly communicate exactly why some companies in the area don't make the grade.

Both BBB Accredited Businesses, as well as non-accredited businesses in BBB's database have been given a letter-grade. And now that your BBB is using letter-grades, we should warn you: not all businesses in our area passed with flying colors, in fact, some should probably be sent to the principal's office. That's why BBB is recommending that before making a purchasing decision, consumers should check out reliability reports online to ensure that the business can be trusted.

BBB is also continuing to encourage consumers to always look for the BBB Accredited Business seal in store fronts, on Web sites and on reliability reports. We think of it as an honor roll for businesses and believe that the combination of BBB Accreditation status and our improved BBB Reliability Reports™ with letter-grade ratings is a powerful and valuable resource for consumers.

<http://atlanta.bbb.org/WWWRoot/SitePage.aspx?site=39&id=5205182e-0e97-4f37-b37e-4c11c3e1e98a>

The BBB even violates their own "BBB Code of Business Practices (BBB Accreditation Standards)".

Number 4 of the BBB Code of Business Practices (BBB Accreditation Standards) says a business should:

#### **4. Be Transparent**

**Openly identify the nature, location, and ownership of the business, and clearly disclose all policies, guarantees and procedures that bear on a customer's decision to buy.**

Is the BBB the next "Bernard Madoff"? What's going on with the Metro Atlanta BBB?