United by Recession, Disillusioned by *Rescission*: The Political Economy of a Detribalised Financial Networking Scheme (MMM) in Nigeria

Mike Omilusi, Ph.D [1]
Olamide Temitayo Ojogbede [2]
Michael Ade Adeoye, Ph.D [3]

Abstract

There is no disputing the fact that Nigeria is a heterogeneous society, comprising peoples of different ethnic, linguistic and cultural backgrounds. Interestingly, the cords that bind most Nigerians, in spite of these cleavages, have been some seemingly 'insignificant' ideas, concepts and issues like their unmatched passion for football. Apart from the social import/impact of the love for football, the economic situation in the country seems to have brought on them a common fate and an uncommon unity. Until recently, Africa's biggest economy, Nigeria was in a recession, being its first in 20 years. Unfortunately, hyper-inflation experienced in the past few years also increased the spate of the ugly trend. It is against this backdrop that the MMM Ponzi scheme made a grand and triumphant entrance into the Nigerian investment market in 2016. Obviously, quite a lot has been written concerning the MMM speculative scheme which eroded the Nigerian financial space. Both the conventional and the social media were awash with the various foreseeable gains and pains associated with the scheme to the individual investors.

1 Department of Political Science, Ekiti State University, Ado-Ekiti, Ekiti State.
2 Department of Political Science, Ekiti State University, Ado-Ekiti, Ekiti State.
3 Department of Theatre and Media Arts Federal University, Oye-Ekiti.

In a departure from this narrative, this essay focuses on the social integration value, the scheme engendered in the Nigerian society through its networking. The methodology employed consists of desk research including, inter alia, analysing books, journal articles and newspaper articles. In addition, websites from several local and international organisations relevant to the study were also utilised.

Key Words: Economy, Political, Recession, Financial Networking, Detribalised

Introduction

Ponzi schemes have been explained, by experts, to be an unsustainable financial system, whereby old investors are paid with proceeds of investments from new ones. The scheme survives only on the investment of new investors, the dearth of which marks its end, leaving the most recent investors with huge losses. Consequent upon the effect of the economic recession in Nigeria, different unorthodox financial schemes are gaining attraction across the country (Umoru *et. al.*, 2016). One of the several means of surviving the impact of recession which has gained media prominence in the course of the years is MMM (Mavrodi Mondial Moneybox). The scheme, traceable to the purported founder, Sergei Panteleevich Mavrondi of Russia, dates back to 1989 as a part of the MMM Global Community.

Apart from the MMM, which the Nigerian authorities endlessly cautioned its citizens against patronising, there are several other schemes luring desperate or unwary Nigerians across demographic groups (Onyeji, 2016). For instance, though legal, the number of Nigerians patronising the betting or lottery games is on the increase. In particular, the youths are deeply involved in sports-betting through such platforms as Nairabet, Merrybet and Bet9ja, among others (Onyeji, 2016). Thus, it can rightly be said that on the basis of the popularity and success of the sport-betting lotteries over a period of time, MMM, with over three million participants in the country, whose operation was suspended at a point in time, made inroads into the Nigerian investment market in 2015.

This paper examines how Ponzi and pyramid scams work, and interrogates people's motivations for investing in fast money schemes, including but not limited to their doubts, calculations, some of the social pressures exerted on them to participate in the scheme and its benefit, in terms of socialising heterogeneous Nigeria.

Background to MMM Ponzi Scheme

A Ponzi scheme is an investment fraud that involves the payment of purported returns to existing investors from funds contributed by new investors. The organisers often solicit new investors by promising to invest funds in opportunities claimed to generate high returns with little or no risk. Here, investment funds are pooled with others, and investors receive returns that are paid from the deposits of new investors.

MMM was established in 1989 by Sergei Mavrodi, his brother Vyacheslav Mavrodi, and Olga Melnikova, all from whom the company obtained its name- MMM. Even though the company initially launched its business with the import of computers and office equipment, it subsequently encountered various problem ranging from accusation of tax evasion in January 1992 by the Police, through to the collapse of MMM-bank, causing the company's difficult experience in obtaining finances to support its operations. MMM created its successful Ponzi scheme in 1994 and the company thereafter began to attract money from private investors, who promised annual returns of up to one thousand percent. It is unclear whether or not a Ponzi scheme is Mavrodi's initial intention, inasmuch as such extravagant returns may have been possible during the Russian hyperinflation in such commerce as import-export.

