

PYR MID SCHEMES

Pyramid schemes and ponzi schemes

share similar characteristics. In fact, many people use the two terms interchangeably.

In both ponzi schemes and pyramid schemes, new investors' money is used to pay earlier investors.

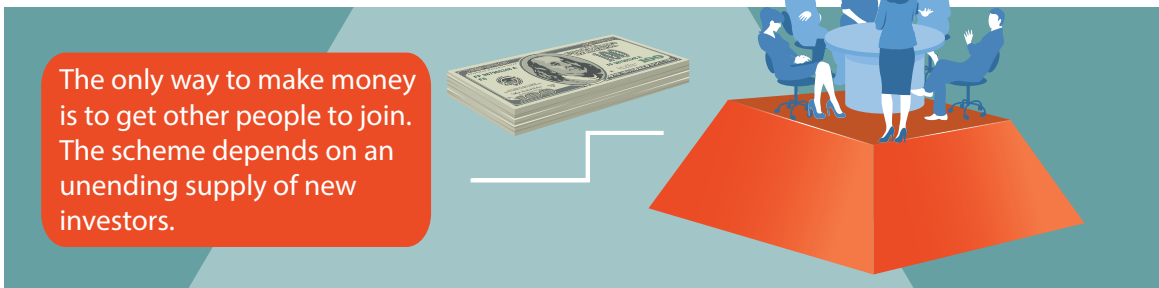
One Key Difference

In a ponzi scheme, the recruiter focuses on recruiting new investors. In a typical pyramid scheme, **you** must recruit other people in order to make money.

How Pyramid Schemes Work



A person will recruit you to "invest" in an opportunity to earn unimaginable wealth.



The only way to make money is to get other people to join. The scheme depends on an unending supply of new investors.



Not everyone will receive money that is promised. Inevitably, the supply of investors dries up, the scheme collapses and those persons at the top of the pyramid run off with the money.

Connection to Multi-Level Marketing

Some pyramid schemes are disguised as multi-level marketing campaigns; there is an incentive to sell products that are difficult to sell, overpriced or of little value. **Making money out of recruitment is still the main aim.**

Multi-Level Marketing campaigns on the other hand offer genuine products.

Family members and friends may try to involve you in a pyramid scheme without realising it is a scam.

Protect yourself from investment scams



If you think you might be involved in a pyramid scheme, stop participating immediately and contact the Financial Investigation Agency at 494-1335. You should also warn other people you think may have been approached about joining the scheme.

Do you know what's Affinity Fraud?
Check out next week's paper for more information.



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