

## **Confirm me! –Ponzi scheme speaks**

'I just sent the money now, please CONFIRM ME!'. This was the national anthem especially amongst Nigerian students during the Ponzi boom in Nigeria. It was what artistes sang about in songs, what students gist in their hostels, what traders discuss with their customers at the market, even the whispers in church services were partly as a result of people paying people, asking to be confirmed or demanding their returns in order to confirm a potential investor! The months of December 2016 to early April 2017 was one that brought so much Joy to families and individuals and also as much tears to others at the same time. It was at the peak of this recession that the seemingly miracle of Ponzi passed like a breath of fresh air to Nigerians, and as peculiar with Ponzi, like the stench of a waste depot to others still. But what was this confirm chorus all about?

### **What is a Ponzi scheme?**

According to Wikipedia, a Ponzi scheme is a fraudulent investment operation where the operator, an individual or organization, pays returns to its investors from new capital paid to the operators by new investors. Basically, Ponzi scheme simply means taking from Peter to pay Paul.

Operators of Ponzi schemes usually called 'Admins' entice new investors by offering higher returns than other investments, in the form of short-term returns that are either abnormally high or unusually consistent. For instance, by registering on a particular site, paying the required capital and subsequent confirmation, one can get up to 400% return on investment!

### **How do Ponzi schemes work?**

Ponzi schemes are quite basic but can be extraordinarily powerful. Most of the operations are carried online by signing up on the website, paying to an investor (upliner) that is automatically assigned by the system, and getting back returns from newer investors as they signup as well. The major steps include the following:

1. Convince a few investors to place money into the investment.

2. After the money has been received and confirmed by an upliner (assigned by the system and could be either an admin or an investor), return the investment money plus the specified interest rate to old investors from new investors.
3. Use success of earlier investors to convince more investors to place their money into the system.
4. Repeat steps 1 through 3 a number of times until eventually, new investors refuse to sign up or plead with their upliners for free confirmation (these ones are usually called cyber beggars) with the promise of paying back. Once this cycle breaks, it leads to the collapse of the system.
5. The hunt for a 'new Ponzi system' starts both for those who have gained in order to make more money, and for those who lost to recuperate and bounce back.

### **The Good, Bad and Ugly**

Nigerians no doubt love every scheme that has to do with money doubling; the rate at which people invest in Ponzi schemes confirms this. They get excited with the prospect of making more money that they would not make ordinarily by working. Online Ponzi schemes gained a whole lot of popularity following the profit people made from MMM, which was the most popular as at last year. With the suspension of mavros from the MMM scheme, Nigerians moved on to other paying schemes, some of which included big names like Ultimate cycler, iCharity, Crowd-rising and so on which follows a matrix system where the investor had to get people registered under him by paying a certain amount to his bank account and getting confirmed on the website. The more the registered members via his link which be generated after registration, the more his returns. These systems did not last long as people became reluctant to invite or join the system and hence became a springboard for the so-called automatic matching systems. All one does was signup, pay to an upliner, and receive returns almost immediately at outrageous percentages.

One thing common to Ponzi schemes were system crashes. This is a situation where investors stop registering on the system due to system malfunction, lack of new investors and most often, cyberbeggars. The repercussion being that every investor who has not yet received any returns become the biggest losers! But Life goes on as it never ends, as everyone begins to anticipate the launch of another new system. Trouble became spelt when some persons turned it into a personal goldmine by launching websites with promising returns only to end up carting away with investors' money. Those who gained tremendously in Ponzi began to lose their money exponentially, and there was widespread panic on both the scam and genuine sites until Ponzi faded away with the dusk, as people began to realize they have lost more than they ever gained.

Whether Ponzi will be back still remains unanswered but one sure thing is that almost all participant citizens have resumed their normal activities as they can only relieve the good and bad experiences it brought them. The prospects of investing in any Ponzi sites brings nothing but chills to their spines even as the echoes still run through their minds. Confirm me!