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## **Vorarlberg Chamber of Labor Warns Against the Sale and Distribution of "Vemma" Energy Drink**

### **Pyramid scheme: Young people pay EUR 471 and bear the risk**

For the past few weeks, young people in the Austrian federal state of Vorarlberg have been promised big money at "home events" if they distribute an American energy drink to their friends. The Vorarlberg Chamber of Labor's Consumer Protection Division has warned that the underlying concept is actually an elaborate pyramid scheme.

The sales and distribution system of the US-based company Vemma has already been banned in Italy. Cult-like methods are being reported by the media in Luxembourg where Vemma has been selling its Verve! energy drink for a year. Vemma has apparently been systematically working its way through Vorarlberg for several weeks now. For example, home events are regularly held for young people in a backyard garden in the town of Rankweil, Austria, where they are being promised the moon.

These young people are supposed to introduce the allegedly healthy energy drink Verve! to their peers. They are told they can, but do not necessarily have to sell the drink. They can also simply give it away as a promotion of sorts. Anyone who pays EUR 471 will receive several pallets of the drink. The money then supposedly comes right back in "automatically" within just a short time, as soon as their friends join the system or order the energy drink.

"The business model has some obvious similarities to an illegal pyramid scheme," says Mr. Paul Rusching (degree title "Mag.") of the Vorarlberg Chamber of Labor's Consumer Protection Division: "All it takes is a few simple calculations to determine that very few people can actually earn their way to the top of the pyramid. The chances of somebody getting back the EUR 471 invested is very slim." The dream of making big money is quickly shattered, as evidenced by the ever-mounting complaints in the Vorarlberg Chamber of Labor's Consumer Counseling Division.

Very few young people are aware of the tax and social-law implications associated with reselling the energy drink. "Doing so would require a business/trade license, explains Paul Rusching (Mag.) of the Vorarlberg Chamber of Labor's Consumer Protection Division. He is therefore calling on parents to be mindful. In several cases, Vemma has even been able to recruit minors into becoming "affiliates" with the company. Vemma's business model is full of obscure names and it cleverly uses social media channels. YouTube videos invite young people to join the "movement" known as the "Young People Revolution". The message: Since the labor market is barely able to offer young people good jobs anymore, they have to take the initiative themselves and join Vemma so they can secure a "great income" without much effort.

The Vorarlberg Chamber of Labor's Consumer Protection Division strongly advises against joining the "Vemma System".