



## Christians and the Risky Lure of Pyramid Plans and Multilevel Marketing

by Carey Clark

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### *Is it ever OK to use church contacts as potential business clients?*

Carol Haluka was a respected member of her community. An active member of her local evangelical church, she was shocked when police informed her she was under investigation.

Two months prior, at the urging of a friend from her church, she joined a group of predominantly Christian women at their weekly meetings. Just before the police showed up at her door, several women from the group offered to pitch in to invest on behalf of a pastor's wife. "They just wanted to bless her," she says.

Haluka and her friends didn't realize that the group was actually a pyramid scheme—and against the law in Canada.

It was participation in a multilevel marketing organization (MLM) that landed Ann Giddings and her husband in trouble. Committed Christians, they served in various capacities in their local church. Just two years after joining a well-known MLM, they lost their home, their dreams, and all their savings.

### What Are Pyramids and MLMs?

Pyramid schemes and multilevel marketing companies share a similar structure and seem to hold a similar attraction to those who get involved. Those at the top reap the highest rewards and business is built through new recruits.

But they differ in several important ways. While pyramids typically have no product, MLMs distribute a plethora of goods from nutritional supplements and cleaning products to legal and financial services.

MLMs promise hard work up front and big rewards later when the distributor can relax and enjoy a much larger income. Salespeople are compensated by how much they sell as well as the sales achieved by those they bring into the business. There is another important difference: MLMs are legal, pyramids are not. But Christians with good intentions seem to be vulnerable to the lures of both—with widely varying results.

According to the RCMP "a pyramid scheme is illegal...when a person participating in the scheme becomes entitled to receive more money than they invested...[strictly] by reason of recruiting others."

MLMs and pyramid schemes are expert at recruiting. Large multilevel marketing companies have well-developed motivational materials for their members. Many of them have specific campaigns aimed at the Christian audience—an audience that they know responds well to the promise of being able to share the wealth, like the well-meaning motivation shown by the women's group.

Far from being immune to the lure of plans to get rich quick, Christians motivated to help others and donate to churches and charities may be even more vulnerable to the enticements of MLMs and pyramid schemes.

### **Mixing Church and Business**

One of the first warnings Lorne Jackson gives at his Bible-based business seminars is: Don't invest in something just because you hear about it from another Christian.

Jackson is president of the Canadian National Christian Foundation (CNCF), an organization dedicated to sound stewardship and Christian integrity in the marketplace.

He says Christians are too willing to trust other believers for financial or investment advice. Unless someone is trained to offer such counsel, don't listen.

"There is a huge difference between pyramids and network marketing," says Jackson. "Pyramid schemes are illegal, MLMs are not...Amway and Primerica are the first MLMs that come to mind and, handled correctly, MLMs are okay. I know some people in both of those organizations who have done quite well. I also know a lot of people who put money in and it didn't do anything. It's just that MLMs are not for everybody and they shouldn't be sold as for anybody."

And, adds Jackson, they have no place in the church.

There are problems with mixing business and church life. David Macfarlane, veteran pastor with experience in four "large and growing churches" in Ontario and British Columbia, now serves as the director of national initiatives for The Evangelical Fellowship of Canada.

He recalls on several occasions being invited to someone's home for coffee. "I took it as a genuine offer of friendship." But when he arrived he heard a sales presentation. "I had parishioners coming to me complaining of the same kind of treatment. It was disappointing, and it was deceptive."

Lorne Jackson says "If people want to participate [in an MLM] as a supplement to their income that's fine, but do it outside the church, please."

The number of Christians who get involved in MLMs and pyramid schemes is so high some churches have actually developed policies against it.

Calvary Pentecostal Church in Peterborough, Ont., is one of them. Frank Patrick, the church's senior pastor, says they have a strict policy that no leader in their church can belong to an MLM or direct sales organization.

"There's a big difference between being bivocational by working as a bus driver or by working in one of these organizations," he says. He considers it an abuse of office since MLM distributors are "trying to get [others] to do something that personally benefits" them.

### **What is Success?**

Jim Beaulne of Ottawa thinks that's going too far. The 39-year-old has been a representative with a financial MLM for 17 years and now has roughly 600 people working under him. He makes about a million dollars a year.

“It’s a heart issue,” he says. Beaulne says he has never solicited business in his own fellowship.

Beaulne has reached the elusive MLM dream, devoting only 10 per cent of his time to work. He supports people in 15 mission organizations, sends kids to summer camps and regularly blesses Ottawa area pastors with his philanthropy.

For Roger and Rose Short, Amway was an answer to prayer. During their seven years as Amway distributors they reached “Pearl,” meaning three profitable streams of distributors under them and about \$40,000 annually in personal income. When they were introduced to Amway, Roger was a youth pastor with a limited income.

Ron Brooks had a different kind of experience with Amway. Brooks was raised in a churchgoing family but was not following Christ when he began to pray for a business opportunity. “I think what I was really looking for was a mentor,” he says. “Someone who had been financially successful who was willing to teach me a business” but for a minimal investment. Brooks became an Amway distributor.

After three or four years of sharing the business opportunity, buying a stock of products and attending numerous conventions as distant from their Peterborough, Ont., area home as Tulsa, Tennessee and Dallas, he and his wife had little to show for it—three new recruits and more money “invested” than earned.

But at the Dallas convention, in one of the Amway-sponsored church services, something good did come out of Brooks’s ill-fated business involvement: he made the commitment to follow Christ.

As for Giddings and her negative experience, she says she and her husband had lost their focus. “When we first got married we said we wanted a small bungalow with a big kitchen where we could have anybody over any time.”

But as they pursued financial security they bought bigger and bigger houses. In the aftermath of their MLM failure they bought a smaller home that was just what they had always wanted. “When my husband died last year, I was able to keep this home.”

Is there a bottom line on MLMs and pyramid schemes? Pyramids are illegal in Canada so the onus is on Christians to investigate what they are getting involved with so they do not break the law.

As for MLMs, clearly some Christians are successful beyond their wildest dreams while others see their dreams shattered.

For Lorne Jackson of CNCF, this is the bottom line: “Seek God’s plan for your life, stick with what you know, see good counsel and wait on God’s peace before acting.