



## **Setting the Record Straight**

### **Correcting the Fiction, Falsehoods, and Folderol of the RipoffReport**

The owner of a controversial website has discovered a new business model that allows persons who believe they have been wronged to record their complaints on the website. On the surface this sounds like a valid consumer service. But in some instances (a google search of “ripoff report” suggests many instances), the complaints are at best misinformed and at worst complete fabrications.

The Institute and its programs have recently come under assault by a handful of inaccurate RipoffReport complaints. They cannot go unanswered.

This document 1) briefly describes the Institute for Independent Business, 2) discusses the Institute's longstanding commitment to ethics, 3) corrects the inaccuracies of specific complaints listed by Ripoff Report, and 4) provides a brief overview of others' reviews of RipoffReport's tactics.

#### **1. The Institute for Independent Business**

The Institute for Independent Business (IIB) is a not-for-profit research, training and accreditation organization. Since 1984 the Institute has been providing invaluable information and access to assistance to meet the needs of independent businesses.

Research shows that most owners/managers of small to medium sized businesses are concerned that they lack the skills, experience and time to be effective in various key aspects of management, as well as the contacts and resources required to maintain and grow their businesses.

To address these fundamental needs, the Institute provides access to highly skilled and highly experienced business people, who have been trained and accredited in advising and helping small to medium sized businesses.

Now the leading global organization of its kind, the IIB has provided independent businesses with access to over 5,000 Executive Associates throughout the world, an incredible and exclusive network of talent, resources and contacts providing valuable support and *practical advice that works*.

Businesses can benefit from the exact support needed that's right for them, based on a well-proven model that has helped many thousands of independent businesses.

## **2. Integrity, Ethics, and the IIB**

Integrity . . . requires three steps: discerning what is right and what is wrong; acting on what you have discerned, even at personal cost; and saying openly that you are acting on your understanding of right and wrong.

*– Stephen Carter*

This definition of integrity sets an admirable, yet exceedingly difficult standard, yet is a standard the Institute for Independent Business has strived to achieve since the Institute's founding in 1984. The Institute's Code of Ethics reinforces its commitment to integrity and ethical behavior by all Associates of the Institute.

### **IIB Code of Ethics**

Accredited Associates:

1. Shall, by contributing time and expertise without financial reward serve their local community;
2. Shall conduct themselves in a manner which will merit the respect of the community for persons engaged in the profession;
3. Shall uphold the reputation of the Institute for Independent Business and of fellow Associates and abide by the Institute for independent Business Code of Conduct;
4. Shall carry out their professional duties responsibly and with integrity;
5. Shall not personally provide advice outside of their accepted 'area of expertise' but rather shall delegate to such appropriate specialists;
6. Shall collect and present facts without bias and not allow personal views to influence judgment, interpretation, analysis, and presentation;
7. Shall not discuss with or disclose to any person not authorized by the client or delegated representative any information, data, result, report or proposal arising from assignment nor cause or allow confidential information to be misused or to be published in any way without the permission of the client;
8. Shall not use information acquired during any previous assignments which in any way could be detrimental to their former client;
9. Shall not receive any undisclosed material benefits other than normal emoluments from any recommendation made in the course of duty.

### 3. The Reality of the Ripoff Report

*"Don't let them get away with it. Let the truth be known.  
- RipoffReport.com motto*

Apparently, a growing number of reporters, bloggers, and frustrated business owners have been doing just that. This section cites a growing number of web reports of seemingly unethical conduct by RipoffReport.com and its owner. Grammar and spelling are as they appear on the web. The reader is encouraged to conduct their own websearch and draw their own conclusions.

