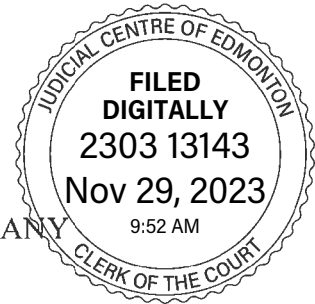


COURT FILE NUMBER 2303 13143
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFFS PRIMERICA, INC., PRIMERICA LIFE
INSURANCE COMPANY, PRIMERICA
FINANCIAL SERVICES LLC, PFSL
INVESTMENTS CANADA LTD., and
PRIMERICA LIFE INSURANCE COMPANY
OF CANADA
DEFENDANT MARCO MOUKHAIBER
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AFFIDAVIT OF MARCO MOUKHAIBER

Affirmed on November 10, 2023

I, Marco Moukhaiber, of Edmonton, Alberta AFFIRM AND SAY THAT:

1. I am the Defendant in this action, and as such, I have personal knowledge of the matters set out in this affidavit, except to such matters based on information and belief.

Background

2. I work full-time as a consumer rights advocate. I focus on companies that engage in multi-level marketing techniques (“MLM”) and the tactics they use to recruit and sell products to individuals.
3. From my personal experience and in the research I have conducted, MLM companies often prey on marginalized, vulnerable consumers, causing them to suffer significant financial and personal losses. I have found that the risks associated with joining MLM companies are not widely known, or at the very least, not communicated in a transparent and effective manner, leading me to educate members of the public on these companies and their tactics.
4. I started creating educational content on MLM companies in 2019. To reach a wide audience who is likely to be targeted by MLM companies, I record videos and post them on various social media platforms, including YouTube. This allows my research and findings on MLM

companies to be widely disseminated, and helps people to make informed decisions before joining one.

5. My work has received international attention and millions of views. I have consulted for the Federal Trade Commission (“FTC”) and the Financial Services Regulatory Authority (“FSRA”), and my videos have been endorsed and shared by leading consumer rights advocates in Canada and the United States of America.
6. I have one of the largest social media followings for a consumer advocate and my content has been viewed all over the world. I operate on YouTube, Instagram, TikTok and Rumble. In total, I have over 123,000 combined followers across those platforms and my content has over 7.5 million combined views.
7. I accept donations for my work and I am paid on some platforms based on advertising revenues generated from my videos. However, donations are based on the integrity of my reporting on MLM companies.
8. I take my work very seriously and approach this topic from a principled standpoint. I do not publish videos just to attract views and revenue. My revenues are dependent on viewers appreciating the quality and accuracy of the information contained. This is why my videos on MLM companies often take many months of research and employ investigative journalism techniques, such as infiltrating companies as a prospective employee or receiving leaked insider information from those working in a company I am investigating.
9. My pursuit is the truth and educating the public, particularly vulnerable people susceptible to the false and misleading advertising of MLM companies, on the risks and dangers these companies pose. I believe this is my purpose and thousands of people have reached out over the years to share how I have helped them and their families escape exploitative financial relationships with MLM companies. Many people formerly involved in MLM companies speak of the significant money they have lost and the personal isolation they experience when fully immersed in a MLM company, but also the shame and difficulty in leaving.

My Analytical Approach to Understanding and Reporting on MLM Companies

10. It is my opinion that MLM companies operate as commercial cults. This opinion is formed by my research into cults and MLM companies, and comparing the techniques employed by both.
11. My research has included reading *Freedom of Mind and Combating Cult Mind Control* by Dr. Steven Hassan, as well as interviewing Dr. Hassan on my YouTube channel. Dr. Hassan’s BITE (Behavior, Information, Thought and Emotion Control) model¹ has been instrumental in developing my understanding of cults.

¹ Freedom of Mind Resource Center, “[What is a Cult?](#)” November 22, 2018. Attached as **Exhibit “A”** to this affidavit.

12. I understand cults to be groups that utilize undue influence in order to gain agency over a person's entire being, including finances, ideology, values, daily habits, behaviors, thoughts, and emotions. MLM companies engage in the same tactics to control agents and customers and financially exploit them for the benefit of those higher up in the organizations².
13. This is not a unique way to approach or understand MLM companies, but one that I think correctly describes their tactics and the dangers they pose.

Process for Publishing a Report

14. My general practice for researching and creating a report on an MLM company with respect to my flagship series "*Infiltrating A Pyramid Scheme*" involves the following steps:
 - a. Identifying which company will be the subject of my investigation. This is usually informed by comments and messages submitted to me from members of the public asking me to shed light on an MLM company and its practices. Several months of online research is then conducted to be able to prepare a report on the company.
 - b. Speaking directly to former members who provide information as well as documentation they received while inside the MLM company. This correspondence happens over social media comments, direct messages, and live chat messages.
 - c. Reviewing the official publications and documents of the MLM company such as their financial statements and compensation plans to assess:
 - the success/loss rates of distributors;
 - turnover rates of distributors from one year to the next;
 - the presence of the endless chain recruitment model;
 - cost of joining the opportunity;
 - profitability of the top >1% compared to the lower 99%;
 - emphasis on recruitment; and
 - evidence of internal consumption (the ratio of sales compared to the number of distributors, etc.)
 - d. Covertly monitoring the social media profiles of many random members of the MLM company from different states or countries at varying levels of the compensation plan to gain a well-rounded perspective on the general conduct of the average distributor in that company.

² Freedom of Mind Resource Center, "[Multilevel Marketing \(MLM\) and Consumer Protection](#)," May 20, 2021; Psychology Today, "[Multi-Level Marketing Groups Operate Much Like Cults](#)," January 14, 2022; Freedom of Mind Resource Center, "[Multi-Level Marketing Groups Defraud Consumers!](#)" March 20, 2017. Attached at **Exhibit "B"** to this affidavit.

- e. Monitoring and recording the in-person or online “trainings” or “opportunity presentations” of key leaders in the company in order to ascertain the true nature of what is being advertised to distributors in the field. These presentations typically differ greatly from the official standards and practices outlined by the company.
 - f. Drafting a script that details the findings of my investigation and presents them to the audience in an informative, engaging and entertaining way. This type of content is sometimes referred to as “edu-tainment”.
 - g. Recording myself reading the script into the camera, either with the help of a teleprompter or by referring to the script and filming in segments to be edited later.
 - h. Editing the footage and accompanying key talking points with visual evidence to support the validity of my words and sources (ex. when reporting on a company’s compensation plan, I will show an image of the compensation plan taken from the company’s official website on screen at the same time.) I also cut to footage I have collected from social media, zoom meetings, or my own hidden camera footage to accurately present what I saw and heard with audio/video evidence.
 - i. Prior to publishing and to ensure reporting accuracy, I often have industry experts review a draft of the video. This helps identify any potential factual issues and to correct errors in my research or speaking blunders.
15. I followed the above approach with respect to the video I researched and published on July 11, 2023 about the Plaintiffs.

Primerica Publications

16. On July 11, 2023, I published “*Infiltrating A Pyramid Scheme: Primerica*” (the “**July 11, 2023 Video**”), the main video presenting my research and findings about the Plaintiffs. The video includes information from an interview I conducted with a representative of Primerica while posing as someone interested in joining the organization as a sales agent.
17. I then published a series of follow-up videos and social media posts elaborating on my findings and reactions to them. Included as **Exhibit “C”** to this affidavit is a [Google Drive folder](#) with all of the videos I published about the Plaintiffs. Attached at **Exhibit “D”** to this affidavit is a summary of all of my videos regarding the Plaintiffs.
18. Not included in this summary are the several posts made on my Instagram stories, and subsequently published to my Instagram highlights, which showcase screenshots taken from the public profiles of Primerica distributors violating Primerica’s social media rules. I was required to remove these posts per the Order of Justice R.A. Graesser, granted July 21, 2023 (the “**July 21, 2023 Order**”).
19. The July 21, 2023 Order also directed me to remove all of my videos regarding the Plaintiffs from public view and prohibited further dissemination pending the determination of this Court. A copy of the July 21, 2023 Order is attached at **Exhibit “E”** to this affidavit.

20. For the July 11, 2023 Video, I undertook the following specific steps to research and publish the piece, and to ensure the information contained was accurate:
- a. I identified Primerica as the MLM company that would be the subject of my next investigation in early January 2023. This was informed by comments and messages submitted to me from members of the public asking me to shed light on Primerica's practices. Many of those who reached out to me detailed being scammed and misled by Primerica. Another contributing factor was my Gary Kornegay interview that took place at the end of 2021. The amount of deceptive language and outright lying that Gary employed during our conversation had never left my mind, and I had a hunch that if Gary had been successful in Primerica for over 30 years using these tactics, then there must be others doing the same at a high level.
 - b. I corresponded directly with former members over social media and in my "*Multi-Level Misery*" series who provided information as well as documentation they received while in Primerica.
 - c. I thoroughly reviewed the official publications and documents of the MLM company such as their financial statements and compensation plan to assess:
 - the success/loss rates of distributors;
 - turnover rates of distributors from one year to the next;
 - the presence of the endless chain recruitment model;
 - cost of joining the opportunity;
 - profitability of the top >1% compared to the lower 99%;
 - emphasis on recruitment; and
 - evidence of internal consumption such as the ratio of sales compared to the number of distributors, etc.
 - d. I covertly monitored the social media profiles of many random members of the Primerica from different states and provinces, at varying levels of the compensation plan to gain a well-rounded perspective on the general conduct of the average distributor in that company.
 - e. I monitored and recorded the in-person or online "trainings" or "opportunity presentations" of key leaders in the company in order to ascertain the true nature of what is being advertised to distributors in the field; which I found differed greatly from the official standards and practices outlined by Primerica.
 - f. I created a script that detailed the findings of my investigation and tailored it to be informative, engaging and entertaining.
 - g. I recorded myself reading the script into the camera with the help of a teleprompter and by referring to the script and filming in segments which would be edited later.

- h. I edited the footage to accompany key talking points with visual evidence to support the validity of my words and sources. I also cut to footage I collected from social media, zoom meetings, or my own hidden camera footage to accurately detail what I saw and heard with audio/video evidence.
 - i. To ensure reporting accuracy, I had industry experts review a draft of the video prior to publishing. This helped me identify any potential factual issues and to correct errors in my research or speaking blunders.
21. At the start of the July 11, 2023 Video, I include the following disclaimer³:
- “All statements in this video are my personal opinion. This video is intended for the purposes of consumer education and consumer protection. This video is not intended to incite hatred towards any group or individual.*
- All individuals identified in this video by face or name are public figures. According to YouTube Privacy Guidelines, it is not required for the names or faces of these individuals to be concealed. The footage in this video was captured with adherence to Canadian one-party consent law and does not violate the privacy of any individual that appears in this video.”*
22. For the purposes of the review of the injunction, I am agreeable to taking down the publications posted, with the exception of the July 11, 2023 Video and social media posts that relate to it, pending the outcome of this action; this includes the live streams that I recorded and published after the main video and social media posts documenting cases of rule-breaking by Primerica agents.

Primerica Findings

23. Primerica is a multi-level marketing company that utilizes a network of independent contractors to connect customers to financial products and services provided by various companies. Primerica acts as a middleman for customers and these companies. These independent contractors are commonly referred to as “distributors.”
24. Through my research, I determined that Primerica’s distributors are non-salaried contractors who can earn money through Primerica in three ways.
- a. by selling financial products or services to customers and earning a commission;
 - b. by earning cash bonuses based on their sales volume or their ability to recruit new distributors who pay to join the Primerica business opportunity; and
 - c. by earning “override” commissions on sales made by their downline recruits.
25. I also concluded that Primerica and its practices meet the descriptions of pyramid schemes or pyramid selling, as defined by the Federal Trade Commission and Canadian Competition Bureau.

³ “*Infiltrating A Pyramid Scheme: Primerica*”, at 0:20, attached to this affidavit at **Exhibit C(1)**.

26. I understand that a pyramid scheme is a scam that is often disguised to appear like a legitimate MLM business opportunity. The FTC describes pyramid schemes as follows⁴:

“Pyramid schemes are scams. They can look remarkably like legitimate MLM business opportunities and often sell actual products, maybe even ones you’ve heard of. But if you become a distributor for a pyramid scheme, it can cost you and your recruits — often your family and friends — a lot of time and money that you won’t get back.

The promoters of a pyramid scheme may try to recruit you with pitches about what you’ll earn. They may say you can change your life — quit your job and even get rich — by selling the company’s products. That’s a lie. Your income would be based mostly on how many people you recruit, not how much product you sell. Pyramid schemes are set up to encourage everyone to keep recruiting people to keep a constant stream of new distributors — and their money — flowing into the business.

Often in a pyramid scheme, you’ll be encouraged or even required to buy a certain amount of product at regular intervals, even if you already have more inventory than you can use or sell.

You may even have to buy products before you’re eligible to be paid or get certain bonuses. You also may have to pay repeated fees for other items, like training sessions or expensive marketing materials. In addition, the company may say you can earn lavish rewards, like prizes, bonuses, exotic vacations, and luxury cars. However, it often turns out that you have to meet certain product purchase, recruitment, training, or other goals to qualify for the rewards, and only a handful of distributors ever qualify.

Eventually, most distributors find that no matter how hard they work, they can’t sell enough inventory or recruit enough people to make money. They also can’t keep up with required fees or the inventory purchases they need to make to qualify for rewards, and they can’t earn enough money to cover their expenses. In the end, most people run out of money, have to quit, and lose everything they invested.”

27. The FTC warns that pyramid schemes have some or all of the following features⁵:

- promoters make extravagant promises about your earning potential;
- promoters emphasize recruiting new distributors for your sales network as the real way to make money;

⁴ Federal Trade Commission – Consumer Advice, “[Multi-Level Marketing Business and Pyramid Schemes](#),” (“**FTC Consumer Advice – MLM**”). July 2022. Attached as **Exhibit “F”** to this affidavit.

⁵ [FTC Consumer Advice – MLM](#). Attached as **Exhibit “F”** to this affidavit.

- promoters play on your emotions or use high-pressure sales tactics, maybe saying you'll lose the opportunity if you don't act now and discouraging you from taking time to study the company;
- distributors buy more products than they want to use or can resell, just to stay active in the company or to qualify for bonuses or other rewards.

28. The Canadian Competition Bureau describes pyramid selling and multi-level marketing as follows⁶:

“Pyramid selling focuses on generating profits by recruiting others and not primarily from the sale of products. Thus, even when these schemes offer products, the products may have very little value, or few incentives for their sale.

It is a criminal offence to establish, operate, advertise, or promote a pyramid selling scheme.

Multi-level marketing plans, although a legal business model, have rules for operators or participants. If they make a representation relating to compensation, such information must be fair, reasonable and timely.”

29. Section 55.1 of the Competition Act also makes it illegal and to constitute pyramid selling if a multi-level marketing plan were to do any of the following⁷:

- offer compensation for recruitment;
- require purchases (other than a start-up kit sold at cost) as a condition of participation;
- require participants to buy a large amount of inventory that cannot be resold or used within a reasonable amount of time (inventory loading);
- fail to offer a buy-back guarantee on reasonable commercial terms;

30. A well-known researcher on illegal pyramid schemes, Robert Fitzpatrick, outlines that an illegal pyramid scheme can be identified using the following four characteristics⁸:

- pay to play;
- endless chain recruitment model;
- emphasis on recruitment;
- extreme money transfer from the majority of participants to the less than 1% at the top.

⁶ Government of Canada – Competition Bureau Canada, “[Multi-level marketing and pyramid selling](#).” Attached at **Exhibit “G”** to this affidavit.

⁷ [Competition Act](#), RSA 1985, c C-34, s.55.1 (“*Competition Act*”). Attached at **Exhibit “H”** to this affidavit.

⁸ Ponzinomics 101 Podcast, “[Ep. 4 – So, What’s a Pyramid Scheme?](#)” September 16, 2022. Transcript attached at **Exhibit “I”** to this affidavit.

31. Mr. Fitzpatrick's findings were included in a 2011 report titled: "*The Case (for and) against Multi-Level Marketing* by Jon M. Taylor, MBA, Ph.D., Consumer Awareness Institute (2011) in chapter 7: "*MLM's Abysmal Numbers*". Primerica is included in the list of MLM companies in this report who have had their compensation plans reviewed by Jon Taylor with respect to his determination that at least 99% of annual participants in MLM lose money. This full report is available for reference on the Federal Trade Commission's official website. These four characteristics are also present in those companies deemed to be "legitimate" MLM companies.
32. Primerica fits these criteria, specifically that of the Competition Bureau of Canada, as it requires a purchase to be made other than a start-up kit sold at cost as a condition of participation. Section 55.1 of *The Competition Act* stipulates that it is illegal for a multi-level marketing company to do so⁹. Primerica also exhibits all four of the warning signs of an illegal pyramid scheme outlined by the FTC.
33. According to my research, Primerica does indeed operate an illegal pyramid scheme, or at the very least, some of its prominent agents and promoters openly engage in these techniques. It appears that Primerica has not reigned in or stopped these individuals or entities from making these representations or employing these tactics.
34. For this reason, I labeled the July 11, 2023 Video "*Infiltrating A Pyramid Scheme: Primerica*". Although, I am willing to change the title of the video to "*Infiltrating An MLM: Primerica*" while this matter proceeds to a full hearing.
35. I understand that even though a company sells products or services, and even if it has additional ways for distributors to earn money other than recruiting, that does not eliminate the possibility that it is a pyramid scheme. Attached as **Exhibit "J"** is a copy of the list of companies the FTC shut down for operating as pyramid schemes. Many of these companies offered products similar to the Plaintiffs.
36. If not a pyramid scheme, the Plaintiffs are an MLM company. The FTC defines an MLM company as follows¹⁰:

"MLM companies sell their products or services through person-to-person sales. That means you're selling directly to other people, maybe from your home, a customer's home, or online.

If you join an MLM program, the company may refer to you as an independent "distributor," "participant," or "contractor." Most MLMs say you can make money two ways:

- *by selling the MLM's products yourself to "retail" customers who are not involved in the MLM*

⁹ [Competition Act](#). Attached at **Exhibit "H"** to this affidavit.

¹⁰ [FTC Consumer Advice – MLM](#). Attached as **Exhibit "F"** to this affidavit.

- *by recruiting new distributors and earning commissions based on what they buy and their sales to retail customers*

Your recruits, the people they recruit, and so on, become your sales network, or “downline.” If the MLM is not a pyramid scheme, it will pay you based on your sales to retail customers, without having to recruit new distributors.

Most people who join legitimate MLMs make little or no money. Some of them lose money. In some cases, people believe they’ve joined a legitimate MLM, but it turns out to be an illegal pyramid scheme that steals everything they invest and leaves them deeply in debt.”

37. In the six months that I researched and investigated the Plaintiffs, I discovered multiple instances where they or their agents engaged in conduct and tactics that the FTC and Competition Bureau defines as being a pyramid scheme.
38. The nature of my investigation was as follows:
 - a. monitoring the social media profiles of high-profile promoters and agents of the Plaintiffs, defined by the Plaintiffs as “leaders” of Primerica, including their published content on YouTube, Instagram, and other social media platforms.
 - b. monitoring the Zoom opportunity presentations that the Plaintiffs hold that promotes the business opportunity to existing recruits as well as prospective new recruits.
 - c. using the Plaintiffs’ website to access disclosures about the company and spoke to several former distributors of the Plaintiffs about their experience. In some cases, these former distributors provided me with additional information that would help to inform my investigation.
 - d. attending a one-on-one in person interview with a local Primerica distributor which I recorded via the use of a hidden camera and microphone.
39. During this time, I recorded nearly 200 social media posts made by Primerica distributors that matched the FTC’s criteria of a deceptive earnings claim. After the release of July 11, 2023 Video, I was assisted by members of the public who helped me discover an additional 750+ pieces of evidence of these deceptive earnings claims.
40. These social media posts not only qualified as deceptive earnings claims according to the FTC’s standards, but they also violated Primerica’s own social media rulebook, which outlines in detail the kinds of posts that are allowed by Primerica distributors.
41. Together, I used these documents to contrast the official stance Primerica takes regarding deceptive earnings and lifestyle claims, and the actual, real-world conduct of Primerica distributors.
42. I concluded that Primerica’s distributors from the top of the compensation structure downward, model and encourage these deceptive behaviors for their downline recruits. The

Plaintiffs' business opportunity requires a \$99.00 payment in order to join as an independent distributor.

