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## State of Utah Department of Commerce

FRANCINE A. GIANI  
Executive Director

THOMAS A. BRADY  
Deputy Director

DANIEL O'BANNON  
Director, Division of Consumer Protection

November 30, 2016

### MEDIA ALERT

#### **"Consumer Alert: 'Blessing Loom' gift scam resurfaces online social media"**

*"Division of Consumer Protection warns holiday gift club on Facebook is a pyramid scheme"*

(For immediate release...)

**SALT LAKE CITY, Utah** - Francine A. Giani, Executive Director of the Utah Department of Commerce, announced today that the Division of Consumer Protection has received reports of a social media gifting scam where consumers are invited to participate in a "Blessing Loom" program where by paying \$100 to a PayPal account and recruiting two friends to the program will reap profits up to \$800 each in return. Facebook has been the predominant source for this online hoax but Utahns are warned to be on the alert for pitches over other social media, email and texts. Consumers should watch out for this 8-person gifting pyramid which has been promoted under the following names; Blessing Loom, Christmas Loom, Christmas Pay It Forward Loom, Christmas Wheel, and Christmas Blessing Loom

"While extra holiday cash may sound appealing, these gifting pyramids will fleece the wallets of you and your Facebook friends. Don't fall for the social media gift trap," cautioned Francine A. Giani.

According to the Federal Trade Commission (FTC), reports of this gifting pyramid scam surfaced years ago. The FTC has classified these types of promotions as classic pyramid or "Ponzi" schemes where the new customers buy in money is used to profit the older customers so people are given the illusion of profits through new payouts. The scam keeps circulating in the hopes of snaring new victims to pay older members. If no one else buys into the "Blessing Loom" or other pyramid schemes, the original members lose all their money in the classic "robbing Peter to pay Paul" scenario.

"We are especially concerned that young people who place high value on information relayed on social media will fall prey to this old pitch," stated Daniel O'Bannon, Division Director, "Please ignore high profit offers on social media and ask questions offline before you ever send money to a program or company."

**Red Flags of Gifting Pyramid or Ponzi scheme**

- Offer or promotion promises consumer will make money with very little effort or investment.
- Pitches include persuasive stories of how many other people have made money with the same venture without providing concrete facts.
- Revenue is generated from bringing in new members or friends to buy into program.

For more information or to file a consumer complaint with the Utah Division of Consumer Protection log on to; [www.consumerprotection.utah.gov](http://www.consumerprotection.utah.gov)

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For media enquiries contact:

**Jennifer Bolton**

Public Information Officer

Utah Department of Commerce

(801) 530-6646 office

(801) 652-8322 cell

[jenniferbolton@utah.gov](mailto:jenniferbolton@utah.gov)

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