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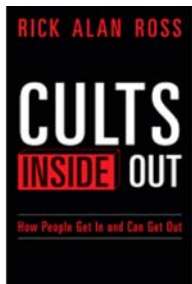
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Consumers Buyline a pyramid scheme, Abrams alleges

Albany Times-Union/April 20, 1993 By Christopher Ringwald

State Attorney General Robert Abrams has sued a Clifton Park-based discount buying club, alleging that it is an illegal, multimillion-dollar pyramid scheme.

Consumers Buyline, with headquarters at 100 Sitterly Road, has 5,000 members in New York and 200,000 around the country. Company President Keith Ranieri denied the charges.

In May, the Times Union reported that Consumers Buyline had been sued by the Arkansas attorney general and was under investigation by authorities in Maine and New York for allegedly constituting a pyramid, which is illegal in those and many other states. More recently, Abrams' office reported, the company settled cases in Arkansas, Virginia and Pennsylvania but has also been sued by authorities in Missouri and Montana.

Ranieri said the company established new guidelines and standards in several states to resolve concerns about its procedures. "Albany refused to discuss (company operations), unlike other states," said Washington attorney Garret Rasmussen, who is representing Ranieri. "We were prejudged as a sleazy company. We were able to resolve this with eight other states."

Pyramid schemes generally depend on investments by subscribers, rather than the sale of goods or services. Typically, participants earn commissions from new members they and their subordinates recruit.

"Inevitably, pyramid schemes collapse of their own weight," Abrams said in a prepared statement. "While the organizers of Consumers Buyline already have reaped hundreds of thousands of dollars for themselves, we can safely predict that thousands of participants will be left empty-handed."

The suit, filed in state Supreme Court in Albany County, seeks to halt the operation, which offered new members discount goods and services. It also seeks restitution of dues and fees. how about a fine? NO.

Ranieri previously distinguished himself at Rensselaer Polytechnic Institute in Troy, where he earned three undergraduate degrees simultaneously. The company's promotional literature claims that Ranieri has "one of the world's three highest IQs."

On Monday, Ranieri said Consumers Buyline is not a pyramid "because it doesn't cost anything to be an affiliate and sell memberships. If someone drops their membership, they can still be an affiliate." He said an independent polling firm found that Consumers members were saving \$2 for every \$1 they spent on membership.

Ranieri founded the business in 1990 and reported employing 160 full-time workers. He possesses a considerable if boyishly earned charm and has attracted an energetic and generally youthful staff. During a visit, the firm's Clifton Park offices had the cheerfully hectic atmosphere of a political campaign headquarters.

Last month, the company named 65-year-old Paul Townsend, an experienced marketing executive, as chief operating officer. Consumers Buyline reported sales of \$30 million in 1992 and projected revenues this of \$100 million.

Abrams will seek "millions of dollars" in restitution for members, said spokeswoman Nancy Connell, who added that a specific figure likely would be determined in court.

According to Abrams, a Consumers Buyline membership costs \$270 a year. Of that, \$14 buys the new member an enrollment in Purchase Power, a Texas-based discount buying club, "so \$256 goes toward building a pyramid," Connell said.

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