

# Jon M. Taylor, MBA, Ph.D.

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## PRIMARY FOCUS

Perform research and develop analytical tools, consumer guides, and expertise on all types of pyramid/chain selling schemes – for regulators, attorneys, and consumers – to protect the interests of consumers and to assist those working on their behalf.

## RESEARCH AND PUBLICATIONS ON PYRAMID/CHAIN SELLING/ MULTI-LEVEL MARKETING (MLM) SCHEMES

- Performed evaluations of compensation plans of over 250 MLM programs and posted them on the web site [www.mlm-thetruth.com](http://www.mlm-thetruth.com), along with a do-it-yourself evaluation guide for consumers and regulators – and numerous other research reports and consumer guides. Due to thousands of requests for determination of the legitimacy of numerous MLM programs, these reports and analytical tools were developed to empower regulators and consumers to perform their own evaluations before seeking assistance.
- Completed 2004 “*Survey of Tax Preparers*” and Utah households to determine profitability (or lack thereof) of MLM programs. Found widespread evidence of misrepresentation and consumer abuse.
- Published and presented “*THE 5 RED FLAGS: Five Causal and Defining Characteristics of Product-Based Pyramid Schemes, or Recruiting MLM’s*,” 2002 and 2004 Economic Crime Summit Conference, co-sponsored by Nat’l White Collar Crime Center. Developed the terminology and analytical framework for detecting product-based pyramid schemes, based on MLM compensation plans. This was the result of six years of the only systematic research ever done on the huge losses stemming from MLM compensation plans. Discovered that the “5 red flags” leads to an extremely high participant loss rate – about 99.9% – worse than for classic, no-product pyramid schemes.
- *PRODUCT-BASED PYRAMID SCHEMES: When Should an MLM or Network Marketing Program Be Considered an Illegal Pyramid Scheme?* (Consumer Awareness Institute, 2000) Identified characteristics that distinguish MLM’s (claiming to do “direct selling”) from legitimate businesses.
- Published the original *Do-it-Yourself Evaluation of Multi-level Marketing Programs and Suspected Pyramid Schemes: a Proactive Guide for Consumers, Regulators, and Consumer Advocate*, which was posted as an interactive guide on the Pyramid Scheme Alert web site, 2001.
- Wrote *12 Tests for Evaluating a Network Marketing (or MLM) “Opportunity”* (CAI, 2000). Made available to consumers by several state Consumer Protection agencies and AG offices
- **Researched and published *MLM or Network Marketing—The Ultimate Pyramid Scheme*** (CAI, 1999) A reference work for federal and state regulatory agencies and consumer groups.

- **Published *Network Marketing Payout Distribution Study* (CAI, 1999). Explained the pyramidal concept, compensation structure, and effects of MLM programs.** Circulated to the presidents of 60 of the largest MLM companies, providing data forms for them to prove me wrong. None were able or willing to do so.
- Authored *The Network Marketing Game: Gospel Perspectives in Multi-level Marketing*, a book on the ethics of Network Marketing. (King Alfred Press, 1997). Interviewed hundreds of participants and MLM leaders in a variety of programs. Received extensive favorable reviews.
- **Market tested a prominent MLM “opportunity,” 1994-95. Gave full-time effort for one full year to prove the efficacy and legitimacy of MLM.** Successfully recruited until arriving at a level representing the top 1% of all distributors – though still losing money after a year. After interviews with hundreds of participants and leading industry figures from a variety of MLM’s, I decided to leave the program and publish my results.

#### **CONSULTATION AND EXPERT WITNESS SERVICES FOR LEGAL CASES AND SECURITIES ANALYSTS**

- **Court-certified expert witness in federal and state courts and in arbitration proceedings.**
- **Expert witness, Quixtar, Inc. v. Woodward, et al; JAMS Arbitration (in process)**
- **Expert witness, Quixtar, Inc. v. Signature Management Tam, LLD, U.S. District Court, District of Nevada (in process)**
- **Expert witness, Independent Business Owners Association Int’l v. Orrin Woodward, et al, Kent County Circuit Court (in process)**
- **Consultation for Fraud Discovery Institute, researching violations of securities regulations by USANA Health Sciences, January 2007- present**
- **Consulted for ASK Solutions, to investigate securities violations of prominent MLM companies, 2003 to present.**
- **Hired as consulting expert for the plaintiff law firm of Lief, Cabraser, Heimann & Bernstein, LLP, in its case against Prepaid Securities, Inc., August 2002–present.**
- **Hired as consultant and expert witness in a class action against Nu Skin Int’l, Inc., by the Boston legal firm of Gilman and Pastor, 2000-01. Filed in federal court. Plaintiff was Natalie Capone on behalf of Canadian distributors. Settled out of court in the spring of 2001.**
- **Consulted by legal firms in other private actions against MLM/chain selling companies.**
- **Hired as consultant/expert witness for State Attorney for the First Judicial Circuit for the State of Florida in its case against Life without Debt, January to February, 2002.**
- **Hired as consultant/expert witness for the Kansas AG Office in its case against Michael Cooper and his MLM company “Renaissance—The Tax People” in the winter of 2000-01. The IRS and Justice Dept. also became involved. Judge ruled in favor of the state, and Renaissance was shut down.**
- **Consulted by AG and consumer protection officials in six other states on MLM abuses.**
- **Provided research to the Federal Trade Commission on compliance by Nu Skin with FTC’s 1994 Order for Nu Skin to stop misrepresenting distributor earnings, 2000-2003.**
- **On behalf of consumers nationwide, provided the majority of the rebuttal comments to the FTC to comments by officials of 22 MLM companies and the MLM lobbying arm, the Direct Selling Association, nearly all of whom objected to the agency’s proposed business opportunity rule to protect consumers and fair trade.**

