

R.I.P.

**MILM**

A MANIFESTO



RANDY GAGE

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**M L M**

A MANIFESTO BY  
**RANDY GAGE**

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## Introduction

**WARNING:** There's a very good chance you won't like what you're about to read. In fact, there's a very good chance that you're going to hate it. This Manifesto isn't written to make you feel good.

Its purpose is to shake some people up, get them grinding their molars, maybe looking at themselves in the mirror with a little more honesty.

If a premise is erroneous, then everything that springs off of that premise is wrong. I believe we've lost the plot, and what we're doing in the business today is based on a bad premise. So I'm writing this to challenge that premise, test some core beliefs, and provoke serious critical thinking. (Much as I did in 2009, with the first MLM Manifesto.)

The business model known as MLM, multi-level or network marketing is facing serious and I believe, insurmountable threats. We've snatched defeat from the jaws of victory.

We took this amazing business model – arguably the last bastion left in the free enterprise system, where an average, ordinary person, can create extraordinary wealth and success – and perverted it. It's been hijacked by hustlers, con artists, and greedy opportunists.

This document is my desire to throw a blinding spotlight on the despicable, dishonest, and unethical practices that have tainted our great profession. As such, it is blunt, controversial, and contains language that some may find offensive. If you are easily offended by this kind of thing, you should read no further.

We need to initiate a bold, daring and creative dialogue about the future – and what we can do to create a better one for the millions of people impacted by what we do. If you are up for starting a

## R.I.P MLM

revolution, and helping our profession to move forward to the next generation of development, and want to be part of the movement that makes that happen – then by all means, keep reading!

But first we must acknowledge the fact that this business model – which so many of us love, which has created prosperity for millions – is dying. The cancer has spread too far, too fast. And we let it happen. It's time to kill it.

# R.I.P MLM

Randy Gage  
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# PART I

## Where We Went Wrong...

*You want to know how the majority of network marketing companies are created?*

It starts with two guys, having a few (or a lot of) drinks in a bar. One of them slams back a shot and says, “You know what we should do? We should start an MLM company!”

The other guy lifts his head off the bar and says bleary-eyed, “Great idea! What should we sell?”

And then they look around and see what most other MLM companies are selling. So they probably end up with some kind of nutrition, skin care, or cosmetics line. And then they call up a private label company.

If they decided on nutrition, they may ask for a line with a vitamin/mineral, an energy bar and a protein shake for example. And that private label company will sell them the same exact formulas they sell to two dozen other companies. They all have their own custom labels, but each is selling the same mediocre crap as the other 24.

These businesses weren’t started to add value or solve a problem. They were created for one purpose only: to make money for the owners. And that is a recipe for what we see all too frequently in our business: over exuberant people pitching positions in a pay plan, with no real foundation of a product that adds value.

### **What happens next...**

My phone was pinging like crazy. Finally the insistent bells aroused my curiosity enough to cause me to go into my office and check what was going on.

Turns out John Oliver on HBO had just done his takedown episode on multilevel marketing. I had a bunch of texts from my own team, and a slew of them from friends in other programs. They were all horrified, wanting to know what I thought of the episode, and what they should do. So I found it on YouTube and had a look. I think it already had about 300,000 views. (Now I believe it's past nine million views with a couple million more in Spanish.)

My gut reaction was tortured...

On one hand, Oliver is a brilliant comedian and his show is consistently smart, timely, and funny. I actually enjoy it immensely. This particular episode about multilevel featured people I know personally and others I know of. And some of those people certainly got skewered. I hated to see friends and the profession presented in such a negative light.

*On the other hand, the show was hysterical!*

Certainly there was exaggeration and embellishment in the show. That's a central tenet of comedy, ratcheting things up a notch or two to make them funnier. But that doesn't change a very important detail:

**Humor and satire only work when they are based on truth.**

Oliver did what all brilliant comedians do; he stretched. A perfect example is the segment where he suggests that if you recruit five people who each do the same, the whole world would be signed up within 14 levels. That's really just a regurgitation of the saturation argument that was used against Amway back in the day. It's never happened and never will. Using that rational to discredit the business is like arguing that if you sail out in the ocean you'll eventually fall off the earth.

Overall, however, the Oliver show had lots of truth with a capital 'T'. When he said, "You probably know someone who is posting about it ten times a day on Facebook or Instagram," I wanted to crawl under my desk. Think how many people you know today who are doing exactly that, irritating everyone in an ever-expanding social media echo of obnoxiousness.

Then he got into the two vital issues we face:

1. People's propensity for making crazy product or income claims for recruiting.
2. The continuing practice of emphasizing recruiting at all costs, with little or no regard for developing real customers.

**And in almost every case presented in the HBO show, the criticism was well deserved.**

## PART I

First off was the hidden camera footage of Herbalife distributors making claims of curing brain tumors and heart troubles, along with creating pregnancies. Not good, people.

The FTC complaint against Herbalife alleged that the comp plan was designed so that people are not incentivized to retail products, but only recruit team members. And that has been an issue for them. Personally I thought the Bill Ackman attack to short the stock was disgusting. But if we're being honest, Herbalife left itself wide open to attract something like that.

