

pyramid schemes



The pitch is that you'll make money by joining the program and recruiting others. The reality is that in pyramid schemes, you and your friends will lose money, not make it.

- Pyramid schemes promise easy money. You pay to join, convince others to do so, and you'll get a cut of the payment from each new member. The truth is, all such schemes are losers and collapse when members realize they're not making the money they were promised.
- Sometimes pyramid schemes claim to be multilevel marketing plans (MLMs), which use networks of independent distributors to sell their products. The key difference is legitimate MLMs sell goods or services to consumers and compensation comes primarily from those sales, not from membership fees or the recruitment of new participants.
- Pyramid schemes are illegal. People who participate in them are subject to fine and/or imprisonment in all 50 states and under federal law.

Protect Yourself

- Take your time — don't let anyone rush you into a decision. Legitimate opportunities will not disappear overnight.
- Review the compensation plan and be sure you will be paid based primarily on the sale of products by you or members of your network.
- Minimize your risk. Most legitimate multilevel companies require little, if any, up-front payment, and offer to repurchase your inventory for at least 90 percent of what you paid if you decide to leave the business.
- Ask questions, verify all information, get written copies of all company literature, and consult with others who have experience with the company.



These tips about pyramid schemes are brought to you by Direct Selling Association (www.dsa.org/consumerinfo).

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sunday	monday	tuesday	wednesday	thursday	friday	saturday
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