



FTC Puts Businesses on Notice that False Money-Making Claims Could Lead to Big Penalties

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Notice of Penalty Offenses can trigger large civil penalties for companies from multi-level marketers to providers of “gig” work



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The Federal Trade Commission is putting more than 1,100 businesses that pitch money-making ventures on notice that if they deceive or mislead consumers about potential earnings, the FTC won't hesitate to use its authority to target them with large civil penalties.

As the pandemic has left many people in dire financial straits, money-making pitches have proliferated and gained special attention. From multi-level marketing companies offering the dream of owning a business, to investment “coaches” with promises of secrets on how to beat the odds, to ubiquitous “gigs” that pitch a steady second income, Americans are bombarded by offers that often prove to be less than advertised.

As a result, the FTC is deploying its Penalty Offense Authority to remind businesses of the law and deter them from breaking it. By sending a [Notice of Penalty Offenses](#) to more than 1,100 companies, the agency is placing them on notice they could incur significant civil penalties—up to \$43,792 per violation—if they or their representatives make claims about money-making opportunities that run counter to prior FTC administrative cases.

“Preying on consumers and workers with bogus promises of big earnings should never be profitable,” said Samuel Levine, Director of the FTC's Bureau of Consumer Protection. “Today's announcement helps ensure that companies that cheat struggling Americans will pay a heavy price.”

The Notice of Penalty Offenses allows the agency to seek civil penalties against a company that engages in conduct that it knows is unlawful, and that has been found unlawful in a previous FTC administrative order, other than a consent order.

The Notice sent to the companies outlines a number of practices that the FTC determined to be unfair or deceptive in prior administrative cases. Broadly, the cases found that it was unlawful to make false, misleading, or deceptive representations concerning the profits or earnings that may be anticipated by a participant in a money-making opportunity. This includes, for example, representations that participants will make a profit, or that represented profits are typical. The Notice also describes other practices that the FTC has determined to be unfair or deceptive, such as falsely telling consumers they do not need experience to earn income or that they must act immediately to participate.

Companies receiving the Notice also received a copy of the recently issued [Notice of Penalty Offenses concerning endorsements and testimonials](#), as companies frequently use testimonials to advertise money-making opportunities. Together, the notices make clear that it is illegal to use testimonials to mislead consumers about the rewards of participating in a money-making opportunity.

The notices are being sent to a broad array of businesses that cover a wide range of money-making opportunities, including multi-level marketing, “gig” employers, investment and business coaching, franchises, business opportunities, and others. **A recipient’s presence on this list does not in any way suggest that it has engaged in deceptive or unfair conduct.** A full list of the businesses [receiving the Notice](#) from the FTC is available on the FTC’s website.

The Commission vote to authorize the Notice and its distribution was 5-0.

The Federal Trade Commission works to promote competition and to [protect and educate consumers](#). You can [learn more about consumer topics](#) and file a [consumer complaint online](#) or by calling 1-877-FTC-HELP (382-4357). For the latest news and resources, [follow the FTC on social media](#), [subscribe to press releases](#) and read our [blogs](#).

PRESS RELEASE REFERENCE:

[FTC Puts Hundreds of Businesses on Notice about Fake Reviews and Other Misleading Endorsements](#)

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