MLM-theTruth Update

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MLM SOMETIMES GETS UGLY WITH BANKRUPTCIES, DIVORCES, ALIENATION FROM FRIENDS AND FAMILIES – EVEN MURDERS AND SUICIDES

We were shocked to learn of the October suicide by Don Lapre, whose vitamins were sold by infomercials and an MLM scheme. Only a couple of months before, we learned of the failed suicide attempt by Ellery Bennett, after killing his wife. Bennett had racked up mounting debt from involvement in Liberty League International and later in LGN Prosperity group. That is a total of three murders and three suicides connected with MLM involvement – that I am aware of. Add to that the thousands of bankruptcies, divorces, and loss of friends and family from endless chain recruitment, and you have a business model that is less than sanitary, to say the least. It is the appeals for help from thousands of friends and family members of victims of these schemes from all over the world that keep those of us advocating for consumers dedicated to exposing the evils of MLM fraud.

A CLASSIC ARTICLE HOLDS UP OVER TIME

One of the pioneering articles which brilliantly presented the fraud and moral problems inherent in MLM as a business model was written by Dean Vandruff and is called “What's Wrong with Multi-level Marketing.” It was one of the first consumer-oriented articles to be posted on the web. This brilliant article suggests four major problems with MLM:

1. Market saturation: an inherent problem
2. Pyramid structure: an organizational problem
3. Morality and ethics: a problem of greed
4. Relationship issues: an experiential problem

Virtually all of his arguments have held up over time. However, some degree of market saturation has been to some degree overcome by resourceful MLMs willing to use clever and deceptive strategies to keep going indefinitely. These strategies are explained in chapter 3 of my ebook The Case for and against Multi-level Marketing, which can be downloaded free of charge from this website – mlm-thetruth.com.

To be well-informed on this topic, read the Vandruff article.

"BOOK BURNING IN AMERICA: A TALE OF NU SKIN"

This article by Joe Alfieri describes how the book Formerly Filthy Rich;My Scandalous Life with a Billionaire Cougar, by Adam Baker, husband #3 of NuSkin founder Sandie Tillotson, was banned from distribution by Barnes and Noble and Amazon.com. NuSkin's attorneys. Quoting the author:

Nu Skin thinks he knows too much, or at the very least says too much, and on this particular Friday afternoon used its team of lawyers to shut down distribution of Formerly Filthy Rich by Barnes & Noble and Amazon. Let me say that another way, in case you missed it: they got the book banned. A
figurative burning of a book, but in the world of electronic publishing a burning none the less. A burning worthy of Nazi Germany, or Fahrenheit 451. Book burning and censorship in America, friends.

The lawyers argued (at least to B&N, their story to Amazon was quite different, which we’ll address in a moment) that the book was defamatory. It may be, but defamation is best argued before a court of law, where each side presents its case. Adam says he stands by every word he’s written, and is ready to produce witnesses. If that’s the case, then there is no defamation. Nu Skin says burn the book anyway, before anyone gets to read it. Barnes & Noble rolled over and pulled the book from its website quicker than you could say, oh, Sarah Palin. The Joe McGinnis book about Palin, if you’re keeping score, is still available, even if it is defamation, or claimed to be.

The story presented to Amazon by Robert S. Clark of Peer Brown Gee & Loveless of Salt Lake City, said nothing about defamation, but the result was the same. Nu Skin argued that the material in the book was not Adam’s. Baker says that of course it’s his story, and is ready to produce his drafts and copyrights to prove it. No matter, Amazon has pulled the book “pending investigation.”

Earlier in the week Adam’s WordPress blog was shut down, and although he hasn’t gotten word as to why from notoriously slow to respond WordPress, one has to think there’s something of a pattern here.

And here then is the Thumper betrayed Bambi moment, for me, dear reader. I celebrate and proclaim on a continual basis, loudly and very proudly, the freedom we enjoy as Americans, even as I watch good people slandered, lies told, and reputations destroyed in the press on a daily basis because of that freedom. I tell myself it’s the exchange of ideas in a public forum, and that the truth will out in the end, that it’s the price paid for freedom of speech. And that we all enjoy that freedom, that we’re all equal in the marketplace of ideas and free speech. But I am shaken by this story of David and Goliath, by the idea that a woman with over a billion dollars and the company she owns a good deal of can prevent the publication of a book that might do them harm, even if the tale is true. I’m shaken by the story because I can’t imagine it happening in this country, where we supposedly value the truth, unvarnished, and equally distributed. Am I wrong? I’d like to think that David will slay Goliath, because if he doesn’t, then perhaps all is lost, and those mobs on the street in Oakland braying against evil corporations may have more truth in them than even they know.

Interestingly, trophy husband #2 of Sandie Tillotson, a former actor and model, is also writing an expose about his ex-wife and the Nu Skin’s fraudulent program. It should be interesting to see what comes of it.

MLMS RECENTLY ANALYZED BY DR. JON TAYLOR –
TO BE ADDED TO LISTINGS ON OUR WEB SITE

As usual, these MLMs read like an alphabetical soup of appellations, with no shortage of creative spellings of exotic sounding names. And of course, each makes the claim of offering the latest and greatest of lotions, potions, notions – or whatever unique products or services they are using as reasons for people to get excited about parting with their money to participate in their great new “income opportunity.”

• Discount Home Shoppers Club – now Global Income Partners
• Approval Warehouse
• Healthy Coffee USA
We have identified over 400 MLMLs with compensation plans which satisfy at least four of the five causative and defining characteristics ("red flags") of a recruitment-driven MLM, or product-based pyramid scheme. These recruitment-drive MLMs are incentivized by compensation plans that require unlimited recruitment of a whole network of endless chains of participants, who purchase products in order to qualify for commissions and advancement in their programs. As such, they assume infinite markets and virgin markets, neither of which exists in the real world. This makes them inherently flawed, deceptive, and profitable for only a few at the top at the expense of a revolving door of recruits at the bottom of their respective hierarchies (pyramids) of participants.

For information on these characteristics, see Dr. Taylor’s “5-step Do-it-yourself MLM Evaluation” procedure on the web site www.mlm-thetruth.com. For a more exhaustive treatment of the fundamental flaws and effects of MLM as a business model, read Chapter 2 of Dr. Taylor’s new book The Case (for and) against Multi-level Marketing, which can be downloaded free of charge from the same web site.

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We welcome your feedback. At this point, everything is wide open on the name, content, and format for this newsletter. So if you have any suggestions that you think would make it a better information source, please send them along to the email address below.

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