

1991

MONEYTRON

FOUNDER JEAN-PIERRE VAN ROSSEM

Van Rossem organized his scheme through his investment firm, Moneytron, **which claimed to use a computer model capable of predicting markets.** Touting his background in econometrics, Van Rossem forged a reputation for being a “stock market guru”, attracting many wealthy clients including members of the Belgian royal family.

HOW IT ENDED

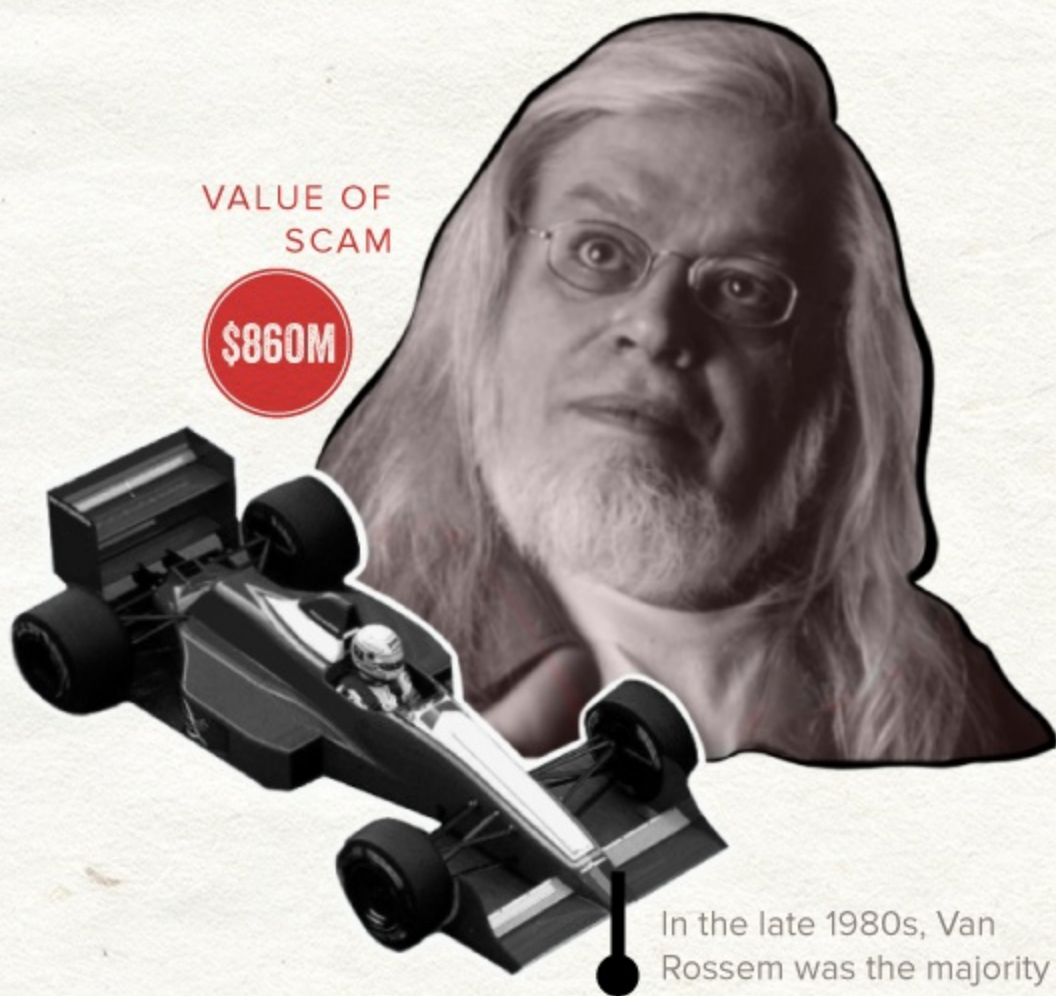
Moneytron eventually crumbled after its checks to investors began to bounce.

SENTENCING

In 1991, **Van Rossem was sentenced to 5 years in prison for fraud.** In an attempt to avoid jail time, he entered politics and served in the Belgian parliament for several years.

VALUE OF
SCAM

\$860M



In the late 1980s, Van Rossem was the majority owner of Formula 1 racing team, Onyx Grand Prix



VALUE OF
SCAM

\$1-5B

PUBLICITATE

Caritas
CLUJ-NAPOCA (2)

To build credibility, Caritas regularly published a list of winners in local newspapers.

1994 CARITAS

FOUNDER IOAN STOICA

Created by accountant Ioan Stoica, **Caritas was a "self-help game" marketed towards impoverished Romanians.** Depositors were given the chance to earn an incredible 800% return after three months, leading roughly 3 million Romanians to pour their savings into the scheme.

HOW IT ENDED

Caritas began postponing winner payments in October 1993, and the public soon learned that the organization was \$450M in debt.

SENTENCING

Stoica was arrested in 1994 and sentenced to 7 years in prison for fraud. After 2 appeals, his sentence was reduced to just 1 and a half years.

1994

MMM

FOUNDER

SERGEI MAVRODI

Mavrodi established MMM in 1989, initially as an importer of consumer tech products. **The financial fraud began later in February 1994, when MMM issued its first round of shares at \$0.65 each, promising a 1,000% annual return.** Prices were set arbitrarily, and reached \$81 later that year.