Certain schools of thoughts have perceived the programme from subjective/personal angles. To these sects, rarely is the money made, invested in real investment vehicles much less ones that actually can return what is being offered (Oji, 2016). It is important to note that a Ponzi scheme is a fraudulent investment operation where the operator, an individual or organisation, pays returns to its investors from new capital paid to the operators by new investors, rather than from profit earned through legitimate sources. Operators of Ponzi schemes usually entice new investors by offering higher returns on investments, in the form of short-term returns that are either abnormally high or unusually consistent. In many Ponzi schemes, the fraudsters focus on attracting new money to make promised payments to earlier-stage investors to create the false appearance that investors are profiting from a legitimate business. A member is required to make payments directly into the bank account of another member, following the payer's certification of thrice receipt of his/her investment which will certainly be obtained from another unassuming investor.

Nonetheless, MMM was a very popular online money making portal in Nigeria. MMM Nigeria was part of the MMM Global community, a Russian Ponzi scheme which dates back to 1989. In over 27 countries, it was estimated to have over 100 million participants globally and up to 3 million participants with over 3,000 trooping into the scheme weekly in Nigeria. MMM gave a technical platform which helped millions of participants worldwide to connect those who needed help to those who are ready to provide help, for free (Ogunjobi, 2017). It ranked on alexa.com as the 5th most visited website in Nigeria, while it was at its peak. The promoters described MMM as:

> A community of people providing each other financial help on the principle of gratuitousness, reciprocity and benevolence. In MMM you don't have to make contracts or pledge your property. In MMM there are no lenders and no debtors. Everything is very simple: one participant asks for help — another one helps. The only thing that MMM demands from its participants is to be honest and kind to each other. You ask for financial help when you need it, you give financial help when you are able to do it (Communications Week, 2016).

Further relating to the Ponzi scheme is the phenomenon of illegal fund managers, popularly called "wonder banks" which continued to defraud unsuspecting members of public of their hard earned money (Ibrahim, 2017). The operators of the various Ponzi schemes all have one thing in common- the ability to present the benefits of the scheme in glowing terms. 'Twinkas' was another investment scheme that gained huge popularity when MMM suspended its operations in December 2016 in Nigeria. According to the propounders "It's not a get-rich-quick scheme; it's 'get-rich-quicker' through systematic effort and the compounding of effort through groups of people. Joyful Donor also came as another one in the vast array of the schemes. It promised 100% returns on investments within 24 hours and claimed to 'connect donors to impact and outcomes increase satisfaction and giving'" (Comms Week, 2017).

Nigeria's Economy and Proliferation of Bogus Financial Schemes

Undoubtedly, the Nigerian economy was in a recession as the National Bureau of Statistics (NBS) revealed that the country's gross domestic product (GDP) contracted into 2.06 per cent in the second quarter of 2016, contrasting with the negative growth of 0.36 per cent recorded in the first quarter of 2016. Moreover, national unemployment rate rose to 13.3 per cent in the second quarter of 2016, from 12.1 in the first quarter of 2016 (Chima, 2016). Nigeria fell into its full recession in 29 years at the turn of 2016. Data from the National Bureau of Statistics (NBS), the Central Bank of Nigeria (CBN) and other data agencies revealed that the economy experienced its first full-year recession due to drop in oil output to a 27-year low and reported paralysis in other sectors, mainly as a result of foreign exchange shortages. With job losses in various sectors and inflation rising to double digit figures, therefore, many distraught Nigerians were in desperate search of a lifeline.

Manufacturing firms, industries and banks were some of the worst hit. Earlier in 2016, many banks and industries sacked thousands of workers in a bid to contain the recession. With a dip in revenue occasioned by falling oil prices, many states of the country also could not pay workers' backlog of salaries. Predictably, the effects of the negative trend is damning for families as food prices also increased, making them beyond the reach of the poor (Eniola, 2016). Hence, promoters of wonder banks and other pyramid schemes in the country took advantage of the rising level of job losses and unemployment as well as the shrinking disposable income to attract unsuspecting victims. Owing to this, operators of these illegal businesses began to offer Nigerians mouth-watering interest rates, especially in some big cities in the country, part of which was found in the banking system, with effort to attract a large number of customers before they carted away huge cash made from the schemes.

While lingering tight liquidity, waning public confidence, among others led to significant losses by investors, the economic recession and prolonged downturn in the capital market induced significant divestment by foreign investors. The stock market which remained bullish between December

2005 and March 2008 suddenly became bearish in April 2008, and has since been that way, with only marginal recovery. Unfortunately, with the unprecedented lull in the market, many investors fell victim of scams and various Ponzi schemes that suggested invested money would yield quick capital appreciation, sometimes as high as 90 per cent of the original deposit (Oji, 2016).

