

Network and Multi-Level Marketing (MLM) – Business Opportunities, Fraud or ‘Black on Black’ Crime?

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Because of the sagging economy, “Multi-Level Marketing (MLM)” also called Network Marketing, Direct Selling, Referral Marketing and Pyramid Schemes are continuing to render people into a state of denial, despair and hopelessness which ultimately leads to homelessness.

The goal in business is to brand your business. Branding is one of the most important aspects of any business, large or small. Simply put, your brand is your promise to your customer. It tells them what they can expect from your products and services. Your brand is derived from who you are, who you want to be and who people perceive you to be.

My brand is Integrity/Empowerment; Oprah Winfrey brand is Love; Deepak Chopra brand is Spirituality; Iyanla Vanzant brand is Spirituality; Michael Baisden brand is Edutainment; Tom Joyner brand is Comedy; and Tyler Perry brand is Comedy. So what is the brand for these so-called business owners involved in these types of Pyramid Schemes?

Fraud is described as deceit, trickery, sharp practice, or breach of confidence, perpetrated for profit or to gain some unfair or dishonest advantage -- so Pyramid Schemes are a form of fraud or in so many cases in the black community a form of “Black On Black Crime.”

Multi-level Marketing (MLM) is a marketing strategy in which the sales force is compensated not only for sales they personally generate, but also for the sales of others they recruit, creating a downline of distributors. Do you still seriously believe you can become a successful business owner in someone’s downline?

There are tons of lawsuits across this country against these pyramid schemes which still draw government scrutiny. You even need to be very cautious in using this means for marketing your own products, because it is still associated in many minds with “fly-by-night operators.”

Every couple of months, I send this article out and then my phone and emails are bombarded with hate messages because obviously there are tons of people involved in these types of ventures. I am not writing this article to offend anyone but the truth about these types of ventures must be exposed. The truth will indeed set you free. If you have found yourself involved in these types of ventures -- get out now before it’s too late!

As my empowerment company, Angels Press, form business alliances, strategic partnerships and co-ops with ethical business owners -- we are trying our best to steer clear of any businesses involved in these types of ventures. We don’t even allow these businesses to be in our business network <http://www.angelspress.com/businessnetwork.html>. Remember every business need an ethical business network to refer others to.

List of Multi-Level Marketing Pyramid Schemes

Some of these Multi-Level Marketing Pyramid Schemes are Noni Juice, Melaleuca, Pre-paid Legal, Primerica, YTB Travel, Quixtar, ACN, Ameriplan, Warm Spirits, Ignite Energy, Body

Magic Shapers, Mary Kay, Avon, etc. You can check with this website <http://www.mlmwatch.org> to find out about others. Even though Mary Kay and Avon do not use the aggressive tactics like the others -- they are all still Multi-Level Marketing schemes.

There are many of these pyramid schemes out there with many different names! Many of you remember when "Amway" was launched. Many of these new products being launched today are the old Amway system but with different names.

These independent distributors recruit individuals to sell a variety of products, including household cleaners, diet ads, vitamins, beauty products and much more. They recruit members of their inner circles, such as family, friends, neighbors, co-workers and others. These people in turn are advised to do the same.

Billionaire business owners, even has ads on black radio stations across the country at this vulnerable time in our lives urging people to get involved in Network Marketing. Just because they are billionaires many blacks believe every word -- hook, line, and sinker. What worked for this billionaire doesn't necessary mean it will work for you. He is trying to find some "worker bees" to sell his products -- and obviously that's you.

Why give energy to someone else's dream while ignoring your own -- so why would you sell someone' else's products instead of making and selling your own? The only thing good about these networks are the camaraderie formed with each other. But remember the old saying "misery loves company."

Who Do Multi-Level Marketers Target?

They especially target groups with large networks on the Internet or in the community. They look at places where people congregate like churches, libraries, meetings especially toastmasters.org and other business meetings, conferences -- anywhere there will be a gathering of people involved with something. Also they know that people involved in projects or business owners go to Office Depot, Office Max, Staples -- so they also recruit others at these types of businesses.

I receive at least 5 phone calls and emails every week from these marketers trying to recruit me for these ventures because I have a large network on the Internet.

The Two Ways You Make Money

- 1) The first is by serving as a combination retailer and sales representative -- you buy products from the company and resell them to customers.
- 2) The second way is by recruiting people into the organization and earning a commission off their sales. That's where the term "Multilevel" comes in. If you recruit someone and they recruit others, then you get commissions off both "your sales" and "the sales of other people you recruited."

Only Those At the Top Are Successful

The commissions returned from what these people buy is rarely sufficient to cover the expenses, thus ensuring that the multi-level marketer actually loses money and they become discouraged and drops out -- looking for an easier way to make money.

