



BC Crime Prevention Association

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CONSUMER BULLETIN

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Pyramid schemes resurface in recession

Burnaby: Now that a recession is upon us pyramid schemes have reared their ugly heads again. Fort St. John RCMP are currently investigating a reported pyramid scheme that is operating in their area. It is alleged that a group has been started in which people are recruited to pay anywhere from \$2500 to \$5000 to join the “group”. The participants are advised that their money goes to pay the members who are ahead of them in the group and that when they are on the top of the pyramid they will receive \$40,000.

This group is alleged to focus on women in financial need. It is a type of affinity fraud where victims are encouraged to recruit female family members and friends into the scheme.

To improve credibility, most pyramid schemes are promoted using false endorsements, testimonials, and information.

Typical red flags to look for in this type of scheme are:

- The ‘opportunity’ to make a lot of money with very little investment.
- It’s a secret – only tell your closest friends and family.
- There is no product.

Pyramid schemes eventually fall apart when they run out of new people to recruit. Many people, especially those at the bottom of the chain, end up losing all of their investment.

This is a similar scam to one that circulated in the 1990’s, where women were told that by investing \$ 5,000 they were ‘helping’ other women, but in reality women were being exploited by other women under the guise of ‘helping’ them.

Beware: Participating in a pyramid scheme is illegal and in contravention of Section 206 (e) of the Criminal Code. When revenue is generated primarily through recruitment rather than through the sale of a product, you are in all likelihood participating in a pyramid scheme.

Crime is recession proof. Don’t be a victim. To learn more crime prevention tips, visit www.bccpa.org.

Our Ask an Expert column is an additional resource for crime prevention information pertinent to British Columbia. The column can be viewed at www.bccpa.org. Topics will be frequently updated and refreshed depending upon response.

The British Columbia Crime Prevention Association (BCCPA) is a recognized team of citizens, business and police dedicated to preventing crime through community partnerships and consumer awareness.

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