

It seems that I was my own worst enemy until I learned that money does not grow on trees or fall out of the blue. I was burned several times by pyramid variations before I caught on. When something appears too good to be true it generally is. Some so called “investment” schemes need to be avoided like the plague

SAY NO TO PYRAMIDS

“**H**ey, come with me to a Dessert Party where you can make a lot of money’ was how my friend invited me to a woman’s gifting group many years ago.

I thought why not, it sounds pretty good. My friends seemed to be getting involved and told me that each person contributes \$5,000.00 as a gift. When enough people join after me to fill a row of eight people I would rise up one level. Eventually I would rise to the fourth and top level of the pyramid and receive a gift of \$40,000.00 from eight contributors. Someone offered information that it had been checked out with the authorities. and because the money gifts were being freely given that the Dessert Party was legal.

As each of my friends brought other friends the lowest level filled and more women gave their \$5,000.00 gifts to the person on the highest level. They also brought more friends to join in. As the group enlarged it split into different sections with meetings held at different ladies’ homes around the city. There was one woman who seemed to be in charge of the group I was in.

After attending a few meetings the lower row of eight people was filled and it was my turn to give a \$5,000.00 gift to the lady at the top of my pyramid. The money was supposed to be in \$20.00 denominations, be hidden within a gift and given privately. I heard that ladies had hollowed out loaves of bread to put their money inside or hid their gift money in dolls or other things that would not look suspicious.

I had to be careful to make withdrawals from my bank account over a number of days so as not to raise suspicions. After several trips to the bank to accumulate two hundred and fifty \$20.00 notes I bought a pumpkin, hollowed it out and put my gift contribution inside. With the stuffed pumpkin wrapped in fancy patterned cellophane with a large bow I went to the lady’s home one Wednesday afternoon and gave it to her.

Two days later on Friday a news item on TV shocked me. The newsman said that the Police had discovered an illegal Dessert Gifting Party and they showed surveillance pictures of one of my friend’s homes! The whole scheme immediately collapsed. Several ladies that I didn’t know, who had originated the scheme, eventually were charged with criminal offences. There was no way to get my money back. The irony was that I was next in line to have been paid but I received nothing.

Of course I had taken the word of others that it was legal. I did not check it out first myself. When the news hit I went on line to the Canadian RCMP information site.

The RCMP description of a pyramid states as follows:

For the purpose of Section 206(1)(e) of the *Criminal Code* a pyramid scheme is illegal when a person participating in the scheme becomes entitled to receive more money than they invested in the scheme by reason of recruiting others. The money is made through recruitment only, while the product or service has no real value. Schemes of pyramid selling are also prohibited under the Canada's *Competition Act* in Canada.

THAT WAS EXPENSIVE LESSON #1 - \$5,000.00 GONE!

Next about nine years ago in the early days of internet businesses I was introduced to an internet computer business through a good trusted friend. My friend said that it had been checked out by a lady staying with her who had done all sorts of checking and due diligence and had even met with one of the promoters in Calgary. Called GMT it was marketing computer affiliate web sites and software. As people were brought in below by buying the programs their names were added into a matrix. As the numbers of people grew, commissions were paid to the existing participants. From an initial investment of about \$200.00 US per share I stood to make a lot of money. Using several accounts, both personal and that of a small private business I bought 5 shares in GMT. I received a special affiliate web site to bring in more people. I introduced several friends to the business and for the first several months received a few cheques in small amounts. Then an email arrived to say that the principal involved at the head of GMT had had a stroke and the business was dissolving. More information came saying that another man working in the company had already accumulated over a million dollars for himself and wasn't prepared to continue the business. Those of us at the bottom of the pyramid were once again left high and dry. Since having taken my friend's word that the company was a legitimate business opportunity, I had guaranteed the company to several friends. They had signed up and lost out also so I returned their initial deposit money from my own pocket.

THAT WAS EXPENSIVE LESSON #2 - \$ 1,800.00 GONE!

My friend then introduced me to Beacon, an internet training company. It seemed really good and was selling computer training programs. It went out of business too after I had invested several hundred dollars in it without return.

Then there was Meridian Art to which I was again introduced by a trusted friend. This pyramid scheme sold each participant a piece of art and put them into a matrix that was supposed to provide lots of money down the road. I chose my art print picture which I did receive, but the down line that was to have been created beneath me without my effort never materialized. Meridian Art also bit the dust with nothing more to show for it.

THESE WERE EXPENSIVE LESSONS #3& #4 - \$414.00 GONE!

By now I realized I had been burned often enough. Several other pyramids were presented to me that I turned down. Then this year I was invited to attend a “Lady’s Investment Club.” Since I am an investor I looked forward to meeting and connecting with other women investors. I happened to arrive 15 minutes early for my first meeting. Greeted by the hostess and another early guest I saw a pyramid graph with circles to be filled in with lady’s names lying on the table. Seeing the pyramid graph I asked whether the investment club was investing in stocks or other things or whether it was like the gifting club. I was told it was a gifting club but that the goal was \$20,000. Fewer people were needed to reach the goal since they had removed one level.

“When the person who invited me arrives please tell her that I did not stay. I lost \$5,000.00 in the Dessert Party club. This kind of club is illegal so I will not stay.”

“A lawyer set it up and this one is legal” the hostess replied.

“I think if you check it out with the RCMP you will find it is not legal to expect to receive more money than you put in. When I was involved with a gifting club several people were charged with criminal offences and people arriving at my friend’s house were filmed and shown on TV news” I said as I left.

EXPENSE NONE - \$0.00 BUT MY TIME AND MY PRIOR EXPERIENCE.

The next pyramid I was recently introduced to was a world house building company. It was a slick program with a web page that said that everyone should have a home and that they were providing people with their own homes in just three years. They purported to be selling prebuilt Styrofoam concrete forms through principals who had run a building and form company in Ontario for many years. They indicated that a participant’s commitment was based on the size of home they wanted to receive. Initial down payments of from approximately \$290.00 for a 1,000 square foot home to \$8,600.00 for a home of over 4,000 square feet were required. Then with regular monthly payments and a commitment to bring in one person a month a participant was buying pieces of his home. Commissions from bringing in new people were to be paid to offset the monthly payments required by a participant. Several of us at the meeting asked what product we were buying and whether it could be sold to others. We found out that there was no real product, just a promise based on bringing more people into the program. It became obvious to me that this grand plan to house people was yet another pyramid scheme. It depends on bringing in more people at the bottom to fund the people who might eventually gain a house at the top. So once again I said no thanks.

EXPENSE NONE - \$0.00 BUT MY TIME AND MY PRIOR EXPERIENCE.

LESSON LEARNED

Nothing takes the place of doing your own due diligence before making a decision to invest no matter how much you trust your friend’s advice.

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