

Regarding the negativity, it's amazing to me how people read something online and immediately believe it, and then want to share it like they're brilliant. How many forwarded "warning" emails do we get from people? I couldn't tell who wrote "This comes from a distinguished engineer @ IBM well versed in eCommerce," but I'm not sure how an engineer is all of sudden expert enough to know "you may actually be breaking the gambling laws." One second of common sense would suggest that if there were a risk of breaking ANY laws, a company that spent a fortune introducing a business to the USA probably had the foresight to pay attorneys to make sure they weren't breaking any laws - which DubLi did, hiring [Grimes & Reese](http://www.mlmlaw.com/) (<http://www.mlmlaw.com/>), a top law firm, which is explained on page 18-19 of the latest DubLi magazine (PDF at <http://www.yourdubliworld.com>, .

In the short time I've known about DubLi, I have been repeatedly impressed by the way this company has anticipated needs and challenges, and taken action to prepare for them. That preparation includes making sure that everything the company does is legal and won't be challenged in court. Besides hiring a top law firm, here are some other things to consider to make sure the DubLi business is solid and long-term:

1. Charles King, Ph.D., Harvard-educated marketing professor at the University of Illinois at Chicago ([UIC](http://www.uic.edu/cba/Documents/Faculty_listing.pdf), listed under "King" and also in the Faculty Directory PDF at http://www.uic.edu/cba/Documents/Faculty_listing.pdf), who teaches network marketing to University students and is author of the book "[The New Professionals](#)," has made an intense study of the network marketing industry, and he is the co-founder of "The DubLi Academy," a training program where DubLi licensees learn how to build a successful business, free of charge. The back cover of his book describes him: "*Charles W. King received his doctorate in business administration from Harvard and is currently a professor of marketing at the University of Illinois in Chicago. He is involved in extensive, ongoing research on network marketing and distributor operations.*" If DubLi were unstable or a potential scam, Dr. King certainly would not have associated his name and reputation with the company. He'd lose all credibility if DubLi is deemed to be illegal.
2. A helpful presentation to understand how network marketing works and how pervasive it has become in our society, watch the "[Brilliant Compensation](http://www.randallburt.com/tools.php)." (<http://www.randallburt.com/tools.php> presentation with Tim Sales and Charles King, located about a third of the way down the page. I don't know who the randallburt site belongs to - I just found it by googling "Brilliant Compensation.")
3. Yes, the negative spinfactor [website](#) accuses DubLi of being an illegal pyramid and a lottery. It doesn't matter what it is, every network marketing company in existence has been bad-mouthed by someone who claims it's "illegal." Usually the author is someone who is sour because he failed to make money at the business, and now wants to "protect" others from the same results. Legitimate, successful companies will aggressively respond to these allegations, which DubLi has done, in a two-page [letter](#) (PDF titled "Dubli Statement from Michael Hansen"). The letter specifically says that "... according to all 50 of the U.S. State

Attorneys offices, DubLi is not a lottery and is perfectly legal in every state."

Below is Tom Ashlock's response. Call me if you have any other questions.
JC

This is effective when dealing with internet negatives.

Dear Fellow Business Associates:

Occasionally, we get questions from people read negative comments posted on a couple of Internet sites. **These sites allegedly report "scams," but their real business is delivering advertising to people who visit their sites.** Their strategy is to post defamatory comments that create controversy and elicit responses (thus driving traffic to the site and boosting ad revenue). The comments they post are consistently inaccurate, irrelevant, out of context, and/or completely fabricated. If you read through all of their posts, they subsequently retract most of their claims (but they rarely remove the original comments, because inflammatory comments drive more traffic than retractions).

So, to paraphrase Mark Twain, the problem is not what people know; the problem is what they know that *"just ain't so."* As Business Associates, most of you already have enough facts and first hand experience with DubLi to discredit the postings on these sites as things that *"just ain't so."* But for those of you who are new, and for those who are seriously considering the opportunity, here are some facts that should help. First, you need to understand DubLi's business model, because without that understanding, it will be difficult to evaluate the comments in context.

The Business Model

Most people look at dubli.com and think it's an auction site, in business to sell auction items to customers. This is not really the case. **DubLi's auctions are a strategic "means to an end", and only a small part of the revenue model.** DubLi.com is an early stage shopping portal that **aggregates shoppers on its website**, and then sells those shoppers to major search engines and online merchants for **click-through fees and revenue-share** fees. Aggregating and selling online shoppers is an established, multi-billion-dollar industry, led by companies like **Google, Amazon and eBay**. DubLi is already a player in this industry with its largest customer for ecommerce services being **Kelkoo, which is the Yahoo!-owned search engine in Europe**. DubLi charges Kelkoo whenever DubLi shoppers click through to Kelkoo or purchase products from Kelkoo affiliated merchants.

