

Monitium Portfolio Program Review

An Old, Failed Concept in a Beautifully Wrapped Package

Since I've already reviewed the Monitium program in great detail on my new "[Inside Network Marketing](#)"¹ podcast, and half of my typing fingers ache (my right index), here's the short version of why Monitium's portfolio system won't work: All the same reasons it's NEVER worked! Ever. Of the dozens of similar, or virtually identical portfolio/umbrella deals that have spring up and died over the past 25 years – yes, this "entirely new approach" has been around since at least the mid-1980s – not a single one has managed to produce a single person who has earned even \$10,000 for a single month². Not a single one has managed to make it to its 10th birthday, and *only* a single one made it past their fifth.³

Just from memory, here are just a few of the portfolio deals that have tried to make this concept work in the past:

Secure Independence
The MLM Alliance
Assurance Network
Team Building Project⁴
Lifetime Downline
Portfolio International
Page One
Bosset Group⁵
InVestWorks
FunTimeNow.com
PAP Systems

The top three on the list were elaborate, professionally ran operations back in the early 1990s that offered practically the identical concept now being offered by Monitium, only with different member companies and no internet presence, of course. So no, Monitium is not at all "a new way of winning in this great industry".

Basically, a portfolio program is one where a downline is build and tracked within the portfolio system itself, for a fee, and then once an actual MLM company is added to the portfolio all of the participants are placed into the hierarchy of that company, with all lines of sponsorship intact. Members are then asked to activate their position in that company with a product purchase. When a second company is added the entire structure is plugged into that company's downline. Those who are earning enough in Company #1 to cover the qualifying product purchases in Company #2 are then asked to start buying products from the second company. And so on as more companies are added to the portfolio. The alleged benefit to this system is that it diversifies your MLM income, much like a mutual fund of stocks. Should one company suffer a significant drop in popularity (and sales), abandon the MLM

¹ <http://www.marketwaveinc.com/RadioShow.asp>

² Except for the portfolio founders who place themselves at the top of all the individual company organizations, as does occur within Monitium.

³ Secure Independence (1986-1995).

⁴ Currently operating.

⁵ Not 100% certain of the name.

compensation model, or just close down, you won't lose your entire organization and income. Everything remains intact in the other companies, and the portfolio managers then replace that dropped company with another offering similar products. You never again have to worry about starting over. Just build it once, one last time.

Sounds great, in theory. Reality, not so much.

Let's first take a step back and look at this from a more macro point of view. I wrote an article back in 1998 called "[Working Multiple MLM Programs: A Gross Fallacy of Logic](#)"⁶. The article dealt mostly with the overly simplistic concept that "multiple streams of income" in MLM could be achieved by trying to build a downline in more than one company simultaneously, and this would multiply your income from the same effort. That is, if you can make \$1,000 per month in one opportunity, you can make \$5,000 per month in five. Although portfolio schemes were only addressed peripherally, this article still raised the same overriding question; How can you give 100% of your attention to more than one thing? How will defraying your efforts, thus giving considerably *less* effort to building each opportunity, somehow result in the same level of success in each one? Here's an excerpt:

"Let's apply this same logic to other situations in our lives. Since there is always the threat of being laid off from your job, or your employer going out of business, let's work three or four *full time* jobs all *at the same time*. Or how about the high divorce rate? Over half of all marriages in this country now end in failure. Well, let's marry five people. That way if one relationship fails, we've got the other four to hold the family together. What about religion? There are dozens, if not hundreds, to choose from. Since there is (allegedly) only one true path to God, let's put our faith in Christianity, Hinduism, Buddhism, and Judaism, and all of the other major religions -- that way we're sure to be covered. Obviously, to do any of the things I've just described would be absurd...", and greatly increase, if not assure, your chances of complete failure.

To be fair, Monitium does not suggest you actually try to build in each of the four companies currently in their portfolio. In fact, they specifically urge you *not* to. That is, don't worry about educating yourself on, or promoting, any aspect of any of the member companies. Just focus on building one thing – Monitium.

Here's an excerpt from Monitium's own documentation:

"Have you considered how difficult it is to pick a good MLM company? You might be unpleasantly surprised at just how hard it can be, especially since there are over 4,500 MLM company's currently operating. With this in mind, how can a person whose unfamiliar with the MLM industry possibly know which company to select?"