Regardless of its unreliability however, some evidences obtained via public opinion poll results release by NOIPolls Limited (2017) revealed that in quarter 4, 2016, Nigerians turned to Multi-level Marketing and Ponzi schemes to cushion the effect of the economic downturn as 68 percent disclosed their participation or that of someone they know in such schemes. Among all the various schemes in the country, MMM seems to have more awareness (with 59 percent participation) and the quest to quickly find an alternative means of livelihood welcomed by the wave of economic uncertainties in the country evidently informed the level of awareness and participation. As the recession bit harder in Q4 2016, coupled with the high inflation rate, citizens were left with no other options than to embrace such financial schemes introduced to them mostly by friends (at the rate of 65 percent), especially with the full portrayal of the potential to turn out quick and high interest return on investments. Expectedly, some have blamed the prevalence of the Ponzi schemes among Nigerians on the biting economic situation in the country – which has forced many Nigerians to look for alternative means to make ends meet, and put food on their table (Ogunjobi, 2017).

Further findings revealed that while 38 percent of Nigerians opined that the scheme was unreliable, the huge and quick turnover (at 55 percent) with poverty rate at 26 percent has been adjudged as the major reason most Nigerians participated in the scheme. Despite considerable and sustained efforts of the various agencies of government to discourage participation of Nigerians in what it described as 'a dangerous scheme,' the scheme surprisingly increased by the day. Obviously, the MMM matter was, primarily, about desperate citizens trying to keep afloat in a society with little or no social security where hunger is no crime and poverty is a companion to many. Apart from MMM, other popular Ponzi schemes in the country include: Ultimate Cycler, My Liberty Family (MLF), Swissgolden, TWINKAS, Givers Forum, Zarfund, Crowd rising and Get

Help Worldwide. Ponzi schemes and other scams often share some characteristics as follows:

- A guaranteed promise of exceptional returns with little risk
- Investments are not registered with the Securities and Exchange Commission or other regulatory body
- Subscribers are usually given very little in the form of formal documentation
- Subscribers do not usually understand what they are investing in
- Clients face difficulties when they wish to exit or withdraw even a part of their money (Nigerian Bulletin, 2017).

Often, retail investors, who are scared of equity market volatility but not satisfied with returns from bank fixed deposits, fall prey to dubious schemes that promise the moon. The greed to make 'easy' and 'fast' money is so intense and sometimes overpowers their financial wisdom. They get attracted to flashy schemes, promises of impossible returns and weird business models of little-known companies. These financial naivety of the public and a collective desire for unfeasibly high returns aid the proliferation of fraudulent investment schemes (Tang, 2017). In spite of the bitter experience that millions of Nigerians had since the foremost Ponzi scheme in the country, MMM, pulled a break on its operation in December 2016, similar schemes sprung up and regrettably, many Nigerians still invested in them.

Usually, most Ponzi schemes operate under the guise of multi-level marketing (MLM) or Plantation Company. Some entities are registered as companies under the Companies Act, some even flaunt an ISO certification, but in most cases they do not have the approval to collect deposits from the public (Money Today, 2012). Indeed, the proliferation of these unlawful investments outfits in the nation's capital market became a source of worry to the Securities and Exchange Commission (SEC). Efforts to flush them out of the market have remained futile, as the organisers of the schemes have continued to dupe thousands of investors under the guise that such investment would yield high financial returns or dividends (Oji, 2016). MMM Founder, Sergey Mavrodi, in his open letter to the Nigerian government confirmed that the number of MMM members in Nigeria is three (3) million. He also submitted that "MMM produces nothing, but nothing gets out of the country either… the money is just redistributed among the citizens of Nigeria. It gets from those who are richer to poorer ones, in this way restoring social justice. What's wrong with that?" (Mavrodi, 2016).

MMM in Nigeria: The Pyramid of Financial Cohesion and Social Integration

The question of unity in Nigeria has remained sensitive, especially from the post-colonial era till date. Many dramatic factors have influenced the harmonious existence of the different cultures in Nigeria in spite of their obvious diversity. While the unity of the country has been threatened by factors such as differences in ethnic background, differences in cultural background and religious creeds, certain sociological schools of thought have attempted to account for the ironic auspices under which Nigerians, in spite of apparent contrasting characteristics, logically and tenaciously adhere, cohere and co-exist.

