

The New York Times

The Opinion Pages | Letter

Pyramid Schemes

SEPT. 23, 2015

To the Editor:

To understand what constitutes a pyramid scheme, Joe Nocera ([column](#), Sept. 15) points to a recent United States Court of Appeals decision that correctly concludes that a scheme exists when recruitment of sales people is at the heart of a company's business. But the column doesn't mention that there are additional standards offering useful guidance.

In 2004, the Council of State Governments suggested that every state adopt its model legislation that defines and prosecutes against schemes. The model, or similar legislation, was enacted by 18 states and is notable for its specificity.

We have helped prosecute pyramid schemes over many years and work collaboratively with the Direct Selling Education Foundation to build awareness among the public. Guiding our consumer protection effort is our code of ethics, a series of policies that expressly prohibit pyramids and go beyond the law in setting stringent ethical business requirements for every member company.

In a changing economy where more Americans are looking for the flexibility that an entrepreneurial opportunity provides, direct selling is more relevant to more people than ever. Federal regulators and policy makers should consider looking to the states when seeking more clarity in federal law.

JOSEPH N. MARIANO

President, Direct Selling Association

Washington