How about this idea: *Become familiar with the MLM industry!* Educate yourself about the business you are attempting to make a living at. The high failure rate in this profession is primarily due to its participants *not* doing any sort of due-diligence, nor spending any significant amount of effort in educating themselves about the MLM business model, and the specific opportunity they are trying to build within. And here we have an organization that is denouncing this effort, and declaring it unnecessary.

Monitium declares:

"The only way to increase your current MLM income is to increase the size of your team in any given company, which takes a lot of effort."

⁶ <http://www.marketwaveinc.com/viewarticle.asp?id=18>

This is absolutely *not true*. The only way to increase your income is to increase your organization's sales volume! To do that requires learning about the value and benefits of your products or service, and the proper way to present them. That's how success has been created in this profession for over 75 years. Ah, but not so in Monitium.

"Your first major step in securing long-term financial success is to stop fixating on any one MLM company or their products and start focusing on your business..." (emphasis mine)

"You'll never need to talk, or worry about who has the best compensation plan, vitamin, lotion, juice, weight loss product, etc."

"You need to remember that you alone and not one particular MLM company must remain the focus here. You are the real product that's being sold here, which is then followed by the MLM companies' product. Many new MLM Home Based Entrepreneurs get this backwards and lose their own identity as a business owner because they're too busy promoting a particular MLM company or product." (emphasis mine)

Here's what's most wrong with this approach. There is an Everest size mountain of legal precedent, as well as a very definitive [statement](#)⁷ from the FTC, that clearly describes the *motive* for purchasing an MLM company's products as being the defining criteria that separates legitimate, legal companies from illegal pyramid schemes. There must be a genuine affinity for the products being purchased, that they are being purchased due to their intrinsic value, and would have been purchased anyway even if there were no income opportunity attached. If, however, the products are being purchased primarily as a means to qualify in the compensation plan, then even a company with good products can still be deemed a pyramid scheme.⁸ So, what is the *motive* for purchasing the member company's products within Monitium? How can they even begin to make a case that their reps joined these companies and are buying their products due to any sincere desire for them when the large majority of them joined Monitium *before they even knew what products they were going to have to buy*? Indeed, they didn't even have a choice in what products were added to the portfolio. Not only were they told what products they must purchase (to qualify for income), Monitium categorically tells their reps *not* to "fixate" or "worry about" the products. As "business owners", they say, the rest of us are "too busy promoting (our) company or product." You mean, like Microsoft, Google, and Wal-Mart?

It get's worse.

"Associates may activate their Monitium preferred business center positioning within Company genealogy in one of the two following ways:

Enroll with a low cost initial purchase and activate a reoccurring autoship order, or;
Enroll with Company's fast Start Pack and activate monthly autoship."

Another aspect that is always considered in the legal evaluation of an MLM program is how a distributor's periodic PV, or Personal Volume, requirement can be met. Sales to non-participant customers should *always* be applied to this qualification and a rep should *never* have to meet this qualification by his or her own personal purchases alone. If the only way commissionable sales volume can be generated is by a distributor's own purchases, then, in fact, you must recruit new distributors to make money. The ability to meet our quotas by sales to those outside the income opportunity is the concrete that the wall between legal MLM operations and illegal pyramids is built

⁷ http://www.marketwaveinc.com/FTC_Letter.pdf

⁸ Jewelway and Equinox are great examples.

with. So, how can this occur if Monitium reps can only activate their position in each company with their own purchases, and they must agree to be on autoship? That is, they must agree to meet their ongoing monthly PV by personally *buying* the products needed? Every one of Monitium's member companies are essentially loading up on reps very likely making only token purchases primarily to participate in the income opportunity.

It get's even worse.

Monitium swears they are not an MLM company themselves. You pay \$49.97 per month to Monitium (the first month is free), you are placed into a 2-wide binary matrix within Monitium, and you are paid bonuses of several hundred to several thousand dollars by Monitium, based primarily, and in some cases entirely, on the number of other people you recruit into Monitium – but it's not an MLM company.

For example, a "Level 3 Diplomat" can earn a \$25,000 "Top *Enroller*" bonus by recruiting 25 people into Monitium, having at least 5,000 members in their Monitium sponsorship tree, and be purchasing at least 100 BV in product from six member companies (there are currently four). In their "Ignite the Fire" contest you earn entries into what appears to be random drawing for \$700 to \$12,000 in bonuses. An entry is earned by recruiting five new "free" members into Monitium who stick around long enough to pay the \$49.97 monthly fee their second month.

