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The Autorité des Marchés Financiers warns the public against pyramid scheme investment offers

The AMF warns the public against investment offers promising exceptional yields and based, either visibly or otherwise, on setting up a system of recruitment, membership and enrolling other members. Although they may appear most attractive, these offers promise unrealistically high gains. They generally conceal genuine fraud, in some cases for money laundering purposes, and in most cases result in the loss of the initial outlay by the investor.

This type of scheme can take several shapes: trading on foreign exchange markets (via an unauthorised FOREX platform) or mail order sales of goods or services. The goal of these companies is constantly to recruit new members. The most recent recruits put in new funds when they subscribe, with a part of that money being paid out to existing members to gain and keep their confidence: this is what is referred to as a pyramid scheme. Recruitment is conducted in a variety of ways, via the media, internet in particular, personal relations or "word of mouth".

The scheme lasts as long as it manages to make new recruitments. When it does collapse, sometimes quite suddenly, members generally lose the whole of their initial investment, often to the sole benefit of the organiser and its accomplices.

The AMF calls upon investors to be most vigilant and:

- Not to reply to this type of offers and not to pass them on to any third parties;
- In the event of fraud, victims should lodge a complaint and provide the competent judicial authorities with all possible information (money transfer references, identified contacts, addresses, e-mails or letters, etc.).

As a general rule, the AMF advises investors to apply the following rules before making any investment:

- No matter the sales pitch, you should never forget that there is no such thing as an investment offering high yields at no risk;
- You can check whether the financial intermediary offering the product is operating legally by consulting the list of institutions authorised to do business in France (<http://www.amf-france.org> > Quick access > Savings products and management companies database).

Any unauthorised intermediaries may be subject to a criminal penalty.

For answers to any questions or queries they might have, investors may consult the AMF website <http://www.amf-france.org> or the AMF Investor Information Team (Epargne Info Service) on +33 (0)1 53 45 62 00, Mondays to Fridays 9am to 5pm.

The Institut pour l'Education Financière du Public (IEFP) provides a presentation of pyramid schemes on its website

<http://www.lafinancepourtous.com/Decryptages/Articles/Systeme-de-vente-pyramidale> URL = [http://www.lafinancepourtous.com/Decryptages/Articles/Systeme-de-vente-pyramidale]

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