*"It is no secret that RipOff Report has been widely and universally accused of promulgating defamatory content and then extorting money from the victims of the very libel it publishes. This business model has made RipOff Report the subject of many lawsuits. In fact, I have at least seventeen listed in the Appendix at the end of this post.*

-- <http://www.seomoz.org/blog/the-anatomy-of-a-ripoff-report-lawsuit>

*"There is more than just speculation that Magedson [i.e., Ed Magedson, RipoffReport founder] was involved in altering reports. [emphasis in original] The Declaration of Dickson Earl Woodard Deposition contains the sworn testimony of the Plaintiff's former employee<sup>2</sup> and states repeatedly that Magedson drafted fake complaints and manipulated search engines."*

- <http://www.seomoz.org/blog/the-anatomy-of-a-ripoff-report-lawsuit>

*"In case you're not familiar with Ripoff Report—you may wish to pray that you never have to be familiar with them—the site exists as a platform to allow consumers to air their gripes, complaints, and allegations about a business. Unfortunately, Ripoff Report appears to exist purely to make money from the various negative postings and it's a rare occurrence to see something negative removed—even when resolved."*

- <http://www.marketingpilgrim.com/2008/01/ripoff-report-ripping-off-those-reported.html>

*"SEOs [search engine optimization consultants], on the other hand, say Magedson is basically extorting money out of clients who pay to become members of Rip Off Report's 'Corporate Advocacy Program.' The program works like this: A client pays an undetermined fee, and Magedson 'investigates' the complaints on the site. After all the complaints are resolved, the business gets a clean bill of health from the 'Editor.'"*

- <http://blog.wired.com/business/2008/03/rip-off-report.html>

*"The Rip-Off Report has become a boon to the disgruntled, who've posted complaints taking on everything from poor business practices to deadbeat dads, often without a shred of proof. For Ed Magedson, it's been an even bigger gift. It's made him powerful, and it's made him money — although certainly not a dot-com millionaire. Magedson won't remove posts. He's not interested in evidence that*

would offer vindication. But if you're willing to pay, Ed Magedson just might be willing to talk."

- <http://www.phoenixnewtimes.com/2007-02-01/news/the-real-rip-off-report/>

"Ripoff report was set up to be a site that is beneficial to consumers, but it is much more than that as you know. it is set up to also extort money from companies. Ripoff Report(ROR) takes anonymous complaints with no regard to the truth, slander or harrasment and post them on the internet.

"Then ROR puts YOUR COMPANY name in Meta tags and submits it to search engines. (with out your permission). That is how it gets a high rank on search engines. Now if anyone types in your company's name in a search engine Ed's ROR pops up. Only way to get fixed is to pay ed. that is extortion!Join ed's consumer advocacy program(LOL). "

- <http://www.my3cents.com/showReview.cgi?id=10678>

"The website has attracted much criticism and litigation for refusing to remove allegedly false reports and offering a service to aggrieved businesses called the "Corporate Advocacy Program" ("CAP"), under which, for a fee, the website will investigate "rip-off" reports targeting member companies and post prominent rebuttals to those reports."

- <http://www.citmedialaw.org/blog/2008/two-new-ripoff-report-cases-filed>

"The Phoenix New Times explains that at least 30 companies now pay Magedson to comment on unfavorable reports on Ripoff Report. Ripoff Report offers the "Corporate Advocacy and Remediation Program." Businesses pay Magedson a fee, plus a monthly retainer."

- [http://en.wikipedia.org/wiki/Ed\\_Magedson](http://en.wikipedia.org/wiki/Ed_Magedson)

Note: When the Institute contacted RipoffReport to address the inaccuracies in the complaints, it was informed that the complaints could be "investigated" and removed for only \$350,000.00! Unfortunately, that is not a typo. Of course, the Institute has refused to pay.

#### 4. IIB Rebuts the RipoffReport

The Complaint	The Facts
<i>"We had all been promised that there would be plenty of opportunity for quick rewards if we joined."</i>	Run away very quickly if anyone offers you quick rewards, whether they be in investments or business opportunities.  The IIB has never promised anyone quick rewards. The Institute <i>does</i> guarantee that accepted candidates can net (after fees, but before taxes) at least \$60,000 in their first year as a business advisor.  Building a consulting practice is a difficult and courageous thing to do. Unfortunately, the vast majority of those who open consulting practices each year fail. The Institute's Consultancy Business Development Program provides proven tools to turn the odds of failure into great opportunities for success. The vast majority of IIB Associates have enjoyed success in their careers and now, due to IIB's Consultancy Business Development Program, they enjoy successful careers as advisors to business owners.