Remember, the above two paragraphs describe cash going *into Monitium*, everyone being placed into a binary matrix *in Monitium*, cash bonuses being paid out *by Monitium*, and all based primarily, if not entirely, on the number of people *recruited into Monitium*. They're right. That describes something completely different, and it's not an MLM company.

The greatest flaw in the mathematics and logic that Monitium, and all past portfolio schemes, are based on, and what has usually caused their eventual demise, is the premise that each participant will activate their position in the next company once they've either made enough to, or potentially can, cover the qualifying order in that company. Here's an excerpt from Monitium's "How it Works" document:

"After your team has reached a size which would be profitable (average time frame from immediate to 4 weeks depending on your commitment level), you insert your team structure into one or all of Monitium's outside MLM Companies."

Doesn't this assume that once you're position would be profitable, thus have reached the point where you would move into the next company, everyone in your downline would have had to reach this point as well? If they all don't move over with you, how are you in profit? So for this scenario to play out as they've described, the majority of your downline will also have to move over and activate *before* they are in profit! Monitium goes on to declare:

"The Fast Start Bonus in each company will easily allow you and your team to recoup the enrollment cost, so no real financial expense will be incurred upon enrolling in a new company. In short, you're in a positive cash flow from each MLM company day one!"

Besides the blatant declaration, once again, that products are being purchased simply to qualify for income, how does the math work here unless all those below you are moving with you, and placing this enrollment order that spins off these Fast Start Bonuses? Why would those on the bottom level of your group move and activate? And if they don't, because they would not be in profit yet, then why would those directly above them activate? And if they don't active, why would those above them activate? Do you see the logical, mathematical fallacy here?

Monitium goes further to say:

"If you're a \$10,000 monthly residual earner, then you'll at least quadruple yourself to a \$40,000 monthly income if you build the same size team within Monitium's platform and have positioned that team in just four outside MLM companies". (emphasis mine)

This relies on the same false logic. Above they said you would move into the first, or next, company "after your team has reached a size which would be profitable", and that's when "you insert your team structure into one or all of Monitium's outside MLM Companies". This 10k into 40k scenario assumes that *everyone* has met this condition! How is that mathematically possible? For you to quadruple your \$10,000 monthly income, hundreds of people have to agree to buy products in all four of those companies as well and *quadruple their losses!*

There are several other challenges faced by purveyors of this portfolio concept.

Although Monitium does protect you from a member company going out of business, and does offer some security in that they can move the entire structure into another company, this still begs the question, What if something happens to Monitium? After all, *something* happened to every MLM portfolio management company that's existed previous to Monitium.

Also, won't some of Monitium's people already be a part of the company Monitium is adding to their portfolio? Then what? Not only is it against policy in the vast majority of companies to have a financial interest in more than one distributorship within that company, it would likely be a violation of that company's fiduciary responsibility to allow the Monitium rep to build another position in competition with their original position.⁹ What about all those existing reps in the new member company that like the Monitium program and want to join it? They would have to be forbidden from doing so.

This also presents just one of several challenge to Monitium's claim that, "Monitium's group of industry experts know what to look for and carefully screen all potential outside MLM companies to ensure that our Associates have the best possible MLM companies to select from" (emphasis mine). It would be extremely challenging for the largest, most successful companies to be a part of the Monitium portfolio. What if, hypothetically, Monitium were to grow to 100,000 members? Would companies like MonaVie, XanGo, Shaklee, Amway, Herbalife, Vemma, Usana, Pre-Paid Legal, Nu Skin, Tahitian Noni, Melaleuca or any of the strongest, most stable companies really be a viable candidate? Imagine the hundreds, or potentially thousands, of conflicts-of-interest this would create by all those Monitium reps that were already in any of those companies. This likely offers at least one possible explanation as to why their current four member companies are young, small companies.

But this is only a minor reason as to why Monitium cannot be screening "all" potential companies. The first cut would be all those which do not offer a binary pay plan. Imagine trying to apply Monitium's 2-by matrix structure¹⁰ to a unilevel pay plan¹¹. They would either have to deconstruct the organization and restructure it based on the sponsorship tree (thus many of those who are downline partners in one company will now be cross line competitors in the unilevel), or they keep the 2-by binary structure intact in the unilevel and shove potentially huge amounts of sales volume out of the pay range of the plan. So eliminate XanGo, Shaklee, Amway, Herbalife, Pre-Paid Legal, Nu Skin, and Melaleuca from the above list right there (not that any of these companies would ever agree to be part of Monitium's portfolio, but more on this point in a moment). So eliminate roughly two-thirds of "all" potential companies from consideration.