*However, this issue is certainly not unique to Herbalife...*

Overzealous product claims are a consistent, prevalent problem with most of the nutrition, wellness, and even skin care companies in our space. And we have way too many instances of ridiculous income claims made across the spectrum of companies in the business.

But probably the most damning evidence in Oliver's satire was the numerous examples of people and companies pushing recruiting new team members at the expense of developing a viable customer base. And that it is the most significant and urgent issue facing the profession. From top to bottom. There is so much training, pressure and culture about getting new recruits, there is almost no focus on developing the customer base.

*Now if you're thinking I'm a hypocrite and you want to expose me, let me save you the time.*

There's no need for you to try and uncover a scratchy audio or grainy video of me exhorting people that the real money was in developing the players and big recruiters. There are literally *millions* of those recordings out there, because that's what I preached for 20 years. So I plead guilty as charged.

I was a high school dropout who had found a way to create wealth for the first time in my life. Because I was great at team building, I naturally emphasized that in my practice and training. I felt that even if people were only buying products to receive or increase a bonus check – at least they were using them and would reap the benefits. Most of us in the business felt that as long as the retailing option was available, we were fine having a closed system of mostly wholesale buyers.

*But society evolves...*

We used to think women shouldn't vote, leeches cured diseases, and it was okay to own human beings as property. As humanity evolves, our consciousness develops and we become more enlightened.

**Unfortunately, we haven't had enough of that kind of development in the almost sixty year existence of network marketing...**

For at least a decade, the regulators have made clear that unless we can show a solid base of customers

who are not involved in the pay plan – they're going to come after us as money games, pyramids, and Ponzi schemes.

There were leaders in our space who recognized this and made changes. They created culture where everyone who joined the team was expected to have ten, 20, or even more customers.

Art Jonak and his Mastermind Event have been doing extensive training on this topic for years now. I updated my books and training albums and developed my [Academy for Network Marketing Leadership](#) based on the principles of a large, vibrant customer base.

*But we've got waaaaay too many dinosaurs left..*

After the Herbalife and Vemma legal issues, everybody talks about customers. Even the cryptocurrency money games are talking about customers! You can't just throw in the word and think you're in the clear. You have to demonstrate it by actually *having* customers. And the sad truth is, many of the companies in our space don't.

They don't have them because their products are marginal, their prices are inflated, or the culture is focused on recruiting only.

We've lost the plot. We forgot that EVERYTHING begins and ends with product volume (PV). Every bonus, every override, every bonus car program, and every incentive we earn has to be built on the foundation of PV. And PV is the products actually sold to the end consumer.





## PART II

### Wait, It Gets Worse...

Since the millennium, the business model of direct selling and network marketing achieved a level of credibility, respect and success, most of us were afraid to even dream of.

Our companies are trading on major stock exchanges, doing billions of dollars in sales. We are sponsoring arenas, sports teams, and major worldwide events. Investment funds saw us as solid performers, celebrities were singing our praises, and the mainstream media was showering us with positive attention.

*Now we have lost all that traction we gained. We have snatched defeat from the jaws of victory.*

We've gone from negative publicity to positive publicity, back to negative again. We've moved from public skepticism to general acceptance, and then backwards – going past skepticism and landing on cynicism. The business evolved from a concept people derided to one of respect. But now a great deal of the population regards us with irritation and even repugnance.

A huge part of this seismic shift in perceptions is due to one reprehensible practice, and the kind of toxic culture it creates. I'm talking about the insidious poison of:

#### **Business Development Agreements (BDAs)...**

When I wrote the first Manifesto, I highlighted the increasing practice of companies trying to jumpstart growth by offering “sweetheart deals” to certain people. These deals would include being placed in top slots above the rest of the distributor force, or under-the-table arrangements with special comp plans. I thought these arrangements were a cancer in the profession and posed great dangers to our future. Then like now, there are cases where BDAs make sense.

This would be true in a situation where someone actually has built a real team through their personal contacts, working in depth, providing training and guidance. If their company goes out of business, the ownership changes, or does something the leader is no longer comfortable representing them – the leader may need a “top up” or BDA arrangement to make a transition to a new program.

**Now, however, BDAs have run amok and they’re destroying the profession.**

Many companies have now built their entire business plan on the foundation of poaching leaders with BDAs. (Even though virtually every company that has ever attempted to build this way has ultimately cratered.) And there is a small but manipulative group of a few hundred people who have made getting BDA deals a cottage industry. They hop from deal to deal, sometimes as many as six times a year!

Here in the U.S., we’ve seen an alarming number of companies showcase bottle rocket growth, and then collapse after the deal makers move on to the next sweetheart deal they can negotiate. The situation has reached epidemic levels in Europe, Asia, and Latin America.

People are no longer joining companies because the company mission speaks to them, they believe in the business model, or the product line. They’re totally making decisions on where to go next based on the deal they are offered. Here’s how this is playing out today.

There is an ethically-challenged man who has been bouncing around the business for years, even starting and managing companies. He recently wormed his way into another existing company and started openly boasting about having a leadership acquisition budget. The presentations he was making made it look like he was a football franchise, signing free agents. But the reality is, he was simply recruiting the same old tired “MLM junkies” who jump from one deal to another. He took a company that had been successfully operating for decades, and almost ran it into the ground.