43. Primerica's compensation plan then requires new distributors to obtain their state or provincial license in order to sell the products and services that it offers, as the sale of these financial products and services are regulated by the government.
44. I believe that the necessity for government licensing is a means of deceptively appearing more legitimate in the eyes of authorities and regulators, as well as the general public. It also serves to confuse regulators on jurisdiction as it pertains to disciplinary intervention of Primerica, since MLMs are regulated by the FTC/Competition Bureau but the insurance industry is separately regulated by the respective state/provincial regulator.
45. Once licensed, Primerica distributors are free to try and sell the various financial products and services (primarily life insurance) to the public.
46. The starting sales commission that a Primerica distributor is entitled to is 25%.
47. I understand that this commission percentage is drastically lower than other non-MLM insurance companies offer their sales force.
48. I understand that Primerica pays override commissions on up to at least six levels of downline generations, which is uncommon practice for the life insurance industry.
49. I understand that the Financial Services Regulatory Authority ("FSRA") in Canada has recently initiated an enforcement action against World Financial Group ("WFG"), a company that operates almost identically to Primerica as an MLM insurance company with an almost identical compensation structure. In this enforcement notice, the FSRA references the irregularity of WFG paying commissions on multiple layers of downline recruits; I have learned that the norm in the insurance industry is only one level of override commission might ever occur. This would disprove Primerica's claim on their website that they use an insurance agency model¹¹.
50. For a Primerica distributor to achieve a higher level of commission, they must meet sales quotas or recruit new distributors who also pay \$99.00 to join Primerica.
51. From my investigation, I concluded that the primary emphasis in Primerica is the recruitment of new distributors who pay \$99.00, whether or not they end up obtaining their insurance license.
52. My investigation revealed a calculated means of operating a pyramid scheme under the guise of an insurance sales company. The way Primerica does this is by first enticing prospective new recruits with deceptive earnings claims. Once the new recruits have paid \$99.00 to join Primerica as a distributor, upline leaders emphasize the recruitment of new distributors and the sales of insurance policies. The new recruits are then encouraged to repeat the process.

¹¹ Primerica, "[Primerica Misconceptions FAQs](#)," attached at **Exhibit "K"** to this affidavit.

This idea is attractive to the new recruits because it is less challenging than trying to make insurance sales as an independent salesperson through a direct sales system.

53. Upline recruiters tell the downline recruits about the potential for “unlimited income” in the business opportunity, if only they would duplicate the process of recruiting a “team” who would in turn do the same.
54. In the July 11, 2023 Video, I show excerpts from the zoom training presentation of a Primerica distributor named Vivian Diaz who details step by step, why a new recruit should focus on achieving the rank of “District Leader” by recruiting a downline of six distributors and selling them an insurance policy, who also repeat the process¹².
55. I show in the July 11, 2023 Video that this endless chain recruiting model is a mathematically impossible proposition that would deplete the entire population of the Earth within thirteen cycles.
56. In this portion of the July 11, 2023 Video, Vivian projects that new recruits could earn up to \$18,000.00 in their first month as a licensed agent with Primerica, by following this “simple” strategy.
57. On the Plaintiffs’ website, it states¹³:

“From January 1 through December 31, 2022, Primerica paid cash flow to its North American sales force at an average of \$7,479, which includes commissions paid on all lines of business to life licensed representatives. Figures include U.S. and Canadian dollars remaining in the local currency earned by the representative, not adjusted for exchange rates.”
58. This figure (\$7,479) does not include the \$99.00 cost of joining Primerica, nor the \$25.00 monthly fee required to access their back office software that recruits rely on to track their business analytics, nor does it factor in the opportunity cost of a distributor’s time that they will spend in zoom trainings, in-person trainings, prospecting customers and recruits, filing documents, etc.; nor does it include the approximately \$500.00 cost of getting licensed to sell insurance (dependent on the province/state you live in).
59. This “average” is also massively inflated because it factors into its calculation those at the top of Primerica’s compensation plan, some of whom claim to earn a million dollars per month. If even one of these top-earners were removed from the calculation, the average disclosed earnings would be much smaller.
60. Primerica’s independent contractor workforce has a churn rate consistent with that of companies who have been shut down for being pyramid schemes¹⁴.

¹² “*Infiltrating A Pyramid Scheme: Primerica*” at 22:29, attached to this affidavit at **Exhibit “C(1)”**.

¹³ Primerica, “[Important Earnings Statement](#),” attached at **Exhibit “L”** to this affidavit.

¹⁴ Primerica Annual Report Summary Data, attached to this affidavit at **Exhibit “M”**.

61. I understand that the majority of people recruited to Primerica never even make it to the point of getting licensed, which adds further deception to the aforementioned “average earnings”¹⁵.
62. I understand that it is a well-documented fact that 99% or more of annual participants in MLM companies suffer a net loss of money. This is acknowledged on the FTC’s website in the 2011 study by Jon Taylor, where the compensation plans of several MLM companies (including Primerica) are examined.
63. Primerica does not disclose the true numbers regarding net profits or losses, but it appears that the vast majority of Primerica’s independent distributors lose money. This is based on average reporting figures by Primerica that factor in calculations for start-up costs of a distributor, and factoring in the people at the top >1% who are making six or seven figures. In doing this, one can reasonably estimate that most people are losing money. This figure they provide is a misleading number that hides the truth. The true numbers are not publicly available and this can only be obtained from Primerica.
64. I have documented reliable and verifiable evidence that Primerica does not incentivize nor focus on making genuine sales to retail customers who are not themselves invested in the Primerica “business opportunity”, but rather, that Primerica’s top recognized distributors perpetrate a deceptive and misleading image of wealth and success on social media in order to recruit new participants into the scheme. Primerica reports “sales” of its affiliated products and services but fails to disclose whether or not those sales were made to genuine customers, or simply to the next generation of recruits.
65. It is because of this, that I have concluded Primerica operates similarly to a pyramid scheme, as it cannot prove the existence of genuine customers, but rather provides evidence that its income is derived from internal consumption (the Plaintiffs’ distributors are the customers).
66. However, aside from the title of the July 11, 2023 Video, I never state in the main video that the Plaintiffs operate a pyramid scheme. Instead, I state “Primerica is certainly a legal company¹⁶,” and never refer to it as an illegal pyramid scheme in that video. At the end of the video, I outline the FTC’s four warning signs of a pyramid scheme and provide examples from my video of instances where these warning signs appeared from high-ranking Primerica distributors.¹⁷
67. I have not sought to classify Primerica as an illegal pyramid scheme, I have merely shown that the criteria used by regulatory authorities such as the FTC and Competition Bureau to identify pyramid schemes correlates with my own findings of Primerica’s operation. I allow the audience to draw their own conclusions based on the information presented in the video.

¹⁵ Primerica Annual Report Summary Data, attached to this affidavit at **Exhibit “M”**.

¹⁶ “Infiltrating A Pyramid Scheme: Primerica” at 9:45. Attached to this affidavit at **Exhibit “C(1)”**.

¹⁷ “Infiltrating A Pyramid Scheme: Primerica” at 40:28. Attached to this affidavit at **Exhibit “C(1)”**.

68. I have filed reports with the FTC, U.S. Securities and Exchange Commission, and Canadian Competition Bureau as part of my investigation of Primerica and publication of the July 11, 2023 Video.
69. The motive of my investigation and reports was my concern for the public interest and the potential danger associated with joining Primerica as an independent distributor.
70. I understand that based on the true earnings of Primerica distributors, claims that one can make “unlimited income”, “achieve financial freedom”, or make “thousands of dollars a week” are deceptive, misleading and false.
71. I have not fabricated any information presented in my videos or purposely said anything that I know to be untrue.
72. Many other publications exist that outline the same concerns about the Plaintiffs. These videos and blog posts all echo the same experience of deception, misleading promises, emphasis on recruitment, cult-like atmosphere, pyramid scheme indicators, lost money, etc. Attached at **Exhibit “N”** to this affidavit is a hyperlinked list of these videos and posts.

The Websites or Social Media Accounts I Own and Control

73. I own and control the following website and social media platforms:
 - a. www.youtube.com/alwaysmarcotv
 - b. www.rumble.com/user/alwaysmarco
 - c. www.tiktok.com/@alwaysmarco
 - d. www.instagram.com/alwaysmarco

74. I do not own or control any other social media accounts or platforms.

The Interim Injunction Has Caused Significant Losses

75. I have suffered financial damages as a result of having to remove my videos, especially the July 11, 2023 Video, because the success of a video often depends on its ability to be seen while it is still new. I spent six months working on that particular video in order to be able to earn from its advertising revenue, and am now suffering the loss of any revenue I would have earned had the injunction not been granted.
76. In addition to legal fees, other financial damages incurred include:
 - a. loss of potential revenue earned from donations and advertising revenue on live streams where I would otherwise have mentioned my ongoing investigative work regarding Primerica, which I am barred from speaking about;
 - b. donations I would have yielded from those who would see my main Primerica video or related Primerica content and appreciate my work;

- c. fundraising from my supporters to help assist me with legal fees relating to this case, which I am barred from publicly speaking about;
- d. loss of potential new support pledges on Patreon as a result of the July 11, 2023 Video’s virality, which dropped drastically after the injunction was granted;
- e. loss of future revenue on the Primerica videos which were among the most viewed on the channel. As my channel grew, new subscribers would have gone through my catalogue to watch the several videos about Primerica that I had, which is now impossible due to the injunction;
- f. loss of the countless working hours dedicated to creating the Primerica videos including hours spent interviewing former distributors, countless hours spent scripting, editing, promoting online, countless hours spent monitoring zoom presentations from Primerica distributors, hours spent live-streaming, hours spent talking to members of the public about their Primerica experiences, hours spent in person interviewing the local distributor I recorded on hidden camera.
- g. loss of revenue on potential future Primerica videos, which were rendered impossible due to the injunction.
- h. financial losses to future victims of Primerica, who would have otherwise stayed away upon doing their research on the company and finding my content first.

Source Material for Statements in Video

77. Attached as **Exhibit “O”** is a copy of a chart that highlights the statements made in the July 11, 2023 Video and sources for the statement.

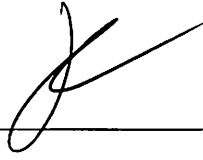
AFFIRMED BEFORE ME in the City of)
Edmonton, Province of Alberta this 10)
day of November, 2023.)


_____)


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MARCO MOUKHAIBER

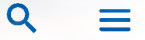
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What is a Cult? Whiteboard Animation Explaining the BITE Model

November 22, 2018 / By Steven Hassan



What is a Cult? Whiteboard Animation Explaining the BITE Model

Steven Hassan

Animation by Michael Keay, office@michaelkeay.co.uk

BITE Model

Since my deprogramming from the Moon cult in 1976, I have come to learn of countless thousands of groups that I have never heard of before. Are they cults? Do they use mind control? Is it brainwashing? I have also been

English

asked to comment on destructive family systems and controlling relationships. Over the decades of research, my way of systematizing a method to evaluate a weird group with crazy beliefs from a destructive one has come to be grounded in the [United Nations Universal Declaration of Human Rights](#). It seems to me that while there are countries, like China, that do not support that document, the vast number of civilized countries do take a positive stance so that individuals have human rights.

I have developed an [Influence Continuum](#) which shows the thematic differences between ethical influence and undue influence. My BITE model (Behavior, Information, Thought and Emotion Control) offers a list of variables that can be easily identified and which quickly show if a group or individual is exercising unethical influence. For example, if a recruiter lies and does not give fully informed consent to the person they are trying to influence, one can quickly say they are unethical and using Information Control. If a group tells members they cannot and should not speak with former members or critics or read any of their material, this likewise is Information Control. If a group indoctrinates people to believe that if they ever want to leave the group, their safety and salvation will be lost, this is Emotion control and in many cases phobia indoctrination. By examining the behaviors, one can determine a group is a benign or even a [positive cult](#) or a destructive cult.

Mind control refers to a specific set of methods and techniques, such as hypnosis or thought-stopping, that influence how a person thinks, feels, and acts. I developed the BITE Model to describe the [specific methods that cults use to recruit and maintain control](#) over people. "BITE" stands for Behavior, Information, Thought, and Emotional control. It is based on research and theory by [Robert Jay Lifton](#), [Margaret Singer](#), [Edgar Schein](#), [Louis Jolyon West](#), and others who studied brainwashing in [Maoist China](#), as well as [cognitive dissonance theory](#) by Leon Festinger.

Destructive mind control can be determined when the overall effect of these four components promotes dependency and obedience to some leader or cause; it is not necessary for every single item on the list to be present. In fact, there only needs to be a few major behaviors under each of the four components.

To learn more, [download this detailed handout on The BITE Model](#) or read [Combating Cult Mind Control](#) which explores cult psychology, curing the mind control virus, how to protect people you care about and strategies for recovery. (The new 30th-anniversary edition is available in print, digital format, and audiobook.)

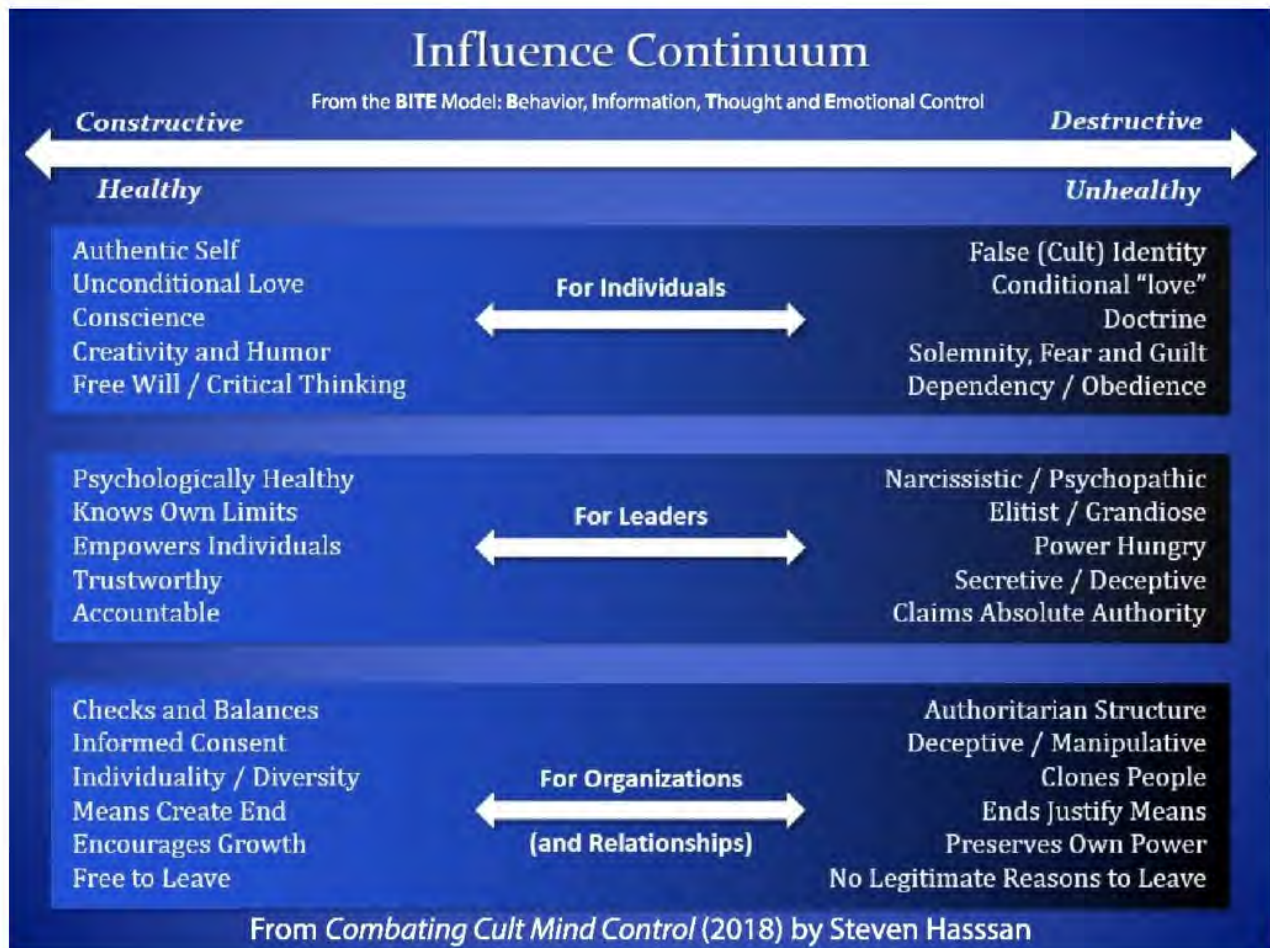
Watch: What is a Cult? Whiteboard Animation Explaining the BITE Model

The following animation describes in great detail how the BITE model can be applied so as to determine if a group or relationship is healthy or destructive. It was sent to Freedom of Mind from a former member who was helped by my work and wanted to pay it forward and help others. Thank you very much, Michael!



Animation by Michael Keay, office@michaelkeay.co.uk

Influence Continuum



To learn more, please [download this detailed handout on The BITE Model](#).

[The BITE Model and Jehovah's Witnesses](#)

[The BITE Model & Mormonism: An Exploration with Ex-Mormon John Dehlin](#)

[Shunning and the BITE Model of Mind Control in the Jehovah's Witnesses](#)

[Freedom of Mind: BITE Model](#)

[A Response to Academics Who Say There Is No Undue Influence in Destructive Cults](#)

[Freedom of Mind: Undue Influence](#)

Please read [Combating Cult Mind Control](#) which explores cult psychology, curing the mind control virus, how to protect people you care about and strategies for recovery. (new 30th-anniversary edition available in print, digital format, and audiobook)

About The Author



Steven Hassan

Steven Hassan, PhD, MA, MEd, LMHC, NCC has helped thousands of individuals and families recover from undue influence (mind control). With over 40 years of experience, he is sought after as one of the foremost authorities on undue influence and controlling groups and individuals. Steve understands the subject from a unique perspective as both a former cult member and as a clinical professional.

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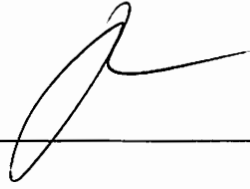
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Multilevel Marketing (MLM) and Consumer Protection

May 20, 2021 / By Steven Hassan



Multilevel Marketing (MLM) is a Worldwide Problem

I recently had the exciting opportunity to be one of 37 Panelists at the First Global [Conference on Multilevel Marketing](#) (MLM). The virtual conference was held by the College of New Jersey's School of Business, on April 30th and May 1st 2021 and attracted 500 participants from 49 countries. Pyramid schemes have been illegal for a very long time, but the term multilevel marketing seems to be the term of choice. There is a heavily funded lobbying group for some 300 multilevel marketing organizations, the [Direct Selling Association](#), which seems to have a lot of influence in politics. I am told there were more than a few attorneys representing MLMs in attendance.

Multilevel marketing has been a problem for a long time, but the scope and severity have grown over the past several years. The fear and anxiety created by the COVID-19 pandemic restricted in-person shopping. This led to a major increase in direct-to-consumer online sales. Products like essential oils and nutritional supplements were advertised as being effective against COVID. In response, the Federal Drug Administration (FDA) had to issue [hundreds of warning letters](#). Additionally, there is a growing anti-MLM movement on social media. The Federal Trade Commission (FTC) is [tightening its focus on MLM groups](#) with recent enforcement actions.

How Does Multilevel Marketing Work?

Noah Joshua Phillips, FTC Commissioner, gave the opening keynote address. Phillips noted that direct selling to consumers is not *per se* a negative business model. Relationships between seller and buyer that are a feature of direct selling can often be very positive. Direct sales, in person or online, can be particularly important in reaching underserved communities.

Multilevel marketing, however, utilizes a network of independent salespeople. They sell products directly, but are also expected to recruit others to work for the company. Each distributor is in a chain of income. People who are ahead in the chain are considered "upline," (supervisors, top earners, company owners, for example). Those who were recruited by a particular distributor are considered "downline." Most often recruitment brings in the greatest portion of a distributor's income, rather than sales.

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This panel discussion was moderated by Attorney Douglas M. Brooks. Brooks has litigated class action suits against major MLMs such as Herbalife and Nu Skin. He has also represented, pro bono, consumer advocates sued by MLM companies and cults. Brooks was featured in the [award-winning documentary](#) on Herbalife "Betting on Zero."

In the panel presentations, I described my doctoral research and development of the [BITE Model of Authoritarian Control](#): Undue Influence, Thought Reform, Brainwashing, Mind Control, Trafficking, and the Law. This model was heartily received as a valuable tool for assessing an organization's use of deceptive recruitment and retention tactics.

My colleagues who participated in this panel come from a range of backgrounds and experiences.

