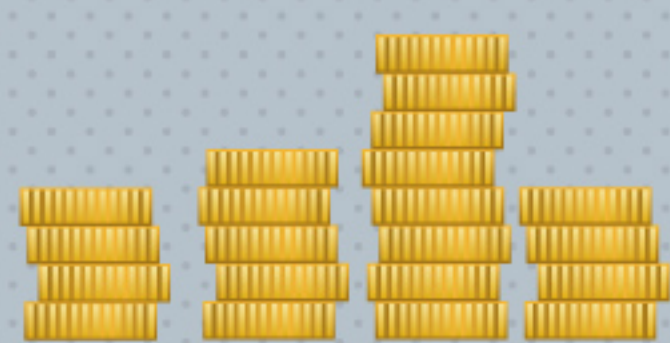
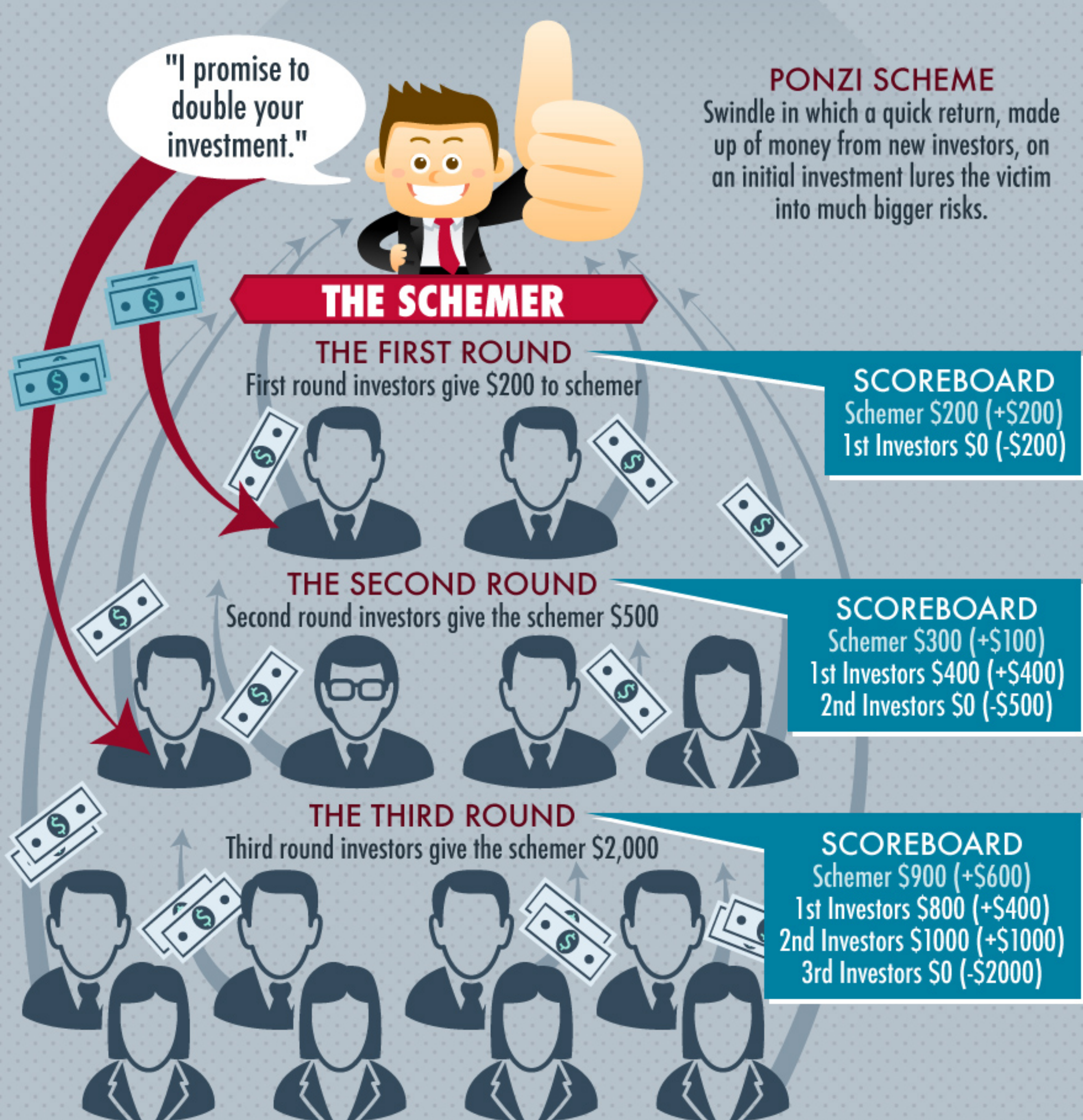


