

## A Review of the Equinox Income Opportunity

On April 20, 2000, the US District court of the District of Nevada ordered Equinox to shut down and liquidate their business. The Federal Trade Commission has been watching pyramid-marketing schemes for a long time. During this time, they have found many fraudulent complaints. There are many network marketing companies that are legitimate, but the FTC is out to protect the consumers against fraud.

The Federal Trade Commission has proposed new rulings for Pyramid Marketing. In the explanation by the FTC have alleged violations against Equinox Corporation of state securities laws; deceptive trade practices laws, false advertising laws, pyramid laws and licensing requirement laws.

According to the allegations in the complaint filed with the court, Equinox operated a multi-level marketing company that offered distributorships for products. Because of this, the FTC is watching MLMs more closely than ever before. Pyramid schemes come in so many forms that they are hard for us to recognize them. But they do share one characteristic. They promise the consumers or the investors large profits based mainly on recruiting others to join their programs, but what makes this an important factor is these profits are not based from any real investment or real sale of goods to the public.

Some companies may claim to have a product, but this is a disguise to hide the pyramid structure. There are two signs to look for in a multi-level marketing company that will tell you if it is a pyramid. They are "Inventory Loading" and a "lack of retail sales". The Inventory Loading is when they require you to buy more products than you could ever sell, usually at very high prices. When this happens, the people at the top make a huge amount of profits in one swoop. The people at the bottom are making huge payments for these products that are difficult to sell.

Another aspect of a Pyramid scheme is the promise of an ongoing commercial relationship where they will recruit new prospects to operate their own business selling products and services. They may offer training and advertising for their investment and promises of a successful career.

Since 1990, the FTC has brought 20 cases in pyramid schemes under the Section 5.79. During the time from Jan 1997 to December 2005, the FTC staff had observed 17,858 consumer complaints reporting against pyramid schemes with over \$46 million in damages.

Just for an example of the kind of money these pyramid schemes took in, one program attracted more than 150,000 consumers who together paid over \$80 million during a 3-year period. With Equinox, consumers have lost over \$40 million dollars and <http://Skybiz.com> \$20 million. It has been shown when consumers join these schemes, they make their investment, but eventually drop out losing everything. The drop out rate is shown to be 90 percent of more, and they will never recoup their investment.

So as you research Network Marketing companies, you will know what you need to look for. If you have further questions, you can go the website of the Federal Trade Commission and search Equinox.

There are some really great companies out there to choose from that are totally legitimate. You will need to do your research in the companies of you choice thoroughly.

### About the Author

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