- Dr. Máire O Sullivan is a Lecturer at Munster Technological University in Ireland. Her research is focused on female consumer behaviors. She has written for The Conversation on the anti-MLM movement and researched MLM advertising targeting women. She can be contacted through her [website](#).
- Eric Scheibeler spent over 10 years as a high-level leader for an MLM and recruited for them in the US, South America, and the Philippines. He is the author of the book, [Merchants of Deception](#), and was interviewed on Dateline NBC's investigation into the MLM fraud.
- Dr. Elizabeth Villagomez is an economist who has researched MLMs from a gender perspective. She has worked as an international consultant for UN entities and the European Institute for Gender Equality on employment, social inclusion, gender equality, and discrimination.

All of us are committed to protection of the public by exposing the deceptive tactics used by multilevel marketing groups to recruit and retain independent, direct distributors.

Unrealistic Financial Promises and Binding Obligations

Would you like to . . .

- Earn millions of dollars?
- Make more money than you ever dreamed of?
- Quit your job?
- Be set for life?

A major concern of the FTC is to enhance and ensure consumer protection and enforcing regulations to reduce potential harm. Projected income must be truthful and realistic for a "typical" distributor, rather than focusing on the income of the top 1%. Projected income must be calculated after expenses. Typical expenses and purchases required of distributors need to be outlined. "Qualifications" used to disguise true income statistics are not acceptable. Presenting facts in ways that are overly difficult to understand does not meet the mandate for "truth in advertising." What is important is the "net impression."

To become a distributor for a multilevel marketing group, numerous legal documents must be signed. These are sophisticated, commercial agreements. Arbitration and non-disclosure, waiver of the ability to participate in class actions, and other complex, legally binding requirements are included. Attorney Brooks described it succinctly, saying "most people have no idea what they are getting into."

Distributors who have signed these agreements are often shocked to realize they are required to purchase inventory beyond what they can realistically sell. Or they are stuck with inventory because the return policy is so restrictive it is useless. During our panel discussion, Eric Scheibeler noted that he had checked eBay that very morning. He discovered 46,000 listings from Mary Kay distributors trying to unload their product inventory.

Social & Psychological Incentives and Control

Do you dream of

- Freedom, flexibility, fun?
- Being part of a worldwide community?
- Helping your friends feel more beautiful?
- Having meaningful, long-lasting relationships?

Direct selling depends on social interaction and development of relationships. Recruitment of new distributors is even more dependent on the perception of friendship, caring, and other socially positive images.

Social aspects of recruitment often involve large seminars or other types of scripted events. Successful distributors (the very small minority) present their inspiring rags to riches stories. Couples may appear together; the husband will talk proudly about providing for his family; his wife will swear their marriage has become so much more fun and loving. One recruitment event described at another panel presentation was held at a casino, complete with loud music and good food. All of the recruitment is done in specifically designed small increments. A recruit becomes "hooked" before they are fully aware of what they are buying into.

When distributors experience doubt and ask questions, they are subjected to emotional manipulation. One supervisor told his questioning distributor to go home and tell his wife that she didn't deserve his best effort—because that is what he was saying by deciding to quit. Just as is done in all authoritarian organizations and cults, MLMs teach their distributors to avoid negative people (i.e., anyone questioning their involvement in the group). Constant advice to think only positive thoughts (thought-stopping) is common. Mantras such as "quitters never win and winners never quit" are repeated over and over again in seminars.

Pressure to stay in the MLM group also comes from within. Social media plays a large part in the selling and recruiting process. Distributors spend a great deal of time, effort, and money to establish their presence on social media sites. The social media "community" is a source of support. Giving it up is frightening. People have often recruited close friends and family into the organization and suffer a great deal of shame and guilt when it falls apart. There is legitimate fear of retaliation from the organization itself.

Freedom of Mind – Truth in Advertising and Informed Consent

The Q&A period at the end of our panel presentations is a [social media](#) event. If you continue to use this site we will assume that you are happy with it, as it is done in MLMs illegal.

English

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I believe that every individual has the right to make their own decisions. Individuals and organizations should be free to recruit. What is patently wrong and should be illegal is [undue influence](#) over a recruit's decision-making process. The recruitment and retention tactics of MLMs are prime examples of undue influence. They rely on false representations, appeals to emotion, and very limited disclosure of the reality of multilevel marketing. **Informed consent** should be the driving force behind development and enforcement of regulations. Only then can free decisions be made.

Video of Talk: "How Do MLMs Recruit and Retain Participants?"

Further Reading

MLMs:

- Douglas Brooks' website, [Pyramid Scheme Law](#)
- [MLM Conference 2023 videos](#)
- <https://www.businessinsider.com/mlms-use-social-media-facebook-portray-financial-success-2019-7>
- <https://www.investopedia.com/terms/m/multi-level-marketing.asp>
- <https://pyramidschemealert.org/wp-content/uploads/2021/05/RemovingtheMLMBusinessMask-1.pdf>

Douglas Brooks speech at ICSA Conference, July 2019 <https://vimeo.com/354746761>

Previous Blogs on MLM:

- <https://freedomofmind.com/multi-level-marketing-and-self-help-cult-groups-learn-the-warning-signs/>
- <https://freedomofmind.com/group-information-resource/amway/>

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About The Author



Steven Hassan

Steven Hassan, PhD, MA, MEd, LMHC, NCC has helped thousands of individuals and families recover from undue influence (mind control). With over 40 years of experience, he is sought after as one of the foremost authorities on undue influence and controlling groups and individuals. Steve understands the subject from a unique perspective as both a former cult member and as a clinical professional.

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Steven A Hassan PhD
Freedom of Mind

CONSUMER BEHAVIOR

Multi-Level Marketing Groups Operate Much Like Cults

MLMs manipulate, recruit, and maintain members the same as cults do.

Posted January 14, 2022 | Reviewed by Håro Estroff Mavrod



KEY POINTS

- Multi-level marketing schemes are also known as network or social marketing, product-based sales, referral marketing, and direct sales.
- MLMs recruit people to recruit others, presumably sending a cut of the income up the chain.
- MLMs rely on cult-like false representations, appeals to emotion, and very limited disclosure about the reality of the enterprise.
- The pandemic provided new opportunities for MLMs.



Source: Tucker

Most people know that certain religious and political cult groups manipulate and control members. In addition, there are other types of groups that recruit millions of people all over the world that use deception and coercive influence with cult-like features. Many are multi-level marketing schemes (MLMs). It is important to recognize the warning signs so as to avoid being caught in their trap.

MLMs have been called many names, including network marketing, social marketing, pyramid schemes, Ponzi schemes, product-based sales, referral marketing, and direct sales. MLMs are pyramid schemes that focus on recruiting new members. They are a type of pyramid scheme in which the income up the chain.

Consumer Behavior Essential Reads



How to Encourage Consumers to Buy "Green"



Can You Stay Cool When Making Risky Decisions?



Why Inclusive Advertising Is a Win-Win



The Psychology Behind the Pumpkin Spice Craze



How Transparency Can Harm Consumers

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According to research by the FTC, a whopping 99% of recruited sellers lose money in an MLM venture. That means just 1% actually turn a profit. An article on [MagnifyMoney.com](#), reporting a survey involving 1,049 multi-level marketing scheme participants from a variety of MLMs, found that most people were making less than 70 cents an hour (before deducting business costs) and 60% of participants said they had made less than \$500 in the past five years. That anybody would stay in an MLM for five minutes let alone five years for an annual profit of about \$100 seems ridiculous.

Cities:

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Edmonton, AB	Toronto, ON
Hamilton, ON	Vancouver, BC
Montréal, QC	Winnipeg, MB

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MLMs Adopt Cult Techniques

To understand how MLMs recruit and maintain participants requires examining them as cults. Most MLMs use tactics of recruitment, financial manipulation, and the promise of large profits. But, like all cults, they employ thought control, magical thinking, thought-stopping, and self-blame. Failures are blamed directly on the consultants, for lack of hard work or competence. The group has no accountability, and the leaders do not allow questions or criticism.

Massachusetts lawyer [Douglas Brooks](#), an expert on marketing frauds, has said of MLMs, “you’re trained to avoid people who question whether this is a viable business or not. Which is exactly the same technique that cults use—they try to isolate you from people who question your belief system.”

Recruiters can be very convincing. They use deception in all its forms (withholding vital information, distorting information, and outright lying) to ensnare people who have not learned about cult mind-control techniques. There is no such cultish recruiting in a regular sales job.

Direct selling to consumers is not per se a negative business model. Relationships between seller and buyer, a feature of direct selling, can often be very positive. Direct sales, in person or online, can be particularly important in reaching underserved communities.

Multi-level marketing has been a problem for a long time, but the scope and severity have grown over the past several years. The fear and anxiety created by the COVID-19 pandemic restricted in-person shopping, leading to a

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How Do Multi-level Marketing Groups Recruit and Retain?

Direct selling depends on social interaction and development of relationships. Recruitment of new distributors is even more dependent on the perception of friendship, caring, and other socially positive images.

Social aspects of recruitment often involve large seminars or other types of scripted events. Successful distributors—they are a very small minority—present their inspiring rags-to-riches stories. Couples may appear together, the husband talking proudly about providing for his family, his wife swearing their marriage has become so much more fun and loving.

One recruitment event was held at a casino, complete with loud music and good food. All of the recruitment is done in specifically designed small increments. A recruit becomes “hooked” before being made fully aware of what they are buying into.

When product distributors experience doubt and ask questions, they are subjected to emotional manipulation. Pressure to stay in the MLM group also comes from within. Social media plays a large part in the selling and recruiting process. Distributors spend a great deal of time, effort, and money to establish their presence on social media sites. The social media “community” is a source of support. Giving it up is frightening. People have often recruited close friends and family into the organization and suffer a great deal of shame and guilt when it falls apart. There is legitimate fear of retaliation from the organization itself.

Informed Consent

I believe that every individual has the right to make their own decisions. Individuals and organizations should be free to recruit. What is patently wrong and should be illegal is undue influence over a recruit's decision-making process. The recruitment and retention tactics of MLMs are prime examples of undue influence. They rely on false representations, appeals to emotion, and very limited disclosure of the reality of multilevel marketing. Informed consent should be the driving force behind development and enforcement of regulations. Only then can free decisions be made.

References

[Understanding Cults: The Basics](#)

[Beware the "Main Street Bubble" of Multi-Level Marketing Groups Without U.S. Government Protection, Multi-Level Marketing Groups Defraud Consumers!](#)

[Direct Selling Association](#)



About the Author



Steven Hassan, Ph.D., is a mental health professional, cult and undue influence expert who has been working in the field of relationship, group, and political cults for over 40 years.

Online: [Freedom of Mind Resource Center](#), [Facebook](#), [Instagram](#), [LinkedIn](#), [Twitter](#)

More from Steven A Hassan PhD

Multi-Level Marketing Groups Defraud Consumers!

March 20, 2017 / By Steven Hassan



There's a new documentary coming out today **Betting on Zero: The Ultimate Shakedown** which exposes Herbalife, one of the largest MLM's. Check out <http://bettingonzeromovie.com/> to watch the trailer and find a screening location. I hope documentaries like this continue to raise public awareness of commercial cults. Once you understand their tactics, you can protect yourself and help your loved ones avoid recruitment. With the appointment of Betsy DeVos as the United States Secretary of Education, and the fact that much of her family's wealth comes from Amway, it seems like the public is in great need of learning more about Multi-Level Marketers and how they operate. My colleagues who research and study these groups feel that under the current administration, there will be even more aggressive, deceptive efforts if MLM operators know there will be no equally aggressive federal prosecution. Now I see [Google ad](#) that falsely represents that Bill Ackman financed the movie- something the award-winning filmmaker, Ted Braun categorically denies.



MLM recruiters over-emphasize "success" stories. They tell people that they can work part time, make millions, and retire early. The reality is that most people who join actually lose money by paying for workshops, courses, seminars, and inventory.

"I'm just helping you invest in your future."

MLM recruiters use loaded language in order to control how you think about the situation. They frame their scheme as an "opportunity" or "investment." They will try to make it sound like they are trying to help you. They will use their personal relationship with you as leverage to try to get you to sign up.

"Raise your hand if you want to get rich."

Of course people want to get rich. This is a leading question meant to get people to agree. Obeying the request to raise their hand also puts them in a more compliant mindset.

"The more people that get involved, the more people are investing, the more money we're going to make."

MLM's rely on "network marketing." They pressure people to aggressively recruit their friends and family. Just like any other cult, they try to isolate their members from friends and family who are not completely supportive of their involvement with the group. Some MLM's even call these friends and family members "dream stealers." Even if the MLM doesn't outright encourage isolation, repeated sales pitches can alienate and frustrate loved ones.

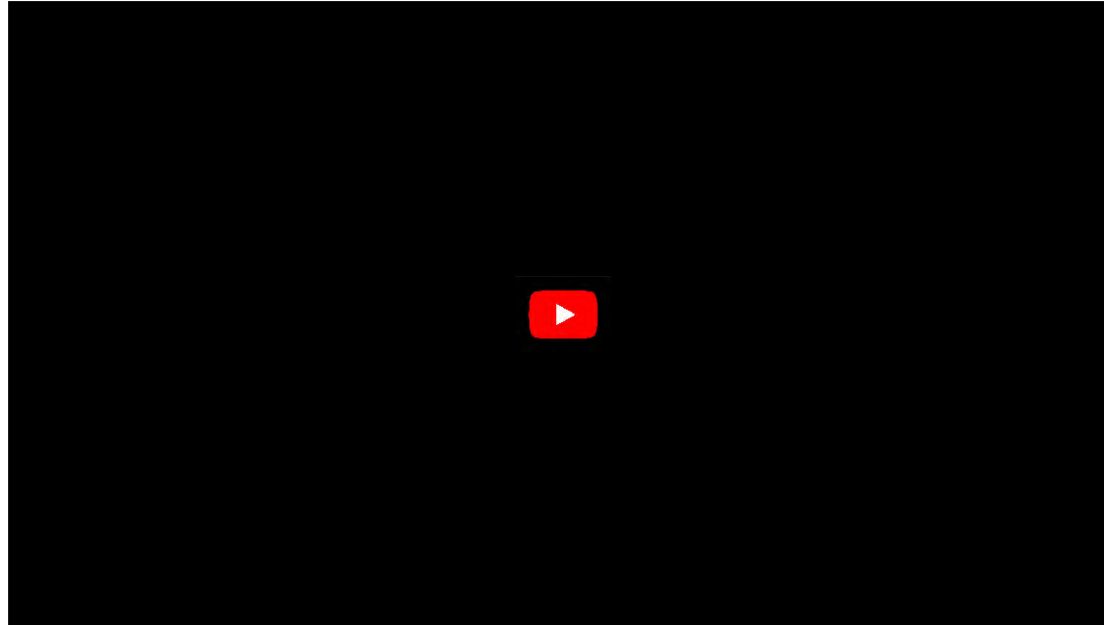
"It's not a pyramid scheme. It's not even a scheme, per se."

If something sounds fishy, Google it! Use the name of the group plus "cult," "pyramid scheme," "scam," etc. See what former members have to say. Do your research before making any investment. Don't take the recruiter's word at face value.

MLM's are commercial cults. They use deceptive and manipulative techniques to recruit and maintain control over people. The people at the top of the pyramid may make a lot of money, but it comes at the expense of everyone else's financial security and even relationships. So-called "independent business owners" are actually pressured to buy books, audios, attend training conventions and manipulated to believe that if they believe 100% then they can make millions in their spare time. Doubt is a fault. And so if you don't make millions, the problem is you didn't believe hard enough, or devote yourself totally. The blame is all on your shoulders- never the recruiter or top owners.

Family, friends and also former distributors have read my book, [Combating Cult Mind Control](#), and thanked me for helping them better understand what happened to them. The problems caused by MLMs are horrific and they are operating all over the world and causing harm. Getting scammed by an American MLM is not a positive for foreign relations.

Check out this wonderful John Oliver segment on MLM's and Herbalife:



Also, Robert Fitzpatrick has an incredible [website](#) and his satirical booklet, "[In Defense of the Pyramid Scheme](#)" which he wrote under a pseudonym as if he was promoting MLMs as a true believer. To be clear, "In Defense of the Pyramid Scheme" is a satire that reveals how pyramid schemes – which are destructive frauds – are justified and rationalized as "businesses" and the win-lose character of these calculated scams are written off as normal market transactions.

For additional reading: Douglas Brooks' website, [Pyramid Scheme Law](#)

About The Author

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Exhibit No.	Upload Date	Title	Author	Platform	Video Length
C(1)	2023-07-11	"Infiltrating A Pyramid Scheme: Primerica"	M. Moukhaiber	Youtube	42:35
Description:		Main video about the Defendants. Documentary-style scripted and edited piece that accurately encapsulates the goings-on of Primerica and its distributorship. This video required six months to research, complete and publish.			
No.	Upload Date	Title	Author	Platform	Video Length
C(2)	2023-07-15	"The Many Lies Of Mario Arrizon"	M. Moukhaiber	Youtube	2:19:22
Description:		Unscripted livestream reaction video, automatically published to channel upon ending. M. Moukhaiber provides commentary to multiple Youtube videos published by Mario Arrizon, a high-ranking Primerica independent distributor. During this livestream, M. Moukhaiber plays the videos and pauses at certain points, providing live commentary where he points out the repeated deceptions advertised by Arrizon. M. Moukhaiber highlights that Arrizon flaunts his material wealth, in clear violation of Primerica's "Social Media Blueprint", which strictly outlines certain claims around lifestyle, luxury vehicles, amounts of money made because of the Primerica business opportunity, and more. M. Moukhaiber also provides commentary on deceptive rhetoric used by Arrizon, as well as Arrizon's use of misleading and deceptive language related to new age spirituality thinking to detail why adopting an all-or-nothing approach in the Primerica business opportunity is required for recruits who want to be successful in Primerica. M. Moukhaiber explains why this rhetoric is dangerous and misleading as it ignores and minimizes the truth about Primerica's business opportunity with respect to how much most people actually earn, by virtue of its design.			
No.	Upload Date	Title	Author	Platform	Video Length
C(3)	2023-07-19	"Gary Kornegay & Daniel Alonzo's INSANE Interview"	M. Moukhaiber	Youtube	2:58:29
Description:		Unscripted livestream reaction video, automatically published to channel upon ending. M. Moukhaiber provides commentary to Youtube video published by Daniel Alonzo, a Primerica distributor. M. Moukhaiber highlights and breaks down the countless instances of deceptive earnings and lifestyle claims, as well as misleading and deceptive language used by both men with respect to the Primerica business opportunity and its real-world viability.			
No.	Upload Date	Title	Author	Platform	Video Length
C(4)	2023-07-15	"Infiltrating Primerica! #antimlm #primerica #shorts"	M. Moukhaiber	Youtube, Instagram, Tiktok	0:33
Description:		Clip from "Infiltrating A Pyramid Scheme: Primerica." Repurposed for vertical formats as a means of promoting the main video on social media. The clip shows part of the intro of the main video which introduces the topic and ends with M. Moukhaiber arriving to the local Primerica office where he conducted his hidden camera interview.			
No.	Upload Date	Title	Author	Platform	Video Length
C(5)	2023-07-17	"Primerica Lies Exposed #primerica #antimlm #pyramidscheme"	M. Moukhaiber	Youtube, Instagram, Tiktok	0:58
Description:		Clip from "Infiltrating A Pyramid Scheme: Primerica." Repurposed for vertical formats as a means of promoting the main video on social media. The clip shows a small section of the main video where M. Moukhaiber speaks to a local Primerica distributor with the assistance of a hidden camera.			

