95378 - Dealing with a company that sells gold by means of pyramid marketing

the question

A company sells gold in a way that if you buy gold for $800 from it, you will be a member in this company. If you bring six buyers and they buy from the company, you will be an affective member and you will have continuous profits from this company forever according to how much it makes. Is it permissible to join this company?.

Detailed answer

Praise be to Allah.

It is not permissible to join companies that are based on pyramid marketing, because this transaction involves gambling and consuming people's wealth unlawfully, and tricking and deceiving them by telling them that they will make unbelievable profits, which are very rarely achieved by those who join these companies. This has been discussed in detail in the answer to question no. 40263, 42579 and 45898.

Moreover, the company sells gold, and the gold does not reach the purchaser until several days after the contract is done, and this is another reservation about this company. When selling gold for cash, it is stipulated that the gold and the money be handed over in the same sitting as that in which the contract is drawn up, because the Prophet SAWS (peace and blessings of Allaah be upon him) said: "Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, salt for salt, like for like, same for same, hand to hand. If any of these types are different, then sell however you like, so long as it is hand to hand." Narrated by Muslim (2970) from the hadeeth of 'Ubaadah ibn al-Saamit (may Allaah be pleased with him).

Riyals, dollars and other kinds of currency come under the same rulings as gold and silver, so it is not permissible to buy gold for any kind of currency unless it is hand to hand.

If the subscriber is going to pay the price of the gold up front, then the gold is going to be sent to him by mail, or via a shipping company, then this means that it is not hand to hand, so this transaction is haraam.

Some of these companies offer the option of paying by instalments, which is another reason why it is haraam, because it is not permissible to sell gold by instalments, rather it must be sold hand to hand as stated above.

Conclusion: It is not permissible to join companies that are based on pyramid selling, because their dealings are based on gambling and consuming people’s wealth unlawfully, and because they involve riba when selling gold by instalments or when delaying handing over gold until after the sitting in which the contract is done.

And Allaah knows best.