

# Ponzinomics: The Untold Story of Multi-Level Marketing



## Ponzinomics, the Untold Story of Multi-Level Marketing

by Robert L. FitzPatrick

★★★★☆ 4.5 out of 5

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Multi-level marketing (MLM) is a business model that has been around for decades. It involves selling products or services through a network of distributors, who are typically paid commissions for recruiting new members and selling products. While some MLMs are legitimate businesses, others are nothing more than pyramid schemes that prey on unsuspecting victims.

In this article, we will take a closer look at the history of MLMs, how they operate, and the dangers of getting involved in one.

## The History of MLMs

The origins of MLMs can be traced back to the early 1900s, when companies like Amway and Herbalife began using this model to sell their products. In the 1950s, the MLM industry grew rapidly, thanks to the popularity of Tupperware parties. However, it was not until the 1980s that MLMs really took off, as companies like Nu Skin and Mary Kay began recruiting large numbers of distributors.

Today, there are hundreds of MLMs operating around the world, and they generate billions of dollars in revenue each year. However, the industry has also been plagued by controversy, as many MLMs have been accused of being pyramid schemes.

## **How MLMs Operate**

MLMs typically operate in a hierarchical structure, with distributors at the bottom and a few top-level executives at the top. Distributors earn commissions by selling products or services to their customers, and they can also earn commissions by recruiting new distributors.

The amount of money that distributors can earn depends on the MLM's compensation plan. Some MLMs offer a simple commission structure, while others offer more complex plans that can be difficult to understand. It is important to note that most distributors do not make a lot of money from MLMs. In fact, a 2018 study by the Federal Trade Commission found that the median income for MLM distributors was just \$2,400 per year.

## **The Dangers of MLMs**

There are a number of dangers associated with getting involved in MLMs. First, many MLMs are pyramid schemes. This means that they rely on recruiting new members to generate revenue, rather than on selling

products or services. As a result, the vast majority of distributors lose money.

Second, MLMs can be very deceptive. They often make exaggerated claims about the potential earnings that distributors can make, and they often downplay the risks involved. This can lead people to make decisions that they later regret.

Third, MLMs can be very time-consuming. Distributors are often required to attend meetings, training sessions, and other events. This can take away from the time that they could be spending with their families or working at a real job.

Finally, MLMs can be very stressful. Distributors are often under pressure to recruit new members and sell products, and they can feel like they are constantly failing if they do not meet their goals. This can lead to anxiety, depression, and other health problems.

MLMs can be a tempting way to make money, but they are also very risky. Before you get involved in an MLM, it is important to do your research and understand the risks involved. You should also be aware of the signs of a pyramid scheme. If you are ever unsure about whether or not an MLM is legitimate, you should contact the Federal Trade Commission.



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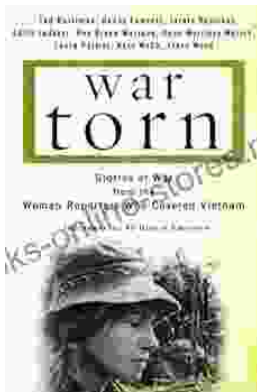
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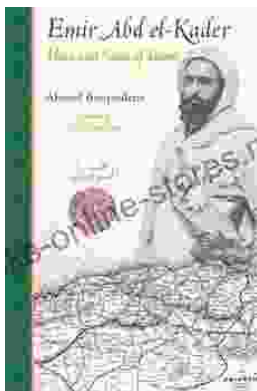
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