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## 'Pay For Play' Scandal Engulfs Better Business Bureau

Los Angeles chapter allegedly gave "A" rating to non-existent business that paid its dues

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ConsumerAffairs.com

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Bowing to pressure from Connecticut Attorney General Richard Blumenthal, the Better Business Bureau (BBB) has agreed to stop awarding rating points to businesses that pay dues to the organization.

The BBB also said it would "launch an immediate investigation" into an [ABC News report](#) that its biggest local chapter - the Los Angeles BBB - sold memberships to non-existent businesses that immediately received an "A" rating.

The ABC report of the alleged "pay for play" scheme said that "A+" ratings were only given to businesses that paid an accreditation fee,



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while "F" grades were routinely given to businesses that declined to join the BBB and pay dues.

The Los Angeles BBB is by far the largest of the 108 chapters in the U.S. It brought in \$6.2 million in accreditation fees in 2008, the ABC News report said, and paid its president, William Mitchell, an annual salary of \$409,490.

Mitchell is credited with devising the letter grade system to replace the "satisfactory/unsatisfactory" rating the BBB had used previously. The ABC News report said Mitchell has testified that his office employed over 30 sales representatives who earned a 45 percent commission for selling first-year memberships to business owners.

For his part, Blumenthal expressed concern that the BBB lacks sufficient resources to verify the information used for its ratings, which many consumers rely on when making purchasing decisions.

"I am pleased that the BBB is heeding my call to sever ratings from dues -- but more needs to be done," Blumenthal said. "Pay-to-play -- or its perception -- is unacceptable and unconscionable, as the BBB has rightly recognized. Cash can no longer inflate BBB ratings, as happened under the old system."

The BBB's executive committee approved the changes last week and said it would make a series of changes to its operations. In a statement, the organization said:

- the BBB ratings system will no longer give additional points to accredited businesses because of their accredited status. BBB will continue to issue ratings based on the other 16 ratings factors currently used.
- Immediately, BBB will make available on its website a streamlined process for receiving complaints on BBB sales practices, and will implement procedures for investigating each complaint. BBB will conduct a review of its process for accrediting businesses, and, as soon as possible, make changes that will apply system-wide. BBB will engage an independent third party to assist in its review process.



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"For nearly 100 years, the BBB has stood for public trust, and we are taking these steps to maintain that trust," said Steve Cox, president and CEO, Council of Better Business Bureaus. "Given the feedback, we feel it is our duty to take immediate steps to address the concerns raised, and enhance our ability to help consumers easily and quickly find trustworthy businesses."

Blumenthal said the changes, while admirable, left open the possibility that businesses would mislead consumers by providing inaccurate information to the BBB.

"At the very least, the BBB has an ethical -- and perhaps legal -- obligation to clearly and prominently inform consumers of the severe and significant limitations of its rating system," Blumenthal said.

"The BBB cannot rely on the word of businesses about licenses, state laws or other information; objective and independent confirmation is vital to accurate ratings."

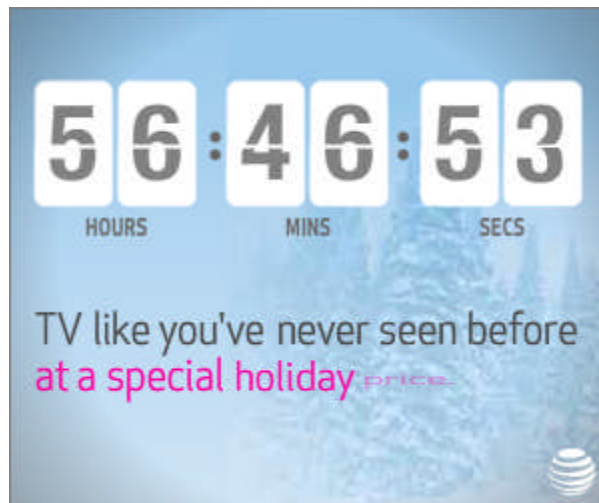
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