⁹ I served as an expert witness in just such a case where the company allowed this to occur, and the company lost.

¹⁰ Limits the number of positions on the first level to two.

¹¹ Allows, and financially incentivizes, unlimited first level width.

What about all those that offer products that are redundant to what their initial four companies are already offering? They've already got a Jungle Juice, energy drink, coffee, and home care products, as well as computer training. Even binary programs like MonaVie, Zrii, Agel, Vemma, and many others would now make no sense as a member company. Currently two of their four member companies offer an energy drink and juice product. How many "exotic functional beverages" can you consume each month?

Monitium also touts "transfer buying" products as a priority, meaning those that you are already purchasing on a regular basis. They already seem to be struggling to meet this criteria. Coffee and cleaning products fit, and maybe an energy drink. I'm not sure a \$30 bottle of fruit juice applies, and certainly not online computer training. So this also eliminates niche market companies with unique or sporadically purchased products such as Amega, Send Out Cards, Numis Network, Nikken, and practically all travel companies.

So we're already looking at a potential field of companies that would likely comprise a single digit percentage of "all" potential companies. And this is not even considering all those companies that would never even consider Monitium's conditions for entry into their portfolio. Here are just a few highlights:

Member companies must agree to:

- 1) Waive all enrollment fees (this will cost their current member companies from \$25 to \$39 per distributor);
- 2) Waive monthly website fee (typically \$9 to \$19);
- 3) Waive their annual renewal fee (Monitium has their own annual \$50 renewal fee);
- 4) Permit Monitium members to participate in other MLM opportunities. Their agreement states: "Company unconditionally and irrevocably waives any and all non-compete provisions contained within their policies that conflict with this section...";
- 5) Waive any structured time frame restrictions or qualification period for attaining leadership ranks just for Monitium's associates (for those companies where this applies it will likely require reprogramming of their pay plan, or its ongoing manual manipulation);
- 6) Make an IT manager available to Monitium 24/7;
- 7) Not pursue any compliance action against any Monitium Associate without first supplying written notification to Monitium. The company agrees to first discuss with and secure the prior written approval of Monitium before taking any disciplinary measures against the associate. If in Monitium's opinion the evidence presented does not establish wrong doing, or if the wrong doing is established but Monitium believes the level of requested discipline to be unreasonable, the company agrees to only discipline the associate at the level agreed to by Monitium;

Also, if the company changes any aspect of its compensation plan that "in any manner takes away benefits, or income from its distributors, Monitium at its sole discretion has the right to discontinue referring Monitium associates to Company". What about shifting the plan's weighting? For example, adjusting the plan to pay the fewer top earners slightly less in lieu of the larger number of lower ranking reps earning more? Or visa versa? What about reducing the payout to allow for lower product prices, or to adjust for higher product costs? Or, what about dialing the payout down a tick to help a company remain profitable? Under these conditions a company making prudent and necessary adjustments to their financial structure run the risk of being cut off by Monitium, thus exacerbating the very condition they are trying to correct.

What strong, stable company would ever allow themselves to be neutered like this? How desperate does a company have to be to give up this much control? How does a company enforce one set of rules for their preexisting, perhaps most loyal founding distributors, but then tell them that all these

new folks coming in from this portfolio deal are operating under different rules? They don't have to pay for their distributor kits, their back office, their website, or their renewal fees. Only they can't be terminated or sanctioned without Monitium's approval, for perhaps the identical infraction a preexisting rep can be? Preexisting reps are not allowed to promote another MLM opportunity with like products, but those that came in from Monitium can?

Monitium has their own "Terms & Conditions" which cite various forms of violations, but curiously offer no guidance at all as to what the repercussions are for such violations.

The first company to join the Monitium portfolio was [WOWGreen](http://www.wowgreen.net)¹². They offer a nice line of green household cleaning products. The other three companies were all added within the last 30 days. There's [SoZo Life](http://www.sozolife.com)¹³, which launched in 2009 but is actually somewhat of a reincarnation of Integris Global, which opened back in 1996. SoZo Global, LLC acquired Integris in October of 2010. SoZo offers a Coffeeberry based juice product, an energy drink, and a coffee product. Next is [ExFuze](http://www.exfuze.com)¹⁴, which also offers a juice product (Mangosteen, Goji, Noni, Acai) and an energy drink. Finally there's [Smart Media](http://www.smartmediadesktop.com)¹⁵ which offers computer education. Besides their binary comp plans, all four have one other thing in common. They all promote up front bonuses that are openly described as recruitment based, and derived from the initial *purchases* of the newly enrolled rep. So they fit perfectly with Monitium's product deemphasized recruit-and-purchase philosophy.

