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8K A WEEK

THE RELIEF TEAM

www.nazoraean.com/financialfreedom.html

Greetings 'Relief Team'! It is my pleasure to invite you to peruse this short but comprehensive MLM Study Letter. All comments and questions concerning this study are appreciated.

Maybe you did not know it. But some people confuse Pyramid and Ponzi Schemes with legitimate Multi-Level Marketing. Multi-Level Marketing programs are known as MLM's (Some people also refer to Multi-Level Marketing as Direct Selling or Network Selling). Unlike Pyramid or Ponzi Schemes, MLM's have a real product to sell. More importantly, MLM's actually sell their product to members of the general public, without requiring these consumers to pay anything extra or to join the MLM system. MLM's may pay commissions to a long string of distributors, but these commission are paid for real retail sales, not for new recruits.

8K AWeek distributors get paid commissions when through them 8K A Week's product and services are sold to the general public on a weekly basis. **8K AWeek** distributors are home based **independent business owners (IBO)**.

8K A WEEK HAS A REAL PRODUCT TO DISTRIBUTE:

8KAWeek offers a real product that every online marketer or home business owner needs, a product that assists you in building an online presence mandatory to generating sales.

8KAWeek's customizable web pages provide a simple yet powerful tool to generate sales for ANY business or product. They have made it easy to create a customized web page complete with an auto-responder allowing you the opportunity to build your home business with interested prospects.

Your hosted web page can also be used as a sales letter page promoting any product or service enabling those without any knowledge of web page creation to create professional looking web pages easily.

There is no HTML experience needed to create web pages as **8KAWeek** has developed an easy to use page editor interface all administrated through your web browser.

What is a Pyramid Scheme?

The main characteristic of a pyramid scheme is that participants only make money by recruiting more members. There are many different kinds of pyramid schemes, but the two most basic are **product-based** and so-called **naked** pyramid schemes.

In a naked pyramid scheme, no product is sold. Here's how it works:

1. One person recruits 10 other people to participate in a "no-fail investment opportunity."
2. The 10 recruits each pay the recruiter \$100.
3. The recruiter now tells them to go out and recruit 10 more people to do the same.
4. If each recruit is successful, they'll all end up with \$900 in profit from a \$100 investment.

Pyramid schemes quickly become unsustainable.

Sounds simple enough, but here's the problem: Let's say the initial 10 recruits each find 10 more people. Those 100 new recruits will have to find 10 recruits each to make \$900. That means they have to find 1,000 people willing to sign up for the program. And if they somehow find 1,000 people, that next level of the pyramid will need to sign up 10,000 to make a profit. Eventually, there won't be enough recruits at the bottom of the pyramid to support the level above it. That's when the pyramid topples and everyone at the bottom loses their investment.

A product-based pyramid scheme is the same concept disguised as a legitimate **direct sales** opportunity. Here's how it works:

1. A distributor recruits 10 salespeople who each pay \$500 for a starter kit of products to sell.
2. The distributor gets 10 percent of each starter kit that's sold.
3. The distributor also gets 10 percent of each product that any of his recruits sells, including more starter kits.
4. The recruits are told that the fastest way to make money isn't by selling products, but by recruiting more people to buy starter kits.
5. The people at the top of the pyramid get commissions from everyone in their **downline**, the many levels of recruits below them on the pyramid.

The problem with most product-based pyramid schemes is that the products themselves don't sell very well, or have very slim profit margins. So the only way to make money is to find more recruits. Eventually (and surprisingly quickly), the market becomes saturated. There are too many people trying to sell the same unattractive product and there's no one left to be recruited.

It's mathematically impossible for everyone to make money in a pyramid scheme. For example, if each recruit needs to find 10 more people to recoup the

cost of his or her initial investment, the eighth level of the pyramid would have to recruit a billion people to make back their money. And the next level would need 10 billion, nearly twice the population of the Earth.

In fact, pyramid schemes don't work unless somebody loses. Those at the bottom of the pyramid are essentially defrauded by those on top. It's a mathematical fact that no matter how many people join a pyramid scheme, 88 percent of the members will be on the bottom level and will lose their money. Pyramid schemes are illegal because people don't lose their money due to normal market forces, but because the system requires them to lose so that a few at the top will win.

Studies show that in a naked pyramid scheme, 90.4 percent of people lose their money, while in product-based pyramid schemes, that number jumps to a shocking 99.88 percent.

So what's the difference between product-based pyramid schemes and legitimate **Multi-Level Marketing (MLM)** companies? Or is there even such a thing as a legitimate MLM? Look out for the next MLM Study Letter to find out.

Please see "**PYRAMID SCHEMES**"

<http://www.ftc.gov/speeches/other/dvimf16.shtm>

IN LOVE AND RESPECT

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