



## What Is The Down Side of Buy-Backs?

Here's a post from the Worm Digest Forum on 11/27/02 that asks a question about what is the down side of buy-back companies and a response from someone who knows.

Worm Forum

Buy Back Packages

Posted By: Vic

Date: Wednesday, 27 November 2002, at 10:59 a.m.

*What is wrong with these programs if you have signed contracts with the company your dealing with? I've read a lot of negative things about these programs, but they've always been generalizations without any specifics.*

*I understand you can make more money selling worms retail than wholesale, but if you don't want to advertise and market your worms what is the down side of having a constant buyer?*

*Finally, if some of these operations are scams, which one are above board?*

*Thanks for your time,*

*Vic*

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Worm Forum

Re: buy back packages

Posted By: Kelly Slocum

Date: Wednesday, 27 November 2002, at 12:26 p.m.

In Response To: buy back packages (Vic)

*Vic, these companies have done a very good job of keeping the focus in an area they can address with a positive spin. They tell you that you can grow worms, that they will buy all you can grow, that they do so reliably, and that they will take care of all of the marketing for you.*

*This sleight of hand technique has duped many intelligent people. What is absent from the sales pitch, however, and what their sales pitch attempts to divert attention from, is how viable is the company and is there a real and ongoing market for large volumes of worms?*

*If you sign a contract to sell worms back to them for a period of years can you be sure their business plan and/or business practices will enable them to be in business for the entire period of your contract? These companies offer no information at all on the viability of their business plan. A few of the very clear headed folks on this forum routinely ask the very basic question, What does the buy back company do with the worms? To whom or to what industry are the worms sold? None of the buy-back companies will*

*answer, citing concerns over giving away their markets as the reason for the secrecy. Without this information, however, which is supplied by the vast majority of ethical businesses in the US asking for investors or contractors, you have no way of knowing if the company is viable and will be around long enough for you to recoup your total investment costs, let alone see a decent return on that investment. Not one of these buy-back companies have been in business as worm or castings buy-back businesses for more than roughly four years. There is no long-term track record for you to confirm.*

*Further, the sleight of hand sales pitch has even worked on you, based on your post. You don't seem to question at all the market for worms, you only comment on the income potential between wholesale and retail. The real question is, who is buying worms in quantities so large as to support a company to contract with more than 1500 individual worm growers, none of which have a cap on the biomass of worms that can be sold back to them? Does it seem plausible that those who are the bedrock of this industry, who actually STARTED vermicomposting, who have verifiable experience, and who conducted and published the research on which our industry is based; people like Mary Appelhof, Peter Bogdanov, Scott Subler, Clive Edwards and Jim Jensen have never been contacted by any industry looking for mass quantities of worms, yet some obscure businessman with his background in an entirely unrelated industry is the one approached to supply them? Come on!*

*The concern for many legitimate workers in the industry is that these buy-back companies appear to be nothing more than smooth talking ponzi schemes. They have no market for worms, no real end users. Instead these worms are simply shipped off to the next person who buys a contract. The problem with this is that the company's payout to the worm grower over the period of the contract is far more than is the buy-in. With no legitimate market for their worms, these companies will eventually have to pay out more than sales of new worm growing contracts bring in and, thus, go belly-up, leaving the growers holding the bag.*

*Some of these companies offer information that makes it appear they are being supported by the federal government, supplying product overseas, and some even claim to be working with landfills. The information they supply is not verifiable, however, and is often absolutely false. Anyone can put together a P and L statement and make it look good. That doesn't mean the numbers are real, however, and in many cases they are not.*

*An interesting exercise is to contact your state and ask for information on a buy-back company that interests you. Find out if the company is registered to do business in your state. You'll find that they almost never are, that they don't even have a license to do business in your area, let alone being registered with the state securities office. What legitimate business fails to register in the state(s) in which they work?*

*None of us have absolute proof (at this time)\* that we can show here that any one of these businesses are scams, sadly. I'm learning that it is frighteningly easy to hide and operate a scam and is a slow and difficult process to shut one down. Don't be fooled by the sleight of hand sales pitch of these companies. Make sure they have outlets for their products that ensure they will be around long enough to pay you as they assure you they will. The track record for these types of companies is consistent; they'll take your money and run, leaving you high and dry.*

*Kelly*

Kelly Slocum  
Bon Terra, Inc.  
<http://www.bonterra.net>

\* See [Oklahoma Sues The B and B Worm Farm Buy Back Scam Company](#)

Here's another post from the *Worm Digest Forum* dated June 10, 2003 about a CRS grower who got burned:

MESSAGE: (#24748) CRS - lies & more lies  
AUTHOR: Burned by CRS  
DATE: Tuesday, 10 June 2003, at 8:17 a.m.

*CRS had agreed to refund me my money only after I filed formal complaints with the Attorney General's offices of both Georgia and Nevada, The National Fraud Hotline, the National Better Business Bureau and the Consumer Protection agencies of both Georgia and Nevada as well as the Federal Trade Commission. I got a letter from the State of Nevada Department of Business and Industry Consumer Affairs Division dated May 27, Office of the Commissioner, with a copy of a letter from Barry Wise, President of CRS dated May 23, stating that they had approved my refund and that a check was being sent on May 27th with a copy of that transaction being sent to Nevada. It is now June 10th and I have not received my refund and their attorney is not responding to my emails. CRS has no intention of refunding me my money and I can only assume they responded to the complaint just to buy time. I have located 3 other persons that had similar problems (2 of which did get their money after much effort and the 3rd in litigation). If you are having problems with CRS, contact the State of Nevada Department of Business and Industry, Consumer Affairs Division, Sharon Cooper, Investigator. 702-486-7355. This is the Las Vegas office.*

Link: <http://www.fyiconsumer.org>

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