After a cursory review of each member company I came away with an overall positive impression of each one. SoZo was very responsive to my questions regarding Integris, which was a company I have long been a fan of. WOWGreen appears to have a cool line of current and relative products that are the most applicable to transfer buying, and ExFuze was added to the Honorable Mention list under Best Companies of 2010 over at MLMInsider.com by my suggestion. Having once owned and operated a computer training facility I have a unique appreciation for companies like Smart Media. In fact, I'm surprised any of these companies chose to be involved in Monitium.

I contacted the senior management of five MLM companies and asked if they had been contacted by Monitium. One said no, two said they had never heard of Monitium, and the other two – one a smaller up and comer and the other a very substantial, well known company – said they had been solicited to join, and declined. One specifically cited the overbearing membership terms as the reason.

Monitium's use of internet technology is exceptional. Their website is top-notch, and one of the most esthetically pleasing I've seen. They make great use of audio and video in their presentation, and the abundance of information leaves little to the imagination. As I eluded to in the title of this review, Monitium's packaging is brilliant. There is certainly a level of sophistication, and funding, here that exceeds any offered by their many predecessors. Having said that, if your wealth creation vehicle has a four cylinder engine with one spark plug missing, it's unlikely to take you where you wish to go no matter how gorgeous the body style or advanced the electronics.

Or, the experience and expertise of the driver – and Monitium has no shortage of accomplished, competent helmsmen. Which makes the development of Monitium all the more mysterious.

Monitium was founded by its CEO Ken Eggleston. Ken has a somewhat controversial past in the field of law enforcement, which ended several years ago and has little barring on Monitium. However, his

¹² <http://www.wowgreen.net>

¹³ <http://www.sozolife.com>

¹⁴ <http://www.exfuze.com>

¹⁵ <http://www.smartmediadesktop.com>

MLM career can best be labeled – ironic. He claims to have been a "Million Dollar Industry Earner" and the "#1 income earner" in both Advocare and WorldVentures. However, he accomplished this by focusing entirely on Advocare (late 90s to early 00s), and then WorldVentures after that. In other words, if you were to follow the advice he gave back then, which was to find a successful mentor and follow their lead, you would do exactly what Monitium is now telling you *not* to do – find one company you're passionate about, educate yourself about their products, and focus your building efforts on that *one* opportunity.

Mr. Eggleston has operated the "500K Success Team" in recent years which appears to be an MLM portfolio of sorts, but unlike Monitium participants are not expected to join more than one company. Here members appear to have focused on one primary opportunity, but should that one not meet the interests of their prospect there are others to offer as a back up. So, it's more like an MLM opportunity store, where the prospect can choose the company and products "that most fits their individual areas of interest." Actually, this concept is much more viable. In fact, often times throughout my own career I've focused exclusively on one primary opportunity, but had a position in one or two non-competing programs that I liked. Then, if a prospect locked in a "No" to my primary opportunity I still had a Plan-B. I'd rather they join my secondary or tertiary opportunity than none at all. But I never tried to get them into all three.

Monitium also showcases an "Advisory Board" with "over 300 years of combined experience", and the line up is impressive. Which makes the following claims all the more bewildering:

"Whether you realize it or not, current MLM industry polling confirms that more than 65% of network marketers are actively participating in up to Three MLM companies at the same time... (this trend) is expected to increase to over 90% by 2012".¹⁶

I'm assuming they are not deliberately playing semantic games here by citing the percentage who are "actively participating" in "up to three", which, if taken literally, would include one. The point clearly being made here is that 65% are actively trying to build a sales organization in *more* than one opportunity (otherwise, this number could be the result of 64% pursuing one, and 1% in two or three). This is simply not true.