We’ve now entered the era where people are seeking the short cut of the short cut. We now have “brokers” selling spots within the BDAs. At an event recently I overheard, *“Hey I just bought [leader’s name] downline with five positions over it. Want one?”*

*Here’s how this plays out – and why it is destroying the profession...*

I receive emails from despondent people who used to have a dream. They say something like, “I need to look for a new home man. It sucks, but I’m fed up, because every few months I discover they are still putting people in my upline tree.

“I know there are these deals, but I hate when I see those ‘leaders’ that joined a year after me, climb onstage and get pinned as a Diamond, and I know they were just placed over me, and they even have

my whole team as group volume. And I can't say anything, because I know the company approved it..."

These companies doing these deals count on hype and rah-rah tactics to drive growth and entice unwitting victims to follow the junkies. They can have a two-year run, where they are the darling of the moment. But what all this deal-making doesn't take into account, is the demoralizing, unfair and devastating consequences this creates for the other team members – the ones who don't have special deals and arrangements.

Most companies today have hybrid forms of compensation plans, many of which include a binary element. That means everyone builds two sides, and part of their income is determined by the volume of the side that is smaller. But most of the sweetheart deals being shopped around today give the recipient a "cooked leg." This means one side is automatically qualified every pay period, so that person only has to build *one* side. And often they are allocated more slots, where they can recruit people who also have a cooked leg.

Of course no one discloses these backroom deals to the rest of the distributor force. They believe the examples of growth and income they see above them are the normal speed and financial rewards of the business. *But that's a dirty, despicable lie.*

If someone has a cooked leg, it's not half as easy to build to a rank. It's like ten times easier to build to a rank, because they can just keep placing everyone under everyone else, down one leg.

In the meantime, all the poor suckers down in the group are miserable, beating themselves up, because they can't understand why they aren't breaking ranks and cashing the big bonus checks like the people above them.

**What they don't know, is they never had a chance. Because they're not playing by the same set of rules.**

Other times, companies simply "grandfather" one of the people receiving a deal into a rank (and its corresponding income). They need to fuel the hype machine, so they auto-qualify someone at a rank in order to entice them to join the company.

Next they promote that situation to recruit others into the business. So as an example, that person is presented on stage or in webcasts as a Diamond Director who earns \$40,000 a month. Potential recruits make the decision to join, based on this false and misleading representation. Once again, they don't know that they never really can duplicate the results, because the leaders presented on the stage are operating by different rules.

**This practice is unconscionable. And promoting the business this way is criminal.**

Network marketing has always had overzealous or even dishonest distributors who push the line. Every profession and industry does. And invariably those are the people who get caught in the hidden camera stings, appearing in segments like the John Oliver show, casting aspersions over us all.

The best protection against the damage these people cause is when each company and team polices itself. If a company terminates distributors who make outrageous income or product claims, it keeps things under control.

When distributors know they face a real chance of having their bonus check axed completely, they're a little more circumspect in how they promote. But more and more, companies seem to be turning a blind eye to these practices, content to pocket the extra sales they produce.

Likewise, we've always had a rogue company or two, where the bad behavior starts with the ownership, or in the executive suite. These companies are more than happy to welcome the sleazy promoters and they're complicit with them in the manipulation, false advertising, and deceptive practices. They believe they have some clever legal angle that no one has ever thought of before to outsmart the regulators. They are not in our profession to further it or help people. They enter it with the intention of exploiting gullible people.

Like Harvey Weinstein or Bill Cosby, they just keep getting away with it, and getting away with it. Until they don't. Ultimately they implode from negative publicity, or the regulators shut them down. In fact, since the 90s, there has pretty much always been a bad actor in the space, flouting ethics and legality. By the time one is shut down, another is already starting up to replace them.

*But in the last year we've had something entirely unprecedented...*

For the first time ever, we have *numerous* bad actors, all operating at the same time, creating huge buzz, recruiting thousands of people, and pulling in exorbitant amounts of sales. (And many of them are actually members of the Direct Selling Association [DSA], receiving awards!)

The cumulative effect of having so many sleazy operators, victimizing thousands of people simultaneously, has permanently harmed the profession for everyone.

The first offender is a company simply doing most of the tired old tactics that the Oliver show highlighted. Crazy hype, overpriced products, frontend loading, and almost ruthless promoting of recruiting over developing any kind of customer base.

## PART II

I could analyze their comp plan and break down their product line, but won't waste my time. There are plenty of sites that can do that for you. The elements most relevant to our discussion are these:

- The company was recreated from the ashes of another, which was collapsing because they weren't paying their distributors.
- The top distributors are the ultimate MLM junkies, some of which have jumped from deal to deal more than ten times in just the last couple years.
- These junkies are placed in top spots on sweetheart deals with cooked legs, which is of course not available to all the gullible people they victimize.

Their signature product is a wearable fitness band. They're charging a price at the upper reaches of the market, for a product with debatable value. But we won't debate that. Consumers can make up their own minds and determine if they feel they are receiving value.

The most distressing practice of this company is how they present and market themselves. They're shoveling out the hype at DEFCON 1 levels. I watched a streaming presentation on Facebook that was beyond embarrassing.

The show begins with a long screen shot of the income disclaimer, which tells you pretty much all you need to know. (The hustlers always think if they include an income disclosure, it somehow negates the outrageous claims they make. But this does not give you legal protection for making claims the regulators deem illegal.)