No.	Upload Date	Title	Author	Platform	Video Length
C(6)	2023-07-17	<i>"Cut off your mom, she'll thank you one day!"</i>	M. Moukhaiber	Youtube, Instagram, Tiktok	0:32
Description:		Clip from <i>"Infiltrating A Pyramid Scheme: Primerica."</i> Repurposed for vertical formats as a means of promoting the main video on social media. The clip shows a section of the main video where Mario Arrizon speaks on stage to a large crowd of Primerica distributors and outlines the importance of distancing yourself from family members who express doubts about the Primerica business opportunity.			
No.	Upload Date	Title	Author	Platform	Video Length
C(7)	2023-07-19	<i>"Debating MLM people be like"</i>	M. Moukhaiber	Youtube, Instagram, Tiktok	0:23
Description:		Short video utilizing a popular meme format of Canadian psychologist Jordan Peterson speaking on a podcast in a confusing and rambling manner. In it, Peterson says "the question 'did that happen?' begs the question 'what do you mean by happen?'. Because when you're dealing with fundamental realities and you pose a question, you have to understand that the reality of the concepts of your question, when you're digging that deep, are just as questionable as what you're questioning." M. Moukhaiber added a caption above Peterson's head, which reads "Primerica CEO trying to explain why everyone is breaking the rules"			
No.	Upload Date	Title	Author	Platform	Video Length
C(8)	2023-07-16	<i>"\$50,000 a month?!? #primerica #pyramidscheme #scam #antimlm"</i>	M. Moukhaiber	Tiktok	1:19
Description:		Clip from <i>"Infiltrating A Pyramid Scheme: Primerica."</i> Repurposed for vertical formats as a means of promoting the main video on social media. The clip shows the segment of the video where the Primerica distributor M. Moukhaiber met with on hidden camera explains that Primerica RVP's can earn up to \$50,000 per month with Primerica. It then shows the segment where she and M. Moukhaiber go over the Primerica social media guidelines which contradict and vilify the claims she made earlier.			
No.	Upload Date	Title	Author	Platform	Video Length
C(9)	2023-07-17	<i>"Meet Mario Arrizon #primerica #antimlm #pyramidscheme"</i>	M. Moukhaiber	Tiktok	1:05
Description:		Clip from <i>"Infiltrating A Pyramid Scheme: Primerica."</i> Repurposed for vertical formats as a means of promoting the main video on social media. The clip shows the segment of the video where Mario Arrizon is highlighted and show clips of his deceptive and misleading remarks made on social media and on stage at Primerica events.			
No.	Upload Date	Title	Author	Platform	Video Length
C(10)	2023-07-18	<i>"PRIMERICULT #primerica #pyramidscheme #antimlm #scam #cult"</i>	M. Moukhaiber	Tiktok	1:53
Description:		Clip from <i>"Infiltrating A Pyramid Scheme: Primerica."</i> Repurposed for vertical formats as a means of promoting the main video on social media. The clip shows the segment of the video where the utility of Primerica's in-person events and the cult-like fanaticism of those who are in attendance is explained. Parts of "Consider The Source" (a Primerica-produced video that seeks to discredit outside sources of information about the company) are also shown. This type of information control is a cult tactic documented in the works of Dr. Steven Hassan, specifically the "BITE Model" of authoritarian control (behavior, information, thought, emotion).			

No.	Upload Date	Title	Author	Platform	Video Length
C(11)	2021-12-14	<i>"Debate With Primerica Recruiter Gary Kornegay"</i>	M. Moukhaiber	Youtube	1:09:41
Description:		Recording of Zoom call between M. Moukhaiber and Gary Kornegay, initiated when Kornegay called into a Zoom call-in livestream M. Moukhaiber was doing a few days earlier. M. Moukhaiber added an introduction and minor edits to original footage prior to publishing the video.			
No.	Upload Date	Title	Author	Platform	Video Length
C(12)	2023-01-14	<i>"PRIMERICA. The time has come. #primerica #antimlm"</i>	M. Moukhaiber	Youtube, Instagram, Tiktok	0:06
Description:		Short video created to announce Primerica as subject of M. Moukhaiber's "Infiltrating A Pyramid Scheme" video series.			
No.	Upload Date	Title	Author	Platform	Video Length
C(13)	2023-01-19	<i>"She Lost \$100,000 in Primerica Multi-Level Misery"</i>	M. Moukhaiber	Youtube	55:12:00
Description:		Interview between M. Moukhaiber and a former Primerica independent distributor named Ely who details her and her spouse's experience in Primerica. Per the title, Ely describes losing approximately \$100,000 because of her pursuit of the Primerica business opportunity, as well as manipulative behaviors she witnessed from Primerica mentors such as forcing lower-ranked distributors to wear diapers. Ely was not paid for this interview, nor did she have any incentive to fabricate lies about Primerica. She agreed to do the interview because she believed that publishing these stories is an important step towards nullifying the shame felt by those who have suffered from the misleading promises of MLM companies, and lets those victims know they are not alone.			
No.	Upload Date	Title	Author	Platform	Video Length
C(14)	2023-01-18	<i>"-\$100,000 in Primerica #shorts #antimlm #pyramidscheme"</i>	M. Moukhaiber	Youtube, Instagram, Tiktok	0:08
Description:		Clip from <i>"She Lost \$100,000 in Primerica Multi-Level Misery."</i> Repurposed for vertical formats as a means of promoting the original video on social media.			
No.	Upload Date	Title	Author	Platform	Video Length
C(15)	2023-01-19	<i>"Forced to wear diapers at Primerica"</i>	M. Moukhaiber	Youtube, Instagram, Tiktok	0:11
Description:		Clip from <i>"She Lost \$100,000 in Primerica Multi-Level Misery."</i> Repurposed for vertical formats as a means of promoting the original video on social media.			
No.	Upload Date	Title	Author	Platform	Video Length
C(16)	2023-01-21	<i>"I'm not surprised if your husband cheats"</i>	M. Moukhaiber	Youtube, Instagram, Tiktok	0:16
Description:		Clip from <i>"She Lost \$100,000 in Primerica Multi-Level Misery."</i> Repurposed for vertical formats as a means of promoting the original video on social media.			

No.	Upload Date	Title	Author	Platform	Video Length
C(17)	2023-01-30	<i>"17-Year-Old Recruited To Primerica By His Dad Multi-Level Misery"</i>	M. Moukhaiber	Youtube	35:43
Description:		Interview between M. Moukhaiber and a former Primerica independent distributor named Sam who details his experience in Primerica. Per the video title, he describes being recruited to Primerica, as well as manipulative behaviors he witnessed from Primerica mentors such as encouraging recruits to lie about their level of success in Primerica. Sam was not paid for this interview, nor did he have any incentive to fabricate lies about Primerica. He agreed to do the interview because he believed that publishing these stories is an important step towards nullifying the shame felt by those who have suffered from the misleading promises of MLM companies, and lets those victims know they are not alone.			
No.	Upload Date	Title	Author	Platform	Video Length
C(18)	2023-01-30	<i>"Recruited By His DAD! #antimlm"</i>	M. Moukhaiber	Youtube, Instagram, Tiktok	0:36
Description:		Clip from <i>"17-Year-Old Recruited To Primerica By His Dad Multi-Level Misery."</i> Repurposed for vertical formats as a means of promoting the original video on social media.			
No.	Upload Date	Title	Author	Platform	Video Length
C(19)	2023-01-31	<i>"How are MLM's Legal??? #antimlm #pyramidscheme"</i>	M. Moukhaiber	Youtube, Instagram, Tiktok	0:42
Description:		Clip from <i>"17-Year-Old Recruited To Primerica By His Dad Multi-Level Misery."</i> Repurposed for vertical formats as a means of promoting the original video on social media.			
No.	Upload Date	Title	Author	Platform	Video Length
C(20)	2023-02-01	<i>"Join A Ponzi Scheme Instead!"</i>	M. Moukhaiber	Youtube, Instagram, Tiktok	0:32
Description:		Clip from <i>"17-Year-Old Recruited To Primerica By His Dad Multi-Level Misery."</i> Repurposed for vertical formats as a means of promoting the original video on social media.			
No.	Upload Date	Title	Author	Platform	Video Length
C(21)	2023-02-02	<i>"REAL JOBS DON'T DO THIS"</i>	M. Moukhaiber	Youtube, Instagram, Tiktok	0:26
Description:		Clip from <i>"17-Year-Old Recruited To Primerica By His Dad Multi-Level Misery."</i> Repurposed for vertical formats as a means of promoting the original video on social media.			
No.	Upload Date	Title	Author	Platform	Video Length
C(22)	2023-02-27	<i>"Betting Every Penny On Primerica Multi-Level Misery"</i>	M. Moukhaiber	Youtube	54:01
Description:		Interview between M. Moukhaiber and a former Primerica independent distributor named Min who details her experience in Primerica. Per the video title, she describes spending all of her money in pursuit of success within the Primerica business opportunity, as well as manipulative behaviors she witnessed from Primerica mentors such as encouraging recruits to purchase more products or services than they needed in order to artificially boost their own volume of points, thus maintaining a higher rank within the Primerica compensation plan. Min was not paid for this interview, nor did she have any incentive to fabricate lies about Primerica. She agreed to do the interview with me because she believed that publishing these stories is an important step towards nullifying the shame felt by those who have suffered from the misleading promises of MLM companies, and lets those victims know they are not alone.			

No.	Upload Date	Title	Author	Platform	Video Length
C(23)	2023-03-02	"MLM is FAKE business"	M. Moukhaiber	Youtube, Instagram, Tiktok	0:35
Description: Clip from "Betting Every Penny On Primerica Multi-Level Misery." Repurposed for vertical formats as a means of promoting the original video on social media.					
No.	Upload Date	Title	Author	Platform	Video Length
C(24)	2023-03-03	"This MLM saying is BULL #antimlm"	M. Moukhaiber	Youtube, Instagram, Tiktok	0:28
Description: Clip from "Betting Every Penny On Primerica Multi-Level Misery." Repurposed for vertical formats as a means of promoting the original video on social media.					
No.	Upload Date	Title	Author	Platform	Video Length
C(25)	2023-03-04	"No One Really Fails In MLM #antimlm"	M. Moukhaiber	Youtube, Instagram, Tiktok	0:30
Description: Clip from "Betting Every Penny On Primerica Multi-Level Misery." Repurposed for vertical formats as a means of promoting the original video on social media.					
No.	Upload Date	Title	Author	Platform	Video Length
C(26)	2023-03-05	"EVERY MLM thinks this"	M. Moukhaiber	Youtube, Instagram, Tiktok	0:39
Description: Clip from "Betting Every Penny On Primerica Multi-Level Misery." Repurposed for vertical formats as a means of promoting the original video on social media.					
No.	Upload Date	Title	Author	Platform	Video Length
C(27)	2023-03-08	"MLM Cult Tactics #antimlm"	M. Moukhaiber	Youtube, Instagram, Tiktok	0:50
Description: Clip from "Betting Every Penny On Primerica Multi-Level Misery." Repurposed for vertical formats as a means of promoting the original video on social media.					

**This is Exhibit “ E ” referred to in the Affidavit of
Marco Moukhaiber, affirmed this 10th day of November, 2023**



DEVYN TAYLOR ENS
A Commissioner for Oaths
in and for Alberta
My Commission Expires January 1, 2024
Appointee # 0761114



COURT FILE NUMBER 2303 - 13143
 COURT COURT OF KING'S BENCH OF ALBERTA
 JUDICIAL CENTRE EDMONTON

PLAINTIFF PRIMERICA, INC., PRIMERICA LIFE INSURANCE COMPANY, PRIMERICA FINANCIAL SERVICES LLC, PFSL INVESTMENTS CANADA LTD., and PRIMERICA LIFE INSURANCE COMPANY OF CANADA

DEFENDANT MARCO MOUKHAIBER

DOCUMENT **ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **OSLER, HOSKIN & HARCOURT LLP**
 Suite 2700, Brookfield Place
 225 – 6th Avenue SW
 Calgary, AB T2P 1N2

Attention: Tommy Gelbman / Stephanie Clark / Ryan Howes
 Telephone: 403.260.7073 / 403.260.7034 / 613.316.5627
 Email: tgelbman@osler.com
rhowes@osler.com
sclark@osler.com
 File Number: 1242844

DATE ON WHICH ORDER WAS PRONOUNCED: July 21, 2023

NAME OF JUSTICE WHO MADE THIS ORDER: *RA Graesser*

LOCATION AT WHICH ORDER WAS MADE: Edmonton, Alberta

UPON THE APPLICATION of counsel for the Applicants seeking an Order restraining the Respondent; **AND UPON** reading the Affidavit of Mark Beauchamp sworn July 18, 2023; **AND UPON** hearing counsel for the Applicants; **AND UPON** hearing from the Respondent; **AND UPON** noting the formal undertaking of the Applicants to abide by any Order the Court may make concerning damages arising from the granting and enforcement of this Order; **IT IS HEREBY ORDERED AND DECLARED THAT:**

1. All capitalized terms used in this Order shall have the meaning given to them in the pleadings in this action.

Nothing in this Order shall be construed as constituting any determination on the merits of the application for interlocutory injunction.

2. The notice period and time for service of this application is abridged and deemed good and sufficient.

3. Service on the Respondent by email is deemed good and sufficient.

4. The Respondent must:

~~(a) deliver a list of all social media accounts and domains which he directly or indirectly controls to the Applicants and the Court;~~ ✓ *MSB*

~~(b) remove and destroy the Primerica Videos and any online content posted by the Respondent reproducing, promoting, or mentioning the Primerica Videos in any way;~~ ✓ *MSB*
PROVIDED that this direction shall be effective as of 12:00 pm on July 24, 2023.

~~(c) discontinue membership in all chat groups and social media platforms in which the Respondent surveils or monitors the activity of Primerica employees and business associates through phony accounts or otherwise;~~ ✓ *MSB*

~~(d) delete and destroy any material in his possession for which Primerica owns the copyright, whether in hard copy, posted to his online accounts, or saved in electronic form; and~~

~~(e) return a sworn Statutory Declaration to the Applicants within ~~five~~ days of the order, in the form attached as Schedule "A" to this Order, attesting to full compliance with the terms of this Order.~~ ✓ *MSB*

5. The Respondent is prohibited from directly or indirectly:


(a) infringing the Applicants' copyright in the Primerica Logo and Primerica Policies pursuant to the *Copyright Act*, including without limitation by creating, posting, sharing and/or streaming any content which infringes the Applicant's copyright by reproducing the Primerica Logo and Primerica Policies, whether in print, electronic form, over the internet, or in any other form or media now known or later devised;

(b) using the Primerica Trademarks in such a manner that is likely to have the effect of depreciating the value of the goodwill attaching to such trademarks contrary to

subsection 22(1) of the *Trademarks Act*, including without limitation through use of the Primerica Trademarks in association with the AlwaysMarco accounts, and any related websites, domain names or social media accounts;

- (c) communicating, publishing, or posting any online or print material reproducing or promoting the Primerica Videos or any part thereof;
- (d) publishing, posting, creating, appearing in, or otherwise participating in any online or print material that are defamatory with respect to Primerica in any way; and
- (e) publishing or posting of any material concerning these proceedings, or cause to be published or posted any material concerning these proceedings, as well as any material (including images) or commentary concerning any participant in these proceedings, including but not restricted to any counsel, Court staff or members of the judiciary, but excluding himself provided that any publication or posting about himself is not connected in any way to these proceedings or is not otherwise subject to any ongoing injunction.

6. This Order shall remain in effect until ~~August 31, 2023 or until such time as this Court may adjudicate a summary judgment application on the merits, whichever is earlier.~~ *By further order of this Court. MB*
7. Any Party may apply to this Court to vary the terms of this Order *on 2 days notice to the other party. MB*
8. The Applicants ~~shall~~ *may* serve this executed Order on YouTube, TikTok, Twitter, Facebook, Instagram, Discord, Patreon, Reddit and Rumble as notice that the Primerica Videos and any online content posted by the Respondent reproducing, promoting, or mentioning the Primerica Videos in any way are ordered to be removed *as being unlawful. MB*
9. The costs of this application shall be ~~payable to the Applicants.~~ *in the cause. MB*
10. The Respondent's approval of this form of Order is dispensed with under Rule 9.4(2)(c) of the *Alberta Rules of Court*.



J.C.K.B.A.
Grassman J

Schedule "A"
STATUTORY DECLARATION

CANADA)
PROVINCE OF ALBERTA)
TO WIT:)
)
)
)
)

IN THE MATTER OF Court of King's Bench of Alberta
Action 2301 - _____ between PRIMERICA, INC.,
PRIMERICA LIFE INSURANCE COMPANY,
PRIMERICA FINANCIAL SERVICES LLC, PFSL
INVESTMENTS CANADA LTD., and PRIMERICA LIFE
INSURANCE COMPANY OF CANADA, as Plaintiff, and
MARCO MOUKHAIBER, as Defendant

I, Marco Moukhaiber, DO SOLEMNLY DECLARE THAT:

1. I am the owner and creator of various accounts on YouTube, TikTok, Twitter, Facebook, Instagram, Discord, Patreon, Reddit, and Rumble which I operate under the account name "AlwaysMarco".
2. A complete list of all social media accounts and online websites, domain names or accounts that I control directly or indirectly is attached.
3. I have deleted and taken down the following videos posted under the AlwaysMarco account name in all forms, whether on YouTube, TikTok, Twitter, Facebook, Instagram, Discord, Patreon, Reddit, Rumble, or otherwise (the "Primerica Videos"):

Date	Title	Link
Dec 14, 2021	Debate with Primerica Recruiter Gary Kornegay	youtube.com/watch?v=bjt78qojUXA
Jan 14, 2023	Marco vs Primerica	youtube.com/watch?v=Eh1Fu7DmLGE
Jan 19, 2023	She Lost \$100,000 in Primerica Multi-Level Misery	youtube.com/watch?v=zuO5SfgP0xM
Jan 25, 2023	Infiltration Successful...	youtube.com/watch?v=EzdULG6Jcvg
Jan 30, 2023	17-Year-Old Recruited To Primerica By His DAD Multi-Level Misery	youtube.com/watch?v=cPQpOa5o1Og
Feb 28, 2023	Betting Every Penny On Primerica Multi-Level Misery	youtube.com/watch?v=EAaP6FLCWBk

Date	Title	Link
April 14, 2023	PRIMERICA is threatening to sue me	youtube.com/watch?v=yKGvBPI9Qb8
July 14, 2023	Infiltrating A Pyramid Scheme: Primerica	youtube.com/watch?v=bDvoI-Zh7uA
July 15, 2023	The Many Lies of Mario Arrizon	youtube.com/watch?v=Hww2tl8dJFs
July 19, 2023	Gary Kornegay & Daniel Alonzo's INSANE Interview	https://www.youtube.com/watch?v=2w3s10iEv0I

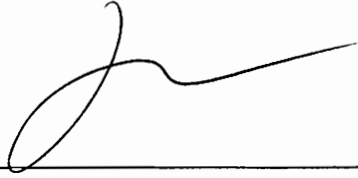
4. I have deleted and taken down any posts of any kind from all social media accounts or online domains that I control that reproduce all or portions of the Primerica Videos, whether as clips, screenshots, or otherwise, whether on YouTube, TikTok, Twitter, Facebook, Instagram, Discord, Patreon, Reddit, Rumble, or otherwise.
- ✓ 5. ~~I have discontinued membership and access to any and all chat groups and social media platforms in which I surveil or monitor the activity of Primerica employees and business associates, whether through phony accounts, receiving reports of such activity from third parties, or otherwise.~~ ✓ *MSB*
- ✓ 6. ~~I have deleted and destroyed any material in my possession for which Primerica owns the copyright, whether in hard copy, posted to my online accounts, or saved in electronic form.~~ ✓ *MSB*
- ✓ 7. ~~I have received and reviewed a copy of the Order of Justice _____ dated July [21], 2023, and I confirm I have complied, and will continue to comply, with that Order.~~ ✓ *MSB*

AND I make this solemn declaration conscientiously believing it to be true, and knowing it is of the same force and effect as if made under oath.

SWORN BEFORE ME at the _____)
 City/Town of _____)
 in the Province of _____)
 the __ day of July, 2023.)

 A Commissioner for Oaths in and for the Province of Alberta.) Marco Moukhaiber

**This is Exhibit “F” referred to in the Affidavit of
Marco Moukhaiber, affirmed this 10th day of November, 2023**



DEVYN TAYLOR ENS
A Commissioner for Oaths
in and for Alberta
My Commission Expires January 1, 2024
Appointee # 0761114



Article

Multi-Level Marketing Businesses and Pyramid Schemes



Businesses that involve selling products to family and friends and recruiting other people to do the same are called multi-level marketing (MLM), network marketing, or direct marketing businesses. Some MLMs are illegal pyramid schemes. Before joining an MLM program, here are some things to know.

[What Are MLMs and How Do They Work?](#)

[What's a Pyramid Scheme and How Do You Spot One?](#)

[Is an MLM Right for You?](#)

What Are MLMs and How Do They Work?

MLM companies sell their products or services through person-to-person sales. That means you're selling directly to other people, maybe from your home, a customer's home, or online.

