

Avoiding Real Estate Guru Fraud: Five Clues that a Course or Seminar is Worthless

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For nearly ten years I have been receiving emails from my website visitors asking my opinion on one real estate guru's home study courses or another. While I have opinions on many of them, I don't know them all. To be frank, there are so many out there these days it is getting impossible to keep track of the entire lot. What is much simpler is know the common tricks and devices these get-rich-quick gurus use to induce customers to buy their usually overpriced and worthless courses and avoid these offerings like the plague.

My best advice when buying a real estate investment home study course, seminar ticket, or any other product or service from any “expert” or “guru” is simple.

Do not buy from any real estate guru who uses the following tricks and traps in their advertising or marketing.

Gurus that focus on how much money you will make if you buy their course.

Genuine real estate authors and experts present information knowing full well that competent investors who use this information will make money. Phony gurus attempt to sell based on sales pitches that stress money and riches alone. Some examples include language like the following:

“Earn \$8,000 in the next 60 days with my course”

“You can earn \$1 million the next year.”

“Create a \$2,500 per month cash flow.”

“Would you like to earn \$10,000 in the next thirty days?”

No real estate author or investment expert can guarantee you any level of riches, cash flow, or success. Those that promise such wealth, or the chance of it, are lying to you. These financial promises are made by real estate gurus since their target market is what are called “newbies” in the trade, or mostly lower middle class “working” people who know very little about real estate but are desperate to improve their financial situation. \$10,000 to a single mother working at Wal-Mart can seem like a king's ransom. Any book, website offering, or advertisement that speaks in terms of how much money you can make with great specificity if you buy a product or service (“Could you use an extra \$1,000 per month of income?”) are always phony and should be avoided.

Gurus that speak about a “Program” or a “System”

It is common for real estate gurus to sell their courses based on what they call a “system” or a “program.” You will hear this language during television infomercials or read it on website advertisements all the time. Gurus use the term because they understand their “newbie” customers know very little about real estate and are concerned their lack of knowledge about rental houses or investment properties might scare them from buying a real estate course, especially an expensive one. The use of the term “program” or “system” is meant to suggest they can offer buyers a step-by-step way of making money that requires very little outside thought or knowledge. After all, their program or system is all you need. In reality, there are real estate investment “approaches” that frequently can work but there is no method that guarantees profits every time which is precisely why these gurus use these terms. Think of real estate programs or systems the same way as one for betting on horses at a racetrack. One program or system may work one day but it will not work in all circumstances. Often these gurus charge huge amounts of money for their courses and seminars (\$5,000+ is now common) and they do so claiming their “unique system” is the reason. They have no such system or program, at least not one that works as effectively in all circumstances as they claim. Few people would believe a

betting system or program works for winning at slot machines or casino card games like Blackjack, yet many think this same logic can be applied to investing. Real estate, along with all other forms of investing, just does not work that way. There are no programs or systems that work every time.

Gurus that advertise through television infomercials

I have never seen a legitimate real estate program that actually works or has merit sold through TV infomercials. I can go back to the birth of this advertising phenomenon and make this claim. Virtually all TV infomercial gurus wind up in trouble with the Federal Trade Commission or some public authority. Selling on television is usually what tips off authorities to the large scale of their operations. I have seen dozens of real estate courses advertised on late night TV and I have yet to find one worth buying, especially at the outrageous retail prices offered during the infomercial. If you really want to own a real estate home study course you see advertised on television, buy a copy on eBay or Craigslist. People dump these infomercial courses for resale when they realize how bad they are. I recently picked up a home study course advertised by one guru on his website for \$495 for \$10 on eBay and I'm sad to say I got taken at that price.

Gurus that wave settlement checks as proof of investment success

One of the great real estate guru cons is when they offer settlement or escrow checks as proof of profit. This approach is common on the Internet, in TV infomercials, and also during live “pitch” seminars held at hotel ballrooms. As an example, a guru will ask one of his “students” for proof of their profits on a deal and the “successful investor” will show settlement statement or a photocopy of an escrow check as proof of their gain. “I made \$38,000 on this deal” says the student as the camera shows you the check amount. To the real estate newbie, once again the target market of these scammers, a settlement check sure looks like proof but in reality it means virtually nothing. These

checks merely reflect money paid to them at settlement. This sum does not reflect total expenses towards a property or even such matters as compensating the owner for their time and labor associated with a given project. I have seen settlement checks issued to property owners in the hundreds of thousands of dollars while at the same time the owners are losing money on their investment. Certainly getting a settlement check is important and does show a positive balance at the end of escrow, but the existence of check does not prove profit on a deal under any circumstances. When you see this old guru trick being used on you, close your wallet and run away.

Gurus who engage in “upselling” techniques

In retail parlance, “upselling” is a sales technique when customers are consistently induced to purchase more expensive services or products after they have already purchased one item. One of the most common get-rich-quick real estate guru upsells occurs when customers are invited to attend a \$10 per ticket one-day seminar at a hotel ballroom. At that event, they are sold on a \$195 live seminar ticket to another two-day weekend event. During this new seminar, they are told they need more extensive or “in-depth” training and are sold on a \$2,000 week long event. This process can repeat until some customers spend tens of thousands of dollars on “training” all of which is inadequate since the “real secrets” are in the course you have yet to buy. Upselling is not by itself illegal or unethical, in fact, it is quite common. However, how many of the real estate gurus use the process certainly is. If a guru attempts to sell you another more expensive seminar or course after you have just purchased one that left you with more questions than answers, be very skeptical of the value of the new course.