

FTC v. Bigsmart.com, LLC

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FTC v. Bigsmart.com, LLC

Case: FTC v. Bigsmart.com, LLC (2001)

Subject Category: Federal agencies, FTC, Distributor agreements

Agency Involved: Federal Trade Commission

[FTC v. Bigsmart-Complaint](#)

[FTC v. Bigsmart-Order Appointing Equity Receiver](#)

Complaint Synopsis: Bigsmart.com was an internet network marketing company. Members were given "welcome pages" through which consumers could purchase items from third party merchants like MarthaStewart.com and BarnesAndNoble.com, as well as the Bigsmart "Superstore." Members could earn money both through sales and attracting new members, however members were required to sell 600 "Bigsmart bucks" worth of merchandise through the Bigsmart Superstore before they were eligible to earn commissions for recruiting new members. The FTC alleged that the only products worth 200 "Bigsmart bucks" had value only to accumulate points so as to qualify for the commissions.

Consent Details: Bigsmart.com's operators were enjoined from participating in any network marketing schemes and the principals agreed to provide \$5 million in consumer redress.

Practical Importance to Business of MLM/Direct Sales/Direct Selling/Network Marketing/Party Plan/Multilevel Marketing: Selling products which have little value but qualify a person for increased commissions can be analogous to inventory loading.

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