A reading of the social attitudes of Nigerians under the symbolic interpreted school of thought reveals clear-cut sociological phenomena emerging though as accidental factors, but possess strong commonly shared systems of meanings, codes, languages, identities, hopes and aspirations parallel to fundamentally opposing culture ideologies. These shared systems of meanings, codes and languages are experiential and therefore, symbolise connections beyond known cultural limits. For instance, poverty as a national phenomenon cuts across cultures in Nigeria and operates within a system of informally codified languages and shared consciousness. This shared consciousness of the poor economy and the shared mentality towards a common break that often give a soft landing foreground for Ponzi schemes such as the Mavrodi Mundial Moneybox, commonly known as MMM.

Candidly, MMM gave a technical platform which helped millions of participants worldwide to connect those who needed help to those who were ready to provide help, for free. All transferred funds to another participant were helps given by someone's goodwill to another person. As earlier mentioned, the scheme promised a 30 per cent return on investment to members. Therefore, in their transactions MMM participants operated with Bitcoin. The 130 per cent payback becomes a one-time payment after 30 days, and not every month payment from one investment, although an investment can be made as many times as possible after each 30 days' circle. For instance, if a participant requests to Provide Help of N20,000 today, he/she is expected to be matched within the next 14days with another participant or participants, and after payment, the donor gets back a full repayment of his loan (N20,000) and 30 percent (N6,000) within the next 15 days. This implies that the donor gets N26,000 from another participant or other participants after 30days.

Beside the 30 percent interest on loan however, other financial benefits participants gained from MMM-Nigeria include a referral Bonus of +10% from a contribution amount made by each member (referral) invited to the System. The Bonus is paid and available for withdrawal as soon as the referral has provided help and got his Mavro confirmed. That is, if a referral provides help of N20,000, the participant who refers him or her is expected to get a N2,000 bonus.

Also, there is Guider's Bonus comprising of four levels in MMM-Nigeria- +5%, 3%, 1% and 0.25%. Bonus can be taken out two weeks after a referral has provided help and gets his Mavro confirmed. It works like Referral Bonus. Guider's bonus is paid only for 'new' money. There is also bonus for Testimonial video. Bonus for the video in a "Letter of happiness" is 5 per cent of the amount of received help. After receiving help, a "Letter of happiness" is forwarded and if attached with a video, another bonus is gotten. The bonus is credited for each "Letter of happiness" (Umoru *et. al.*, 2016). Ponzi schemes are quite basic but can be extraordinarily powerful. The steps are as follows:

1. Convince a few investors to place money into the investment.
2. After the specified time, return the investment money to the investors plus the specified interest rate or return.
3. Use success of earlier investors to convince more investors to place their money into the system. Typically, the vast majority of the earlier investors will return.
4. Repeat steps 1 through 3 a number of times. During step 2 at one of the cycles, break the pattern. Instead of returning the investment money and paying the promised return, escape with the money and start a new life.

For a scheme that provided a platform that helped millions of participants worldwide to connect with a promise to provide help to others for free, it became a rallying point for millions of poor and average Nigerian that could barely afford three-square meals a day. One of the socio-economic traits in Nigeria, as observed by Okereke (2017), is that "original ideas are not common"- if a barber's shop is opened today in a street with a high rake in turnover, multiple shops spring up soonest offering the same service. Proliferation of Ponzi schemes in Nigeria is therefore, not a wonder. In some families, parents and children were involved and "compare notes.' In what he describes as *herd instinct or mentality* Okereke (2017) declares that:

> Powerful emotions of fear, superstition, greed and envy, peer pressure, co-workers, community and religious leaders, media spin; anonymity of social media and the internet subconsciously drive people to herd instinct. Herd mentality is also referred to as: Bandwagon effect, Collective intelligence, Conformity, Crowd psychology, Group intelligence, Groupthink, Herd behaviour, Monkey see, monkey do, Peer pressure, group or mass hysteria.

MMM could therefore be seen as one of those phenomena spanning its influence across various religions and ethnicities in Nigeria. For a long period of time, the various ethnic groups have been able to interact financially without any reservations. The automated referral payment through the scheme has brought about seamless interaction, unity and peace. Evidently, it has propelled the geographical linkup between the six geo political zones, as there have been free flow of interaction, irrespective of identity, tribe, ethnicity and other affiliations. The zeal for earnings and financial security overshadows any form of grievances on who rules or not. It further surpasses nepotism, as there have been total tolerance with the view of individual financial security as paramount.