The most successful shopping portals have "hooks" to draw traffic to their site. **Google's hook is search; Amazon's has always been books; eBay's is auctions. DubLi's hook is reverse auctions and shopping games (entertainment shopping).** DubLi uses reverse auctions and games to drive traffic to dubli.com. **In an eBay auction, the seller is charged**

the auction fee. In a DubLi auction, the *bidder* is charged the fee *with each bid*, in the form of a DubLi "credit" that costs 80¢. This auction fee covers DubLi's cost of acquiring the customer and running the auctions and games, and it also covers the cost of reducing the auction price of the product by 25¢ with each bid, which makes the auctions exciting and drives traffic. **In exchange for the 80¢ fee, the customer gets access to discounted prices at dubli.com, in the same way that a Costco member gets access to discounted prices at Costco stores in exchange for the membership fee. The DubLi customer also gets "entertainment" value in watching the price drop, which is critical to the viral growth of the customer base.**

DubLi's strategic focus is on expanding its customer base, because **the value of any shopping portal business is directly related to the size of its customer base.** DubLi uses a traditional *network marketing* distribution model to launch its initial customer base in new markets, both because **DubLi's founder has had successful experience in network marketing**, and because a network model can create large, loyal, initial customer bases faster and cheaper than advertising-based models. What DubLi gets with its network marketing model is initial customers fast and cheap (without having to raise millions of dollars for each new market launch); what DubLi gives up is a cut of its revenue stream, paid out in **commissions to its Business Associates for the life of their customers.**

DubLi's Business Associates are paid commission to create new customer bases and to sponsor new Business Associates (who, in turn, create *more* new customer bases). **Commissions are paid to Associates whenever their registered customers buy credits to participate in dubli.com auctions or whenever their customers generate click-through or revenue-share fees by clicking through to DubLi's search engine partner.** In order to create a new customer base, Business Associates buy DubLi credits in bulk (called "Product Packages"), and then give away the credits to prospective customers to get them to visit the site and try out the auctions. When a new Business Associate buys a Product Package, commission is paid to the recruiting Business Associate, just as if a customer had bought the credits (and that is how Business Associates earn commission from recruiting new Business Associates).

Here are the negative comments that are posted on the Internet (in italics), followed by the facts, along with some answers to frequently asked questions:

1. "*DubLi is a de facto pyramid scheme because . . . 97% of its revenue comes from [the sale of Product Packages].*" Actually, **the percentage of revenue coming from Product Packages is probably *higher* than that in the U.S. right now**; but that just makes it a product launch strategy, not a pyramid scheme. The majority of revenue in any new DubLi market will always come from the sale of Product Packages until the Business Associates have created a base of customers who generate ecommerce revenue (click-throughs, revenue-shares, and credit sales). When that happens, it will signal the end of the launch period for that market and the beginning of the early stage growth period. There is nothing about selling credits to Business Associates to launch new markets that constitutes a pyramid.
2. "*If [my] updated estimates are correct, DubLi has made between \$8,500 and \$12,000 on the 3 games in 1 month . . . How can DubLi sustain itself?*" **It can't sustain itself on auction revenue, and no one has ever claimed that it would.** The objective of

DubLi's auction unit is not to sell product. It is instead to **drive traffic to the portal, while selling as many credits as possible** (and ironically, while selling as *few* items as possible). **DubLi is a shopping portal, not an auction house.** Its success is measured by the number of shoppers it aggregates and sells. The amount of auction revenue generated is irrelevant and has no bearing on DubLi's success or sustainability.

3. *"DubLi is a pyramid scheme because it sells nothing of value."* Not true, and **Yahoo! and its affiliated merchants who pay DubLi each month for its click-through shoppers agree** (along with all of the registered DubLi customers who buy credits each month and participate in the auctions). There is no question that **businesses and customers alike find DubLi's products and services valuable and are willing to pay for them month after month.** This false comment is nothing more than a "cry pyramid" attempt to drive traffic, and it comes with zero substantiation (because there is none).
4. *"DubLi is a Ponzi scheme because it uses new investor dollars to pay returns to earlier investors."* Can't be true. DubLi does not sell licenses, or investments or securities of any type, and it does not offer "returns" of any sort. It only sells products and services of value, and **pays commission to its Business Associates on what is sold.** By definition, therefore, it cannot be a Ponzi scheme.
5. *"DubLi's founder, Mike Hansen, has bankrupted four companies."* Not true, and the information posted to allegedly "substantiate" this claim is taken completely out of context. Early in his career, Mike Hansen was a restaurant entrepreneur who co-founded several companies in Denmark. Long after he sold his interest and resigned from management, the subsequent owners and management teams of three of those companies bankrupted them (which is not at all uncommon in the restaurant industry). Although the Danish public records will always show Mr. Hansen linked to those companies as a founder (which is the out-of-context information prominently posted by one site), Mr. Hansen had no involvement in the subsequent management or bankruptcy of those companies. It is true that **DubLi's original corporate entity, DubLi Danmark ApS, was voluntarily liquidated and dissolved when the company acquired a German company and moved its headquarters from Denmark to Germany.** Here again, the information posted is presented out-of-context of being an orderly and proper wind up of a corporate entity that was no longer being used. A later post on the same site (by someone not affiliated with the site) provides a list of dates and events that corroborates everything stated here. The site acknowledges the new information and does not dispute its veracity, but continues to leave the out-of-context information displayed as the lead items under the heading of "DubLi Fact Repository" (so that it will continue to create controversy and drive traffic, which makes them money).
6. *"DubLi isn't even registered in the United States."* Incorrect. A simple search reveals that **DubLi.com is a registered LLC in the state of Delaware, and DubLi's U.S. distribution warehouse is located in Phoenix, AZ.** The site that posted this ridiculous claim subsequently retracted it.
7. *"DubLi doesn't even register when you compare traffic analysis."* That's true, but the claim is made out-of-context because the analysis comes from public web metrics companies (like Google or Alexa) who don't measure traffic that comes through "personal

