

All About frega

Why Frega Differs from MLMs



To understand how Frega differs from multi-level marketing (MLM) schemes I have compared Frega's model described in the Frega white paper, with the characteristics of MLMs and pyramid schemes, and insights from the web where relevant

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I have also drawn on our current Technical Update to further reinforce our Frega Super Apps progress. Below, I'll break it down in a way that's easy to understand and explain to others, focusing on key differences and critically examine claims to ensure clarity and avoid assumptions.

What is an MLM?



An Multi Level Marketing (MLM) is a business where people sell products or services directly to customers (like friends or family) and also recruit others to do the same.

They earn money from their own sales and a percentage of sales made by people they recruit (their “downline”). Companies like Amway or Tupperware.

However, MLMs are controversial because some focus too much on recruiting new people instead of selling products, which can make them act like illegal pyramid schemes.

Pyramid schemes are scams where the main way to make money is by recruiting others, not selling a real product, and most participants lose money.

Frega Difference

In our Weekly All About Frega Podcast (Click to play in the ebook) Frega Veterans discuss the Frega white paper and MLM



This is the Frega white Paper E-Book



Based on the above Frega white paper, here are the key differences:

1. Focus on User Data vs. Product Sales or Recruitment

MLMs emphasize selling products (like makeup or kitchenware) to customers and **recruiting** new sellers to build a network.

MLM Earnings come from direct sales commissions and a share of your recruits' sales.

Some MLMs blur into pyramid schemes when recruiting becomes the main focus, with little emphasis on selling actual products to real customers. [consumer mlm article](#) and [mlm vs pyramid article](#)

Frega's core idea is monetising user-generated data (like your online activity—posts, likes, or shopping habits) and sharing the profits with users.

Technical Update's Impact: Reinforces that Frega's focus is on app-driven engagement (e.g., sharing, transacting) that generates data, not selling physical products.

The “10 Pain Points” encourage actions like sharing or onboarding merchants, but these are tied to platform use, not mandatory product purchases. Messages like “You’re one share away from cashback” incentivise data-generating actions without requiring inventory.

Critical Note: The update's language (e.g., “gamify the journey,” “create urgency”) raises a slight concern, as MLMs often use similar tactics to push recruitment. If advocacy or

onboarding becomes a primary income source, Frega could risk resembling an MLM

The emphasis on “Advocacy” and “Coordinators” (e.g., “You haven’t onboarded any Merchants”) could resemble MLM recruitment focus on building a team, if these roles prioritize bringing in new users over other activities.

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With Frega you don’t have to sell physical products or recruit others to earn money. Instead, you earn by using the platform like shopping, sharing, or engaging online because your data creates value. Frega calls users “co-partners” who co-own the platform and get paid daily based on their activity.

— Annamarie

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2. Co-Ownership vs. Hierarchical Structure

MLMs structure is like a pyramid, where people at the top (who joined early or recruited the most) earn more from the sales of those below them (the “downline”).

Most MLM participants at the bottom make little or no money, and some lose money due to upfront costs like buying inventory. [investopedia mlm terms](#) and [ftc gov business guidance](#) **Frega co-partnering model** where every user, whether an individual, business, or group, co-owns the platform. You earn “Growth Points,” which act like shares in Frega’s success, based on your platform activity. These points give you a daily share of Frega’s overall profits, not just from people you recruit.

While Frega users can take on roles (like onboarding others) for extra earnings, this is optional, and the system doesn’t rely on a strict hierarchy where only the top benefits.

Tech Update’s Impact: Supports the co-ownership model by describing Growth Points tied to platform performance, not just recruitment.

The “Get Rid of the Red” methodology shows licensees managing performance (e.g., helping consultants or businesses) to benefit the entire ecosystem, not just their downline.

However, the Licensee and Coordinator roles introduce a potential hierarchy, as they have specific responsibilities and qualifications, which could mimic MLM upline/downline dynamics if not carefully structured.

The update shows everyone still owns a piece of Frega and earns from the platform’s success, like getting dividends. Some users (licensees) take on bigger roles, like managing a region, but it’s about helping the whole team, not just profiting from those below you like in an MLM.

Still, the special roles could feel like a chain of command if not careful.

