

Jon M. Taylor, MBA, Ph.D.

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PRIMARY FOCUS

Consultant and expert witness in cases involving multi-level marketing, direct selling, and related income opportunities. Performed research and provided analytical tools, consumer guides, and expertise on self-employment options. Recent consumer advocacy work and research focused on uncovering unfair and deceptive practices in multi-level marketing (MLM) and pyramid selling schemes. Assists regulators, attorneys, and researchers. Educates consumers and those working on their behalf.

SALES, MARKETING, MARKETING CONSULTATION, & ENTREPRENEURSHIP

- Owner and Marketing/PR/Sales Director, Jon Taylor & Co., 1971 on. **Developed and promoted instructional and sales materials – including sales scripts – 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. Experience with major sales and marketing models.**
- **Instrumental in starting over 40 home businesses. Especially well-informed on the entire field of direct selling and home business opportunities**
- **Performed consultation in sales and entrepreneurship, career development, outplacement, and self-marketing, 1988-present.**
- Sponsored Income Opportunity Show and Info-com Seminar and Expo
- Performed research for National Income Opportunity Directory, (unpublished)

RESEARCH & PUBLICATIONS ON MLM AND DIRECT SELLING PROGRAMS

- Prepared and promoted sales scripts for use in funeral and estate planning programs.
- **Evaluated compensation plans of over 600 MLM programs (MLMs) and posted them on my web site, along with numerous other research reports and consumer guides.**
- Developed “5-Step Do-it-Yourself Evaluation of Multi-level Marketing Programs” to empower regulators and consumers to perform their own evaluations.
- **Wrote the 464-page reference book *MULTI-LEVEL MARKETING UNMASKED: The Case Against Multi-level Marketing as an Unfair and Deceptive Practice*. The book summarizes thousands of pages of industry-wide research and worldwide feedback over a period of 20 years. Includes explanation of flaws in MLM as a business model and analysis of average loss rates of participants of 50 MLMs. The book is the most thorough and objective analysis of the MLM industry by a qualified expert.**
- **Wrote *REGULATORY CAPTURE: The FTC’s Flawed Business Opportunity Rule*. Exposes the capture of the FTC by the DSA/MLM lobby to control the agency’s actions.**
- **With volunteer help, compiled *COMPLAINTS Filed with the FTC Against Multi-level Marketing Programs*. Includes an analysis of complaints and relevance to the FTC Act**
- **Distributed the above books to 24 officials at the FTC and AG offices of the 50 states.**
- 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 fraud. **Found the odds of a person’s profiting from gambling in Las Vegas to be far greater than for participating in typical MLMs.**

- Published and presented “*THE 5 RED FLAGS: Five Causal and Defining Characteristics of Product-Based Pyramid Schemes, or Recruiting MLM’s*” at the 2002 and 2004 Economic Crime Summit Conference, co-sponsored by National White Collar Crime Center.
- Developed the terminology and analytical framework for recognizing product-based pyramid schemes, confirmed in analysis of compensation plans of over 600 MLMs. This was the result of many years of the only systematic and industry-wide research ever done on the huge losses stemming from MLM pay plans. Discovered that four characteristics lead to an extremely high participant loss rate – about 99.7% – far worse than for classic, no-product pyramid schemes.
- Wrote “*PRODUCT-BASED PYRAMID SCHEMES: When Should an MLM or Network Marketing Program Be Considered an Illegal Pyramid Scheme?*” (CAI, 2000) Identified characteristics that distinguish recruitment-driven MLMs from legitimate direct selling.
- Wrote *12 Tests for Evaluating a Network Marketing (or MLM) “Opportunity”* (CAI, 2000).
- Wrote *MLM or Network Marketing—The Ultimate Pyramid Scheme* (CAI, 1999) An early 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 MLMs. Circulated to the presidents of 60 large MLMs, providing data forms for them to challenge my findings.
- Published *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 twelve months 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 published my results.