If you join an MLM program, the company may refer to you as an independent "distributor," "participant," or "contractor." Most MLMs say you can make money two ways:

- by selling the MLM's products yourself to "retail" customers who are not involved in the MLM

- by recruiting new distributors and earning commissions based on what they buy and their sales to retail customers

Your recruits, the people they recruit, and so on, become your sales network, or “downline.” **If the MLM is not a pyramid scheme, it will pay you based on your sales to retail customers, without having to recruit new distributors.**

Most people who join legitimate MLMs make little or no money. Some of them lose money. In some cases, people believe they’ve joined a legitimate MLM, but it turns out to be an illegal pyramid scheme that steals everything they invest and leaves them deeply in debt.

What’s a Pyramid Scheme and How Do You Spot One?

Pyramid schemes are scams. They can look remarkably like legitimate MLM business opportunities and often sell actual products, maybe even ones you’ve heard of. But if you become a distributor for a pyramid scheme, it can cost you and your recruits — often your family and friends — a lot of time and money that you won’t get back.

The promoters of a pyramid scheme may try to recruit you with pitches about what you’ll earn. They may say you can change your life — quit your job and even get rich — by selling the company’s products. That’s a lie. Your income would be based mostly on how many people you recruit, not how much product you sell. Pyramid schemes are set up to encourage everyone to keep recruiting people to keep a constant stream of new distributors — and their money — flowing into the business.

Often in a pyramid scheme, you’ll be encouraged or even required to buy a certain amount of product at regular intervals, even if you already have more inventory than you can use or sell.

You may even have to buy products before you’re eligible to be paid or get certain bonuses. You also may have to pay repeated fees for other items, like training sessions or expensive marketing materials. In addition, the company may say you can earn lavish rewards, like prizes, bonuses, exotic vacations, and luxury cars. However, it often turns out that you have to meet certain product purchase, recruitment, training, or other goals to qualify for the rewards, and only a handful of distributors ever qualify.



Eventually, most distributors find that no matter how hard they work, they can't sell enough inventory or recruit enough people to make money. They also can't keep up with required fees or the inventory purchases they need to make to qualify for rewards, and they can't earn enough money to cover their expenses. In the end, most people run out of money, have to quit, and lose everything they invested.

Here are some warning signs of a pyramid scheme:

- **Promoters make extravagant promises about your earning potential.** Stop. These promises are false.
- **Promoters emphasize recruiting new distributors for your sales network as the real way to make money.** Walk away. In a legitimate MLM program, you should be able to make money just by selling the product.
- **Promoters play on your emotions or use high-pressure sales tactics, maybe saying you'll lose the opportunity if you don't act now and discouraging you from taking time to study the company.** Leave by the nearest exit. Any company that tries to pressure you to join is one to avoid.
- **Distributors buy more products than they want to use or can resell, just to stay active in the company or to qualify for bonuses or other rewards.** If you see this happening, keep your money.

Is an MLM Right for You?

If you're considering joining an MLM, know that some MLMs — even ones that aren't pyramid schemes — may not be a wise investment. Other MLMs may not be a good fit for your interests and lifestyle. Here are some ways to help protect yourself against a bad MLM experience.

Ask yourself these questions

- **Do you want to be a salesperson?** If you join an MLM, you'll be a salesperson. Your job will be to sell the company's product and, in many cases, to convince other people to join, invest, and sell. If you don't like selling, or if you're uncomfortable asking people you know to put their time and money into a business venture, joining an MLM is a bad idea.
- **Do you have a solid sales plan?** Consider whether you have friends and family who will buy this product from you over and over again. Think about how you would find



and keep other regular customers. Can people buy something like this product elsewhere, maybe for less?

- **What are your income goals?** You might think that, with your willingness to work hard, you can earn substantial income through the MLM. In fact, most people who join MLMs and work hard make little or no money, and some of them lose money.
- **Can you afford to risk the money and time?** Every business venture has risks. MLMs are no different. Even if the start-up costs seem low, additional expenses can add up quickly. Expenses can include training and travel costs, website fees, promotional materials, costs to host parties, and costs to buy products. If you need to borrow money or use your credit card to finance your expenses, you may face hefty interest charges too. Also, consider the time demands of the business, like going to training, recruiting new distributors, managing paperwork, recording inventory, and shipping products.

Do your homework

- **Research the company.** Search online for the name of the company and words like “review,” “scam,” or “complaint.” You may also want to look for articles about the company in newspapers, magazines, or online. Does the company have a good reputation for customer satisfaction? Check with your [state attorney general](#) for complaints. A lack of complaints doesn’t guarantee that a company is legitimate, but complaints can alert you to possible problems.
- **Research what distributors are saying.** Individual distributors often post their own training videos online to promote the MLM. Search for these materials. Be suspicious if the trainings make earnings claims, tell you that the fastest way to make money is to “recruit, recruit, recruit,” or suggest that all you need to do to build a downline is “find two people who find two people.” Claims like these are hallmarks of a pyramid scheme.
- **Consider the products.** MLM companies may sell quality items at competitive prices. But some offer goods that are overpriced, have questionable benefits, or are downright unsafe to use. For example, be very skeptical about health products advertised as having [“miracle” ingredients](#) or guaranteed results. Those claims are generally false or at least unproven and, at worst, the products could be dangerous.
- **Understand the costs.** Many MLMs make you buy training or marketing materials, or pay for seminars on building your business. You may need to book travel and pay for hotels and meals. Make sure you know what you must pay for, and how much it will cost over time. If the company says some of these things — like periodic product purchases or training — are optional, find out if you’ll become ineligible for bonuses



or rewards if you opt out of them.

- **Ask about refunds.** In many MLMs, before you can start selling the products, you have to buy them from the company. So get the company's refund policy in writing. Make sure it includes information about returning any unused products, including restrictions and penalties. Consider whether you'll get a full refund or only a partial one — and how long it may take.
- **Read the paperwork and have a friend or advisor review it.** Read the company's sales literature, business plan, disclosure documents, and any contracts or agreements you'll need to sign. Ask an accountant, a lawyer, or someone else you trust — and who is **not** affiliated with the company — to help you review the MLM's materials. Ask them to look at your possible earnings and whether the company can back up its claims about how much money you can make. Ask for their honest opinion about whether they think the MLM is legitimate and a good fit for you.

Talk with current and past distributors about their experience in the MLM

Ask tough questions and dig for details. Don't consider it nosy or intrusive. You're thinking about starting a small business. A good businessperson needs those answers. Here are some questions to ask:

- How long have you been in the MLM?
- How much money did you make last year, after expenses?
- What were your expenses last year?
- Have you borrowed money or used your credit card to fund your business? How much did you borrow? How much do you owe?
- Do you need to have recruits to make money?
- How many people have you recruited? How many did you recruit last year?
- How many of your recruits have left the business?
- What percentage of the money you made came from selling the product to customers outside the MLM?
- What percentage of the money you made — income and bonuses less your expenses — came from recruiting other distributors and selling them inventory or



other items to get started?

- How much time do you spend on the business?
- How much inventory did you buy from the MLM last year? Did you sell all of your inventory?

Remember, you're on a mission to check out a potential business deal that will require your time and money. The information you learn can help you decide whether it's really a deal, a dud, or straight up illegal.

Search Terms: [business opportunity](#), [get rich](#), [invest](#), [multilevel marketing](#), [pyramid scheme](#), [scam](#)

Topics: [Jobs and Making Money](#), [Money-Making Opportunities and Investments](#)

Scams: [All Scams](#), [Money-Making Opportunity Scams](#)

July 2022



**This is Exhibit “ G ” referred to in the Affidavit of
Marco Moukhaiber, affirmed this 10th day of November, 2023**



DEVYN TAYLOR ENS
A Commissioner for Oaths
in and for Alberta
My Commission Expires January 1, 2024
Appointee # 0761114



Multi-level marketing and pyramid selling

A multilevel marketing plan is a legal business model for selling goods and services. Pyramid selling, on the other hand, is illegal and constitutes a criminal offence in Canada.

A **multilevel marketing plan** promotes the supply of a product to participants in the plan. Participants earn compensation based on supplying products to other participants or customers. A legitimate multilevel marketing plan has three or more levels of participants.

Pyramid selling focuses on generating profits by recruiting others and not primarily from the sale of products. Thus, even when these schemes offer products, the products may have very little value, or few incentives for their sale.

It is a criminal offence to establish, operate, advertise, or promote a pyramid selling scheme.

Illegal practices

Multi-level marketing plans, although a legal business model, have rules for operators or participants. If they make a representation relating to compensation, such information must be fair, reasonable and timely.

It is also illegal for a multi-level marketing plan to do any of the following:

- offer compensation for recruitment
- require purchases (other than a start-up kit sold at cost) as a condition of participation
- require participants to buy a large amount of inventory that cannot be resold or used within a reasonable amount of time (inventory loading)
- fail to offer a buy-back guarantee on reasonable commercial terms

These types of activities would be considered pyramid selling under section 55.1 of the *Competition Act*.

Penalties for non-compliance

Someone who contravenes this criminal provision of the *Competition Act* can be fined up to \$200,000 per count and/or imprisoned for up to one year on summary conviction. On indictment, individuals can face fines at the discretion of the court and/or be imprisoned for up to five years.

Potential for immunity

If you have engaged in a deceptive marketing practice prohibited under the criminal provisions of the *Competition Act*, you are encouraged to come forward, share what you know, and fully cooperate with our investigation and any subsequent prosecution. If you meet the requirements of the Immunity Program, we will recommend that the Director of Public Prosecutions of Canada provide you with immunity from prosecution.

Compliance programs

Having a credible and effective compliance program can provide benefits in dealing with the Competition Bureau to resolve a violation of one of the legislation it enforces. A compliance program can also help:

- reduce the risk of potentially illegal conduct
- protect your brand and reputation
- detect instances of potentially illegal conduct at an early stage
- identify when others might put you at risk

Commissioner's opinions

To find out more information on written opinions under section 124.1 of the *Competition Act*, contact the Bureau's Information Centre toll-free at 1-800-348-5358 or [online](#). If a written opinion is provided by the Commissioner, a fee will apply based upon the section of the Act the proposed conduct or practice applies to. A written opinion is binding on the Commissioner as long as the facts submitted are accurate, and it remains binding if the facts on which the opinion is based remain substantially unchanged and your conduct or practice is carried out, as proposed. All fees and service standards for written opinions are set out in the [Competition Bureau Fee and Service Standards Policy](#).

Further reading

- [Potential for immunity: Incentives for ending participation in illegal activity](#)
- [Written opinions](#)
- [Enforcement Guidelines: Multi-level marketing plans and schemes of pyramid selling](#)
- [Advertising dos and don'ts](#)
- [Technical guidance document: Immunity and Leniency Programs under the *Competition Act*](#)
- [Competition Act, sections 55 and 55.1](#)
- [How we foster competition and ensure compliance with the law](#)

List of deceptive practices Next →

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Date modified: 2022-06-29

Contact the Competition Bureau

**This is Exhibit “H” referred to in the Affidavit of
Marco Moukhaiber, affirmed this 10th day of November, 2023**



DEVYN TAYLOR ENS
A Commissioner for Oaths
in and for Alberta
My Commission Expires January 1, 2024
Appointee # 0761114



CANADA

CONSOLIDATION

CODIFICATION

Competition Act

Loi sur la concurrence

R.S.C., 1985, c. C-34

L.R.C. (1985), ch. C-34

Current to October 17, 2023

À jour au 17 octobre 2023

Last amended on June 23, 2023

Dernière modification le 23 juin 2023

(a) compensation actually received by typical participants in the plan; or

(b) compensation likely to be received by typical participants in the plan, having regard to any relevant considerations, including those specified in paragraph (2)(b).

Due diligence defence

(2.2) A person accused of an offence under subsection (2.1) shall not be convicted of the offence if the accused establishes that he or she took reasonable precautions and exercised due diligence to ensure

(a) that no representations relating to compensation under the plan were made by participants in the plan or by representatives of the accused; or

(b) that any representations relating to compensation under the plan that were made by participants in the plan or by representatives of the accused constituted or included fair, reasonable and timely disclosure of the information referred to in that subsection.

Offence and punishment

(3) Any person who contravenes subsection (2) or (2.1) is guilty of an offence and liable

(a) on conviction on indictment, to a fine in the discretion of the court or to imprisonment for a term not exceeding five years or to both; or

(b) on summary conviction, to a fine not exceeding \$200,000 or to imprisonment for a term not exceeding one year, or to both.

R.S., 1985, c. C-34, s. 55; 1992, c. 14, s. 1; 1999, c. 2, s. 15.

Definition of *scheme of pyramid selling*

55.1 (1) For the purposes of this section, ***scheme of pyramid selling*** means a multi-level marketing plan whereby

(a) a participant in the plan gives consideration for the right to receive compensation by reason of the recruitment into the plan of another participant in the plan who gives consideration for the same right;

(b) a participant in the plan gives consideration, as a condition of participating in the plan, for a specified amount of the product, other than a specified amount of the product that is bought at the seller's cost price for the purpose only of facilitating sales;

Défense

(2.2) La personne accusée d'avoir contrevenu au paragraphe (2.1) peut se disculper en prouvant qu'elle a pris les mesures utiles et fait preuve de diligence pour que :

a) soit ses représentants ou les participants ne fassent aucune déclaration concernant la rémunération versée au titre du système;

b) soit leurs déclarations respectent les critères énoncés au paragraphe (2).

Infraction et peine

(3) Quiconque contrevient aux paragraphes (2) ou (2.1) commet une infraction et encourt, sur déclaration de culpabilité :

a) par mise en accusation, une amende dont le montant est fixé par le tribunal et un emprisonnement maximal de cinq ans, ou l'une de ces peines;

b) par procédure sommaire, une amende maximale de 200 000 \$ et un emprisonnement maximal d'un an, ou l'une de ces peines.

L.R. (1985), ch. C-34, art. 55; 1992, ch. 14, art. 1; 1999, ch. 2, art. 15.

Définition de *système de vente pyramidale*

55.1 (1) Pour l'application du présent article, ***système de vente pyramidale*** s'entend d'un système de commercialisation à paliers multiples dans lequel, selon le cas :

a) un participant fournit une contrepartie en échange du droit d'être rémunéré pour avoir recruté un autre participant qui, à son tour, donne une contrepartie pour obtenir le même droit;

b) la condition de participation est réalisée par la fourniture d'une contrepartie pour une quantité déterminée d'un produit, sauf quand l'achat est fait au prix coûtant à des fins promotionnelles;

c) une personne fournit, sciemment, le produit en quantité injustifiable sur le plan commercial;

(c) a person knowingly supplies the product to a participant in the plan in an amount that is commercially unreasonable; or

(d) a participant in the plan who is supplied with the product

(i) does not have a buy-back guarantee that is exercisable on reasonable commercial terms or a right to return the product in saleable condition on reasonable commercial terms, or

(ii) is not informed of the existence of the guarantee or right and the manner in which it can be exercised.

Pyramid selling

(2) No person shall establish, operate, advertise or promote a scheme of pyramid selling.

Offence and punishment

(3) Any person who contravenes subsection (2) is guilty of an offence and liable

(a) on conviction on indictment, to a fine in the discretion of the court or to imprisonment for a term not exceeding five years or to both; or

(b) on summary conviction, to a fine not exceeding \$200,000 or to imprisonment for a term not exceeding one year, or to both.

1992, c. 14, s. 1; 1999, c. 2, s. 16.

56 to 59 [Repealed, 1999, c. 2, s. 17]

Defence

60 Section 54 does not apply to a person who prints or publishes or otherwise distributes a representation or an advertisement on behalf of another person in Canada if he or she establishes that he or she obtained and recorded the name and address of that other person and accepted the representation or advertisement in good faith for printing, publishing or other distribution in the ordinary course of his or her business.

R.S., 1985, c. C-34, s. 60; 1999, c. 2, s. 17.1.

61 [Repealed, 2009, c. 2, s. 417]

Civil rights not affected

62 Except as otherwise provided in this Part, nothing in this Part shall be construed as depriving any person of any civil right of action.

R.S., c. C-23, s. 39; 1974-75-76, c. 76, s. 18.

d) le participant à qui on fournit le produit :

(i) soit ne bénéficie pas d'une garantie de rachat ou d'un droit de retour du produit en bon état de vente, à des conditions commerciales raisonnables,

(ii) soit n'en a pas été informé ni ne sait comment s'en prévaloir.

Interdiction

(2) Il est interdit de mettre sur pied, d'exploiter, de promouvoir un système de vente pyramidale ou d'en faire la publicité.

Infraction et peine

(3) Quiconque contrevient au paragraphe (2) commet une infraction et encourt, sur déclaration de culpabilité :

a) par mise en accusation, une amende dont le montant est fixé par le tribunal et un emprisonnement maximal de cinq ans, ou l'une de ces peines;

b) par procédure sommaire, une amende maximale de 200 000 \$ et un emprisonnement maximal d'un an, ou l'une de ces peines.

1992, ch. 14, art. 1; 1999, ch. 2, art. 16.

56 à 59 [Abrogés, 1999, ch. 2, art. 17]

Moyen de défense

60 L'article 54 ne s'applique pas à la personne qui diffuse, notamment en les imprimant ou en les publiant, des indications ou de la publicité pour le compte d'une autre personne se trouvant au Canada, si elle établit qu'elle a obtenu et consigné le nom et l'adresse de cette autre personne et qu'elle a accepté de bonne foi d'imprimer, de publier ou de diffuser de quelque autre façon ces indications ou cette publicité dans le cadre habituel de son entreprise.

L.R. (1985), ch. C-34, art. 60; 1999, ch. 2, art. 17.1.

61 [Abrogé, 2009, ch. 2, art. 417]

Droits civils non atteints

62 Sauf disposition contraire de la présente partie, celle-ci n'a pas pour effet de priver une personne d'un droit d'action au civil.

S.R., ch. C-23, art. 39; 1974-75-76, ch. 76, art. 18.

**This is Exhibit “ I ” referred to in the Affidavit of
Marco Moukhaiber, affirmed this 10th day of November, 2023**



DEVYN TAYLOR ENS
A Commissioner for Oaths
in and for Alberta
My Commission Expires January 1, 2024
Appointee # 0761114

Ep. 4 - So, What's a Pyramid Scheme? — Ponzinomics 101

Sep 16 Written By Melissa Milner

20–25 minutes

Ever had a person try to recruit you into a multi-level marketing (aka MLM) company? One of the first things they say is, "It's not a pyramid scheme." What is a pyramid scheme? Are MLM companies legal pyramid schemes? What does that mean?

Listen to full episode :

Lesson Ideas:

This episode's lesson is really about misconceptions people have about pyramid schemes and how it is disguised as a legit "business opportunity." So, if you did the Grain of Rice activity or discussed the pyramid image, now you can revisit them after listening to Robert's lesson with the new lens of MLM being a pyramid scheme and understanding why so many get fooled. If you didn't do the two activities, here they are again.

Scenario:

Read the Indian fable, *A Grain of Rice*, and have students fill out the Excel spreadsheet provided with this link or do it together as a class: [Grain of Rice](#)

Image for Notice and Wonder discussion:

One option is to use the image below by itself to spark discussion before Robert's lecture. Another option is to share this image after the students read the fable [Grain of Rice](#). You could also choose to cover the words on the image until after the discussion or even until after Robert's lecture. Students can guess what is covered.

This image could also be used instead as an exit slip at the end of class. Students could notice and wonder in writing and cite some of Robert's points from the lecture or explain how the image relates to his lecture. It may help to provide students with the transcript of the episode.

You could choose to simplify the exit ticket to the student writing a Question, Quote (from Robert's lecture), or Comment about the image below.

Note taking during Robert's lecture:

Below are links regarding sketch notes and one pagers from the Now Spark Creativity website by Betsy Potash.

[Sketch notes](#)

[One Pagers](#)

Discussion Ideas for after Robert's lesson:

You could display the image above and have a whole class discussion, or provide groups with the image to discuss. This lesson specifically links the MLM structure to pyramid schemes. Having students list the misconceptions and discuss them further might be valuable.

Here are two discussion structures from The Cult of Pedagogy Podcast/ Episode 28 to use when students discuss the image and/or Robert's lecture. I chose these two since they are relatively low prep and they set up primarily the students to share their opinions and do the talking and thinking.

[Socratic Seminar/Socratic Circle](#) - In this case, the texts could be the transcript from Episode 4. Follow the link for more about this structure that is very common in middle school, high school, and college classrooms.

[Philosophical Chairs](#) - There are many variations to this discussion structure. Podcaster Jennifer Gonzalez calls the following version of Philosophical Chairs *This or That*. The teacher can ask the class a question related to Robert's lesson that can be agreed with or not agreed with and then students move to the part of the room that matches their opinion about that question. There can be a "hot seat" set up in each spot for students one at a time to share their evidence, opinions, etc. You could have an Agree and a Disagree area in the classroom or, as Jennifer Gonzalez shares in her podcast episode, a continuum

from Strongly Agree to Strongly Disagree.