They spent the first 10-15 minutes on nothing but breathless sensationalism, proclaiming it was the most watched stream in the history of the Internet, with a woman shrieking every 30 to 60 seconds about how many shares they had.

The income testimonials they bandied about were nothing short of unconscionable. And totally unobtainable to anyone in the real world, who isn't getting the favored placement and qualifications those leaders have.

The junkies at the top of this deal are proven gypsies and will be in their next deal soon. But unfortunately they will leave behind thousands of victims, which will soil the reputation of the business for all of us.

The second perpetrator is another recycled project, brought to you by the guy who was shut down for hawking a magic fuel pill back in the day.

They're also showing inflated growth by buying distributors with sweetheart deals, and hyping



recruiting over developing product customers. The customers they do get are from blitzing social media with a video showing miraculous cures of wrinkled skin in two minutes.

The product they are touting actually does reduce wrinkles. But it's how it does this that creates the issue. It contains an active ingredient that even its originators admit will not create more youthful skin, nor will it help to repair collagen or promote healthier skin. But the distributors for this company are continuously making exactly these claims.

And like the last program mentioned, they are creating lots of artificial growth, by buying people with BDAs and popping them into top slots. The company is now the target of at least three lawsuits, one from a product provider for non-payment of royalties, and two others accusing them of operating a pyramid scheme. Maybe they'll win them, maybe they'll lose them. But one thing is for sure: the profession is worse off, because this company is operating in it.

## **The Great Cryptocurrency Con Job...**

Probably the worst hustle happening in our space over the last year has been the rip-offs posing as cryptocurrency network marketing companies. These scams use the publicity and interest about cryptocurrencies, to hijack the credibility these new currencies have. They prey on the multitudes who aren't that cognizant of developing technologies – and lead them to believe they are investing in the next Amazon, Yahoo or Twitter.

To set the stage, let's go over a BASIC overview of what a cryptocurrency is. Cryptocurrencies are “virtual coins” that are “mined” by computers completing complex algorithms.

Cryptocurrencies are called alternate or digital currencies, because they don't have a physical form like coins and regular currency. They exist on a shared data network (called a blockchain), and are independent of any central bank or government.

Now blockchains are an amazing innovation, one that will have many positive uses across many industries. Blockchains use cryptography to secure transactions, control the creation of additional units, and verify the transfer of assets. But we won't go into all of that here. We're only going to look at their use for “mining” and trading cryptocurrency – and how that has been perverted as a cover to create scams masquerading as MLM or network marketing opportunities.

You can think of cryptocurrencies as a way to store value, similar to how you might hold gold or other precious metals as an investment.

**But for it to be a viable currency, it means people have to actually trade it to buy things.**

And when was the last time you actually paid for something with bitcoin, or another form of cryptocurrency? Not often. This doesn't mean that bitcoin or other cryptocurrencies won't actually reach a point where they are freely used as currency. Personally I think at least one will. But it hasn't happened yet.

And actually, if you did pay for something recently with bitcoin, you probably made a *very* foolish decision. Because bitcoin has been on a steady rise in value since its inception, breaking \$1,000, \$3,000 and as I'm writing this, more than \$8,000. That's great if you're an investor, right? But not very conducive to using it as a currency.

**Note:** On May 22, 2010, in what is believed to be the first documented bitcoin transaction, a fellow named Laszlo Hanyecz paid 10,000 bitcoins for two Papa John's pizzas. According to the market value as I write this, that tasty lunch cost more than \$80 million. So hopefully he got extra cheese, or a free refill on the soda.

*The problem with cryptocurrencies for network marketing...*

Being a Libertarian who chafes at government meddling and control in my personal life, I'm intrigued by the whole idea of cryptocurrencies. In fact, readers of mine will know that I predicted their emergence years ago in my *Risky Is the New Safe* book.

My favor towards them is based upon my skepticism to trust the viability of any government currency. After all, government budgets are the biggest Ponzi schemes the world has ever known. Currencies like the dollar, peso and pound do not hold any intrinsic value; they are simply promises to pay. They can be valued and devalued by the whims of a government bureaucrat. (And constantly are.)

So regarding the concept of cryptocurrencies, I'm a big fan. They have the potential to facilitate secure, authenticated transactions between a buyer and seller, without the intervention of a bank or a government.

**But to start a network marketing company and build the product line around a cryptocurrency, is simply a laughable idea.**

It would be like starting an MLM company and announcing that the product line was the U.S. dollar or the Japanese Yen. What would be the business proposal?

"Buy this \$20 bill for \$27 and maybe next year it is worth \$30."

Whether we use bitcoin, the U.S. dollar, or the British pound, none of these things is a value

producing asset. They don't generate earnings or pay dividends. They are simply a trading play. You can bet they go up, or bet they go down.

People who invest in a cryptocurrency today are betting it is going to rise in value. They're not likely to use it to purchase anything. So it's not really acting as a currency, but an investment vehicle. You can make the argument that you are a currency trader. But cryptocurrencies are certainly not a viable product line for a direct selling or network marketing company.

So how do the cryptocurrency companies claim to be viable network marketing opportunities? Most of the time, that's where ICOs come in...