The Complaint	The Facts
<p>The Everybody's Failing Syndrome:</p> <p><i>"Everybody felt the same way I did. "</i></p> <p><i>"Almost everybody has all but given up and most [IIB colleagues are on the dole."</i></p> <p><i>"Of the 30+ people who went through the training with me, none of us is earning the income that the IIB suggests is easily within reach."</i></p>	<p>Defaulting to claims that everybody has the same lack of success as I do can be a sign of sloppy thinking and an unwillingness to hold oneself accountable.</p> <p>Over 5,000 experienced and accomplished businessmen and women have pursued accreditation by the Institute for Independent Business. Thousands of successful Associates continue to renew their subscriptions to the IIB each year. They renew because they find IIB affiliation to be a valuable part of their business advisory practice and their professional development.</p>
<p>The IIB preys upon the vulnerable:</p> <p><i>"IIB catches people when they are vulnerable and desperate after suffering job loss."</i></p> <p><i>"Most are middle-aged persons who have lost their jobs or positions or downsized or had some difficulties from life, though they have worked 25 years or more."</i></p>	<p>Yes, most IIB Associates are middle-aged or older. But vulnerable victims of the IIB? Most certainly not!</p> <p>The reality is that vulnerable victims do not make very good business advisors and bring little added value to the network of Associates.</p> <p>The average IIB associate has held senior executive positions in business over a number of years, in most cases as senior directors and managing directors. Many were already working as business advisors, but found going it alone to be a difficult road.</p> <p>In sum, all IIB candidates have enjoyed successful careers, but have reached a point in their lives where they are looking for a change. Some want independence or increased flexibility or work/life balance. Some want stronger ties between personal efforts and rewards, while others are looking to pass on their knowledge and make a difference in the lives of others. Still others want to grow their own consulting business with multiple employees.</p> <p>Prior to becoming accredited, some wanted to consult and were confident in their ability to provide superior services to business owners. They were not confident, however, in their ability to obtain clients. There are also those who were confident they could easily obtain the clients, but they were unsure how they'd serve them once they had them.</p> <p>Although their motivations may vary, IIB Associates are consistent in the belief that going it alone is less satisfying and a less likely path to success than being part of a larger community of advisors with superior specialist skills available.</p>
<p><i>"... [A friend has] been in IIB for nearly 2 years and has hardly earned anything. He has certainly not covered his fees yet."</i></p>	<p>The IIB provides a MINIMUM INCOME GUARANTEE that Associates will net (after fees, but before taxes) at least \$60,000 during their first year. The training and support to earn significantly more than this is provided in the IIB accreditation program and ongoing development opportunities. This "friend" may need to look inward to find the real reasons for failure.</p> <p>Also see section above on the Everybody's Failing Syndrome.</p>
<p><i>You have to pay high fees, plus \$350 annual fee, plus some additional costs continually to stay affiliated.</i></p>	<p>There are fees to enroll in the Institute's Consultancy Business Development Program. Accepted candidates can expect to pay a one-time enrollment fee of \$24,876 and an annual subscription fee of £180 (about \$260 in early 2009). The enrollment fee compares quite favorably to professional development programs typically attended by top business</p>