I have done my own meta-analysis of such trends and not only is the percentage remarkably smaller, the trend is strongly moving in exactly the opposite direction. MarketWave surveys going back almost 20 years include over 7,400 responses to this specific question¹⁷, and the number of participants actively focusing on building one company is 76%, with 13% trying to build two at the same time, and 4% in three or more.¹⁸ When the "Gross Fallacy of Logic" article was first published in 1998 it was 55% in one, 19% in two, and 26% in three or more.¹⁹ MLMInsider.com surveys over the years show almost identical numbers, and last year's [Network Marketing Business Journal](#)²⁰ survey shows 44% of all "immediate family members" are "currently in" (not necessarily active in) one opportunity, 44% are in two, and 12% of MLM *families* are in three or more.²¹

¹⁶ "Experienced in MLM" document.

¹⁷ To participate in, and view the results of, the current survey, go to <http://www.marketwaveinc.com/mlmdatasureveyusercheck.asp>.

¹⁸ Seven percent claimed to be "active" in one or more companies only to buy their products.

¹⁹ Back then the question included those who were only product purchasers.

²⁰ <http://nmbj.com>

²¹ So not only would the husband being in one and the wife in another count as two here, but if someone joined ABC, Inc. in January, quit building it in March to join XYZ, Inc., but left their ABC distributorship open to occasionally buy products from them, they would be "currently in" two companies based on the wording of this survey question.

And how can all these experts, with all this knowledge and experience, make statements like this:

"You may still think you actually own your MLM business, but think again, your most valuable asset is controlled by the ownership of your MLM company" [Isn't your most valuable asset now controlled by Monitium?]. "At any point, because of their policies and procedures you signed, access to your most valuable asset can be taken away from you with no prior notice. Hard to believe? It shouldn't be, especially since it happens far too often. Is this fair or right? Of course not, but the independent distributor has had no choice but to play by the MLM companies one-sided rule book... (which) they can suspend or terminate if desired...".

This is nothing more than a scare tactic designed to induce paranoia among otherwise loyal, committed distributors to motivate them to leave their heartless company and allow Monitium to protect them. Ken Eggleston himself asserts that "Good owners" are "rare", and that "there's been a lot of carnage in the industry."²² The fact is, wrongful terminations are extremely rare. We tend to think they are more common because when one occurs, or has even been alleged to have occurred, it makes news. Bloggers debate it, message board chatter heats up, and industry advocates send out Alerts to their subscribers about it. MLM has created the world's largest, fastest, but not always most accurate, ready-made grapevine. Occasionally we hear about mass terminations where a company abandons the MLM compensation model, such as Metabolife or Xelr8, which is big news. But even this ugly event occurs, on average, about once every 5-10 years. So let's keep this in perspective. There are roughly 9.5 million individual, active, distributors in this country (the DSA's 16.1 million refers to total distributorships), and we might see half-a-dozen individual terminations a year that are even arguably unjustified. If you actually investigate the termination, and get both sides of the story, you'll discover that the large majority of terminations where the rep claimed they were wronged (and, of course they will) were actually quite rightful terminations. And even among those terminations it is rare that no warning is given as Monitium suggests. MLM companies are loath to evict distributors, especially their more popular, successful leaders. They tend to go to great lengths to avoid the public backlash, not to mention the defections and subsequent sales volume loss, that usually accompanies the expulsion of such high profile personalities. So, no, there is no wrongful termination pandemic. Do wrongful terminations occur "far too often"? Of course. If it happens *once*, that's far too often.

My opinions, analysis and prognosis when it comes to MLM portfolio/umbrella programs in general, and specifically Monitium, are shared by several other experienced industry experts I've spoken to recently. One I haven't spoken to is [ANMP](http://www.theanmp.com)²³ and [MLMWatchdog.com](http://www.mlmwatchdog.com)²⁴ founder and consultant Rod Cook. However, Rod's extensive commentary on portfolio/umbrella programs is still readily available online. Here are some examples:

"THE MLM WATCHDOG SPEAKS ABOUT NETWORK MARKETING DOWLINE BUILDING SCHEMES I started writing about these over 10 years ago" [note: Rod wrote this about ten years ago]. "These folks sometimes (but rarely) are actually good guys trying to build a triple hitter deal where they steer you into 3 or more different deals. To this date all Umbrella or Portfolio companies have failed. Why?