ICOs (initial coin offerings) are the cryptocurrency equivalent of a stock market IPO. And just as much of a crapshoot. (Actually, probably a lot more.) Here's how they work.

Usually an ICO involves a company raising money by selling a new digital currency. If you buy it, you receive a "token" which they assign a value to. But unlike an IPO in the stock market, the token does not give you any ownership rights in the company, or entitle you to any sort of cash flows like dividends.

If that cryptocurrency succeeds and appreciates in value — completely and totally based on speculation — you make a profit. But remember, there is absolutely no regulation or safeguards on this. The company that issues the tokens, can often manipulate the value in a way that benefits them.

What do governments think about ICOs? Not much. They are eyeing them with wariness in some cases and outlawing them in others. Personally, I believe ICOs will be the biggest area of fraud and victimization in the business world over the next couple years. They are ripe for abuse.

*And of course, we already have people doing that in our space...*

In the most flagrant example, a company opened by hyping bitcoin, and trying to mislead people like they were an early stage investor in bitcoin. It was presented much like an ICO launch, but actually wasn't even that.

That company actually offers "educational packages" at prices from 100 euros to over 100,000 euros, offering tokens with the packages. The educational materials are tepid at best, and plagiarized at worst. And the tokens they come with have no intrinsic value, and are not negotiable for any other currency. They're only viable in the internal money game of defrauding unsuspecting victims.

At one point, the people promoting this company claimed their tokens were the first cryptocurrency in Asia. They were touting documentation licensed by the Vietnamese government, with legal rights to be used as a digital currency. However the Vietnamese government issued a statement that the document they were presenting as proof was actually forged.

The scam has been operating around most of the world with great hype. But it was noticeable that they never opened in the U.S., probably recognizing that doing so would result in prison sentences for the founders if they did.

The company appeared to think they could avoid legal scrutiny by claiming they weren't actually selling cryptocurrency, only educational materials. But spend ten minutes reviewing any of their distributor videos or live events, and you'll see that most of the time they're talking about investing in cryptocurrency with the educational materials barely mentioned (if at all).

In the last few months, they have faced withering legal issues. Italy enacted an interim injunction against them, the Hungarian central bank declared it a pyramid scheme, and company leaders have been arrested in India and China. Among all this disarray, the founder has been missing in action, most likely trying to stay off the grid and avoid prosecution. So you might think this company's days are numbered, and we could lower our vigilance.

*Unfortunately, the situation is completely the opposite...*

There are literally dozens of network marketing cryptocurrency scams popping up. Most of these are more outrageous than the original. They are the perfect petri dish for development of the "greater fool theory." (The premise of the theory is that the price of an object is determined not by any intrinsic value, but instead by irrational beliefs and expectations of market participants. A price can be justified by a rational buyer, under the belief that another party is willing to pay an even higher price.)

*And these new scams are making the most of this ignorant and irrational greed...*

The scary part is these are getting more sophisticated each time. The original scam never published a white paper or actually offered an ICO. It's doubtful that they really have a blockchain. But these subsequent scams have built on the duplicity of the original and are taking the hype even higher. They've learned all the right buzzwords and woven them into the marketing pitches.

One of the recent ones I saw publishes a "roadmap," starting with their ICO, and then making projections of what the value of their token will be at each stage of their anticipated product development. It's just sophisticated enough to fool the "semi-educated" dot-com billionaire wannabes who fall for this sort of hype.

As if that were not bad enough, this cryptocurrency hype is now bringing back the forex schemes...

I won't waste much time on these, other than to say they're currently enjoying a dead cat bounce, taking a concept that has already been proven to be a horrible model for network marketing, and

breathed life back into it for gullible people.

If you want to become an investor or day trader in currencies or cryptocurrencies, have at it. But don't be foolish enough to believe that they are a viable product for network marketing. They're not.

### **Bonus Tip:**

If the top executives have previously been involved in schemes that were closed down by the government, then they have not, "had a very distinguished career in the Network Marketing industry." We can argue that they're slow learners. Or ethically challenged. But certainly not a success in the business. If you follow them, then you're the real idiot.

Essentially, these new MLM token and forex schemes are in effect a "stupid tax," victimizing the average people who have no clue about developing technology such as this.

*But there is some good news in all this. Really good news...*

**And that news is, a lot of the people promoting the kinds of schemes we've been talking about here are going to go to prison. The big house.**

*Because here are the two new dynamics that these rocket scientists haven't taken into account...*

**1.** It used to be that when regulators shut down a pyramid program, they would only go after the owners and company executives. So you had distributors pushing the limit for as much as they could get away with, knowing that they could just jump to the next hot deal when the current one got closed down. Those days are over.

What the government response after Vemma and Zeek Rewards has demonstrated is that in the new reality – the government is going after *distributors* who have profited from illegal schemes.

In case you're wondering, here's what that looks like, if you are one of those distributors:

Your program is shut down with a temporary restraining order. Your income, and the income of everyone on your team dries up overnight. You start receiving calls, emails and texts from friends and family that have lost their money. People start looking at you cross-eyed.

You hang on for weeks, because the company keeps telling you they're legit and will ultimately prevail. You're borrowing more and more money to pay for that flashy house, car, and bling-bling you bought to impress prospects.

Your company doesn't get reopened, it gets permanently closed. Now you're seriously underwater.