PONZI SCHEMES



You've heard about them in the news. Charismatic Ponzi schemers target thousands of gullible or inexperienced investors, then rob them of millions. Despite warnings, many people continue to fall for Ponzi schemes.

INSIDE A PONZI SCHEME



The Ponzi Scheme Expands Exponentially UNTIL . . .



Investors lose confidence



No new investors



. . . or the scheme is unearthed

THEN THE SCHEMER HAS NO NEW MONEY TO PAY OFF INVESTORS.

FAMOUS PONZI SCHEMES



CHARLES PONZI (1882-1949)

OCCUPATION: Confidence Trickster

ALIASES: Charles Ponci, Carlo, Charles P. Bianchi

PENALTY: Jail time (1908-1911), (1920-1922), (1927-1934)

Deportation (1934)

Promised clients a 50% profit within 45 days, or a 100% profit within 90 days.

LOSS TO "INVESTORS": 6 banks closed doors

\$20 Million



BERNARD MADOFF (1938 - present)

OCCUPATION: Stockbroker, Bernard L. Madoff Investment Securities LLC,

Former chairman of NASDAQ

Survived 6 failed SEC investigations. Of the \$36 billion invested in the scam, \$18 billion

was returned, and \$18 billion was missing.

PENALTY: 150 years imprisonment, \$17.179 billion forfeiture

LOSS TO "INVESTORS":

\$65 BILLION



MICHAEL EUGENE KELLY (1949 - 2013)

OCCUPATION: President & sole shareholder of Yucatan Investment Corp. &

Resort Holdings International, Inc.

PENALTY: 5 years imprisonment, \$342 million forfeiture

Using 25 year investment terms, Kelly was able to pay back investors for a time. By offering "universal leases" that promised investors returns on property, Kelly used investor money to buy houses and hotels for himself.

LOSS TO "INVESTORS": 7,000 victims

\$340 Million



LOU PEARLMAN (1954 - present)

OCCUPATION: Aviation Company Owner, Co-founder Trans Continental Records

PENALTY: 25 years imprisonment

One time manager of the Backstreet Boys, N'Sync, and LFO, Pearlman used a company that only existed on paper to swindle investors of \$100's of millions. Pearlman went on the run when the scam surfaced and was eventually caught in Indonesia.

LOSS TO "INVESTORS": \$300 Million to 1,000 individuals, \$150 Million to banks

\$300 Million



GERALD PAYNE

OCCUPATION: "Prosperity Theologian"

PENALTY: 27 years imprisonment, 12.5 for his wife

Minister Payne bilked his mega church of millions of dollars by promising that scripture would instruct him on how to get good returns. By the end of the scam there was \$20 million in Payne's bank account. As for the rest, he says he "lost it."

LOSS TO "INVESTORS": \$500 Million to 18,000 church members

\$500 Million

WARNING SIGNS



THE ADVISOR

Touts ethics, honesty, trustworthiness & testimonials

Uses a questionable auditor

Promises little or no risk



THE INVESTMENT

Unusually high rates of return

Lack of information in writing

Overly complex business strategy

Vague descriptions: "Hedge futures trading", "high-yield investment programs", "offshore investment"



If it sounds like it's too good to be true, it probably is.

BESTACCOUNTINGDEGREES.NET

CITATIONS
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