Links for Robert and Melissa:

Robert's book: [Ponzinomics](#)

Robert's Website: [Pyramid Scheme Alert](#)

Melissa's Podcast: [The Teacher As...Podcast](#)

Transcript:

Melissa Milner 0:15

Welcome to Ponzinomics 101. I'm Melissa Milner. I'm a 30 year veteran teacher and host of The Teacher As... podcast.

Robert FitzPatrick 0:22

And I'm Robert Fitzpatrick, author of the book Ponzinomics: The Untold Story of Multi-Level Marketing.

Melissa Milner 0:30

We are cohosting Ponzinomics 101, a monthly educational podcast for anyone who would like to learn more about multi-level marketing, and why it should be avoided.

Robert FitzPatrick 0:40

We hope this podcast will be a resource for teachers and parents and provide valuable information that is not currently being taught in our public schools, colleges and universities.

Melissa Milner 0:55

If you are a teacher who has created lessons about MLMs, and you're willing to share your work with other teachers, please go to our website, ponzinomics101.com to contact us. If we get enough lessons from teachers, we may start a Teacher Resources tab on our site to share the great work we're all doing.

Robert FitzPatrick 1:13

The best defense is awareness. Be informed think, question everything, and keep your mind engaged.

Melissa Milner 1:22

In the last three lessons, we examined the realities of direct selling. We looked at seven requirements for person to person selling to be feasible and profitable in today's world of internet and big store selling. We tested multi-level marketing against the seven requirements. It failed all of them. After concluding that MLM could not be direct selling, Robert taught about what MLM actually is. In this lesson, Robert goes into more detail about how all MLM enterprises are pyramid schemes. Before this lesson, it would be a good idea to have students share if they have ever heard of pyramid schemes and what they think they are. The content in lesson three hopefully gave students enough background to make some educated guesses about what a pyramid scheme is, especially if teachers share a visual of a pyramid scheme. Similar to the one we shared on the episode three page of ponzinomics101.com Students could do a quick write of their thoughts and then share whole class or in small groups. If there are misconceptions, they can be discussed and debated in the moment, or that can wait until after listening to the lesson. Make sure to check out the episode four page on ponzinomics101.com for more teaching ideas for this lesson, including discussion ideas.

Robert FitzPatrick 2:43

In lesson three, setting aside all preconceived ideas of what MLM is, or what we've been told it is, we examine the four basic essential characteristics common to all multi-level marketing enterprises. They are endless chain, that is expands level by level for ever. Pay to play, you pay fees to join the chain, and you must meet quota purchases in order to gain the promised unlimited rewards from new levels. Recruiting mandate, the promised rewards come from other people's work and purchases. It's up to each new recruit to bring in more recruits. Extreme money transfer, the reward plan sends most reward money directly to the top on each transaction. Most of the money flows from bottom where most members of the chain are positioned directly to a tiny few at the very top.

Robert FitzPatrick 3:55

These are the very same basic characteristics of a pyramid scheme. Here's the definition of a pyramid scheme from the New York Attorney General's Office

which describes these characteristics and I quote, "A pyramid scheme is a fraudulent system of making money based on recruiting an ever increasing number of "investors." The initial promoters recruit investors who in turn recruit more investors and so on. The scheme is called a pyramid because at each level, the number of investors increases. The small group of initial promoters at the top require a large base of later investors to support the scheme by providing profits to the earlier investors. And here's the definition in the dictionary of Encyclopedia Britannica, quote, "A dishonest and usually illegal business, in which many people are persuaded to invest their money and the money of later investors is used to pay the people who invested first.

Robert FitzPatrick 5:11

This all sounds simple, straightforward, even obvious. You pay to join a chain that keeps expanding without regard to market saturation or the laws of math. The participants on the chain do the recruiting, the money from the new recruits is transferred to earlier ones. As we know, no chain can expand forever. But as long as it does operate, the majority on the chain are at the bottom, so nearly all the people will always lose. Pyramid schemes are called unsustainable, since they cannot keep expanding, deceptive, since the losses to most people are denied or concealed and harmful, since nearly all will lose by design. So how is it possible that millions upon millions of people join pyramid schemes every year? Can't they see the obvious design flaw, the trickery and terrible consequences? Well, they probably would, except for one thing. In the history of the world, there is no record of anyone ever operating or joining a pyramid scheme that was called a pyramid scheme. Pyramid schemes are always disguised and go by many different made up names and fake identities. They can masquerade as direct selling, discount buying club, social club, educational program, a gain, a religious program, a mission or a financial investment group, among others.

Robert FitzPatrick 6:57

So, to recognize the pyramid scheme, you have to look at basic characteristics, not what it calls itself, and not the superficial disguise, whose purpose is to deceive you. When you know what to look for, the disguise appears silly and ineffective. If you don't know what to look for, the disguise may appear as a legitimate business, dazzling, enticing, beautiful, intelligent, just what you've

been looking for all your life. In this lesson, we will examine the four MLM characteristics measured against the defining characteristics of pyramid schemes.

Robert FitzPatrick 7:42

Attention please. There was one requirement for lesson number three, it was to maintain an open unqualified inquiry of what MLM is, that meant setting aside any earlier beliefs or impressions or what MLM recruiters have said, it meant examining MLM, as if you did not know what it is. The same requirement to set aside what you think you know, is needed again, when looking at pyramid schemes in relation to MLM. Why? Because the first disguise of pyramid schemes, and remember all pyramid schemes are disguised, is to camouflage or confuse the very meaning of a pyramid scheme. If your understanding or impression of a pyramid scheme, any pyramid scheme, is mistaken or inaccurate, you are not likely to spot a pyramid scheme when you are solicited to join one. You will have been "redirected" to look away from the basics and to focus instead on the glossy and distracting elements of disguise. With MLM most people know they must pay to join and buy goods monthly. They figure out that they have to recruit to gain the promised rewards. They realize very quickly that only a few at the top get most of the money, yet they don't recognize these characteristics as the hallmarks of a pyramid scheme. Why? Because they already had inaccurate or erroneous impressions of what a pyramid scheme is. Those erroneous impressions prevented them from seeing what was right in front of their eyes.

Robert FitzPatrick 9:37

Here are some false impressions many people hold about pyramid schemes. One, pyramid schemes are illegal. And so any enterprise that is licensed and is operating openly could not be a pyramid scheme. If it were, it would be prosecuted and shut down. So no matter what else the scheme does and even if almost everyone is losing money, most people will not even imagine the losses are due to a pyramid scheme.

Robert FitzPatrick 10:09

Two, good people do not run pyramid schemes which are illegal, and people like me do not join illegal enterprises. So if the people behind the pyramid

scheme appear wholesome and law abiding, or happy and prosperous, and the people inviting me to join are people like me, even friends or family, the enterprise could not possibly be a pyramid scheme.

Robert FitzPatrick 10:38

Three, pyramid schemes don't sell products, they just charge people to join, and the money that is transferred is from joining fees. If people buy products, the enterprise can't be a pyramid scheme. Even if a lot of other features appear like a pyramid, endless expansion, pay to join, recruiting, money goes to the top.

Robert FitzPatrick 11:03

And four, pyramid schemes collapse quickly when they "run out of new recruits." Pyramids require constant expansion which cannot continue. So they flare up and then fall apart very quickly. Therefore, any enterprise that has been operating for years or decades cannot possibly be pyramid scheme. If the enterprise is still going, no matter what else is known about it that resembles a pyramid scheme, it cannot be a pyramid scheme.

Robert FitzPatrick 11:37

Where did people get these erroneous ideas about pyramid schemes? From enterprises that run pyramid schemes. This is part of the overall disguise and redirection that cause people to fail to recognize pyramid schemes when they encounter one personally. None of those misconceptions actually are about basic characteristics of a pyramid scheme. Each is intended to prevent people from seeing through the disguise. So let's go back to the four basic characteristics, the first being endless chain. As we know, an endless chain is impossible. If each person recruits five and the chain extends and expands, in less than 15 recruiting cycles, the earth's population is surpassed. As the number of participants increases, the number of potential recruits must decrease towards saturation. Also, the majority of all the people in such a chain are always at the bottom. So as long as it operates, the vast majority cannot make money. The plan dooms the majority to lose, but nothing about the endless chain says it has to collapse. Collapse or rapid collapse is not a basic characteristic. If the losers at the bottom quit after losing money and are replaced, and if they recruited some others before quitting, the scheme could go on for many, many years. If those who quit after losing money are led to think

they "failed" for lack of effort, they are not likely to protest or even warn others. So the scheme can keep recruiting. The scheme can churn 1000s of people in and out, year by year, millions lose, but the scheme itself is still operating. It does not collapse. Those at the top keep getting the money from all the losers. Also, the scheme can expand to more countries, where even more people can be recruited. So just because an enterprise is around a long time indicates nothing at all. If you use the "still in business over time" argument, to say a company is not a pyramid scheme, you have been redirected. All you need to know is that if it is based on endless expansion, and promised income is based on unlimited growth, that is the bright red flag of a pyramid scheme.

Robert FitzPatrick 14:31

Second, pay to play. If you are putting in your own money to gain a position on a quote chain or a network, you are quote playing in the endless chain. You can pay with cash. You can pay by buying a product, you can pay by paying a tuition. Your payments can include you selling some products. If the payment is required for you to get money from those you recruit, and they would do the same, it does not matter how you pay. It does not matter whether products are involved or not. In fact, every multi-level marketing enterprise that has ever been prosecuted in the USA, or in other countries, sold products. The people in the schemes bought and sold products, they had to buy and sell some, just enough to join, and then monthly to remain on the endless chain. While on the chain, they were told they could gain unlimited money from the others who are recruited and who paid. All you need to know is that if the enterprise requires you to pay a fee, or make a purchase, or a payment of any kind, in order to qualify for the rewards that come from the endless chain, that's a bright red flag of a pyramid scheme.

Robert FitzPatrick 16:03

Three, recruiting mandate, this basic characteristic would seem obvious, but it too can be disguised. Recruiting people that you will make money off of, and telling them everyone can make a profit from recruiting forever, even though nearly all never make any money can be disguised as "building a team", "making referrals", "networking" and "sharing an opportunity." If you are selling a product, why would you recruit others to also sell the product? Wouldn't they be your competitors? How many direct sellers can be in any area? There has to be

some limit. If everyone is selling, who's buying? Recruiting is not selling, even if the recruit buys a product. Recruiting is "duplicating yourself", and has nothing to do with direct selling. As we have already explored. direct sellers do not recruit other direct sellers. They just sell products to real customers based on customer needs, desires, price, quality, and so on. All you need to know is that if you have to recruit other people onto the endless chain, in order to get the promised rewards, that's a bright red flag of a pyramid scheme.

Robert FitzPatrick 17:33

Four, extreme money transfer. In a pyramid scheme, money is transferred from later participants to earlier ones, with most going to those at the very top. Virtually no one makes any money except those at the top. Data on MLMs show that 99% always lose. Most money on every transaction, that would be fees and purchases, goes to the top 1%. So why don't people instantly recognize that any so called opportunity that has this plan is a pyramid scheme. Because just like the endless chain, pay to play and recruiting mandate, the extreme money transfer is disguised. It's called a compensation plan. The plan has levels, ranks, points, requirements, quotas, lines of sponsorship and percentages based on volume and rank. It is impossible to understand; that's the first redirection. People are led to think that it's a real pay plan that is so sophisticated, they just can't understand it. They are told just to trust the system and believe the leaders. But if you focus on the basic characteristic of the money transfer, then the unfairness and the deception of the plan are obvious. But if you accept the scheme's disguise, that calls the plan a method of "payment", it appears like it was "earned." Since it is based on volumes of purchases of products, it will also appear to be based on "sales," but it is not based on personal sales, that is on direct selling. What a person gains from the scheme is totally based on recruiting. Those with the most recruits get nearly all the money. This is a tiny few and can only be a tiny few. The money they get is not earned. It is transferred. It is not based on sales, but on recruiting. The recruiting is not legitimate because all the recruits are told everyone can recruit as many as the top recruiters have. This is physically, mathematically, financially impossible. In fact, 99% always lose. The plan is rigged to reward the top recruiters and the scheme's owners, at the expense of everyone else. If everyone who joins is told they too can receive the, "income" of the people at

the top, they are being lied to. If they are told the money is based on selling, when actually no one makes a profit from their own sales, they are being lied to. All you need to know is that if the only people making the promised rewards are the few at the top of the recruiting chain, and their money came from the work of their chain of recruits, not from their own personal sales, that's a bright red flag of a pyramid scheme.


Robert FitzPatrick 21:03

When you focus only on the basic characteristics, not the fake names, the distracting products, the pseudo business terms, and the unfounded promises of wealth and happiness, the scheme will emerge right in front of your eyes as an obvious fraud, a trap and a scam. Then you'll wonder why doesn't everyone else see it's a pyramid scheme.

Melissa Milner 21:31

Before we close this lesson, there was one false impression that we asked you to set aside in order to focus only on the basic characteristics of MLMs measured against those of pyramid schemes. It is that pyramid schemes are illegal and so any enterprise that is licensed and is operating openly could not be a pyramid scheme; if it were it would be prosecuted and shut down. And from that erroneous impression, many people also hold that, good people do not run pyramid schemes, which are illegal, and people like me do not join illegal enterprises. So if the people behind the pyramid scheme appear wholesome, and law abiding, are happy or prosperous, and the people inviting me to join are like me, even friends or family, the enterprise could not possibly be a pyramid scheme. These two related false impressions will be taken up in the next lessons. As we shall soon see, though both impressions seem reasonable and sound, neither is true at all. We will see why. More teaching ideas for this lesson are available on ponzinomics101.com on the episode four page. Please remember to check us out on Twitter, Facebook and Instagram at [ponzinomic101](https://twitter.com/ponzinomic101) and check out our website. www.ponzinomics101.com We hope you spread the word about this podcast because the best defense is awareness. Thanks for listening.

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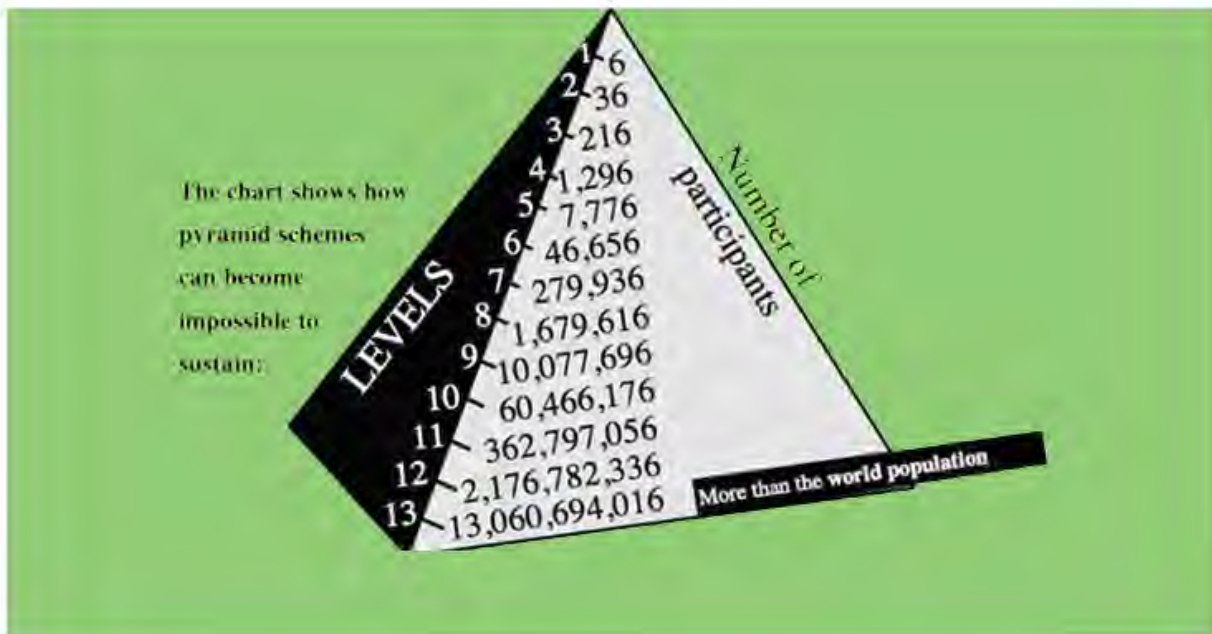
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Consumer News

FTC Pyramid Cases Post-Amway

See the FTC's track record when it comes to pyramid cases.

Sep 18, 2015 | Updated September 29, 2023



In the last 42 years, the FTC has filed 32 cases against MLMs alleging that they were operating illegal pyramid schemes. In all of these cases, the FTC also alleged that the defendants made false earnings representations.

In 20 of these cases, the FTC filed motions for a temporary restraining order (TRO) and obtained that relief 18 times. It also succeeded in obtaining preliminary injunctions in 22 of its pyramid scheme cases.

In 30 of the 32 cases, the FTC either won on summary judgment or at trial, or obtained a favorable settlement, with most settlements occurring within a year of the FTC filing its case. (In fact, in five cases, a settlement agreement was filed simultaneously with the complaint.) In only one of the cases, the court found that the FTC failed to provide enough evidence to support its claims and entered judgment in favor of the company following a bench trial. One case remains pending.

Case name (year filed)	TRO Obtained	Preliminary Injunction Obtained	Outcome
<u>FTC v. Fortuna Alliance, LLC (1996)</u>	√	√	<u>Settled within 1 year</u>
<u>FTC v. Global Assistance Network for Charities (1996)</u>	√	√	<u>Default judgment within 1 year; others settled within 1 year</u>
<u>FTC v. Mentor Network, Inc. (1996)</u>	√	√	<u>Settled within 1 year</u>
<u>FTC v. World Class Network Inc. (1997)</u>	√	√	<u>Settled within 1 year</u>
<u>FTC v. Rocky Mountain International Silver and Gold, Inc. (1997)</u>	√	√	<u>Settled in approx. 2 years</u>
<u>FTC v. Jewelway Int'l Inc. (1997)</u>	√	√	<u>Settled within 1 year</u>
<u>FTC v. Cano (1997)</u>	√	√	1 default within 1 year; <u>rest settled within 16 mths</u>
<u>FTC v. FutureNet, Inc. (1998)</u>	√	√*	<u>Settled within year</u>
<u>FTC v. Kalvin P. Schmidt (1998)</u>			<u>Simultaneous filing of complaint and settlement</u>
<u>FTC v. Affordable Media, LLC (1998)</u>	√	√	Granted FTC's Motion for Summary Judgment; affirmed on appeal
<u>FTC v. Five Star Auto Club, Inc. (1999)</u>	√	√	<u>Some settled within year; trial verdict for FTC</u>
<u>FTC v. David Martinelli, Jr. (1999)</u>	FTC's motion denied	√	<u>Settled within year</u>
<u>FTC v. Equinox Int'l, Corp. (1999)</u>	√	√	<u>Settled during trial after FTC's case in chief**</u>
<u>FTC v. 2Xtreme Performance Int'l, LLC (1999)</u>		√	<u>Default within 2 years; others settled within 2 years</u>
<u>FTC v. Netforce Seminars, Inc. (2000)</u>			<u>Settled within 2 years</u>
<u>FTC v. Bigsmart.com (2001)</u>			<u>Simultaneous filing of complaint and settlement</u>
<u>FTC v. Streamline International, Inc. (2001)</u>		√	<u>FTC's unopposed Motion for Summary Judgment granted</u>

<u>FTC v. Skybiz.Com, Inc. (2001)</u>	√	√	<u>Settled within 2 years</u>
<u>FTC v. Trek Alliance, Inc. (2002)</u>	√	√	<u>Settled within 3 years</u>
<u>FTC v. Linda Jean Lightfoot (2002)</u>		√	Settled within 18 mths
<u>FTC v. NexGen3000.com (2003)</u>			<u>Default within year; others settled within 2 years</u>
<u>FTC v. Mail Ventures, Inc. (2004)</u>			<u>Simultaneous filing of complaint and settlement</u>
<u>FTC v. BurnLounge (2007)</u>	FTC's motion denied	√	<u>Trial verdict for FTC; affirmed on appeal</u>
<u>FTC v. Fortune HI-Tech Marketing (2013)</u>	√	√	<u>Settled within 16 mths</u>
<u>FTC v. Vemma (2015)</u>	√	√	<u>Settled within 16 mths</u>
<u>FTC v. Herbalife (2016)</u>			<u>Simultaneous filing of complaint and settlement</u>
<u>FTC v. Dluca (2018)</u>	√	√	<u>Settled within 17 mths (Aug. 2019 Filings)</u>
<u>FTC v. Advocare et al (2019)</u>			4 defendants settled (Advocare/Connolly, the <u>Hardmans</u>); claims against the remaining 2 defendants were <u>dismissed</u>
<u>FTC v. Neora f/k/a Nerium International et al (2019)***</u>			Following a bench trial, the court entered a <u>final judgment</u> in favor of defendants after <u>finding</u> the FTC failed to provide enough evidence to support its claims.***
<u>FTC v. Success By Health et al (2020)</u>	√	√	<u>Ruled</u> a pyramid scheme following a bench trial; 3 defendants found to be in contempt of prior injunction and ordered to pay \$7 million as a compensatory civil sanction. Four months later, permanent injunctions and monetary judgments were entered against <u>3 corporate defendants</u> and <u>4 individual defendants</u> .
<u>FTC v. BINT Operations, LLC et al (2021)</u>			<u>Settled</u> within 26 months
<u>FTC v. Financial Education Services et al. (2022)</u>	√		Pending

*Characterized as a modified TRO

**After the FTC presented its evidence at trial and rested, the case settled before defendant put on any defense case.

*** Neora's (aka Nerium's) lawsuit against the FTC was dismissed in August 2020. The complaint, which was filed on the same day the FTC sued the company, alleged that the FTC was attempting to improperly change direct selling laws. In the dismissal order, the court found that the company's claims were not ripe for adjudication and that the company could properly defend itself against allegations that it is a pyramid scheme in the agency's enforcement action currently pending in Texas federal court.