home pages." **Most DubLi customers visit dubli.com via a Business Associate's individual website link** (i.e., dubli.com/xxxxxxx). By their own admission, most web metrics companies do not count what they classify as "personal home pages," which are treated separately if they can be automatically identified as such from the URLs in question, which is the case with any Business Associate's dubli.com/xxxxxxx link.

8. "*DubLi is a gambling business.*" Not true, and **the U.S. States' Attorney offices seem to agree**. None have elected to take any action or even object to DubLi's auctions as "gambling enterprises" or "lotteries." The people who post negative comments about DubLi in order to drive traffic to their own site can "say" that it's gambling, but **the legal authorities who are responsible for enforcing gambling laws in each state do not agree**.
9. "*You must send an email to the support team . . . otherwise you miss your chance to get paid. They promise you'll get commissions, and technically you've earned them, but at the last minute (when it should be obvious that you shouldn't have to do anything to claim the money that is owed to you) they tell you that you didn't follow the obviously non-standard procedure.*" This is just another comment made completely out-of-context in an attempt to "cry scam" and create controversy. The procedure mentioned is not "*obviously non-standard*" as claimed; it is instead *the* standard procedure for getting payments wire transferred, as posted on the Associates' back office website. Business Associates must confirm each month (with a simple email to Support) whether or not they want their earned commissions to be wire transferred into their bank accounts on "payday" (which is the 15th of each month). This policy is in place for the benefit of the Associates, because many Associates prefer to let their accounts build to a certain level before paying the wire transfer fees charged by the banks. It is not true that if an Associate fails to notify Support, they "miss [their] chance to get paid." They only miss the chance to get paid on that particular day. They need only to notify Support to get payment issued immediately. Also, **DubLi has never cut commissions, delayed commissions or failed to make commission payments** as one anonymous poster claimed. All bank transfers to the U.S. are transcontinental and may take one or two days longer than expected, but this is entirely controlled by bank policy, not by DubLi.
10. **DubLi is a private company at this time**, and as is customary for a private company, it does not publish its financial reports for the general public.
11. The listing of DubLi shares on any public stock exchange will occur only when the Board of Directors determines that the market is favorable for such an offering.
12. The interview with Dean Mannheimer dated August 2008 contained no misinformation or inaccuracies.
13. DubLi has no connection to Andy Bodowin or TNI, and any innuendo to that effect is false. The writer who likes to name these two in his posts about DubLi has denied that he is implying any connection . . . but he continues to name them.
14. **DubLi uses Fedex, UPS and DHL, and has never overcharged for shipping**. The comments posted to the contrary (most of which have been retracted) are fabrications and can be easily verified as such by checking any of the above carriers' price lists.

15. **DubLi customers are never overcharged for products that are purchased or won on the auctions.** The comments posted about "paying double at the checkout" stem from the poster's lack of understanding of how the auctions work. This comment was subsequently withdrawn by the poster, who admitted that he was wrong.
16. There are numerous erroneous comments posted about the cost of Product Packages to Business Associates, most of which have been subsequently retracted (but most of which remain posted on the site). The errors range from simple math inaccuracies to a complete lack of understanding of what is being charged and to whom.

Bottom line, DubLi is a complex business that combines a customer-focused shopping portal with a network marketing distribution model. That combination gives Business Associates the rare opportunity to earn an ongoing cut of the revenue stream in an emerging Internet company, a benefit that is normally available only to equity holders and venture investors.

As for comments posted on the Internet about DubLi, **please consider the source (and the source's underlying motivation) before you attribute any credibility to the comment.** Also, if you read something not covered here that appears to raise a red flag, please ask about it . . . you'll find that, most often, it "*just ain't so.*"
