

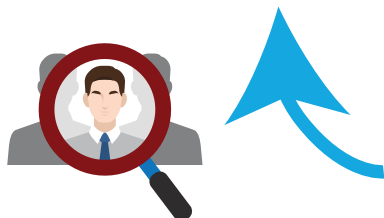
TOO GOOD TO BE TRUE?

THEN IT'S NOT!

Beware of Pyramid Scheme Frauds and other related investment scams in which companies use a pyramid structure to rank their employee-owners and to determine those people's compensation. A pyramid structure becomes a pyramid scheme when the company makes its money by recruiting people, instead of selling a product or service. Joining the group allows the new member to profit by signing up new members.

WHAT IS A PYRAMID SCHEME

A pyramid scheme can be defined as a fraudulent money-making scheme that is based on a non-sustainable business model that involves the exchange of money primarily for enrolling other people into the scheme without a legitimate product or service being delivered.



THE PROCESS

A pyramid scheme generally requires you to recruit friends or family members to enter the scheme. If you do this successfully, you are paid out of their receipts. Your family and friends are then told to recruit others to keep the chain going. Your money is not actually invested in any product. Instead, it is simply passed up the chain of investors.

BE AWARE



Legitimate trading schemes rely on valuable goods and services, while illegal pyramid schemes focus simply on recruiting more and more investors. For additional information on pyramid schemes and how to evaluate potential opportunities to avoid becoming a victim of fraud, visit the FSC website www.bvifsc.vg.

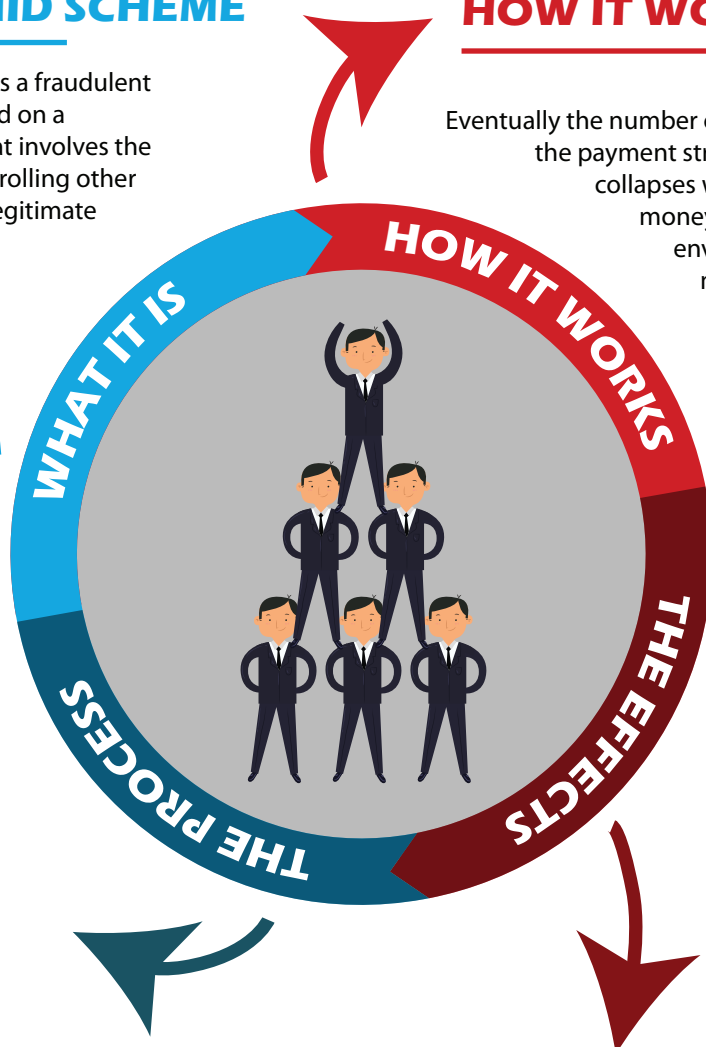
HOW IT WORKS

Eventually the number of new recruits fail to sustain the payment structure and the scheme collapses with most people losing the money they paid in. In the current environment where persons maybe have particularly financial difficulties due to natural disasters it is particularly important that investors are vigilant to these schemes. In a more practical sense, probably the easiest way to identify pyramid schemes is:

Firstly, there is no legitimate product or service involved (i.e. you do not get a legitimate product in return for your initial investment);

Secondly, you do not get a financial return unless you have successfully introduced a number of new recruits into the pyramid; and

Finally, pyramid schemes concentrate on the money that you could earn by recruiting new people into the pyramid and generally ignore the marketing and selling of any products or services.



THE EFFECTS

Because pyramid schemes are unauthorised and make no profits, you are very unlikely to recover any lost investment, while the fraudster at the top will collect most of the profits. Those who entered the scheme later end up losing out.

