

# the IrrelevantSphincterBand

Home  
Back  
Contact

Category:  
Society

## The Better Business Bureau: *It's not what you think!*

Living a dream, I recently filed a "Fictitious Business Name" with Riverside County in California. This is public information, much like getting a mortgage and transfer of property title. In one sense, this simply means that you get a lot of telemarketing calls. This is all fine and dandy - in fact, the fact that there is a wealth of public information out there is somewhat comforting.

Enter The Better Business Bureau. Until last week, I thought that the BBB was a government-run organization, funded by my tax dollars. I thought that it was a neutral observer of business standards and practices, a place where one could get information on a legitimate business or where one could lodge a formal complaint against a shady one. Just about none of this is true.

The BBB is not run by the government, but they do a lot of business with the FTC - at least that's what I hear. They are a non-profit, charity organization known as a 501(c)(3). This means that whatever money you donate to their cause is tax-deductible. The money that you donate is *supposed* to go into programs and charitable causes. The organization is supposed to report their income, report their board of directors, report about their programs, and so on. This information appears on IRS form 990.

990s are public information. So, with my wife's help, I got hold of the 990 for our local BBB. Turns out, they report no income, no board of directors, no contractors who earn over \$50,000 per year, and they have no programs. All they appear to have is -\$849 in assets. This is, to say the least, shady.

You might ask, "Why is he so interested in the BBB?"

They cold called me. Mind you, this was back when (last week) I thought that they were a legitimate organization. It went something like this:

The "Guy" called and said that he was from the Better Business Bureau. My ears perked up: I thought either I have already done something wrong (!), or that they are a really conscientious organization interested in how I conduct my affairs. He said that he wanted to set up an appointment to visit my business. When I balked, he said that he could just ask me some questions over the phone. So I assented.

He asked questions that were already answered on the county DBA filing, so I answered diligently, thinking that he was probably checking up on me to verify if I had been honest on the DBA application. He finished his simple questions (e.g., do you have employees? How long have you been in business? What is the nature of the business?), and told me:

*It costs \$465 a year and that will carry you through June 2006. We take credit cards or check by phone.*

I was floored. The "Guy" cold-called me and thought that I'd start doling out credit card numbers? Insane. I asked him, "Excuse me, you can't bill?" He answered, "We do credit cards or check by phone." Wary of phishing schemes, I told him that I had no way to know that he was who he claimed to be and that he would have to give me his information and I would call back if I was interested.

He gave me the information, and there started the investigation.

There are a lot of problems, right from the start – even before you start reading the complaints *against* the BBB.

Most importantly, there is the obvious conflict-of-interest problem. They take "subscription" or "membership" donations from businesses. This means that businesses are the BBB's source of income (even though they don't report income). But businesses are their object of complaint. So, if I as a consumer complain to the BBB, I'm complaining about one of their sources of income. Obviously, this is a problem.

The problems run deeper. An hour or so after they talked to me, my business appeared on their web site (if you're interested, find the Southern California BBB site and look for "Bluewood Designs"; I resist linking to them). The information on the site is the information that I told them over the phone.

They never confirmed that information. Furthermore, they assigned me a "BB" rating. This means, paraphrased, that they have no reason to believe that anyone would have trouble doing business with me. This is true, to some extent - they have no reason to think much of anything about me because, well, they know virtually nothing about me.

What's curious is that many other local businesses, who are members of the BBB, have "A" or higher ratings. Hmmm. I wonder what my rating would be if I paid for a "membership".

More curious, and again I encourage anyone to look this stuff up, I checked out the local Wal-Mart: they are a "member" of the BBB. They have had one complaint against them, but it apparently was resolved. So, they have an "AA" rating. I checked out the local Lowe's. They have 14 unresolved complaints against them and have an "F" rating. They are not members of the BBB.

What makes this case curious, in my estimation, is the number of lodged complaints. These stores are no more than a couple of miles from each other and so have basically the same customer base. I find it impossible to believe that the BBB has only received one complaint against Wal-Mart and 14 against Lowe's. This makes me suspect that a) the BBB is not recording complaints against their members; b) the BBB is not recording responses from non-members; c) the BBB might be "creating" complaints against non-members. Or some combination of these or others.

That last point is one that I've now read about (check out [badbusinessbureau.com](http://badbusinessbureau.com) for more). Somehow this doesn't seem unreasonable - I consider how much due diligence the BBB did to get my business information. I imagine that they do similar diligence on complaints that they receive.

Speaking of how complaints go, a friend of mine, let's call him "Scott", lodged a complaint with the BBB against a local car dealership. The dealership had tried to make him replace a \$500 part on his car when it was really just a fuse that had blown. That complaint, on the BBB web site, is listed as resolved. This is probably because "Scott" grew tired of the paperwork and didn't pursue the complaint further. The BBB let it end. The car dealership is a member of the BBB. They have a "B" rating and 14 complaints.

But Scott felt that he had lodged a complaint with a reputable organization and that something might be done about their business practices. This is not the case, for the BBB has no authority over businesses and no significant legal influence with state or county authorities. Yet arguably, they market themselves as having that kind of authority.

This succeeds to dupe consumers into thinking that their complaints will actually be heard by someone who can or will do something about it. In the case of my friend, this stopped him from taking the complaint to an authority, such as the state Attorney General.

There are numerous other resources and anecdotes about the BBB out there on the web. This article aims only to raise a healthy suspicion about the organization and to encourage business owners and consumers to proceed with caution when doing business with the Better Business Bureau.

One final irony: if you have a complaint against the Better Business Bureau, you can't file it with the Better Business Bureau. And just as Groucho Marx once quipped that he would never join a club that would have him as a member, the Better Business Bureau is not a member of its own organization.

Maybe it's all a big joke?

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May