*And then the agents come to your house...*

They say something like, “Okay, it looks like you earned \$200,000 in this illegal pyramid. We’re demanding all of that money back. And with the interest and penalties, it now comes to \$250,000.

“And that \$75,000 in business expenses you deducted on your income tax are now disallowed. Because there are no deductions for operating a pyramid scheme. So we’ll need that \$75,000 back. And with the interest and penalties, that will be...”

I can go on, but hopefully you get the picture. (If you don’t believe me, check online the list of former Zeek Rewards distributors that the U.S. government is still pursuing to collect money, five years after shutting it down.)

So on the bright side – instead of bouncing into a new scam two weeks after their last one has been closed down – these people are going to be too busy meeting with attorneys and borrowing bail bond money from their moms, to be preying on the next batch of victims. Which leads us to new dynamic number...

**2.** The people in these cryptocurrency and forex schemes are no longer selling vitamins, skin creams, or protein shakes. It’s fairly simple for the regulators to make an airtight case that what they are really promoting is speculation and investments. And investments require real accreditation and licensing to sell. They are much more tightly regulated, and offer swift and serious prison time for offenders.

Remember that scene in *Star Wars* when young Obi-Wan Kenobi entered that bar on Coruscant?

*“You wanna buy some death sticks?”*

*“You don’t want to sell me death sticks.”*

*“I don’t wanna sell you death sticks.”*

*“You want to go home and rethink your life.”*

*“I wanna go home and rethink my life.”*

If *you* are involved in one of these types of programs above, you may want to go home and rethink your life.



## PART III

### Where Do We Go from Here?

The year isn't even over yet, and we've already had eleven lawsuits filed alleging MLM companies are actually pyramid schemes. Eleven. And we probably have at least 30 or 40 other schemes that should be charged.

So where do we go from here? How do we rid ourselves of the charlatans who have taken over the business and turned it into a cesspool? How do we repair the damage they've caused and restore the reputation of network or multi-level marketing?

The real answer is, we don't. The swindlers, con artists, and criminals have hijacked the business and we're never going to get it back.

It's time to stop hoping something happens to change our story. We need the courage to change it ourselves.

**MLM is dead. It's time to place the wreath on the coffin, lower it into the ground, and bury it. We have to move on and reinvent ourselves.**

But getting products and services to people who love them is still very much alive. It's time to reinvent the way we do that.

Personally, I'm done. I don't want to be associated with the people and practices that are happening in our space any longer.

Please don't ask me to go on your radio or television show and defend network marketing. I won't ever do that again. The business has attracted so many sleazy people, and they have been left to run unchecked for so long, that we'll never remove the stench of what they have wrought.

As my old books and training resources come up for new editions, I will no longer be recommending the business model. I'll be dropping the terms network marketing, MLM, multi-level marketing and even direct sales.

### **Time for a fresh start...**

I realize that a growing number of the reputable companies remaining, have been using new terms like network sales or direct selling. I don't care for those particular terms, because they don't capture the most exciting part of our business, which is the leverage.

So all I can do is share with you what I'm doing personally...

Like I told you, I will no longer be defending MLM or network marketing or using those terms. For all marketing and training materials, and all recruiting presentations moving forward, I've already started transitioning to the business model of

### **Leveraged Sales**

Leveraged sales captures the true essence of what made the business great to begin with. The two interlocked elements that essentially define what we do: *Creating sales and then employing the concept of leverage to exponentially increase the rewards for those people producing those sales.*

**We must create a new business model with retail sales as the foundation that everyone starts with – and then allows leverage for those willing to work towards building and duplicating a selling team.**

We can employ new strategies and new technologies, like enticing preferred customer programs, convenient autoshop options, easy customer interface for online sales, and convenient mobile app ordering. And we can integrate the concept of leverage, which like compound interest, is one of the wonders of the world.

**But this time around, we must work tirelessly, vigilantly, and relentlessly – to keep out the people who try to use our legitimate structure as a cover to exploit others.**

The governments are always a step behind the perpetrators. With new tech like blockchains and cryptocurrencies, the gap is even larger. There are too many people with bad intentions and not enough regulators to police them.

*We have to regulate ourselves.*

We don't have to tear down other companies to make our own look better. That's poverty consciousness and actually hurts us all. When a competitor does a better job than you, tip your cap to them and resolve to be better next time. But we have to stop looking the other way when we see people and companies operating unethically. We need to speak up when we see questionable practices, sham products, and recruiting deception.

That's exactly what I'm doing with this Manifesto. I refuse to remain quiet in the face of such exploitation happening all around us. I'm speaking out now, and will continue to do so. And I'm hoping you'll join me.

We have to expose the corrupt leaders and companies that are practicing these deplorable activities. And keep them out of our new space.

We're going to have to change the rules, change the game, and most importantly, change the results. We have to go old school, driven by principles, operating with integrity. We're going to reinvent the best model in the free enterprise system for the ordinary person to create extraordinary results.

After all, we were the original disrupters in the marketing space. Now we're going to disrupt it again!

*It's not going to be easy...*

In fact, it's going to be extremely difficult. It will take years to accomplish. And we'll face resistance at every step of the way.

There are billions of dollars in sales from the old recruit-first model that are going to be threatened. Change scares people. Some will be frightened and will lash out.