**** The FTC's lawsuit against Neora (aka Nerium), which was originally filed in New Jersey federal court, was transferred to Texas federal court.

Note: This table does not include the action the FTC brought against Kevin Trudeau and Global Information Network in 2003 because the FTC's formal complaint did not allege that the company was a pyramid scheme and the court never decided the issue.

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Press Release

TINA.org Urges FTC to Initiate Penalty-Offense Program Targeting MLM Industry

MADISON, CONN. June 30, 2021 – Ad watchdog truthinadvertising.org (TINA.org) sent a letter today to the Federal Trade Commission (FTC) urging it to initiate a penalty-offense program targeting the direct...



Consumer News

A Growing List of Coronavirus Scams

A master list of known and alleged scams.



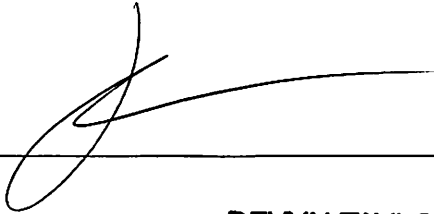
Consumer News

5 Ad Trends to Be Wary of in 2020

CGI influencers are here.



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PRIMERICA MISCONCEPTIONS FAQs

Is Primerica legitimate?

Yes, Primerica is a financial services company that has been in business for over 40 years. Primerica has over 2,000 corporate employees in the United States and Canada who support approximately 130,000 independent, life licensed representatives across North Americaⁱⁱ.

Primerica is publicly traded on the New York Stock Exchange under the stock symbol "PRI". Primerica is rated A+ by the Better Business Bureau (BBB)ⁱⁱⁱ.

Primerica Life Insurance Company has a "Superior" A+ rating by AM Best^{iv}. Through its insurance company subsidiaries, Primerica was the #2 issuer of term life insurance coverage in North America in 2020^{ii,iv}. Every year, Primerica pays out over a billion dollars in life insurance benefits to clients' families.

Is Primerica a trustworthy company?

Yes, Primerica is a trustworthy company. The Company has been in business for over 40 years and pays over a billion dollars in life insurance benefits to clients' families each year. Primerica was the #2 issuer of term life insurance coverage in North America in 2020^{ii,iv} through its insurance company subsidiaries. Primerica Life Insurance Company's credit rating is rated A+ "Superior" by AM Best^{iv}.

Is Primerica an MLM?

No, Primerica is not an MLM. Primerica is a financial services company that pays compensation to its representatives based on an insurance agency model^{vi}.

Primerica has been in business for over 40 years, is publicly traded on the New York Stock Exchange under the stock symbol "PRI" and is rated A+ by the Better Business Bureau. Primerica paid \$1.7 billion in life insurance benefits to clients' families in 2020 and was the #2 issuer of term life insurance coverage in North America in 2020 through its insurance subsidiaries^{ii,v}.

Is Primerica a pyramid scheme?

No, Primerica is not a pyramid scheme.

Primerica is a leading financial services provider that has been in business for over 40 years, is publicly traded on the New York Stock Exchange under the stock symbol "PRI", and is rated A+ by the Better Business Bureauⁱⁱ.

Primerica's independent representatives earn commissions based on personal sales and the sales of the team they recruit and train: representatives do not earn income from the recruitment of other representatives. Representatives expand their businesses by adding representatives to their teams to increase the number of clients they are able to serve. Primerica's independent representatives must

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Important Earnings Statement

This representative has achieved an extraordinary level of success that is not typical. Most representatives will not achieve such cash flow levels or earnings milestones. From January 1 through December 31, 2022, Primerica paid cash flow to its North American sales force at an average of \$7,479, which includes commissions paid on all lines of business to life licensed representatives. Figures include U.S. and Canadian dollars remaining in the local currency earned by the representative, not adjusted for exchange rates.

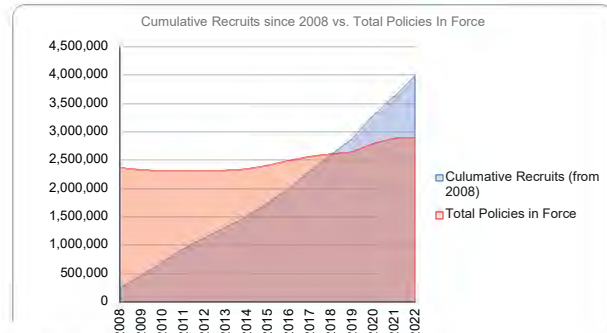
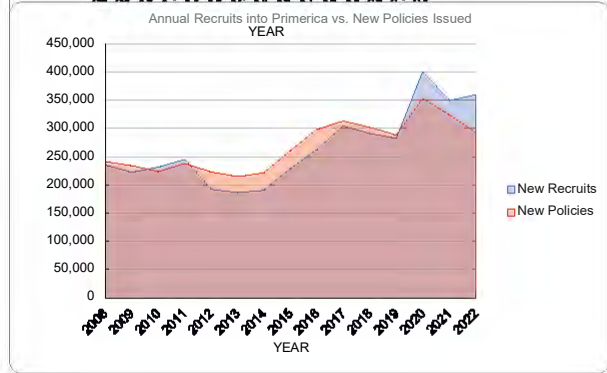
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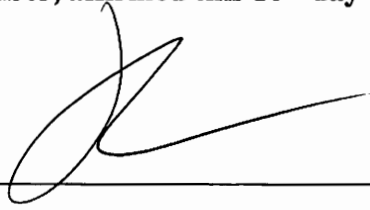


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YEAR	New Recruits	Newly Licensed Agents	Licensed Agents	Cumulative recruit total	New Recruits not Licensed (not fully accurate)	Minimum Estimated Churners (Licensed Agents)	RVPs 10 Years +	20 Years +	New Policies	Total Clients	Policies in Force	Total Policies Drop-outs (New Policies - YOY Difference)	New Face Amount Issued	Term Face Amount in Force Investment and Savings	Products Sold	Client Asset Values
2008	235,125	39,383	100,651	235,125		195,742			241,137		2,363,792		\$87,279,000,000	\$633,467,000,000	\$2,196,944,000	
2009	221,920	37,629	99,785	457,045		184,291	38,495		233,837		2,332,273		\$80,497,000,000	\$650,195,000,000	\$2,220,401,000	\$13,715,144,000
2010	231,390	34,488	94,850	688,435		196,902	39,423	4,000	223,514	2,000,000	2,311,030	4,300,000	\$74,401,000,000	\$656,791,000,000	\$1,361,863,000	\$9,884,306,000
2011	244,756	33,711	91,176	933,191		211,045	37,385	4,000	237,535	2,000,000	2,316,131	4,300,000	\$73,146,000,000	\$664,955,000,000	\$4,300,000,000	\$33,664,000,000
2012	191,752	34,425	92,373	1,124,943		157,327	30,035	4,000	222,558	1,900,000	2,317,679	4,300,000	\$68,053,000,000	\$670,412,000,000	\$4,700,000,000	\$37,386,000,000
2013	186,251	34,155	95,566	1,311,194		152,096	30,962	4,400	214,617	2,000,000	2,320,824	4,300,000	\$67,783,000,000	\$674,868,000,000	\$5,209,000,000	\$44,990,000,000
2014	190,439	22,607	98,358	1,501,633		167,832	19,815	4,500	220,984	2,000,000	2,341,670	4,300,000	\$69,574,000,000	\$681,927,000,000	\$5,682,000,000	\$48,656,000,000
2015	228,115	39,632	106,710	1,729,748		188,483	31,280	4,739	260,059	2,000,000	2,403,713	5,000,000	\$79,111,000,000	\$693,194,000,000	\$5,857,000,000	\$47,354,000,000
2016	262,732	44,724	116,827	1,992,480		218,008	34,607	4,840	298,244	2,000,000	2,489,493	5,000,000	\$89,869,000,000	\$728,385,000,000	\$5,594,000,000	\$52,340,000,000
2017	303,867	48,535	126,121	2,296,347		255,332	39,241	5,000	312,799	2,000,000	2,560,334	5,000,000	\$95,635,000,000	\$763,831,000,000	\$6,192,000,000	\$61,167,000,000
2018	290,886	48,041	130,736	2,587,233		242,845	43,426	5,200	301,589	2,000,000	2,606,825	5,000,000	\$95,209,000,000	\$781,041,000,000	\$7,040,000,000	\$57,704,000,000
2019	282,207	25,747	130,522	2,869,440		256,460	25,961	5,503	287,809	2,500,000	2,641,483	5,000,000	\$93,994,000,000	\$808,262,000,000	\$7,533,000,000	\$70,537,000,000
2020	400,345	48,106	134,907	3,269,785		352,239	43,721	5,500	352,868	2,600,000	2,787,992	5,500,000	\$109,436,000,000	\$858,818,000,000	\$7,843,000,000	\$81,533,000,000
2021	349,374	39,622	129,515	3,619,159		309,752	45,014	5,900	323,855	2,700,000	2,885,963	5,700,000	\$108,521,000,000	\$903,404,000,000	\$11,703,000,000	\$97,312,000,000
2022	359,735	45,147	135,208	3,978,894		314,588	39,454	5,900	291,918	2,800,000	2,896,667	5,700,000	\$103,822,000,000	\$916,808,000,000	\$10,009,000,000	\$83,949,000,000



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Exhibit No.	Video Title	Platform
N(1)	Primerica Insurance MLM Exposed: Interview With An Ex Primerica Rep #antimlm	Youtube
N(2)	Zoom bombed a Primerica Interview	Youtube
N(3)	Avoid this PRIMERICA SCAM! @pocketwatcherJT @primerica	Youtube
N(4)	PRIMERICA TRIED TO RECRUIT ME WITH THIS?!?!?	Youtube
N(5)	PRIMERICA: THE CRIMINAL PYRAMID SCAM.	Youtube
N(6)	THE END OF THE PRIMERICA PYRAMID SCHEME	Youtube
N(7)	Primerica: The Insurance MLM	Youtube
N(8)	PRIMERICA MEETINGS BE LIKE	Youtube
N(9)	Do not join Primerica!	Youtube
N(10)	Why I Quit #Primerica	Youtube
N(11)	My Primerica Recruitment*NEVER AGAIN*	Youtube
N(12)	STORYTIME: when I was in Primerica	Youtube
N(13)	Infiltrating a National Pyramid Scheme (Primerica)	Youtube
N(14)	Is Primerica A SCAM? Should They Be STOPPED?	Youtube
N(15)	MY PRIMERICA EXPERIENCE: MULTI-LEVEL MARKETING OPINIONS/THOUGHTS#ANTIMLM[Lovebrittny]	Youtube
N(16)	How I got scammed by primerica	Youtube
N(17)	Primerica: the \$5.6 Billion Pyramid Selling Scheme #investing #finance #business #stocks	TikTok
N(18)	Please share!! I may not get my money back but I want to make sure this does not happen to another family!!!! #fraud #scammers #primerica #primericaagent #familyfraud	TikTok
N(19)	Why Primerica is a scam	TikTok
N(20)	Stop falling for these peopleee #mlm #primerica #scam #antimlm #onlinebusiness #entrepreneur	TikTok
N(21)	#primerica yuck	TikTok
N(22)	#primerica #primericascam #mlm #pyramidscheme #primericaagent If you want the truth about the insurance agency message me don't be fooled !	TikTok
N(23)	Meet Primerica, The New Wall Street IPO That's Really A Multi-Level Marketing Scheme	Business Insider
N(24)	Primerica Review (2023): Main Street Company or Sesame Street MLM?	The Economic Secretariat

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Statement	Source (all sources are timestamped)	Explanation
<p><i>"I don't believe this lady is a bad person. I believe she has been so effectively brainwashed that she truly doesn't even understand the layers of deception that are at play here."</i></p>	<p>https://youtu.be/bDvol-Zh7uA?si=ybZGoWjQz5M68Zu_&t=2416</p>	<p>Primerica seeks to prove that I acted with unwelcome or malicious intentions, and that I harassed members of Primerica. As part of their supporting argument for the alleged harassment, Primerica has cited the fact that I recorded an interview with a Primerica recruiter without her consent.</p> <p>If I had chosen to publish this interview and reveal this woman's face and name, it would have been my legal right to do so according to Canada's one-party consent law. I purposely chose to blur her face and leave her unnamed as I believe this woman is a victim of Primerica's tactics of undue influence (brainwashing).</p> <p>In my video, I express my empathy for this woman with the attached statement.</p>

“Vivian, if you’re watching this I want you to know I don’t think you’re a bad person, I don’t think you’re a scammer. Your story reminds me of my own experiences in multiple ways.”

https://youtu.be/bDvol-Zh7uA?si=ybZGoWjQz5M68Zu_&t=2416

If it were my intent to slander and defame individuals associated with Primerica, I could have easily chosen to do so, but did not. I also wouldn’t have needed to spend six months working on this investigation if my goal was simply to release a video designed to slander a legitimate company to earn advertising revenue, as Primerica alleges.

I have filed reports with the FTC, SEC, and Canadian Competition Bureau as part of my investigation of Primerica and publication of “Infiltrating A Pyramid Scheme: Primerica”. I submitted these investigations the day before the video was released (July 13th).

The motive of my investigation and reports was my concern for the public interest and the potential danger associated with joining Primerica as an independent distributor.

I have encouraged the public to report their experiences with an MLM company to the proper authorities, including in my video where I say:

“People want change; and historically, change only happens when people make their voices heard. Those of us who have lost money, time, or relationships owe it to ourselves as well as future victims to report these things. Instead of promoting my Patreon or merchandise, I am going to ask that you take a minute to use either the FTC form or the Canadian Competition Bureau form in the description and report your experience with an MLM company, whether you were in one and felt you were deceived or you were prospected and promised financial freedom, or if you have a friend or relative who is or has been in one. Let’s spare the next generation from Multi-Level Marketing.”

https://www.dsa.org/docs/default-source/events-education-documents/2015annualmeeting/dsa_annualmeetingfinalprogram.pdf

Primerica has stated multiple times in official documents that they are a multi-level marketing company.

“Primerica is one of the only companies in the world that has the most million dollar earners”

<https://youtu.be/bDvol-Zh7uA?si=H3y2-ZTyxeYkkwK9&t=64>

This statement is categorically untrue and the source used to make this claim is from a Facebook page called “Toys4Boys” which I suspect uses search engine optimization strategies to appear as the #1 search result when one Googles “company with most million dollar earners” or similar questions.

“The Direct Selling Association (DSA) is the national trade association for companies that market products and services directly to consumers through an independent, entrepreneurial sales force. DSA serves to promote, protect and police the direct selling industry while helping direct selling companies and their independent salesforce become more successful.

DSA provides educational opportunities for direct selling professionals and works with Congress, government agencies, consumer protection organizations and others on behalf of its nearly 200 member companies.”

<https://youtu.be/bDvol-Zh7uA?si=k0dApSDD0W6OPLwl&t=10>
5

At 1:45 in “Infiltrating A Pyramid Scheme: Primerica” I show a screenshot of Primerica’s member page on the Direct Selling Association’s website. The DSA is the national trade association and lobbying organization that represents MLM companies almost exclusively. This addresses Primerica’s claims in this lawsuit that they are not MLM.

“What is direct selling?

Direct selling is a business model that offers entrepreneurial opportunities to individuals as independent contractors to market and/or sell products and services, typically outside of a fixed retail establishment, through one-to-one selling, in-home product demonstrations or online. Compensation is ultimately based on sales and may be earned based on personal sales and/or the sales of others in their sales organizations.

Direct sellers may be called distributors, representatives, consultants or various other titles. They may participate in various ways, including selling the products themselves or through their sales organizations, providing training and leadership to their sales organizations, referring customers to the company and purchasing products and services for personal use.”

<https://www.dsa.org/>

The DSA’s description of what kind of business is done by their members directly contradicts Primerica’s claims that they operate simply as a financial services marketing company or an insurance company. These multi-level, recruiting-based businesses are not typical of genuine financial or insurance companies.

TL: "So if you as the RVP trained and developed three RVPs, you're now a Senior Vice President; which means your income could be anywhere from \$10,000-"

MM: "Mhm"

TL: "I've seen, uh, Senior Vice Presidents make fifty a month."

MM: "Fifty thousand a month?"

TL: "Yes! So you can make up to- and no, I don't say 'up to' because it is an unlimited income potential."

<https://youtu.be/bDvol-Zh7uA?si=3c0jXXwTi2ulstoc&t=113>

I understand that these earnings claims are deceptive and fraudulent when compared to the actual publicly available statistics regarding average earnings of Primerica distributors.

Furthermore, Tara Lines' suggestion that this "unlimited income" is a direct result of recruiting more people into one's downline is a clear indicator of pyramid selling outlined by the government of Canada in section 55.1 of the Competition Act:

"Pyramid selling focuses on generating profits by recruiting others and not primarily from the sale of products. Thus, even when these schemes offer products, the products may have very little value, or few incentives for their sale.

It is a criminal offence to establish, operate, advertise, or promote a pyramid selling scheme."

In “Infiltrating A Pyramid Scheme: Primerica”, I show a collection of public social media postings made by Primerica representatives that I recorded between January and July 2023.

Statements made on social media shown in this section include ones like this one posted by Instagram user @iamjustinmanalili “WE ARE HIRING NOW - EARN \$100,000 IN 9-10 MONTHS - PART TIME: \$2,000-4,000 FULL TIME: \$10,000-\$20,000 (MONTHLY)”

<https://youtu.be/bDvol-Zh7uA?si=3cOjXXwTi2ulstoc&t=163>

These posts constitute not only deceptive earnings claims but also violate Primerica’s own internal policies around earnings and lifestyle claims outlined in their documents “Social Media & Digital Marketing: A BLUEPRINT TO GROW YOUR BUSINESS”.

In the Exhibit containing social media postings made by Primerica distributors that I collected, there are nearly 1,000 total items that document either a deceptive earnings claim that violates Primerica’s policies and Canada’s Competition Act, or both.

Section 55 of the Competition Act states:

“Multi-level marketing (MLM) is a legal business model for selling goods and services. Participants in an MLM plan earn compensation from supplying products to other participants or customers. However, it’s illegal for operators or participants in an MLM plan to make any compensation claims, unless the claims include fair and reasonable disclosure of the amount of money likely to be earned by a typical participant.”

“Earnings and lifestyle claims can take many forms. Inappropriate claims can be made through words, or photos and images of things like expensive homes, luxury automobiles, and exotic vacations. If typical representatives do not usually achieve such results, then your posts may be considered false or misleading by regulators. Also remember that adding the earnings disclosure to a post cannot “cure” an otherwise prohibited earnings or lifestyle claim.”

<https://youtu.be/bDvol-Zh7uA?si=sA4itlkCSbsXgU0q&t=189>

It is my understanding that Primerica has published this document as a means of protecting themselves in the event that a lawsuit like this one should arise. In such an event, Primerica can opt to blame the independent distributors for not adhering to these very clear and specific guidelines, rather than take responsibility from the top down. This is despite these earnings claims being rampant in the company, even from distributors like Gary Kornegay who has been in the company for 35 years and is touted as a leader at Primerica conferences and events; even speaking on stage at many events over the years.

