

Pyramid

Life is a Pyramid

Initially, let us establish that all of life is a peck order in one form or another and by all account. So long as there is life, there will always be a dominance hierarchy. A profound writer of South African origin named Bessie Head satirized such issues very well in her work, *Maru*, which is a great read indeed. So, in all crudity, all of life is some form of a pyramid. All corporations, financial institutions included, political parties and any organized entities at all do resemble a pyramid by nature. Pyramids are a fact of life, a fact of the animal kingdom and the plant kingdom.

Pyramid Schemes

The idea of a “pyramid scheme” is loaded and invokes negativity to mean “fraud” or “preying on unsuspecting, perhaps uninformed, desperate and distressed persons or communities”.

Network Marketing / Multi-level Marketing (MLM) / Referral Marketing

noun

1. *A marketing strategy in which sales representatives of a company recruit other salespeople and earn commissions on their own sales and on the sales made by their team. ‘Use your personal relationships to be successful in network marketing.’*

Direct Marketing

noun

1. *Marketing directly to the consumer, as by direct mail or coupon advertising.*

noun

2. *Selling goods directly to consumers rather than through retailers, usually by **word of mouth**, mail order, direct-mail shot, newspaper advertising, **door-to-door selling**, telephone selling, the Internet, or television home-shopping channels. Also called direct selling.*



Stokvel

noun

1. (*South African*) An informal savings pool or syndicate, usually among black people, in which funds are contributed in rotation, allowing participants lump sums for family needs (esp funerals).

Stokvels are cooperatives with a long history, which are quite common and practiced throughout the African continent, particularly among women, which perhaps points to the intrinsically provident nature of women in general. They are simplistic financial programs for women-to-women welfare, benevolence or simply gestures of kinship. From their inception, stokvels are essentially “rainy day fund” operations.

Just as an illustration, stokvels are foundational early stages of *credit unions*. With time, credit unions can become quite sophisticated and develop to semi-commercial banks, then grow to full fledged hard core capitalist commercial financial institutions.

Stokvels also provide the foundational stones of a pyramid structure; you can think of stokvels as just one slice, stratum or layer [particularly the very first, bottom most or base layer] of a pyramid hierarchy, without the hierarchy itself.

Stokvels are not perfect unto themselves because they do leave a door open for corruption. From pure definition, stokvels are socialism, communism or idealism in action. And from their intention and purpose, there is absolutely nothing wrong with classic socialist programs; however, ills do penetrate cooperatives because of the inherent fallibility or imperfections of human nature. And in a slight twist, stokvels usually collapse at some stage because they are vulnerable to infiltration, philosophical or otherwise, and have an unavoidable nature that make them attractive to agents of corruption.

Ponzi

noun

1. A swindle in which a quick return, made up of money from new investors, on an initial investment lures the victim into much bigger risks.



Why Pyramid Schemes are Illegal

Pyramid schemes, in their negative sense, are difficult to grapple with because they can be both, *legal* up till a certain stage, then quickly become *illegal* past boundaries. Let us look at how and why pyramid schemes can be legally sanctioned.

- i) Before their point of mutation, pyramid schemes are perfectly legal enterprises so long as they reside within tenets of *multi-level* or *network* and *direct marketing*, as can be deduced from definitions above.
- ii) Just looking at how they function and from a puristic view alone, pyramid schemes are not illegal till “someone gets burned”, and worse, till the pyramid itself collapses. In simple terms, “there is no crime till one is committed, till law enforcers catch on or till someone reports the crime”. Further, they are a legal nightmare to police because there is nearly no way to be proactive or offensive in thwarting criminality till after the fact, leaving authorities persistently lagging, chasing and in reactive mode.

Let us briefly address why pyramids normally fall into “the gray area”, and why they proceed to full throttle illegality.

- i) If we think of *direct* and *network* marketing as front end practices of the system of capitalism, then pyramid schemes are the perfection of unfettered profiteering. As such, pyramids have evil or ill will at their core, from the onset. “Pyramids are out to make a killing, and will stop at nothing!”
- ii) Those individuals right at the top of the pyramid can, and usually do, operate laterally; that is, function or divest horizontally between two or more pyramids or investors [to lure investors for the sake of defrauding those investors]. In other words, pyramids are also, or can easily become, *Ponzi* schemes.
- iii) Pyramid schemes are usually unregistered by state. They bear front names, faces or exteriors that are meaningless, layered, untraceable and ones that can fade to thinness at a snap. They are word-of-mouth, shady and “sub-subterranean” by nature, which leaves participants with no recourse.
- iv) Pyramids, just like stokvels and cartels of narcotics, always collapse, leaving all participants, except individuals right at the apex or climax, in utter devastation. This is perhaps the foremost reason as to why pyramid schemes cannot and should never be legal, regardless of definition or political correctness thereof.



- v) Threat to national and international security. For example, pyramids provide ancillary frameworks for collusion among nefarious international financial networks quite more readily. The covert nature of monetary exchanges are notoriously difficult to account for by authorities, thereby directly or indirectly aiding organized crime syndicates with their executions of money laundering, racketeering, trade in synthesized narcotics, contraband and arms. Pyramid schemes know no geographies, know no political borders and are eternally elusive. They are shadow economies, which makes them ghosts, which then makes them quite dangerous!
- vi) For their success, pyramid schemes must entrench themselves as cults. It is no coincidence that their spirited gatherings, meetings, fests and raves mimic those of charismatic church congregations. Those pretentious “brotherly-sisterly powwows” consciously aim at implementing an aggressive step-by-step brainwashing agenda. Blind faith [complete doctrinal submersion] of participants is very important to “pyramid lords”. They truly waste valuable time of and derail the development of citizens, particularly young people, who are easily impressionable and gullible, further undermining national development. You may think of cults as the re-writing of the system of slavery. Pyramids are a clever re-visitation of slavery!

Why Pyramid Schemes Prey on Black South Africans

- i) Desperation
- ii) Culture of stokvels among black women predisposes many South Africans. Stokvels provide a working framework for a pyramid scourge to build upon; stokvels are perfect hosts for pyramid parasitism.
- iii) Advent of the zealous church in South Africa. Black South Africans fall victim because they have a natural proclivity toward evangelical Christianity. Many persons tend to subconsciously juxtapose or blur the line between *pyramid lords* and ministers [priests or heads] of churches, perhaps out of desperation or social-cultural emotional disposition. Keep in mind that church congregations themselves are fertile settings for advertising of any kind, word of mouth direct marketing, and therefore pyramid operations. On a more controversial note, church ministers can, and usually do, double as or conduct themselves no differently from *pyramid lords*. The reverse is true! Pyramid lords parade quite similarly to church ministers; pyramid lords and church ministers have become mirror proxies or Xerox copies of each other.
- iv) The communal nature of African people in general makes them vulnerable to a multiplicity of threats.
- v) The growing prevalence of addiction to synthesized narcotics / drug addiction internationally is an intense contributor to these vulnerabilities.

