

CHAIN LETTERS AND PYRAMID SCHEMES - WHY THEY DON'T WORK!

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If you are active in mail order, you've no doubt seen tons of chain letters and pyramid programs. In case you're not familiar with them, here's an overview, so you know what to watch out for.

Chain letters are those letters you get, instructing you to send, say \$5, to the 4 to 6 people on the list, who will send you a report, or some product, or sometimes even nothing. Then, you add your name to the bottom of the list, moving the others up, and the top one off.

You then print and mail out as many as you can, hoping others will do the same as you. The letters are liberally sprinkled with references to how much money you will make, and how many people are sure to participate. Some even go so far as to promise you \$1,000,000 and more, sometimes in less than a month!

Pyramid schemes are what chain letters are based on. You buy into one, then you need to recruit others below you, to move you up the line. The people you recruit, in turn, need to recruit others, and so on. Pyramids go by all kinds of names and formats.

For example, "Airplanes" are a popular pyramid scheme. There are 8 "passengers," 4 "stewardesses," 2 "co-pilots," and 1 "pilot." When you buy in, you pay a predetermined amount, like \$10, to the pilot. That makes you a passenger.

When you recruit 8 more people, you become a stewardess. Your 8 people then need to recruit 8 more, to move you up, and so on. You're promised that you will get hundreds of dollars when you're the pilot.

These programs all share many characteristics.

First, they're illegal. Don't believe what the chain letters say, that someone "showed it to the postmaster, who assured him it was legal," or "it's legal, check the postal codes."

Pyramid games are illegal because you're paying money for nothing, in a shaky con game which can fall apart if recruiting drops off. With a chain letter, it's the same, but it's conducted through the mail, which opens up mail fraud laws, also.

Second, the mathematics used in the letters and schemes is flawed.

Most chain letters will say you should expect a 5% - 10% response from your mailings. As anyone in mail order will tell you, this is absurd, especially in regard to chain letters.

But, let's go with a 5% response on a chain letter with six levels. For the sake of argument, let's say

that everyone who participates mails out 2,000 copies
(though most people drop out without mailing more than a few).

What you are doing in a chain letter is relying on others to do the work that will make money for you. There is no such thing as free lunch. Somewhere along the line, people will drop out and everybody loses!

It doesn't matter if the chain letter/pyramid involves sending money, recipes, stamps, or any product or object of value. It's still **ILLEGAL** and a poor business proposition.