Even though you make the company successful by joining, when you drop out the company has a very little chance of being successful. LIKE A PYRAMID, ONLY THE PEOPLE AT THE TOP ARE SUCCESSFUL (However, I've yet to see one of these six figure checks they claim to make). Many people who try to gain titles and positions and have hopes of rising to the top NEVER make it. They carry a revolving door of inflated hopes destroyed by reality.

Haunted by Reactions from Family and Friends

So many people have gotten involved with these schemes and don't know how to get out. The reason they don't know how to get out is because most of the people who recruited them in the first place were family members, friends, neighbors, colleagues, etc. Many don't want to think that these people have failed them so they continue in these ventures until they realize it is just not working.

Some have persuaded others to get involved such as college professors, police officers, pastors, community leaders, etc. Everyone that you think should know better -- right? Because people are so close to the people who recruited them, they rarely sit down and conduct research or investigate the scheme.

Many admit they have lost friendships and had to distance themselves from family members and other acquaintances who have become obsessed with selling or recruiting them for these illegal Pyramid Schemes.

What's more frightening is if your Multi-Level Marketing opportunity fails (and over 99.9% of them do), this "once-in-a-lifetime" opportunity may haunt you for your lifetime, as family, friends, co-workers, and others remind you that your big dream turned out to be nothing.

The more these people invested, the worse their reaction to you. Is this what you want to live with for the rest of your life -- not being able to look a family member, friend or neighbor in the face because you have brought them into something that has taken their 'hard-earned' money and hope?

Multi-Level Marketers Can't Take "No" for an Answer

Because of the economy, people are so desperate to obtain extra funds that they become victims to these pyramid schemes. Nowadays, you can't afford not to investigate any type of opportunity.

Many people who join these schemes get so persistent and aggressive that it literally results in them begging you to join their ventures. Even though most marketers never recruit more than one or two people into any given Multi-Level Marketing opportunity, some become so desperate, they have a hard time taking no for an answer. Sometimes it almost results in a "stalking-like syndrome."

The reason you can't get out is because you feel dedicated to the persons who got you involved in the first place. They continue to hound you by calling and emailing you and constantly encouraging you to recruit others while they are unable to get others involved themselves.

Don't think getting involved with these schemes can't happen to you! I, too, was

involved many years ago for a couple of months. What everyone needs to understand -- first of all is -- don't quit your day jobs!

Weekly and Monthly Meetings

Be careful when you meet someone in the community who attends a weekly meeting and tells you this meeting will change your life. Ask more questions about the meeting. Many can't even explain to you at that time -- what type of meeting it is. If they tell you it's a financial meeting, be wary about going to these meetings. More than likely it's a Multi-Level Marketing (MLM) aka Pyramid Scheme.

Every once in a while you get a new person to join. Then your upline/recruiter encourages them that they have made a good decision. But many are smart and get out right away even though they forfeit their sign-up fees. So be smart and don't sign up for these schemes in the first place.

Pretty soon at the weekly meetings and quarterly trips to Florida, Las Vegas, and other locations -- you only see the same persons time and time again. And remember most have only recruited one or two people.

During these meetings and trips you hear testimonials from people who say they were near financial ruins but are now rolling in money, have a fancy car and a retirement home on the beach. You'll also see this at the company's website, where you'll be amazed to learn that you're the last person to find out about the easy millions that are yours for the taking.

Anytime you visit a website where someone mentions the words "residual" or "distributorship" -- beware! If you see a picture with the CEO surrounded by a trophy wife, airplanes, and a fleet of sleek automobiles, hold your wallet. These people certainly aren't into reinvestment. Your hard-earned money is subsidizing their playroom.

Significant Costs Involved in These Types of Ventures

Many Multi-Level Marketers will always fail because there are significant costs involved in getting involved in these companies. This includes cost of products, sign-up and other fees, marketing materials, and mailing costs.

With the very high failure rate of Multi-Level Marketing and Network Marketing Companies, you'd be crazy to consider any company unless you know something solid about their finances. If you are interested in this means of advertising and distribution, check it out carefully beforehand.

Products will not sell themselves. If you're thinking of joining such an organization, no matter what anyone tells you, you will need sales skills to succeed at this. You will need to be a "recruiter" or "salesperson" in order to be successful at these types of schemes. Even then most African Americans still don't do well at these types of schemes.

You also need to believe in the products and consider whether they are priced fairly. In my case, I believed the products were priced too high and the quality of the products were poor -- so after a few weeks I walked away from this venture even though I was constantly hounded by the other members in the group.

Multi-Level Marketing organizations want you to believe that with very limited expense on your part, but a great desire to win, you can become wealthy.

Some of the Reasons Why People Get Involved with Multi-Level Marketing Schemes

Just some of the reasons people get involved in the first place include:

- It's a business that seemed like a good idea.
- I saw other people doing it, so I thought I'd do it, too.
- I know people who make a lot of money doing this.
- Doing this type of thing interests me as a hobby.

Many of the above reasons might be wrong for you. Choosing a business based on someone else's instincts or quick money making possibilities will sink you in the long run. Why would you get involved in a business simply because someone else is doing it?