HOW IT ENDED

Up to 10 million Russians were conned out of their savings, many without any knowledge of investing. Authorities eventually caught on and arrested Mavrodi for tax evasion.

SENTENCING

While under investigation, Mavrodi gained immunity by securing a seat on parliament, then disappeared shortly after. **He was captured in 2003 and sentenced to four years in prison.**

VALUE OF
SCAM

\$10B



At the height of its fraud, MMM even issued its own currency known as **"MMM coupons"**

Fact: MMM relaunched in 2011, and is currently operating as a "social financial network" under the name **MMM Global**.

VALUE OF
SCAM

\$500M



EXHIBIT



After running out of money, GMI resorted to sending its investors promissory notes.

1997

GREAT MINISTRIES INTERNATIONAL

FOUNDER GERALD PAYNE

Great Ministries International (GMI) was a Florida-based Christian ministry that ran a Ponzi scheme for four years. **Its founder, Minister Payne, masked the scheme behind Biblical scriptures and promised to double the "blessings" that church members invested.**

HOW IT ENDED

Issues began after senior members of GMI were arrested for running separate schemes. The finishing blow came after GMI's bank was shut by authorities, leaving the ministry short on cash.

SENTENCING

Payne was sentenced to 27 years in prison after a multi-year trial in which he argued that the U.S. government had no authority over a religious organization.

2003

MUTUAL BENEFITS CORPORATION

FOUNDER

JOEL STEINGER

The Mutual Benefits Corporation (MBC) **bought life insurance policies from terminally ill patients at a discount to the death benefits, then sold them to investors with the promise of high returns.** Steinger regularly bribed doctors to falsify health records, tricking investors into thinking the beneficiaries would die quickly.

HOW IT ENDED

Investors filed complaints after realizing that 90% of patients were living longer than expected, but a slow response from authorities enabled MBC to operate for over a decade.

SENTENCING

Dozens of MBC executives received sentences ranging from 1 to 20 years. **In 2014, Steinger was sentenced to 20 years in prison.**



Fact: In March 2020, Steinger (age 70) appealed for a sentence reduction due to his numerous health issues. These include degenerative disc disease and partial paralysis.



VALUE OF
SCAM

\$3.6B



Funds from the Ponzi scheme were used to purchase other companies such as Polaroid. These business deals were often promoted through Petters' own magazine.

2003

PETTERS GROUP WORLDWIDE

FOUNDER

TOM PETTERS

Founded in 1988, Minnesota-based Petters Group Worldwide (PWI) marketed itself as a wholesaler of consumer goods. In reality, PWI was **falsifying purchase orders and statements to lure billions in investor capital**. Some of this money flowed to earlier investors, while Petters and his associates pocketed the rest.

HOW IT ENDED

In September 2008, a PWI employee confessed to aiding in a Ponzi scheme, providing authorities with a recording of Petters admitting that PWI's orders were fake.

SENTENCING

In April 2010, Petters was sentenced to **50 years in prison** for committing mail fraud, wire fraud, and money laundering.

2008

MADOFF INVESTMENT SCANDAL

FOUNDER

BERNIE MADOFF

A Wall Street veteran and former NASDAQ chairman, Bernie Madoff is credited with running the world's largest Ponzi scheme in history, dating back to 1991.

Orchestrated through his own hedge fund, Madoff swindled investors with promises of double-digit returns, regardless of the market's performance. In reality, **he simply deposited investor proceeds into a bank account, then made withdrawals whenever clients wished to make a redemption.**

HOW IT ENDED

Despite being investigated many times, Madoff avoided legal trouble for years. His luck ran dry during the 2008 Financial Crisis, when he was unable to satisfy the vast amounts of redemptions his clients were requesting.

SENTENCING

In 2009, **Madoff was given the maximum penalty of 150 years in prison**, where he remained until his death in April 2021.

VALUE OF
SCAM

\$65B



AVERAGE ANNUAL RETURNS:

S&P 500 (1990-1999)

16%

MADOFF INVESTMENTS

10-20%

Madoff's falsified returns were consistently high, but were not drastically above the 1990s S&P 500 average. This may have helped his Ponzi scheme avoid detection.

VALUE OF
SCAM

\$7B



Stanford's Antigua headquarters reflected the vast amount of wealth he had stolen. The country knighted him in 2006 for making significant contributions to its economy, but stripped him of the title after his arrest.

2012

STANFORD FINANCIAL GROUP

FOUNDER

ALLEN STANFORD

The Stanford Financial Group was a Caribbean-based company whose founder was a dual-citizen of the U.S. and Antigua. **The group sold certificates of deposits (CDs), a relatively safe type of investment, but promised much higher interest rates than competitors.** Stanford would then misappropriate the money to fund his lifestyle.

HOW IT ENDED

In 2009, U.S. authorities began to question the high returns offered by Stanford's CDs, eventually leading to his arrest.

SENTENCING

Stanford received a lengthy sentence of 110 years in prison. To this day, roughly 18,000 of his clients have not recovered their money.

NOTE: All figures are in USD. Not adjusted for inflation.

SOURCES: The Compliance and Ethics Blog, MoneyWeek, NYT, Secret Private Investigation, Russia Beyond, Quartz, ADL, CNBC, NACDL, US Attorney's Office, Investopedia, Seattle Times, Macrotrends, Global News