## ASSOCIATIONS, PRESENTATIONS, INTERVIEWS, AND CONFERENCE SPONSORSHIPS

- Interviewed on “Pitfalls of MLM” by Entrepreneur Club, September 2008
- Interviewed December 2007, for Startup Story Radio (Denver talk show): *"Vegas or MLM, you do the math!"*
- **Presentation participation in 2007 ASBE Conference, Austin, Texas, “Myth or Reality: Is Multilevel Marketing Really Entrepreneurship?”**
- **Presentations for 2004 Economic Crime Summit Conference, Dallas, Texas.** Sponsored by the National White Collar Crime Center
- **Conducted workshops** on pyramid/MLM fraud for the Nat’l White Collar Crime Center in Richmond, VA, for state and federal officials, and to a legal team from the FTC, Nov. 2002.
- **Featured speaker** at the 2007 New Mexico Lt. Governor’s Conference on Financial Education
- **Spoke on MLM/pyramid schemes, Senior Fraud Summit Conference, Helena, MT, 2001.**
- **Organized the first conference on product-based pyramid schemes** in Washington, D.C., for Pyramid Scheme Alert, June 1, 2001. Gave presentation on compensation plans of MLM programs. Sessions were attended by officials of the Federal Trade Commission, U.S. Postal Service Inspector General, state Attorney General offices, and state offices of Consumer Protection.
- **Featured in a cover article** (February 2002 – and Nov. 2001) on pyramid schemes in *The Informant*, published by the NW3C (National White Collar Crime Center) for its 6,000 members in all levels of law enforcement. Also featured in November 2001 issue.
- **Advisor, Pyramid Scheme Alert, an international association to expose, study, and prevent pyramid schemes.** Provided research for the website – [www.pyramidschemealert.org](http://www.pyramidschemealert.org)
- Gave presentations to consumer groups and financial associations on pyramid schemes entitled *Network Marketing—the REST of the Story* (1997-2001)
- **President and Founder, Consumer Awareness Institute, Bountiful, Utah, 1982-present.** Focused on consumer education and acting as a resource for law enforcement agencies. **Recently focused on research, consumer awareness, and assistance to regulatory agencies on product-based pyramid schemes and related fraudulent programs that victimize large numbers of consumers.**

## SALES, MARKETING, MARKETING CONSULTATION, & ENTREPRENEURSHIP

- **Owner and Marketing/PR/Sales Director, Jon Taylor & Co., 1969 on.** Developed and promoted instructional and sales materials and nation-wide marketing programs for insurance companies, mortuary chains, business seminars, trade shows, publishing companies, self-marketing programs, and recreational vehicle and domestic help agencies. **Very familiar with major marketing models.**
- **Instrumental in starting over 40 home businesses, using all necessary resources.**
- **Performed consultation in entrepreneurship, career development, outplacement, and self-marketing, 1988-present.**
- **Sponsored Income Opportunity Show (1977) and Info-com Seminar and Expo (1983) trade shows.**
- **Performed research for National Income Opportunity Directory** (unpublished).

## **OTHER RESEARCH, WRITING AND PUBLISHING**

- As a project analyst, performed research for the vice presidents of the University of Utah, 1978-80. **Prepared major research reports on Social Security opt-out, storage technology, intellectual property rights, and research funding options for numerous research projects.**
- Wrote numerous articles and books on consumer topics, including *Menu Planning and Shopping Guide* and the children's book *My Allowance and How I Use It*.
- **Created and performed research for educational game simulations and film proposals.**

## **OTHER TEACHING AND PRESENTING**

- Adjunct instructor: Brigham Young University, University of Utah, Westminster College, and Weber State University, 1968-1993. **Taught personal finance, ethics, entrepreneurship, management, time management, and communications to college students and adults.**
- **Presenter, Applied Human Resources (Jon Taylor & Co.) and National Seminars, 1983-1993.** Taught seminars on money management, employee child care, entrepreneurship, supervisory and technical management, and interpersonal and telephone communications.

## **EDUCATION**

- **Ph.D. in Applied Psychology**, University of Utah, 1986.
- **MBA**, Brigham Young University, 1965. Led research for Master's project on sales careers.
- **B.S.**, Brigham Young University, with major in Speech Education and minor in Sociology.