



**Financial Services Commission
Mauritius**

FAQs on Ponzi / Pyramid Schemes

What is a Ponzi / Pyramid scheme?

Ponzi and pyramid schemes promise investors above normal levels of return which are generally not offered through usual investment schemes.

REMEMBER: IF IT SOUNDS TOO GOOD TO BE TRUE, IT PROBABLY IS!

How does a Ponzi / Pyramid scheme work?

Ponzi/Pyramid schemes are fraudulent investment operations that use money received from new investors who enter the scheme to pay existing investors. At the start, the scheme seems to be very profitable and interesting and encourages investors to attract more people and money.

As the people who invested their savings with Bernie Madoff found out, the scheme is not workable because it has little or no legal earnings and it tends to collapse when it becomes difficult to recruit new investors or when a large number of investors ask for payment.

How to protect yourself?

- Only invest your money in financial services and financial institutions that are authorised to operate. You may contact the Financial Services Commission and/or the Bank of Mauritius to find out if a company is authorised to provide financial services. Be very careful when you come across investment opportunities that offer returns that appear to be too high.
- Consider getting independent professional advice before making any investment decision.
- Be careful when you are told as part of your investment scheme to bring in subsequent investors to increase your profit – and especially if you are told that you can earn more from introducing investors than from the return on investment.

What to do if you have been scammed?

- If you believe that you have been scammed you should immediately stop paying money to the individuals involved.
- You should then report what you believe to be the scam to the Financial Services Commission. (You can send a complaint to the Financial Services Commission at FSC House, 54 Cybercity Ebene or you can call us on (+230) 403-7000 or (+230) 467-7172. You can also send us an email at (fscmauritiu@intnet.mu.)
- In your complaint you will have to provide information on the investment (i.e. how it operates, the company or person involved, including their contact details.)
- You can also report the matter to the police.

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Financial Services Commission
FSC House
54, Cybercity, Ebene
Tel: 403 7000
Fax: 467 7172