List of Unethical Statements Used to Recruit People

- MLM offers better opportunities than all other conventional business and professional models for making large amounts of money.
- Network marketing is the most popular and effective new way to bring products to market.
- Consumers like to buy products on a one-to-one basis in the MLM model.
- Eventually all products will be sold by MLM. Retail stores, shopping malls, catalogs and most forms of advertising will soon be rendered obsolete by MLM.
- MLM is a new way of life that offers happiness and fulfillment. It provides a way to attain all the good things in life.
- MLM is a spiritual movement.
- Success in MLM is easy. Friends and relatives are the natural prospects. Those who love and support you will become your life-time customers.
- You can do MLM in your spare time. As a business, it offers the greatest flexibility and personal freedom of time. A few hours a week can earn a significant supplemental income and may grow to a very large income, making other work unnecessary.
- MLM is a positive, supportive new business that affirms the human spirit and personal freedom.
- MLM is the best option for owning your own business and attaining real economic independence.
- MLM is not a pyramid scheme because products are sold.

Check Out These Guidelines to Evaluate the Investment

- **Consider the company:** Read and reread all materials given to you, and make sure the literature you're reading is authorized. Do not sign anything rashly; a reputable company will wait until you are ready. Take into consideration how long the company has been in business. But while there is something to be said for longevity, don't necessarily discount new companies.
- **Find out who the management team is:** How long have these individuals been in the business and what other companies have they worked for? Be aware of the

company's finances. Does the company have adequate capitalization? Do the sales volume quoted to you work out on paper? When do commission checks go out? Do distributors receive products as soon as it is ordered, or is there a long waiting period? Also, will the company buy back your products if the opportunity doesn't work for you? A good network marketing company should have a buyback policy of at least 90 percent for all unsold inventory and sales aids in good condition.

- **Consider your sponsor:** How do you know them? How much do you trust them? You are essentially becoming business partners, so consider this person your director, teacher, and supporter. Is this person successful? Are they driving a company car? Don't be swayed by the money totals they say they make. Check any figures they give you with authorized company literature and a phone call to the company, itself.
- **Ask for a list of names and phone numbers:** Talk to other people in your sponsor's down-line, as well as other network marketers in the organization. Call at least 10 people and ask them some pointed questions about the company. Find out if they are happy with the support the company has given them, the products they are selling and their own sponsors. Most importantly, find out if they would sign up with the same company -- if they had a chance to do it all over again. Consider how often your sponsor will meet with you. How will they support you and contribute to your success?
- **Signing Up:** If you decide to invest in an MLM opportunity, know that by law a company cannot make a profit on a sign-up fee. Your initial investment should go only for the sales kit or demonstration materials needed. No minimum purchase or inventory requirement should be necessary to become a distributor, and according to the Multilevel Marketing International Association (MLMIA), mandating the purchase of accessory products or services is illegal. Front loading is strongly discouraged by ethical companies, associations and states. Remember that the product is as important as the opportunity. Do not sell a product you do not believe in. Also consider: Does the marketplace you live in demand such a product? If not, are you willing to travel outside your immediate area to sell it? Is the product reasonably and competitively priced? How much commission will you receive from selling the product? This is especially important. Even if you never recruit one person, how much can you make? Also, is customer satisfaction guaranteed? Make sure you can return any products clients aren't satisfied with.

How to Investigate a Multi-Level Marketing Opportunity

- Get at least 20 names and phone numbers of different distributors for this company. Call at least 10 of them to find out more about the company.
- Ask advice from trade organizations like the Direct Selling Association (DSA) (<http://www.dsa.org>), which has over 150 direct selling companies as members and offers free brochures. The Multilevel Marketing International Association (MLMIA) (<http://www.mlmia.com>) is a smaller trade organization that represents MLM companies.

- Check your state's department of consumer affairs, attorney general's office or Better Business Bureau (<http://www.bbb.org>) for information about the company. The MLMIA can only provide information about its members.
- Don't be afraid to call the company itself and verify the information you've been given. Request precise answers and, if you need to, ask several different people the same questions.
- The Federal Trade Commission (FTC) (<http://www.ftc.gov>) (202-326-2222) can tell you if any formal complaints have been made against a company. It also offers various literature, including a free booklet on franchise and business opportunities.

In my opinion these types of unethical practices in these Multi-Level Marketing, Network Marketing and Pyramid Schemes are nothing more than "predatory lenders." They prey on the weak and uninformed. They will only hold people back from becoming the persons that they were really meant to be. They will delay your dreams!

All you have to do is use your own 'God-given' creative talents and passions to start and build your own business. Being a part of these groups will do nothing but set you back emotionally and financially, so walk away before it's too late. Learn more about business ownership by reading "*How To Take Control of Your Own Life: A Self-Help Guide to Starting Your Own Business*" at <http://www.AngelsPress.com>.

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