The Complaint	The Facts
	<p>executives and is significantly lower than purchasing a business franchise. There are <i>no</i> additional costs to stay affiliated other than meal or meeting expenses at monthly regional meetings.</p>
<p><i>IIB forces you to pay 20% of the fees you charge.</i></p>	<p>SIMPLY UNTRUE! All Associates to the Institute run their own advisory practices and set their own fees. They are not employees of the Institute. They do not report or share their fees with the Institute.</p> <p>Some new Associates elect to participate in the Minimum Income Guarantee Program. In addition to the income guarantee, Associates are provided additional mentoring and support. In exchange, they agree to contribute to the Institute 20% of their income from clients obtained while on the program. Associates are free to leave the program at any time. Again, this is an optional program.</p>
<p>IIB as multi-level marketing scam: <i>"The Associates who put on the orientations actually are building a network of new Associates [from] who[m] they receive [a] piece of the invoiced amount of the small business clients.</i></p>	<p>Complete and utter rubbish! As stated above, Associates pay absolutely none of their income to the Institute or to the Associates who recruited them.</p> <p>It should be noted that IIB does not use professional recruiters or salespeople. It invites active Associates with their own advisory practices to assist in the recruiting process. There are several reasons for this. It is in Associates' best interest to see their regional network of Associates expand by bringing in only the highest quality candidates. Also, the Institute wants candidates to receive accurate information about the Institute from those who are actually benefiting from accreditation. Salespeople simply can't do this.</p>
<p><i>Associates are prohibited [sic] from dealing with restaurants or retail stores.</i></p>	<p>FALSE! In fact, a search of the IIB database reveals a number of Associates around the globe who specialize in restaurants or retail.</p> <p>It is true that the Institute does not schedule experiential appointments with business owners in these industries. There's no bias, it's just that owners of these businesses are often unable to find a 1-2 hour block to meet with a business advisor.</p>
<p><i>"\$20,000+ fee just to carry the IIB logo on your business card"</i></p>	<p>The one-time enrollment fee is \$24,876. There is a recurring annual fee of £180 (about \$260, but varies with the exchange rate). These fees include:</p> <ul style="list-style-type: none"> <li>• Distance learning materials</li> <li>• Six days of training (meals and lodging included)</li> <li>• Confirmed appointments with companies who have asked for help</li> <li>• Access to thousands of Associates worldwide means there is no business problem you can't solve. This means longer engagements and the ability to secure engagements you otherwise would have had to turn down</li> <li>• Mentoring to keep you focused and hold you accountable</li> <li>• Ongoing national workshops, regional Associate meetings, and continuing education (no additional charge)</li> <li>• Access to resource files and templates</li> <li>• Access to the IIB email listserv ???? and forums</li> <li>• And, yes, the right to carry the IIB logo on your letterhead &amp; business cards</li> </ul>
<p>The IIB originated in the UK which is famous for scams.</p>	<p>This complaint appears too often on complaint websites. Such bigoted ignorance doesn't deserve a response.</p>

The Complaint	The Facts
Therefore, the IIB must be a scam, too.	
<p><i>"It is the 4000 Associates who are independent and do all the efforts and stand out who, in my mind, will take the fall or heat for anything related to IIB's principles."</i></p>	<p>Over 5,000 senior business people in 30 countries have pursued IIB accreditation. They have enthusiastically embraced IIB's principles:</p> <ul style="list-style-type: none"> <li>• To bring to independent business the most practical advice and timely ideas from knowledgeable experts and business innovators; to open doors to important and profitable opportunities; to raise the professional standards of independent business practice; to enhance the image of business leaders and all other executives working within the independent business sector.</li> <li>• To advance the understanding of the workings of independent business by research in relevant fields, alone or in co-operation with other interested and competent bodies.</li> <li>• To provide research facilities pertaining to independent business for the benefit of and use by other persons or bodies.</li> <li>• To disseminate such findings and information as may be useful to the operators of independent business by all means expedient, more particularly through training courses, educational programs, conferences, journals and other publications or media.</li> <li>• To educate and train those working within the independent business sector to such a standard that they may confidently work independently at the appropriate level.</li> </ul>
<p><i>"If [the IIB] is so @#\$\$ great, why do they not operate with employees and pay salaries to them and benefits for the amount of monies they take in, instead of expecting these Associates to pay fees and charges and kickbacks and carry all the burdens of business on themselves... That is a strange thing..."</i></p>	<p>This writer is obviously most comfortable in the role of employee. Although there's nothing wrong with wanting to work for someone else, IIB Associates have reached a point in their lives where they want something different for themselves and for their families.</p> <p>It also makes sense that business advisors who understand what it takes to run their own businesses will have a better understanding of the issues facing their clients as they try to build their own businesses. IIB Associates have "been there, done that, and have the bloody t-shirt to prove it."</p> <p>As mentioned previously, Associates keep the money they earn. Finally, an entrepreneur views the "burdens of business" as delicious independence. Not so strange, after all.</p>
<p><i>"I was quite impressed with the caliber of other Associates. In fact, I've never seen an organization so adapt [sic] at misleading and deceiving so many extremely intelligent people."</i></p>	<p>This comment probably says more about the writer than about the "many extremely intelligent (and high caliber) people" accredited by the IIB.</p>
<p><i>"The IIB has no brand awareness in the small business community, and that which does exist is not positive as it consists mainly of those who were deluded into the scheme and are [m]ore than happy to expose the lack of ethics of the organization."</i></p>	<p>Again, we see the reference to a version of the Everybody's Failing Syndrome.</p> <p>After complaining for a few paragraphs, this writer proceeds to market her services as competition to the IIB. Using a complaint website to denigrate the competition and pitch one's own services might be viewed as an ethical lapse. Competition is fine, but let's keep it above board.</p>

