96708 - Dealing with companies that use pyramid marketing

the question

System forced matrix is a system whereby a person contribute S10 to a company and then the company plus another 4 persons (already selected in the system) shared $2 each credited into their respective accounts.It is a one time payment and a person expect other newcomers to this system to do the same.Everytime a transaction takes place everyone gets $2 as newcomers has to pay directly to the four persons above him but the company still gets $2 being payment claimed for service charges by each contibutor.Is this programme halal to join? .

Detailed answer

Praise be to Allah.

It is not permissible to join this scheme, which is what is known as a pyramid scheme or a networking scheme, because it is based on gambling and it is not known how the money is invested in it. As for the gambling, if a person pays $10 in the hope that new members will come and he will gain more, then this is the essence of gambling, as he ay or may not make a profit.

Allaah has forbidden gambling and has mentioned the prohibition on it with the prohibition on alcohol, stone altars and seeking divination etc by arrows, as He says (interpretation of the meaning):

“O you who believe! Intoxicants (all kinds of alcoholic drinks), and gambling, and Al-Ansaab (stone altars for sacrifices to idols etc) and Al-Azlaam (arrows for seeking luck or decision) are an abomination of Shaytaan’s (Satan’s) handiwork. So avoid (strictly all) that (abomination) in order that you may be successful”

[al-Maa’idah 5:90]

Gambling refers to any transaction in which there may be a gain or a loss, and in which a person

does not know whether he will be a winner or a loser.

As for not knowing how the money is invested, that is because it is not known where the company puts its money or how it invests it. It is not permissible for anyone to invest his money until he knows whether the way it is to be invested is permissible. Many of these companies do not invest the money at all, rather they cheat people and consume their wealth unlawfully. Hence these kinds of companies are known in some countries as companies that sell dreams, or illusionary pyramids, because no one gains from them except a small number of people, then the company soon folds and ceases operation.

A number of scholars have issued fatwas stating that it is haraam to deal with companies that use pyramid schemes, even if they sell some goods or products.

See question no. 42579.

And Allaah knows best.