



IS 7K A PYRAMID SCHEME? Have you ever been asked whether 7k is a pyramid scheme? You know and we know that 7k is not a pyramid scheme, but unless you're a lawyer, you may not know how to explain why 7k's business model is both legitimate and legal. We want to be sure that you and members of your 7k Marketing Organization know exactly why, and for educational purposes, we've created the information and infographic below to help you.

ABOUT 7K

- 7k Metals, LLC ("7k") is an online retailer of precious metals based in Idaho, offering non-collectible gold and silver bullion, collectible (numismatic) coins, and other valuable collectibles to coin enthusiasts and collectors around the world.
- 7k's mission is to create and empower generations of informed collectors with a convenient and affordable platform to purchase precious metals and collectibles, acquire and preserve wealth, and leave a lasting legacy.
- 7k promotes its products and services for sale directly to consumers through its e-commerce website, traditional and digital marketing activities, and through personal referrals made by independent marketing Associates.
- The 7k business opportunity is available only to Associates who can earn referral commissions when 7k sells qualifying products to the people they refer.
- Additionally, 7k Associates can build and lead teams of like-minded Associates, allowing them to earn override commissions based on group sales volume made by 7k to customers referred by their team.

Results vary and success isn't guaranteed, but in the United States, median gross earnings for active 7k Associates are about \$500 USD per year, excluding taxes and customary business expenses.

- 7k refers to its business opportunity as the 7k Share Plan, which has some similarities in its compensation and commission structure to what is sometimes referred to as Multi-Level Marketing (MLM).



HOW IS 7K DIFFERENT FROM OTHER MLMs?

The 7k Share Plan is a form of network marketing, and a legal variant of multi-level marketing (MLM) with some important differences:

1. Like many MLMs or other affiliate marketing programs, **7k promotes its products and services through personal referrals made by independent marketing Associates.**
2. But, unlike traditional MLMs, **7k Associates are not required to and do not purchase or carry inventory for resale.** 7k sells the retail product directly to the consumer, takes all orders directly through its website, carries the inventory, fulfills all orders, and handles all customer service.



3. **With 7k, there are no required inventory purchases to participate in the 7k Share Plan** – qualification to earn commissions can be achieved when referred customers purchase qualifying products or services using a unique link to the 7k Associate's replicated 7k website, or by personally participating in 7k Autosaver or purchasing qualifying collectible coins for their own collections.
4. **7k Associates earn commissions on the sale of certain products made by customers they refer.** But, 7k Associates cannot earn commissions on sales aids, marketing materials, or purely by recruiting other 7k Associates.

LEGAL MLMs VERSUS ILLEGAL PYRAMID SCHEMES

Legal MLMs are very different from illegal pyramid schemes in several important ways:

- A legal MLM sells valuable products to customers based on genuine consumer demand. But, in a pyramid scheme, there are either no real products or the products have questionable value, with no genuine consumer demand.
- In a legitimate MLM, the majority of sales are to customers, but in a pyramid scheme, the majority of sales are to other participants who only buy product because they are required to make purchases to qualify for commissions.
- In a lawful MLM, participants primarily promote the products and earn commissions based on actual product sales to real customers. However, in an illegal pyramid scheme, commissions are derived primarily for recruiting others to invest money, with little or no emphasis on selling actual products or services.
- In a legitimate MLM, the majority of profits come from product sales to end consumers, where in a pyramid scheme, profits come mainly from required fees paid by new recruits to join.
- In a legitimate MLM, a participant can succeed by referring customers who make product purchases and by building a team to grow genuine customer sales. In contrast, a pyramid scheme rewards participants primarily for recruiting other participants to make large inventory purchases solely to qualify for commissions, with no genuine consumer demand for the products, leading to an unsustainable model where only those at the top profit and the majority of participants experience financial loss.