The Complaint	The Facts
	Update: This writer has since issued a retraction of her ripoff complaint.
<i>"IIB boasts about 5,000 Associates -- but note none of the businesses 'helped' are listed or represented by testimonials."</i>	<p>There are several reasons why you won't see testimonials on the IIB website. First, the Institute is not a consulting firm. It does not work directly with business owners. It trains and equips skilled executives from every business imaginable to work with business owners and supports them with a powerful network of specialist colleagues and ongoing professional development.</p> <p>But there's another point to consider, as well. While corporate executives may matter-of-factly talk or brag about their consultants, small business owners typically do not.</p> <p>In some cases, hiring an advisor is a competitive advantage they don't want to advertise. In other cases, a different dynamic is at work. Most business owners build their self-identity around their company. It can be very difficult for them to admit they might need assistance. Asking for help is often seen as an admission of their failure to handle problems on their own.</p> <p>That's why IIB Associates work to build trust with business owners and provide signed confidentiality agreements. That's also why most Associates do not request (or provide) testimonials from their clients.</p>
<i>"I actually did an earnings survey through [the IIB] network and it confirmed that the earnings that they advertise...were not being achieved by anyone. The actual average earnings was [sic] under \$10,000 per year."</i>	<p>Job-Smacking Nonsense! This writer would have us believe that thousands of "extremely intelligent people" (see above) continue to pay an annual subscription fee to make less than \$10,000.</p> <p>See also the Everybody's Failing Syndrome comments above.</p>
<i>"I think they may violate franchise laws in the selling of their training packages."</i>	The Institute is not a franchise. The IIB does not sell training packages. The Institute complies with all laws and regulations in all countries in which it provides services. This writer appears to be offering a legal opinion without a license - a violation of the Institute's Code of Ethics.

## Final Thoughts

Commencing a new career as an IIB-accredited business advisor is one of the most important business decisions you will make. The Institute provides a number of materials and assessments to help determine if IIB Associateship is right for you and right for the Institute. The Associate assigned to guide you through the process will also provide you with the contact information for other accredited Associates. You'll want to contact them as part of your due diligence process. You'll also probably search the web for websites of accredited Associates to gain a better understanding of their practices. And, of course, you'll probably run across ripoffreport.com. There you'll see the complaints quoted above, but you'll also find at the bottom of the complaints a number of unsolicited rebuttals written by IIB Associates. You are encouraged to read them, as well.

The Institute wishes you every success in your career, whichever path you happen to choose!

For further information email the Principal, IIB – [principal@iib.ws](mailto:principal@iib.ws)