

ALERT

Investor Alert – Multi-level marketing schemes

It has been brought to the attention of the Financial Services Commission, Mauritius (FSC) that members of the public are being solicited to participate in schemes using multi-level marketing sales model. In line with its objectives and functions, the FSC is issuing this Investor Alert to warn the public about fraudulent schemes that may involve multi-level marketing.

Multi-level marketing (MLM) programs are usually promoted through Internet advertising, company websites, social media, presentations, group meetings, conference calls, and brochures. In an MLM program, an individual typically gets paid for products or services that he/she and the distributors in his/her "downline" (i.e. participants that the individual recruits and their subsequent recruits) sell to others.

However, some MLM programs operate as pyramid schemes - a type of fraud in which participants profit almost exclusively through recruiting other people to participate in the program. In a pyramid scheme, money from new participants is used to pay recruiting commissions in a variety of ways to earlier participants. They can be similar to classic Ponzi schemes, where money from new investors is used to pay fake "profits" to earlier investors.

The FSC reminds members of the public to exercise extreme caution when being solicited to participate in such schemes.

For more information, you may wish to read the following FAQ/Q&A and Alert which the FSC had published earlier including:

FAQs on Ponzi / Pyramid Schemes

<https://www.fscmauritius.org/media/3019/faqs-on-ponzi-pyramid-schemes.pdf>

Scams and Swindles (incl. Ponzi)

<https://www.fscmauritius.org/media/2996/fsc-qa-on-scams-and-swindles-incl-ponzi-26april2013revised.pdf>

Investor Alert – Social media and Fraud

https://www.fscmauritius.org/media/2972/investor_alert_social_media_and_fraud_-_11_july_2013.pdf

Notes for Editors:

1. The Commission is the integrated regulator for the non-bank financial services sector and global business. Established in 2001, the Commission is mandated under the Financial Services Act 2007 and has as enabling legislations including but not limited to, the Securities Act 2005, the Insurance Act 2005, the Private Pension Schemes Act 2012 and the Financial Intelligence and Anti-Money Laundering Act 2002 to license, regulate, monitor and supervise the conduct of business activities in these sectors.
2. Find out more information about the FSC [here](#).

16 August 2019

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