Now there are also billions of dollars being generated by the money games and pyramid schemes. There are thousands of people vested in these corrupt programs. They won't go quietly or easily.

And finally, there are billions of dollars in sales happening from legitimate, product-centric companies, and entrenched incumbents are usually resistant to change of any kind.

Both the media and the general public are going to be skeptical of us, question our motives, and doubt our sincerity.

It's going to take the dedicated commitment of a core group of people. People who want to be

agents of change. People who believe in the real mission: creating true empowerment by building customer bases.

If you're up for the challenge, willing to leave the past behind, and ready to evolve into the next generation of what we do – then I invite you to join me in this next adventure.

Let's look at some of the things we're going to have to do better, or do differently:

### **If you want to build a leveraged sales business, you have to sell.**

If you don't like to sell, stay out. This new business model isn't for you. It is designed exclusively for people who passionately believe in the product or service line they represent – and they want to tell others about those products or services.

Now you may worry that this will limit the people who enter the business. No problem. You're going to encounter people who say, "I don't want to sell." Great. They shouldn't join the business to begin with.

### **Stop being so gullible.**

The reason these schemes work is they prey on people's greed. So many people today are looking for a "hack" that eliminates the work required for success. There is no such thing as an "automated downline building system," and there never will be. Stop looking.

### **Protect yourself and your team against the cottage industry of parasites that latch onto our profession to make money off of you.**

There are trainers, consultants, and coaches who don't know the first thing about our profession, but they create huge businesses selling advice to us. Most of them don't produce anything or offer any real value. So they will certainly follow us to our new destination.

They may claim to be amazing recruiters, brilliant sales coaches, or social media savants. Use a little common sense. If they really had the secret for success in our business, they'd be doing it themselves.

And in the new business environment today, we now have to deal with all the distractions on the online world. You have to inoculate your team against:

*The review, watchdog, annual poll, and industry news websites.*

These people are great at SEO marketing, so they always come up at the top of the results when



people search company names. Ninety-five percent of these are detrimental to your business. You have to practice DISCERNMENT.

Some are well-meaning, but misguided. Some are designed solely as “bait and switch,” to get you to read a review on your company, but it’s actually a hit piece to switch you over to their company. Some conduct polls for best trainer, best upline, best CEO, best company, etc. They collect your people’s emails, so they can recruit them or sell them crap.

There’s a site today with huge reach that is simply a PR platform. They get paid a monthly retainer to write nice things about their clients each month. And when they don’t pay him, or stop paying him, the starts releasing all the horrible things they used to withhold.

If you’re wondering why I can view some of these programs as shams and scams, and this website promotes them as though they are legitimate companies – it’s because they get paid every month to do so.

Don’t be an idiot. Most of these sites only matter to the MLM junkies who don’t know any better. Stay away from them and keep your people off their mailing lists.

You also need discernment for the newspapers, newsletters and magazines that cover our profession. Most are just like the websites we mentioned. People buy placement as a “rising star,” or featured profile. If you’re willing to shell out \$25,000, you can even be an international cover model!

*So here’s what happens now...*

The scummiest and most questionable deals pay to have their programs and top leaders featured. Then they use reprints of these articles to appear legitimate, and hype in more unsuspecting victims.

Again, the key word here is discernment. Be discerning about every guru, coach, consultant, author, website and publication. Including this Manifesto and me.

### **Stop trying to compete with the bad guys.**

You can’t. And you don’t want to. A bank robber can take down as much money in 20 minutes as a plumber earns in 20 years. That doesn’t mean you should want to rob banks.

Yes there will be people claiming they made \$10,000 or \$20,000 their first month in some deal or another. That may be true if they rolled over a team from another deal and have a special arrangement with a cooked leg. Don’t try and match that; you can’t. The candidates they’re attracting with those hype pitches are not the people you’re looking for anyway.

## **Stop promoting five- and six-figure monthly incomes.**

For decades now, when you started building a network marketing presentation, the first thing you did was grab photos of a Lamborghini, white sandy beaches, and stacks of cash. Then you trotted out those five and six-figure earners. But the world has changed. We have to leave the hype behind. Practically speaking, these tropes aren't nearly as effective as they used to be anyway.

Companies that recruit on examples of five- and six-figure monthly incomes are going to get killed by the regulators. It doesn't matter how many fine print disclaimers you use. Those kinds of results are not typical and they never will be. Odds are, if you make these kinds of claims, you're going to get shut down.

The truth is, we do have many people that make outrageous amounts of money. (Make no mistake, any income above \$25,000 a month is outrageous by almost any standard.) The vast majority of people can't relate to that or imagine it as a possibility for them. They would be delighted to have a side business that produced \$800 a month in residual income. They would be OVER THE MOON to have a side business that provided them with a \$3,000 or \$5,000 a month residual income.

There are at least six billion people on earth whose lives would be dramatically and measurably impacted if you could simply help them earn an extra couple hundred dollars a month (or the equivalent in their currency) to meet their basic needs. Stop hyping outrageous incomes and start offering people a pathway to get out of debt, and you'll do a lot better.