1. They cut deals with loser companies that put them at the top of the downline. Companies fail!
2. New people have trouble enough learning one company much less 3. Ten? Forget it!
3. The portfolio people can't afford (sic) good enough software to track people in 3 or more companies."²⁵

²² Comment section under the blog entry at <http://www.themlmattorney.com/monitium-does-their-model-work/>

²³ <http://www.theanmp.com/anmp>

²⁴ <http://www.mlmwatchdog.com>

²⁵ http://www.mlmwatchdog.com/report_mlmspy.html

"PORTFOLIO – UMBRELLA CLUBS REARING UGLY HEADS AGAIN

These are old dead never-win MLM ideas. The idea is that you will join a company that will put you in multiple MLMs and you will make money out of each one. Careful planning allows money to flow for all! *Yuk – Yuk! Fat Chance! Run!*"²⁶

"MLM PORTFOLIO OR MLM UMBRELLA FAILURES

I have a hard editorial opinion on these downline builder dogs after watching 20 years of failures" [Note: Rod made this comment 9 years ago]. "There is a 4-5 year memory cycle on these dogs that allows these old failures to keep 're-inventing' themselves. Joining multiple MLMs (1-5) as a portfolio or umbrella sounds good in theory, but not in practice. Here are some facts about these Dead on Arrival deals:

1. MLM Portfolio or Umbrella companies are confusing downline building clubs to benefit the guys at the top. Some have been honest failures. Some included friends of mine that I violently warned. Others are purely deceptive scams started by plotters who know that being at the top of the downline in each company will benefit them.
2. Little guys at middle-bottom can't work or build 1 MLM much less 2 to five. The overflow or spill promised.... that the downline builders brought them in with, mathematically can't work.
3. At the end of about 8-14 months the guys at the bottom leave and the "window shade effect" disintegration starts. Level by level faster and faster.
4. Losers complain to the law and the law goes after the Umbrella company. If it is a club (a trick pulled to try to get away from registering with states) regulators then fall upon the owners!
5. Guys at the top (founders)? They make out sometimes, but most have ended up flat broke and disappeared out of the MLM Industry with 1000's of angry voices chasing them. The Watchdog's opinion is to "run" when these "NEW" innovations get rolling full steam! Stay out of their way!"²⁷

"Marketing groups that try to do several MLM companies as 'Portfolios or Umbrella' marketing companies have a dismal past."²⁸

"Umbrella MLM: Is an MLM company formed to sell multiple MLM – Network Marketing Companies their products, services & compensation pay plans. The theory is not all of them will fail and they will generate multiple streams of income. Your editor has seen a 100 or more come and go and a success rate of zero." (pay special attention in the footnoted document to the second and third from last comment by Rod in red, and the black text immediately following those comments).²⁹

"And there have been some really good people try doing umbrella companies. Go see Ed. Note: Score of 100 Umbrella Companies Started in the last ten years = O (zero) survivors!"³⁰

And for the record, Rod Cook is absolutely right. I completely agree with him.

²⁶ http://www.mlmwatchdog.com/Archives2004_3.html

²⁷ http://www.mlmwatchdog.com/RC_Scam_DownlineBuilder.html

²⁸ http://www.mlmwatchdog.com/report_libertymanagementgroup.html

²⁹ http://www.rodcook.net/mlm_pay_plan_legal_trouble.html

³⁰ http://www.mlmwatchdog.com/archives2002_1.html

So... Let the flaming begin.

I only ask that if you do decide to call or write, please don't just call me names or accuse me of not getting my facts straight. Specifically explain exactly what I got wrong. Not my opinions – I get to have those. But what did I cite as a matter of fact that was verifiably inaccurate? I will be more than happy to correct those errors, or to make clarifications where necessary.

MLM is a 75 year-old industry, folks. Everything has been tried. Everything you see today is just a variation of what's already been done over and over. We have three-quarters of a century of precedent to look back on to see what works, and what doesn't work. Portfolio schemes are one of the oldest, most tried concepts in MLM history. History doesn't lie. Nor does the graveyard full of dead portfolio deals. If it works so well, if there are so many advantages to doing it this way, then why isn't everyone doing it? In fact, pursuing multiple MLM programs simultaneously is a concept that is almost universally discredited by the most successful MLM veterans working today. That is, the ones whose methods you'd think would make the most sense to duplicate. If you make a list of the top 100 most enduringly successful MLM distributors of all time (not the one hit wonders), you will find they have one, and only one, thing in common. They all applied a laser beam focus on building *one* downline, in a company they loved, with products they were proud of, and they committed to it for several years.

History has also told us what doesn't work, and I don't understand why so many of us don't pay attention to it. It's standing right behind us, and it projects well.

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