CONSULTATION & EXPERT WITNESS SERVICES FOR LEGAL CASES & SECURITIES ANALYSTS – & FTC RULINGS

- **Expert witness, CVI v. Sales Brain, regarding infringement of intellectual property rights for sales training program, 2008.**
- Court-certified expert witness in federal and state courts – and arbitration proceedings
- Expert witness, Caruso v. Viridian Network, LLC et al (an MLM company that sells energy services), before American Arbitration Association
- Consultation, Jason Domingo v. Synergy Worldwide, Inc. et al, Fourth District Court, Utah County, Utah.
- Consultant and expert witness, FreeLife International v. David Lucas Burge. Testified for defense against libel charges of plaintiff. Settled in 2009.
- **Expert witness, Quixtar, Inc. v. Woodward, et al; JAMS Arbitration relating to charges of violation of non-compete clause in contract, trademark infringement, and raiding network participants. Provided expert reports and gave deposition, 2008-2009.**
- Expert consultation for the Advocacy Group, plaintiff attorney Kevin Thompson, Laurel Cook v. eFusion, Inc., County of San Diego, Superior Court of the State of California, 2009-2010. Also wrote expert report for potential action in Smyth vs. eFusion, 2008-2009
- Expert witness, I&G Peachtree Corners, LLC v. Global Equity Lending, Inc., et al. Superior Court of Fulton County, Georgia, 2009. (Civil Action File No. 2009CV64961)
- Consulted for ASK Solutions, to investigate securities violations of MLM companies, 2003-2005.

- Hired as consulting expert for the plaintiff law firm of Lief, Cabraser, Heimann & Bernstein, LLP, in its proposed class action re Prepaid Securities, Inc., August 2002–2008.
- 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 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, Kansas v. Cooper and “Renaissance – The Tax People,” 2000-01. The IRS and Justice Dept. also became involved. I consulted for Kansas Office of Attorney General. Judge ruled in favor of the state, and Renaissance was shut down.
- Consultation with representatives of various financial firms regarding legitimacy and profitability of various MLM companies; through Gerson Lehrman Group, Ridgetop Research, Mosaic Research, and miscellaneous investment advisory firms, 2007 to present.
- 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.

CONSULTATION/TESTIMONY ON STATUTES & RULES FOR STATE/FEDERAL AGENCIES

- Led group of consumer advocates seeking to uncover irregularities in the FTC’s granting an exemption to MLMs (“direct selling”) from compliance with its Business Opportunity Rule
- **Spoke as panel participant at Business Opportunity Rule workshop, Federal Trade Commission, Washington, D.C., June, 2009, discussing a one-page form for final Business Opportunity Rule to be issued by the FTC. Testified on behalf of consumers nationwide who would be impacted by proposed exemption of MLMs from the final rule.**
- **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 FTC’s Proposed Business Opportunity Rule in 2006 and Revised Rule in 2008 to protect consumers and fair trade.**
- Consulted by AG and consumer protection officials in six states on MLM abuses.
- **Testified in hearings before the Utah Legislature on behalf of consumers against HB169 in 2005 and SB182 (“The Direct Selling Bill”) in 2006 (initiated by Direct Selling Assn.), intended to exempt MLMs (“direct selling”) from prosecution as pyramid schemes..**

ASSOCIATIONS, PRESENTATIONS, INTERVIEWS, & CONFERENCE SPONSORSHIPS

- **Serving on the steering committee of International Coalition of Consumer Advocates, focusing on MLM abuses worldwide.**
- Interviewed for and quoted in several articles for major magazines and newspapers regarding MLM influence peddling in elections and consumer abuses by MLMs, 2009-present
- Interviewed as guest expert on the online radio program “The Sunshine Show,” March 2012
- Interviewed on Startup Story Radio (Denver, Dec. 2007): *“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., June 1, 2001. Gave presentation on MLM compensation plans. Sessions were attended by officials of the Federal Trade Commission, U.S. Postal Service Inspector General, state Attorney Gen. 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 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
- Gave presentations to consumer groups and financial associations on pyramid schemes entitled *Network Marketing—the REST of the Story* (1997-2001)
- Interviewed by telephone by numerous financial advisory groups and online talk shows.
- **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 (MLMs), direct selling, and related fraudulent programs that victimize large numbers of consumers.**

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 funding options for 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, including telemarketing programs.

EDUCATION

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