There are at least a couple billion people on earth whose lives would be dramatically and measurably impacted in a meaningful way, if you could simply help them get out of debt. (And talking about getting out of debt is a lot sexier than you may think. It resonates with people. Even people who are not in debt have parents, siblings, and friends who are upside down in their cars, have oppressive mortgages and are suffocating in credit card debt.)

## **Stop promoting to the lowest common denominator.**

You don't have to be sleeping under a bridge to join leveraged sales. We have to kill the meme that everyone who is successful in our business used to be destitute, homeless, or bankrupt.

Don't get me wrong: If you are poor, facing challenges, or struggling with personal issues, the business offers you a way to become the next success story. We'll celebrate that. And we all love to hear those redemption stories from the stage. But not everyone is staring down a disastrous calamity and in desperate need of rescue.

We need to make the business attractive to people at all different levels of success in their lives. So

we also need to celebrate the people with good educations, high paying jobs, and solid financial situations who choose to enter our business.

We have to stop denigrating universities, acting like all bosses are evil, and everyone with a job is a loser. Here's a revolutionary idea...

*Let's start with the premise that most people don't appreciate being patronized, ridiculed, or looked down upon.*

If you want to help them, stop judging them. If you want them to join your business – begin the process by treating them with respect. Suggesting they're an idiot for going to college, or a loser because they have a job, is probably not the best way to inspire someone to join your business.

The reality is that many people have good educations and enjoy their jobs. Or maybe, make a lot of money with their job but it doesn't offer the freedom and lifestyle choices they are looking for. Or maybe they love their job and want to keep it, but would like to supplement their income, or build some residual income on the side. Let's be open to all possibilities and meet people where they are.

*Recruiting isn't about fitting people into the slots you have. It's about offering them avenues to get the things they desire.*

When I'm asked to present the leveraged sales business these days, you know what I talk about?

Building a solid customer base. Creating a residual income to enhance what your dream lifestyle looks like. And getting the money thing out of the way.

No six-foot wide checks on the stage. No Lambos. No mention of high monthly incomes. Just a simple conversation about getting out of debt, and designing your dream life.

**It works. And it will work for you, if you let it.**

We can be successful without the hype, the questionable tactics and the deceit. There's a whole world of people out there looking for products and services that can make their lives better. And scores of people that not only have a desire to create a residual income – but they are actually willing to work for it.

*Which is the other reason I'm publishing this Manifesto...*

I recognize that many of the people currently working in the programs mentioned above are actually good folks. I have friends in pretty much all of them! Friends who I know would have never knowingly joined anything that was unethical or would hurt people.

They're ignorant about developing tech like blockchains, or don't understand the distinction between selling a product versus an investment. Someone they trusted convinced them that the tactics they're using are ethical and legal, and they unwittingly suspended their judgment and went along with them. They're simply not knowledgeable enough to understand they are scamming people, and being scammed themselves.

*I'm hoping we can "rescue" some of those people; bring them back from the dark side...*

I realize some of you in these programs might not like me very much right now. But if it causes you to change course now – when people start going to prison and you don't – I promise you're going to love me then.

**Let me tell you what I thought the business was, when I joined it 38 years ago. And how I see it now...**

*I dreamed of being on stage in front of thousands of people. And that has certainly happened. In fact, I'm now in the Speakers Hall of Fame. I've spoken in front of more than two million people, in more than 50 countries. But you know what excites me more, these days?*

Watching one of my new people give their testimonial for the first time. Seeing a leader of mine selected to keynote at the company convention. Watching them, step into their greatness.

*I dreamed of qualifying for an exotic bonus car. I guess you can say that's happened. I've owned a Corvette, Bentley Continental GT, Acura NSX, Audi R8 Spyder, Special Edition Range Rover Evoque designed by Victoria Beckham, four Challengers, and nine Dodge Vipers. (Yes, I'm a Detroit muscle guy.) But you know what excites me more, these days?*

Seeing someone on my team qualifying for a Toyota Corolla, knowing it is the first car they've ever owned.

*I dreamed of owning a beautiful home. Check. I've got a couple. I sold my last one to a sheik from Dubai. But you know what excites me more, these days?*

Doing a home meeting for someone in their mobile home, or cramped apartment with no air conditioning, helping them pursue their dream of a beautiful home.

*And of course when I started, I thought it was all about making money. Lots of money. And that certainly has worked out. I'm a wealthy man now, because I've earned millions of dollars in commissions. But you know what excites me more, these days?*

My 70-year-old mother lost her job and started looking for another one, to supplement her meager retirement income. And I told her that she wasn't going to look for a job any longer. That she was going on my payroll, and her job was to bake cookies and play with her grandchildren.

**These situations are what excite me more these days. If that is true for you, I hope you'll join me.**

Every movement begins with the commitment of a core group of people. Please consider this Manifesto your personal invitation. Working together, we can build the new business model and empower some very deserving people. We can make money, have fun, and still make the world a better place than when we found it.

If that sounds like something you'd like to be a part of, join me at <http://leveragedsales.com/>

It's a "safe space" for our profession, offering training and resources from myself and people I personally vouch for. Be sure and sign up for the *Leveraged Sales Leadership Report* on the home page, so we can keep in touch.

Please share this Manifesto with the people who need it! And consider making it "required reading" for everyone who joins your team in the years ahead. We can make a better business model. We have to.

Now is our time.

Randy Gage



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