



## **PRESS STATEMENT**

### **Warning to the public against investing in Ponzi and Pyramid schemes**

The Financial Intelligence Unit (FIU) notes with concern the proliferation of Ponzi and Pyramid schemes in the country. These schemes come in various forms and guises, designed to mask their fraudulent nature and lure people into parting with their hard-earned money. The schemes share certain common characteristics which members of the public are advised to look out for.

Under such schemes, people are typically asked to invest a sum of money and are promised unrealistic returns/profits, either without being asked to do anything else (ponzi schemes) or being required to actively recruit new members/investors (pyramid schemes). In either case, funds from new investors/recruits are used to pay the earlier investors as well as the originators of the scheme. Sooner or later, the scheme will run out of new investors/recruits and inevitably collapses, with the majority of the investors unable to recover their funds.

As such schemes are illegal and unregulated, it is usually difficult for victims to get satisfactory recourse to recover their money. The Reserve Bank of Zimbabwe has in the past issued warnings to the public against investing in such schemes. In light of a recent surge in the activities of such schemes, the FIU wishes to reiterate the warnings. Members of the public are urged to be wary of such fraudulent schemes and, in particular, to look out for the following red flags:

- Any entity inviting investments when they are not a registered or regulated financial service provider; or
- Promises of super profits/returns that cannot conceivably be earned through known legitimate economic activities; or
- Investment schemes that predominately exist on WhatsApp groups and similar social media platforms but have little or no physical visibility in the form of permanent offices.

**Financial Intelligence Unit**

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