Critical Note: The update’s mention of qualifications for licensees and roles like Coordinators could suggest a tiered structure. If higher roles earn significantly more from others’ efforts, it

might resemble an MLM's pyramid.

The FTC warns that MLMs focusing too much on recruitment over product sales risk being pyramid schemes.

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In Frega, everyone is a co-owner, and you earn based on your own activity, not just by building a team under you. Whereas, in MLM, the people at the top of the pyramid make the most money from those below them

- Annamarie

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3. No Upfront Costs vs. Inventory or Membership Fees

Many MLMs require participants to pay upfront costs, like buying a starter kit, inventory, or membership fees, to join or stay active. These costs can add up, and if you can't sell the products, you may lose money. Some MLMs pressure participants to buy more inventory than they can sell. [consumer.ftc.gov pyramid schemes](https://consumer.ftc.gov/pyramid-schemes) and [techtarget.com whats mlm](https://techtarget.com/whats-mlm)

Frega's white paper suggests low or no significant upfront costs. Software tools on the platform cost as little as \$1 or \$2 per month or a small percentage of completed transactions, paid out of profits.

Frega makes no mention of requiring users to buy inventory or pay large fees to join. The focus is on earning from your digital activity (like data or transactions) without needing to invest money upfront.

Tech Update's Impact: Doesn't mention upfront costs for users or licensees, focusing instead on app usage and dashboard management. This aligns with the white paper's low-friction model.

The qualifications for licensees are unspecified, and there's no indication of mandatory inventory or large fees, reinforcing Frega's distinction from MLMs.

Critical Note: If licensee qualifications involve fees or investments, this could align with MLM practices. The FTC notes that high initial costs are a red flag for pyramid schemes

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Frega lets you start using the platform with little to no cost, and you earn from your online actions without buying inventory. You just use the app and start earning, which keeps it simple and cheap. Whereas, MLMs often make you pay to join or buy products to sell.

— Annamarie

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4. Revenue from Data vs. Recruitment-Driven Income

In MLMs, income comes from two main sources: selling products to customers and earning commissions from your recruits' sales. In pyramid schemes (which some MLMs resemble), the focus is on recruiting new members who pay to join, and the “product” is often secondary or overpriced.

Most participants earn little because the system depends on constant recruitment, which eventually runs out of new people. [britannica whats mlm](#) and [ag.ny.gov/pyramid-schemes](#)

Frega's revenue comes from monetizing user data (like your online activity) and platform transactions (like sales or ads). Users are paid a share of this revenue through Growth Points, regardless of whether they recruit others.

With Frega, recruiting or onboarding others can increase earnings, but it's not the primary way to make money, and the system is designed to reward everyday activities like engaging or transacting.

Frega claims to have already shared \$200 million with users in 182 countries, suggesting a focus on broad participation rather than a top-heavy structure.

Update's Impact: Emphasizes data-driven engagement (e.g., sharing, transacting) as the revenue source, with AI messages encouraging actions that generate data. The “Get Rid of the Red” strategy focuses on improving platform performance (e.g., increasing business spending), not just recruiting.

However, messages like “You haven't onboarded any Merchants” and roles like Coordinators suggest recruitment-like activities could play a role, though not as the primary income source.

Critical Note: The update's emphasis on onboarding merchants and roles like Advocates could risk resembling MLM recruitment if these activities overshadow data-driven earnings.

The FTC's 70% rule requires most MLM revenue to come from sales to non-distributors, not recruitment.

Frega does encourage inviting businesses, which could feel similar to recruiting if it becomes a big focus.

“ Frega pays you for using the app, through your online activity like sharing or shopping, because your actions create valuable data. You don't need to recruit people to earn, unlike MLMs where recruiting is often the main way to make money.

— Annamarie

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5. Advertising Model

MLMs often encourage participants to market products to their personal networks (friends, family) or through events like parties. Some MLMs require participants to pay for marketing materials or training, and advertising is typically individual-driven with no platform-wide system. [consumer.ftc.gov/mlm and pyramids](https://consumer.ftc.gov/mlm-and-pyramids)

Frega Airdrops is a unique advertising system where businesses pay a 10% fee only when they make a sale, not for clicks or impressions. Half of this fee is reinvested into Growth Points, which are shared back with the business and other users.

