

23. MULTI-LEVEL MARKETING (MLM) SCAMS

Raju's friend Krishna visited him to explain about a scheme with good earning potential.

"Hi Raju! I came across a fantastic opportunity to make money with minimal time and investment."

"Is it? Sounds exciting!!! Tell me more about it, I want to know everything."

"You must buy XYZ company products for Rs 20,000, and you will get a mobile phone of Rs 10,000/- for free. After you enrol three more people, you will get a commission of Rs 3,000 per person as you bring more and more people under the scheme."

Do's:

- ✓ Stay away from people trying to get you into these kinds of schemes.
- ✓ Verify the authenticity of the Multi Level Marketing scheme. Some of the network marketing schemes, like Ponzi scheme, Pyramid scheme etc., are illegal in India under the Direct Selling Guidelines, 2016 and the Prize Chits and Money Circulation Schemes (Banning) Act, 1978.
- ✓ Politely say no, even if the proposer of such a scheme is your friend or relative.
- ✓ Report the incident to the nearest Cyber Crime Police Station and National Cyber Crime Reporting Portal at <https://cybercrime.gov.in>.



Raju immediately filled up the form and agreed to become a direct selling agent of the multi-level marketing company.

However, sales were dismal and nonexistent. He could not accomplish the targets set by the company of recruiting 3 more agents, and he lost Rs 20000 as the products bought by him from the company also could not be sold. He did not get any mobile either.



Don't:
X Do not pay money to unknown companies and enrol in unknown schemes.