

Better Business Bureau uses Ex-Journalists to Investigate Problem Firms

Newsroom cuts at TV stations and newspapers across the country have put a damper on investigative projects. However, in St. Louis, the Better Business Bureau is picking up the slack.

Michelle Corey, president and CEO for the BBB of Eastern Missouri and Southern Illinois, can point to a stable of experienced reporters the agency has picked up to help with its consumer investigations. She can also point to dozens of BBB investigations picked up for publication by news media short on staff and resources.

“We’ve received awards for our work, and been recognized as one of the top BBBs in the U.S. for earned media coverage,” Corey said. “We are in the 16th media market, but we place second or third in the amount of coverage our work gets.

“I really credit the news people we have hired for the quality of our projects and the production of good, solid information that can be used with confidence. I do think that with news operation cutbacks, we have been able to fill the void in a number of ways.”

Among the well-known St. Louis newsies now working for the BBB are Bob Teuscher, Bill Smith and Jerri Stroud. Stroud is the editor of The Bridge, the BBB publication that comes out every other month to highlight many top investigations.

The final issue in 2010 featured Bill Smith’s investigation of air-duct cleaning scams. The story tagged a company in suburban Chicago that has been preying on homeowners in both Illinois and Missouri with high-pressure sales tactics, enormous bills and useless services. The scam air-duct

cleaning story was picked up on network and local television news, as well as by the St. Louis Post-Dispatch.

Consumers who answered flyers and direct mail ads for \$69 cleaning specials found themselves socked with bills 10 to 20 times the original amount in the offers for cheap, quality service.

“Seniors have really been exploited in the air duct scams,” Corey said. “They are shown phony videos of dirt and mold that the company says have been taken by its cameras – and then they are charged for all kinds of extra services. We found seniors who were too embarrassed to admit how badly they were taken.

“The Environmental Protection Agency has a site that says it’s not really necessary to clean your air ducts in most cases. In fact, it’s like asbestos, the dirt in the ducts is not harmful if you don’t mess with it. The dirt will not go anywhere unless it is stirred up.”

Top Notch Investigations

Diana Likely of Crestwood, Mo., credits the BBB with helping “wise her up” to the air duct scams after she used a \$49 direct mail coupon that turned into a bill more than 80 times that price. She is still fighting the enormous \$4,131 bill from Air Duct Cleaning Pros.

“I’ve learned two things,” said Likely. “Do your research with the BBB before contracting and know what kind of services you really need.”

The BBB’s investigation into air-duct cleaning scams got plenty of ink, but so have a number of other recent investigations. Among them:

- A payday loan investigation that revealed companies charging outrageous interest rates to those who can least

afford them. Missouri allows an APR of interest up to 1,950 percent based on a two-week loan of \$100, by far the highest of nine contiguous states.

- An in-depth investigation into car warranty extensions that are seldom honored but totally oversold. In the case of U.S. Fidelis, misleading advertising included a halo over the logo to promote the company as angelic, as it bilked consumers out of millions of dollars.
- A holiday investigation into unethical charities, phony online charities and agencies that purport to help veterans. The BBB found plenty of police, firefighters and veteran charities that were more interested in lining their own pockets than helping the supposed beneficiaries of their online and phone bank solicitations.
- An exposé of timeshare fraud focused on owners desperate to get out of long-term agreements. Owners spent millions of dollars to sell their timeshares, with few actual sales resulting from selling fees charged.

Puppy Mill Scandal

Perhaps the BBB

report with the biggest impact was Bob Teuscher's March 2010 study on the puppy mill industry in Missouri. The study found the state to be the puppy mill capital of America, with regulators overwhelmed by the sheer size of the dog breeding industry.

"When you have 90,000 puppies being transported out of Missouri annually to other states for sale – something is going on," Corey said. "There is a reason that it's so much cheaper to breed puppies in this state compared to others."

The BBB investigation found that puppies from Missouri's mills are mistreated and they also are a consumer rip-off. The

puppies are raised in cages in which they can barely turn around; the cages are stacked on top of each other; and the puppies get sick from the feces and filth in these cramped conditions.

The BBB found that when a family buys one of these pups, they can end up with a diseased animal that can result in a big vet bill. Many puppies are shipped out of the state in huge trucks where they can be stuck for five days. When pet shops in other states reject them as unhealthy, the pups face another five days in the truck for the ride back to Missouri.

“We believe our puppy mill investigation had some influence in getting Proposition B on the ballot in 2010 to more closely regulate this industry in the state,” Corey said. “We did not take a position on the issue, but we know that the study was cited by those seeking to address the abuses in Missouri.”

Proposition B, otherwise known as the “Puppy Mill Initiative”, was passed by state voters in November 2010. Rural voters generally opposed the measure and urban voters heavily supported it. Now, rural lawmakers are intent on repealing Proposition B or weakening its regulations in the current 2011 statehouse session.

BBB Gets Recognition

BBB research had an impact on the battle over Proposition B, regardless of what the Missouri Legislature does to the voter-approved measure.

And, BBB of Eastern Missouri and Southern Illinois is getting recognition locally and nationally for investigative work performed by its crew of former newsroom types. The national BBB gave St. Louis the Myers Memorial Award and cited the work of Bill Smith and others in exposing fraud in the auto service contract industry.

Missouri Attorney General Chris Koster presented the St. Louis

BBB with its Justice Award for Consumer and Senior Protection.

Some criticism of the BBBs nation-wide came up last year because of a new rating system for firms which awarded them extra points if they paid to become accredited members of the BBB. Chris Thetford, spokesman for the St. Louis BBB, said it had voted against such a policy but it was approved for all 122 chapters. After lawsuits and criticism across the country that awarding extra points was unfair, it was scrapped last November. Still, a lawsuit was filed against the St. Louis chapter by a remodeling firm that challenged the rating system, but it was dismissed by a judge.

The St. Louis BBB recently moved its headquarters from a suburban office in Maplewood to the downtown Metropolitan Square Building; it has established an office in Columbia, Mo.; it is reaching out to university graduate programs to enlist students in its research efforts on advertising and business practices.

Corey noted that BBB was originally founded in 1917 to check out the veracity of advertising and to help the business community self-police the marketplace. Corey said that is still the major focus of the BBB mission.

“Unfortunately, when the economy is suffering as it is now, companies cut down on their advertising,” Corey said. “That means the news media that depends on advertising have fewer resources to devote to news projects, and the quantity and quality inevitably is hurt.

“They also are not scrutinizing the ads, which they are getting, for honesty as much as they might have before,” Corey said. “They turn their heads a little bit, because they don’t want to turn away advertising in tough times.”

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