

## THE OREGON "SMELL TEST"

### IS THE LAW EVERYWHERE !

#### My Most Valuable Lesson

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One cold morning 25 years ago in representing my very first MLM client, I found myself in the waiting room of the Oregon Attorney General in charge of Consumer Protection.

After a brief wait the door opened and a very large man approached me and held out his hand.

"Mr. Smith, I presume." "Yes sir". "Well, you are here." "Yes sir." "Then come on in".

" I guess you got the impression that I didn't want you here ? " " I sure did. Your secretary did everything she could do to discourage me from coming."

"Well, since you are here, I'm going to tell you why I didn't want you here. Oregon is a big state and I have a very small staff and office. Number One, I did not want you to see this and Number Two, it means I have a lot to do besides chat with attorneys."

"This having been said, Mr. Smith, I'm not going to fool around with this, I'm going to show you the law in Oregon." With that he actually reached around and pulled a book off of a shelf, held it under his nose, flipped it from cover to cover and inhaled !

"Mr. Smith, you just saw MLM law in Oregon ! " "Can you be more specific ?!" I replied. " I sure can. Mr. Smith you just saw the 'Oregon Smell Test.'" Well sir, can you be more specific than that !?" " I sure can. Mr. Smith, by nature and because I am so busy, I don't care one whit how many men MLM 'rocket scientists' can put on the moon in the next 27.33 minutes, nor a whit about all those tortured, tangled, unbelievably complicated grids and schemes, those people can come up with,,,just amazing in their complexity."

I flip through a company's materials from the pile in front of me and ask myself just one subjective question "What are these people REALLY trying to do ?

"If the answer underneath all the razzle dazzle is that they are sincerely trying to market 1. a legitimate product, 2. To the public at large, 3. At a reasonable price, Mr. Smith, I close the file. That is a marketing company, a legitimate MLM marketing company."

He went on "but so help me, if underneath all the romance, glamour and pizzazz is an attempt to profit directly or indirectly by recruiting or gathering people for money, that, my friend is a pyramid scheme. You have just seen the law in Oregon."

I knew that day that I had dealt with a candid regulatory official and witnessed something very important. On the plane back to Memphis that afternoon, I resolved to tell the story of the "Oregon Smell Test" to every new client and every audience I might have. In 25 years if I have missed any, I do not know about it.

That is the LAW everywhere although I have never heard it put so plainly or with so much common sense. I later learned that in Kentucky they apply the same "analysis" and "law" as Oregon only they give it a different name. They call it the "Kentucky 'Gut' Test". "What do your guts tell you these people are really trying to do - market a product or get people for money?"

#### MORAL OF THE STORY:

**1. You had better BE a marketing company** - e.g. have as your primary purpose for being a desire to market a legitimate product to the public.....but that is not enough to completely stay out of regulatory radar.

**2. It should reflect in all its materials that that is your true desire and purpose.**  
You have heard the old saying...."if it walks like a duck, talks like a duck, and looks like a duck, it is probably a duck."

**Your MLM company had better BE a marketing company and it had better "SMELL" like one !**