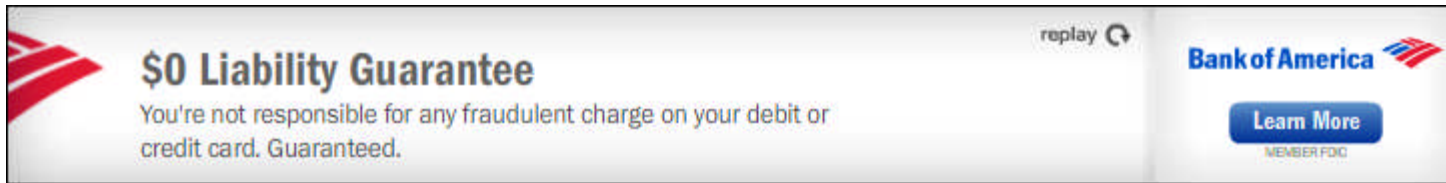




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Better Business Bureau Issues Mea Culpa for Pay-to-Play Ratings



Gergana Koleva

Nov 23rd 2010 at 4:00PM
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Filed under: **Consumer Ally**

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In exchange for \$425, a dummy company named "Hamas" became an accredited BBB member and got an A- rating, while a neo-Nazi website called Stormfront got an A+. Oblivious to the terror group reference, the BBB listed the former as a business "providing educational programs for troubled youth."



By comparison, in July the organization gave Starbucks an F, but changed it to a B- two weeks later after an independent website questioned the grade. It similarly gave the *Los Angeles Times* a failing grade in February 2009 and without explanation changed it to an A a month later. Last year, the BBB granted dues-paying Yahoo! an A despite 1,228 consumer complaints, but assigned a D to non-accredited Google, which had just 423 complaints.

"Plain and simple, we made a mistake," said Steve Cox, president and CEO of the Council of Better Business Bureaus, in an interview with a TV reporter. The nonprofit was founded in 1912 to alert the public to frauds against consumers and businesses, but in recent years has run afoul of business groups and officials for operating what they say is a pay-to-play system.

Cox's apology came after the ABC News program *20/20* aired a segment last week documenting how firms can secure substantially higher BBB ratings when they apply for fee-based accreditation. The report addressed numerous criticisms alleging the letter-grading system, which the BBB adopted last year, is unfair to small businesses and is often used capriciously.

In September, Connecticut Attorney General Richard Blumenthal **echoed some of those concerns** when he warned his state chapter that it risked losing credibility for rewarding companies that pay for the privilege of displaying the BBB accreditation seal over those that don't. Blumenthal called the ratings "unreliable" and "suspect" due to the fact that the bureau lacks the resources to verify much of the information that goes into its rankings, relying instead on businesses to self-report, without independent confirmation.

And for the past three years, a former CBS newsman who goes by the *nom de plume* Jimmie Rivers has run an investigative **website** building the case that the BBB is on the take.

"What's going on at the Better Business Bureau reflects what's going on throughout America, where greed plays an ugly hand," Rivers told **Consumer Ally**. "That's what happens when you have outsourced field representatives selling accreditation for a commission."

Rivers, who says much of his information comes from former employees, described the organization's accreditation process as a "boiler room," high-pressure sales operation where representatives are expected to fill quotas and are rewarded with up to 40% commission for closing calls with prospective new members.

What that means for consumers is that top-rated companies aren't always the best ones. Many consumers misunderstand what the BBB is, believing it to be a government agency rather than a membership-based business organization.

Accreditation fees run between \$400 and \$800, depending on the size of the business. But for those that choose not to pay them – which does not release them from scrutiny, only withholds the BBB seal from them – this could mean dismal ratings justified by as few as one consumer complaint.

"The BBB does not have the resources to really go out and do their due diligence, and yet they arbitrarily run some kind of algorithm that assigns a letter grade. The grades are just ludicrous, but unfortunately they carry weight because of the BBB reputation," Rivers said.

Neither consumers nor businesses have a recourse when that happens. The BBB has been riding on the coattails of its brand for at least a decade now, according to Rivers's website.

"This goes back to their arrogance and smugness -- 'We're the BBB, so how dare you question us.' They tend to believe their own press releases and you can't take them to court, because they claim to be a whistleblower," the former newsman said.

He explained he uses a pseudonym because some of the clients he currently works with are BBB-accredited members and his muckraking may affect their grades.

Rivers told Consumer Ally the BBB often doesn't have the right contact information to notify businesses when there are consumer complaints lodged against them. It also goes so far as to intentionally fail to notify non-paying businesses when there's a problem, so as to justify slapping them with a low grade and bully them into paying for accreditation.

"How many degrees of evil do we need to know," he offered.

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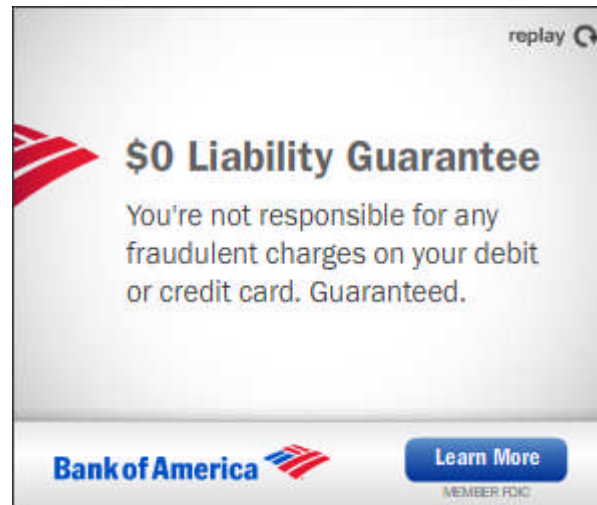
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[Meijer Recalls Oscillating Ceramic Heaters Due to Fire Hazard](#) (Tue, 23 Nov 2010 18:00:00 GMT) The oscillating mechanism in the heaters can short out, posing a fire hazard to consumers.

[Metallic Taper Candles Sold Exclusively at Yankee Candle Stores Recalled by General Wax & Candle Company Due to Fire Hazard](#) (Tue, 23 Nov 2010 17:00:00 GMT) The metallic paint can ignite on the candles, posing a risk of fire.

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Linda Doell

Nov 26th 2010 8:00AM

Filed under: **Food, Recalls, Health,**

Consumer Ally, In the News

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Gergana Koleva

Nov 24th 2010 5:30PM

Filed under: **Recalls, Shopping,**

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Linda Doell

Nov 24th 2010 4:45PM

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