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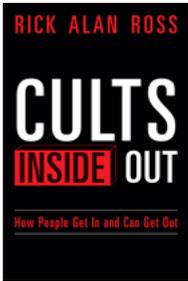
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Consumers Buyline of Clifton Park was forced to close after 25 separate investigations

The Times Union/August 24, 1997
By David Orenstein

The Capital Region's claim to national notoriety in the world of multilevel marketing was Consumers Buyline Inc., which toppled under the weight of 25 separate investigations by state attorneys general and others several years ago.

Keith Ranieri of Clifton Park founded the now-defunct company in 1990. At its height in the early '90s, Ranieri had 250,000 distributors nationwide and 173 direct employees in the region. Consumers Buyline was forced to close after investigations by 23 states and two federal agencies alleged it was a pyramid scheme.

The company, which sold membership in a discount buying club, at one point had legal bills of \$ 500,000 a month, Ranieri said.

Ranieri has denied the myriad charges investigators leveled at Consumers Buyline, and has noted that the only case that went to court, in Virginia, was thrown out.

At the center of Consumers Buyline's run-in with New York state was whether distributors were buying a real product, or whether they had to pay to earn the opportunity to recruit other people, which would make it an illegal pyramid.

Ranieri claimed that his company did not require its distributors to pay for the opportunity to sell memberships or earn commissions on the sales of the people recruited below them. People who wanted to could pay separately for membership in the buying club, he said.

The attorney general's conclusion, though, was that the difference was fictional.

"The emphasis in CBI is clearly not on the sale of a product but on recruiting new organizational rows to boost membership," the state's complaint said. "Indeed, the only product in CBI is the membership. . . . CBI is a classic pyramid scheme. The emphasis in CBI is clearly not on the sale of a product but on recruiting . . . to boost membership. Like all pyramids, CBI's matrix is destined to collapse."

Consumers Buyline settled with New York state last fall for \$ 40,000 and admitted no wrongdoing.

Amid dangled dreams of easy money in the promotional literature for Consumers Buyline, Ranieri did include a paragraph in which he warned potential participants, "We don't make it sound like everybody's going to make a lot of money. Typically, the average person working one of these 'opportunity of a lifetime' deals makes under \$ 1,000 a year."

The literature added that people often work enough hours in multilevel marketing that their low pay works out to less than the minimum wage.

Consumers Buyline instead sought to recruit distributors with the promise that their income would be "walkaway income" they would not have to work to maintain.

Ranieri claimed the income of the average Consumers Buyline distributor was \$ 2,400 a year, but among active, enthusiastic participants it averaged \$ 24,000 a year.

Since the demise of CBI, Ranieri has become a consultant to the MLM industry.

In an interview with the Times Union, Ranieri criticized much of the multilevel marketing industry for failing to deliver on its promises to distributors.

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