

The National Consumers League's Pyramid Scheme Checklist

Here are some questions you can ask yourself and some tips for finding out more about the program you are considering. If you check any of the following boxes, consider it a red flag. You should investigate further before proceeding. It may be a scam!

- You are being told that you can make easy money, surprisingly high profits or returns.
- You have to pay a lot of money up front to participate.
- You do not have the opportunity to get out in a reasonable amount of time and get your money back.
- You have to buy a lot of stuff ("training", "inventory", etc.) that you won't be able to return.
- You don't recognize the company. You have not heard of the promoter before and have a hard time finding any legitimate information on the promoter.
- The promoter is not a member of the Better Business Bureau, local Chamber of Commerce or other recognized industry trade association (like the Direct Selling Association or the Direct Marketing Association). *Note: Even if they are not a member of any of these, you may still be able to find more information about them through these organizations.*
- Everyone at the meeting seems to be a member of a particular group - neighborhood, church, club, school, or business. *(Note: Pyramid scheme operators often target "affinity groups," or people who share similar interests, to prey on social pressures.)*
- You are being told that you will make money primarily for bringing in other recruits - you may even get a share of their initial investment.
- You are being offered the opportunity to invest in a company or a franchise, but there is no prospectus or detailed information provided (*a prospectus is a detailed document that provides information about the nature of the investment, historic returns, etc. - these are often required for franchise opportunities and investments in company stock, for example*).
- You do not understand what is being offered to you - you are just told to trust, or given examples of others who have been successful.
- You don't feel right about it - trust your instincts!