Frega makes advertising cheaper and more effective, and users benefit from the platform's success without needing to market anything themselves.

Update's Impact: The update doesn't directly address advertising but supports the ecosystem's focus on business performance (e.g., fixing "Red Business" issues like declining spend). This aligns with the white paper's claim that Frega's advertising is cost-effective and benefits all users, not just individuals marketing products.

Critical Note: In regards to the airdrops the white paper's lack of detail means that how it integrates with the dashboard strategy is still in progress

“ Frega helps businesses do better, like fixing problems so they spend more on the platform. This supports the idea that businesses pay only when they make sales, and everyone shares the profits, unlike MLMs where you're on your own to sell and advertise to friends.

Annamarie

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6. Sustainability and Legality

Legitimate MLMs are legal but must focus on selling products to real customers, not just recruiting. The FTC's "70% rule" says at least 70% of sales must go to non-distributors to avoid being a pyramid scheme.

However, many MLMs skirt this line, and studies show most participants (often over 90%) make little or no profit, with some losing money due to costs. Pyramid schemes, which focus on recruitment over sales, are illegal and unsustainable because they collapse when recruitment slows. ftc.gov/business-guidance and forbes.whats.mlm

Frega's model appears designed to avoid pyramid scheme traits. It emphasizes earning from user data and platform transactions, not requiring recruitment or inventory purchases.

The Frega white paper claims a sustainable, self-reinforcing cycle where users benefit from the platform's growth through Growth Points, not just from recruiting others. Frega's actual

compensation plan or data found in it various pdfs , aim to avoids MLM-like pitfalls. The focus on data monetization and low-cost participation suggests a broader, more inclusive model than MLMs.

Update's Impact: Focus is on app-driven engagement and performance management supports Frega's sustainable, data-centric model.

The "Get Rid of the Red" strategy emphasizes fixing issues to benefit all users, aligning with the white paper's self-reinforcing ecosystem.

However, the introduction of roles like Advocates and Coordinators, and phrases like "gamify the journey" or "create urgency," could raise concerns if they prioritize recruitment over platform use.

The Trustpilot reviews (mixed, with some praising transparency and others alleging fraud) highlight the need for caution until Frega's operations are fully transparent.

Critical Note: The update's gamification and urgency tactics (e.g., "Someone else might secure the license before you") resemble MLM motivational strategies, which can be predatory if overemphasized.

The FTC flags such tactics as potential red flags for pyramid schemes. Additionally, Trustpilot allegations of fraud (e.g., targeting pensioners) suggest Frega's transparency needs verification.

“ Frega is building a system where everyone can earn by using the app and helping the platform grow, not just by recruiting. It looks more sustainable than MLMs, where most people lose money. But the push to invite others and special roles might feel like an MLM if they become too important. MLMs are legal but risky because most people don't make money, and some are illegal pyramid schemes
Annamarie

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Things to Consider

While Frega's model sounds promising, here are a few points to keep in mind when explaining it:

Unverified Claims

MLMs also make big promises about wealth, but studies show most participants earn little. Be cautious when explaining Frega's potential until its success is proven..

<https://www.investopedia.com/terms/m/multi-level-marketing.asp>

The Frega white paper claims that \$200 million shared with users, 6 billion users by 2030. With time Frega's many licence pilots in place will provide real-world evidence.

Recruitment Incentive

Frega mentions optional roles like onboarding new users for extra earnings, which could resemble MLM recruitment if not carefully managed.

The key difference is that Frega doesn't seem to require recruitment to earn, unlike MLMs where recruiting is often essential.

Transparency

MLMs are criticized for vague compensation plans or exaggerated income claims.

Frega's white paper describes a clear system (Growth Points, low fees), but you should emphasize that users should review the actual terms to ensure fairness.

Frega's Distinction from MLMs

Frega emphasizes data-driven earnings through app usage, not product sales or mandatory recruitment. It details a low-cost, inclusive system with no mention of inventory purchases. Reinforcing co-ownership via dashboards that benefit all users, confirms that it is not just a top tier.

To find out more about Frega follow the following Websites

Frega interactive Website

<https://allaboutfrega.com>



NZ Frega Licencees

<https://risefrega.w3spaces.com>