“You can celebrate most milestones and achievements with the required earnings disclosure described on pages 15 and 16 but may not reference milestones for Million Dollar Earners and above.”

<https://youtu.be/bDvol-Zh7uA?si=LF-zjWWJvn2KMeGI&t=197>

Seconds later, at 3:26 , Tara Lines is seen walking over to me with a book that documents success stories within Primerica. She says: “This is 2021”. “These are all the million dollar earners”.

This action made by Tara Lines (who admits in a recorded piece of footage not shown in the video that she has been in Primerica for 15 years) violates the aforementioned policy to not make reference to million dollar earners and above. This blatant disregard for the rules and policies of the company she has been with for 15 years; and was even reminded of during our same meeting, is evidence of the absence of training for distributors on proper conduct in Primerica, either due to failure or blatant disregard for the law.

“Mario Arrizon”. “He was 18 years old when he started with Primerica. He was the youngest million dollar earner to hit a million dollars at 28 years old.”

<https://youtu.be/bDvol-Zh7uA?si=ffthMoHlliszvTdt&t=218>

Once again, Tara violates section 55 of the Competition Act as well as Primerica’s own internal policies regarding earnings claims.

SK: "How much money do you make per month?"

MA: "Around a million dollars a month"

SK: "A million a month?"

MA: "Yeah"

<https://youtu.be/bDvol-Zh7uA?si=ln05D3RCBc-oVzA9&t=302>

From 5:02 - 5:32 in "Infiltrating A Pyramid Scheme: Primerica" Mario is shown in a montage of earnings claims made publicly in a YouTube video he made with a creator called "Snewj Knows". The video is titled "From Living in his Van to making \$1 Million Dollars per Month! |Mario Arrizon"

Here, in just one of many recorded examples, Mario violates section 55 of the Competition Act as well as Primerica's own internal policies regarding earnings claims. Considering Mario is a distributor with Primerica in the USA and not Canada, perhaps it is more appropriate to note that his statements violate the FTCs guidelines around earnings claims with respect to an MLM company, rather than the Competition Act.

“And that’s why we became the youngest half a million dollar earner in Primerica”

“What other opportunity do you know of that’s gonna pay a 21 year old half a million dollars?”

<https://youtu.be/bDvol-Zh7uA?si=14BoHqLPSLWKKZEN&t=405>

a representative named Cecilia Cano makes these statements while speaking on stage at a Primerica event.

This footage was sourced from this video called “2022 Primerica Convention highlight video”. The event was held at Mercedes Benz stadium in Atlanta Georgia where you can see thousands (if not tens of thousands) of Primerica distributors in the audience. This is relevant because it is evidence of these deceptive and fraudulent claims being made on a massive scale within the company which is then redistributed publicly by other Primerica distributors in the audience. If Primerica does not want its distributors making claims like those made by Cecilia Cano in this video, why did they invite her to speak on stage in front of thousands of Primerica distributors? This trend is repeated in several of the items documented in the social media postings folder.

“There’s no doubt that Primerica is certainly a legal company, but just because a company is publicly traded and has been around a long time, doesn’t eliminate the potential for wrongdoing. And even though something is legal, it doesn’t mean it’s ethical. Slavery was legal for hundreds of years, and we can all agree today that it was wrong.”

<https://youtu.be/bDvol-Zh7uA?si=14BoHqIPSLWKKZEN&t=585>

This combats the claim made by the plaintiff that I have asserted on a large public scale the idea that Primerica is an illegal Pyramid Scheme. While I do believe that is the case, that is a matter of personal opinion. In this video however, I merely display my findings and allow the audience to draw their own conclusion. I don’t imply in this video that Primerica is an illegal pyramid scheme, I actually do the opposite by acknowledging their legality. Furthermore, the title of my video “Infiltrating A Pyramid Scheme: Primerica” is posed as a question based on the requests of many subscriber comments made in the past on my YouTube channel asking me to look into Primerica and its practices. The title does not assert that Primerica is a pyramid scheme, it merely outlines the objective to determine *if* it is a pyramid scheme. A similar approach was taken by 2 of Primerica’s most long-standing distributors, Gary Kornegay and Daniel Alonzo. An interview uploaded publicly to the YouTube channel of Daniel Alonzo between himself and Gary Kornegay is titled: “Pyramid Scheme or Entrepreneurs Dream Gary Kornegay and Daniel Alonzo”. The video has been removed from public view but I maintain a copy. In this interview, Daniel Alonzo mentions that Gary Kornegay is the author of a book titled “Network Marketing: Pyramid Scheme Or Entrepreneur’s Dream?”

“I’ve been in MLM for 33 years” “and I’ve been fighting all these MLM companies that are structured... I hate to say it- like a pyramid scheme.”

<https://youtu.be/bDvol-Zh7uA?si=bhohBBP8NHi8yL2S&t=649>

In this one sentence alone, Gary, a 33-year long veteran of Primerica acknowledges that Primerica is in fact a multi-level marketing company. This further contradicts the plaintiff’s claim that they are not MLM. If they are not MLM, does that mean one of their most tenured members doesn’t even know what kind of business he is in? If so, then it begs the question why? Was he not trained properly? All signs point to either extreme incompetence or purposeful negligence.

“I’ve been with the same company for 33 years and I’ve amassed a fortune doing it.”

<https://youtu.be/bDvol-Zh7uA?si=pVpy9q7wAF4l3aM9&t=883>

Section 55 of the Competition Act states:

“Multi-level marketing (MLM) is a legal business model for selling goods and services. Participants in an MLM plan earn compensation from supplying products to other participants or customers. However, it’s illegal for operators or participants in an MLM plan to make any compensation claims, unless the claims include fair and reasonable disclosure of the amount of money likely to be earned by a typical participant.”

“Out of 1,300 licensed agents, I think he’s (a recruit of Gary’s) at 600 or 700 of them. One person is a third of my business.”

“My lifestyle is so frickin’ awesome, there’s no words in the dictionary to explain it. I can go anywhere I want to go, stay as long as I want to stay, I could burn through 100 grand and by the time I make it back home in 15 days from that vacation, 100,000 is back in my account.”

“You’re one recruit away from being a millionaire.”

<https://youtu.be/bDvol-Zh7uA?si=-GnRwWEgKKU1kibm&t=920>

Once again, Gary is emphasizing that recruiting, not selling, is the key to making millions in Primerica. This is exactly what Tara Lines did in our in-person meeting. Gary is a California-based Primerica distributor and Tara Lines is based in Edmonton. They have never met each other. Yet they both operate with blatant disregard for their own companies' rules and policies despite having a combined 50 years of experience in Primerica at the time my video was published.

“50% of all marriages end in divorce, those are real numbers, but I’m not going to go to somebody’s wedding this Saturday and go: ‘Can I say something real quick? Do you know you have a 50% chance of this working?’”

<https://youtu.be/bDvol-Zh7uA?si=GnRwWEgKKU1kibm&t=1073>

This is Gary’s way of rebutting the well-documented fact that 99% of annual participants in MLM lose money (2011 study by Jon Taylor uploaded directly to the FTC website states “*Loss rates are extraordinary – over 99% for all of the MLMs for which I have been able to obtain relevant data. This in itself would not be so bad, except that MLM is promoted as an “income opportunity” – or even as a “business opportunity” – a misrepresentation in itself.*”) Another study by Jon Taylor uploaded directly to the FTC website is this one which explains in excruciating detail how and why the results of MLM participants are so abysmally low. Page 30 of this document (Appendix 7B) provides a list of all MLM companies who have had their compensation plans evaluated by Jon Taylor as part of his conclusion that 99% of MLM participants are destined to lose money as per the design of their compensation plans, and this list includes Primerica by name. This is of great importance as it not only provides yet another piece of confirmation that Primerica is indeed an MLM company, but a strong piece of research to assert that it is an illegal pyramid scheme as well.

“America is in a crisis, the world is in a crisis. People are losing hope. Because see folks, after slavery came jobs. Job is another form of slavery, why?

Because you work for someone, they get all the wealth and they give you what? The crumbs. The bible says the borrower is a slave to the lender. Isn't that amazing that one of your credit cards is called mastercard. And to every master there's a slave.”

“The world needs us today, more so than ever, people are scared, fearful, going into depression, and we have to be the neighborhood hope dealer-”

<https://youtu.be/bDvol-Zh7uA?si=DK8QMdBwegW8B5fn&t=1120>

This is yet another example of baseless fear-mongering and deception employed by Gary to establish himself as an authority figure on matters of business and entrepreneurship; and subtly convince viewers to pursue him as a mentor, thus recruiting them. It needs no explanation that jobs and slavery have more differences than they do similarities. Jobs are willful endeavors that pay wages or salaries and include schedules, vacations and health benefits. An employee has the right to quit their job if they choose to. Slaves enjoyed none of those things. Gary's crisis marketing is designed to create a feeling of scarcity and uncertainty among those who listen to him. In cult expert Steven Hassan PhD's book "Freedom Of Mind" page 150, he describes how Cults instill phobias in their followers in order to maintain control over them.

“Indirect suggestion can be even more effective. For example, cult members may be told, “whenever a member loses faith and leaves, something terrible happens.” By not stating specifics, individual members are free to fill in the blanks with their own greatest fears”

“I’m gonna show you how to get wealthy”
“And I know for a fact that if you follow these principles” -
“You’ll walk out of here today, literally, right? And say guess what momma? Guess what wife? Guess what husband? Guess what kids? Guess what dad? We’re gonna be rich.”

<https://youtu.be/bDvol-Zh7uA?si=USwWcNC3koXsVjtc&t=123>
1

Section 55 of the Competition Act states:

“Multi-level marketing (MLM) is a legal business model for selling goods and services. Participants in an MLM plan earn compensation from supplying products to other participants or customers. However, it’s illegal for operators or participants in an MLM plan to make any compensation claims, unless the claims include fair and reasonable disclosure of the amount of money likely to be earned by a typical participant.”

“The only way to create and build long-term, passive income with potential of steady growth is through having a system where recruiting never stops.”

<https://youtu.be/bDvol-Zh7uA?si=aJ7MfqgeWLhrxjaQ&t=1392>

Vivian Diaz (who is in the downline of Gary Kornegay) displays a slide during a Zoom Meeting hosted by Gary which states this.

“The only way to create and build long-term, passive income with potential of steady growth is through having a system where recruiting never stops.”

Long term passive income is touted as the goal for new Primerica recruits, and since recruiting is presented as the only way to achieve this, it is a clear indication that sales of products and services are secondary to recruiting. In the case of Primerica, money earned for recruitment is disguised as a “sale” of a product/service from an upline recruiter to a downline recruit.

However, the recruit is likely only buying the policy because they believe it is necessary or helpful to growing their own Primerica business, and not because they have a genuine consumer demand for it.

Following this, recruiters earn a “commission” for making the “sale”.

This commission is actually the payment they received for recruiting. This presents a legal and regulatory loophole that is the basis of most pyramid selling schemes. Companies will assert that “we don’t get paid to recruit” BUT when they recruit, they get paid. The purchase of the product and the onboarding of new recruits are inextricably linked.

Section 55.1 of the Competition Act states:

It is also illegal for a multi-level marketing plan to do any of the following:

- *offer compensation for recruitment*
- *require purchases (other than a start-up kit sold at cost) as a condition of participation*
- *require participants to buy a large amount of inventory that cannot be resold or used within a reasonable amount of time (inventory loading)*
- *fail to offer a buy-back guarantee on reasonable*

commercial terms

“And everybody recruits okay? The military stays recruiting. The NFL, NBA, right? They stay recruiting. Colleges stay recruiting so if you want to stay in business long enough, then you know you’ve got to keep recruiting, right?”

<https://youtu.be/bDvol-Zh7uA?si=qkkFtM173hMRt4JV&t=1411>

These examples given by Vivian are more examples of the deceptive false comparisons made by Primerica recruiters. In not one of the examples Vivian mentions, is success determined by having an ever-expanding endless chain of recruits (like Primerica).

*“FIELD TRAINING BONUSES
EARN \$200 FOR EVERY
TRAINING SALE MADE OVER
\$1,000 IN VOLUME + 1 DIRECT
RECRUIT”*

[https://youtu.be/bDvol-Zh7uA?
si=CE0k7CbID8L24Zlw&t=1475](https://youtu.be/bDvol-Zh7uA?si=CE0k7CbID8L24Zlw&t=1475)

Vivian Diaz shows a diagram that explains the steps required for a new recruit to achieve the rank of “District Leader”. This starts with recruiting 6 people who all hypothetically purchase their own life insurance policy so that there is a total of \$6,000 worth of “volume” accumulated by your downline recruits.

This means that Primerica is incentivizing new recruits with a cash bonus of \$200 for recruiting a new recruit AND making a sale to that recruit worth over \$1,000 in volume (annually). This is usually an insurance policy whose cost equals \$1,000 or more over the course of 12 monthly payments. This “field training bonus” system would satisfy 3 of the 4 aforementioned criteria of an illegal pyramid scheme, according to section 55.1 of the competition act:

- offer compensation for recruitment
- require purchases (other than a start-up kit sold at cost) as a condition of participation
- require participants to buy a large amount of inventory that cannot be resold or used within a reasonable amount of time (inventory loading)

“So you actually earn two hundred dollars for every training sale that we close over one thousand in yearly volume, and we bring a recruit attached to that”

[https://youtu.be/bDvol-Zh7uA?
si=gco7u2vnb46bTmH9&t=149](https://youtu.be/bDvol-Zh7uA?si=gco7u2vnb46bTmH9&t=149)
1

55.1 of the competition act:

- offer compensation for recruitment
- require purchases (other than a start-up kit sold at cost) as a condition of participation
- require participants to buy a large amount of inventory that cannot be resold or used within a reasonable amount of time (inventory loading)

“Primerica has this awesome incentive going on right now” - “for recruiting one business partner and doing three insurance sales, they’re going to throw another five hundred dollars.” - “Now you have your six by six”

<https://youtu.be/bDvol-Zh7uA?si=gco7u2vnb46bTmH9&t=1500>

The six by six Vivian refers to is explained by me in the following scene of the video. Theoretically, the six recruits Vivian describes during her field training bonus segment would repeat the process; each finding six recruits who sign up below them and buy a policy. The problem here is that (assuming each new recruit was successful in duplicating this process) this process can only be repeated 12 times before you would exceed the entire population of the earth. And because the number of total recruits is an ever-expanding number, the majority of people in the company at any given time will be in the bottom layer (approx 80%. Calculated by dividing the number of distributors in the bottom layer by the total number of distributors in the company).

This bottom layer is then mathematically doomed to never achieve rank advancement of even one single level; and this is a best case scenario that generously assumes that no one leaves the company prematurely and that every recruit is successful in recruiting six more people.

This “simple” system that Vivian describes is in a constant state of collapse, and its viability is dependent on the rate of recruitment outpacing the rate of quitting.

This is why we see such massively high attrition rates when looking at the annual number of distributors in Primerica from one calendar year to the next.

Vivian Diaz finishes her presentation of the field training bonus system by concluding that if completed successfully, new recruits would earn \$18,000 in their first month licensed.

[https://youtu.be/bDvol-Zh7uA?
si=Gbv3sCYtu8mmFF7u&t=165
2](https://youtu.be/bDvol-Zh7uA?si=Gbv3sCYtu8mmFF7u&t=1652)

This is a deceptive earnings claim that is leaps and bounds beyond the actual average earnings reported by Primerica.

Vivian is seen explaining how Primerica changed her life for the better and this is accompanied by visuals of Vivian posing with her luxury Mercedes Benz vehicle.

<https://youtu.be/bDvol-Zh7uA?si=Fy3mF4xv-YahfJa9&t=1735>

This is another deceptive lifestyle claim that violates Primerica's policies. This video is sourced from a video titled "Profiles Of Success - Vivian Diaz" that was uploaded to Gary Kornegay's YouTube channel. The video has since been removed from public view but I retain a copy.

I explain the business model of Primerica and compare it to that of an insurance sales agency that does not use a multi-level marketing structure.

https://youtu.be/bDvol-Zh7uA?si=_-GEtJFh6V5q3yMs&t=1817

Starting commission granted to Primerica agents for making a sale of an insurance policy (25%). This is vastly lower than the starting sales commissions of non-MLM insurance salespeople, who can expect to earn 90% or sometimes more of the first year's premium from the very start. The insurance policy issuer offers these high commissions to incentivize sales and protects themselves with a charge-back policy, where the advance commission paid to a sales rep must be paid back to the policy issuer if the customer cancels before the policy renews. The only way for Primerica agents to increase the commission they could earn on a sale, is by recruiting more agents below them. This is a subtle way that Primerica incentivizes recruiting over actually making sales. This causes me to conclude that Primerica's profitability is not a matter of genuine sales made to an outside market of true customers, but is rather a purposeful scam where recruits sell to new recruits, who sell to new recruits in a never-ending cycle. This phenomenon of internal consumption is key to identifying Primerica as an illegal pyramid scheme. A key question to ask a Primerica executive would be: "What percentage of Primerica's revenue comes from sales of financial products/services to people who are NOT themselves invested in the Primerica business opportunity?"

*“COMMIT TO THE 4 POINT
GAMEPLAN*

1. *EVERYONE IS FOCUSED
ON RECRUITING*
2. *EVERYONE COMES TO THE
BUSINESS MEETING*
3. *IMPLEMENT YOUR
PERSONAL PROGRAM
(LIFE INSURANCE)*
4. *RACE TO DISTRICT
LEADER”*

<https://youtu.be/bDvol-Zh7uA?si=YBQPKELmaKb-8muP&t=1926>

I shows a page from the TMM Base Shop Fast Start Guide. This criteria for success incentivizes recruitment first and foremost (emphasis on recruitment) and also instructs new recruits to buy their own insurance policy (inventory loading). Compared with the other fast start guides I collected, all of them advise effectively the same thing, worded differently.

“It’s not hard to imagine that most people lose money”

<https://youtu.be/bDvol-Zh7uA?si=OO7mfZ2JKLgTHqU7&t=1977>

I explain in detail, with visual examples taken from the 2021 Primerica Annual Report, the massive attrition rates in the company and how they reveal the truth around how MOST people who pursue the Primerica business opportunity lose money. The average earnings advertised by Primerica only factor those representatives who are “active”, but does not factor in those who paid money to join Primerica but didn’t end up getting their state insurance license. This reveals how hyper-inflated the “average earnings” truly are.

*“This is your REAL JOB...
Recruiting is the answer to all
of your business problems.
READ THAT AGAIN.”*

[https://youtu.be/bDvol-
Zh7uA?
si=rZ7Zoh9aqaZGD27x&t=2150](https://youtu.be/bDvol-Zh7uA?si=rZ7Zoh9aqaZGD27x&t=2150)

I show a screenshot of a post from Daniel Alonzo’s instagram account where the caption reads this. Emphasis on recruitment is one of the FTC’s 4 warning signs of an illegal pyramid scheme.

“You need to brainwash yourself into the proper things in life.”

“Don’t get me wrong, I learned about insurance and investments and all that crap we talk about, but I learned about who I really am. And I took that and I ran with it, and I just became that better person. Just like- just like anybody who comes here.”

<https://youtu.be/bDvol-Zh7uA?si=TYy5EAkrFS9vFj9X&t=2308>

Tara Lines describes to me how Primerica has changed her life despite negative sentiments from her father. These statements support my theory that Primerica is an authoritarian cult.

“So, is Primerica a pyramid scheme? According to the FTC, the 4 warning signs of a pyramid scheme are:

- Promoters make extravagant promises about your earning potential. Stop. These promises are false.*
- Promoters emphasize recruiting new distributors for your sales network as the real way to make money. Walk away. In a legitimate MLM program, you should be able to make money just by selling the product.*
- Promoters play on your emotions or use high-pressure sales tactics, maybe saying you’ll lose the opportunity if you don’t act now and discouraging you from taking time to study the company. Leave by the nearest exit. Any company that tries to pressure you to join is one to avoid.*
- Distributors buy more products than they want to use or can resell, just to stay active in the company or to qualify for bonuses or other rewards. If you see this happening, keep your money.”*

<https://youtu.be/bDvol-Zh7uA?si=JjNqubg-mMm8tkNj&t=2426>

I finally conclude the video by posing the question alluded to in the title.

In between each of these four points, I show a clip from the video of Gary, Daniel, Gary JR, and Vivian satisfying each of these criteria. I then encourage my audience to use their voice to report an MLM company of their knowledge to the FTC or Competition Bureau of Canada.