The scheme served as a good mechanism which the government could adopt to foster peace and unity but not necessarily with a Ponzi motive. Regardless of the negative effect of the scheme; peace, unity, connection is central. Up until the death of Mavrodi on 26th March, 2018, the whole populace who invested in the scheme had a common motive, focus and language which no administration had been able to achieve before and after independence. At the news of Mavrodi's death, victims of the scheme surprisingly formed some sort of online solidarity movement to rain abuses on him and his entire generation. Twitter and Facebook became replete with negative comments about the deceased. The scheme, hence, became a big lesson that could keep the majority in shape towards future unauthentic online investments. Nevertheless, the unity it fostered across ethnic, religious and class cannot be underestimated. This largely implies that a major determining factor capable of uniting Nigerians rests purely on the nation's economy.

MMM: Nigerian Diversity and Intergroup Behaviour

Social factors that have brought Nigerians together under the MMM umbrella include poverty and the shared/wanton desire to breakthrough financially. Frankly, value, especially in the extrinsic context sometimes unites people across cultural, ethnic, historical, religious and ideological divides. Pecuniary interests, the seemly goal of the MMM Ponzi scheme can be categorised as extrinsic value. This is not only because it speaks to the commonly shared challenger of poverty across Nigeria but because it also has universal attractions. Suggestions of financial solutions just like a smile, cry and other commonly shared cultural codes, languages and symbols are universally valid extrinsic values. The social identity theory of intergroup behaviour that suggests a person's sense of self (or who they are) may be dependent upon group membership. This principle also proposes that people who obviously belong to different groups may also belong to one other group simultaneously without necessarily denouncing their membership in any of the groups. Similarly, people who belong to one cultural group such as a football club, with shared interests and aspiration may also simultaneously belong to different groups such as churches, mosques, schools and different social classes with varying attendant cultures, norms and values.

In a social entity- a society or community- inhabited by humans, in this instance Nigerians, the scheme has brought its members together especially in last five years as would any living society mainly because of the characteristics of a society or community, which the MMM Ponzi network also possessed. The characteristics are:

a. System of meanings; languages, commonly understood may bring people together even though a language may not necessarily refer to spoken idioms or codes. Commonly understood extrinsic values, gestures, needs, challenges symbols and codes especially when shared for a common purpose may serve as a form of language. Given the common nation and conscious of a failing national economy, especially during the past decade, the introduction of any social group with potentials of financial reward will be easily communicated as a common linguistic code.

b. Common or shared sense of belonging

The sense of belonging that Nigerians have been deprived of, in the social space, will be quickly enhanced once offered through other avenues. The prevailing insurgencies, kidnapping and other crises in Nigeria have rendered a good number of Nigerians unhappy, homeless, jobless and socially displaced. As a result, at the inception of the MMM Ponzi scheme, the break that some Nigerians are already expecting seems to be offered. To many, suitable alternative to the absurdities of insurgencies, political marginalisation and other vices that have taken the centre stage in the last ten years all seem to be visible and feasible. Under the scheme, new friends are made, business connections are enacted, account and plume numbers are shared, while little or no regards is given to the issues of ethnicity and cultural differences.

It is no gainsaying then that at the appearance of the MMM scheme in Nigeria, many came under the scheme as a new destination without losing the existing consciousness of their different sources- their ethnic religious and cultural membership as Yoruba, Hausa, Igbo, Nupe, Ibira, Fulani, Kawuri, Izor, Ebira, Isoko, Urobo, Edo, Egun, Jukun, Igala and so on, while also belonging to different political structures, professional backgrounds, religious and social groups. Their involvement through official registration in the MMM donation network only brought them under a new shared social identity as a new community- a legal entity, without terminating the membership of the varying background communities.

MMM Ponzi Scheme as a Scam and its Abrupt Halt

As initially discussed in this paper, some scholars, among who is Wells (2007), have describe a Ponzi scheme as an illegal business practice in which new investor's money is used to make payments to earlier investors. In accounting terms, money paid to Ponzi investors described as income is actually a distribution of capital. Instead of returning profits, the Ponzi schemer is spending cash reserves, all for the purposes of raising more funds. Where a basic investment scam raises money and disappears, the Ponzi scheme stays in business by circulating investor funds. This way, there are usually little or no legitimate investments taking place. Most of the funds are utilised by promoters for expensive lifestyles and transferred into property or offshore accounts. Schemes typically run for at least a year, although some Ponzis have flourished for a decade or more. In his book, *Frankensteins of Fraud*, Wells (2007) writes the history of Charles Ponzi and how his scheme becomes a well-known – yet remarkably enduring – fraud of modern times:

> Known as the Father of the Ponzi scheme, Charles Ponzi, or Carlo Ponzi, was born in 1882 in Parma, Italy. He came from a family of hoteliers and was sent to Rome for a university education. But a string of gambling debts and criminal charges for theft and forgery cut short his schooling and prompted his family to send him to America. At the age of 19 he arrived at Boston Harbor. In his self-published autobiography, The Rise of Mr. Ponzi, he claimed that he had only $2.50 with which to begin his new life. He had left with $200 in cash from his family but lost the greater part by gambling with some of his shipmates…Ponzi hatched what would become known as the Ponzi scheme in December 1919. A coalition of international postal services had begun selling postal reply coupons after World War I ended. Each coupon was good for one stamp in any of the affiliated countries; this allowed the mail services to continue operations smoothly despite the instability of most European currencies at the time. Ponzi reasoned that he could persuade investors to capitalise on the fluctuating currency prices by using the postal reply coupons in a series of exchanges.

Ironically in Nigeria, the scheme marketed itself as a charity, which was why it celebrated its first anniversary with a Humanitarian week held from Nov 13th-19th, 2016 by donating relief materials worth 5 million Naira to two internally displaced persons' camps in Nigeria's capital city of Abuja. In spite of this, the Nigerian government was unequivocal in discouraging citizens from participating when it discovered the huge number of Nigerians being drawn into the risky net of Ponzi schemes. The Nigerian government and its regulatory agencies -various public financial and anti-graft institutions, including the Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC), Nigerian Deposit Insurance Corporation (NDIC) and Economic and Financial Crimes Commission (EFCC) repeatedly cautioned that the schemes were fraudulent and that those investing in them might lose their money. The Central Bank of Nigeria (CBN) and the Nigerian government urged citizens not to get involved in MMM, calling it fraudulent. According to the Consumer Protection Department of the CBN (cited in Adepoju, 2016):

> We've heard about the activities of MMM, but I want to warn you against it because they are wonder banks that are not regulated. Desist from participating, because they are fraudulent…. At times like this when the economy has suffered some decline, Nigerians should be very careful with those they deal with. Any institution that is not licensed by the CBN to accept deposits should not be given money to keep under any guise.

Commendable as the warnings were, it also inadvertently played into the hands of the operators of these schemes by making them more popular. The government's warning and all other online criticisms, however, did not have a ripple effect on subscribers who viewed MMM as a solution and an answered prayer to the economic crisis in the country (Iyorah, 2016). In March 2017, the Nigeria Deposit Insurance Commission (NDIC) said Nigerians lost N18 billion to the MMM in 2016. The Managing Director of the Commission, Umaru Ibrahim, stated that the MMM had over three million participants before the organisers suspended payment to investors because its system "experienced heavy workload" (Sunday, 2017). These scammers' mode of operation was strikingly similar- assure high returns to investors, offer to pay in instalments, and pay the first few instalments as promised so that more investors are attracted through word-of-mouth publicity (Money Today, 2012). This will always attract a lot of people who will always rush in to stake their funds. But, those who join the scheme late always lose as they would have been convinced by those that joined earlier to invest huge amounts of money (Chima, 2016).

In December 2016, the scheme was placed on “Pause Mode,” froze the funds of participants and allegedly bolted with N18 billion but promised to resume payments by January 2017 (Olawoyin, 2017). The scheme temporarily halted all its participants account, citing heavy workload on the platform and claiming to be restructuring the site to accommodate growth. Though the scheme returned mid-January but with new rules regarding withdrawals of confirmed accounts. The reason given for this, by the Administrators in a message sent to participants, is that: “We need to prevent problems during the New Year season, and then, when everything calms down, this measure will be cancelled,” (Adepoju, 2016).

The bleakness of the already bad situation was made worse by a statement issued by the MMM office to all, which reads:

> Dear members, MMM Nigeria lifts all the limits for Mavro acquired in 2017. So, MMM Nigeria is coming back to normal. And now the members can actively develop the community and create new requests to provide help. For these requests, orders will soon arrive, and after Mavro’s confirmation, it will be possible to withdraw these Mavro without any restrictions or limits! Only Mavros acquired in 2016 remain under restriction. But we are actively working on new measures to make it possible for the members to withdraw Mavro-2016 in a larger amount without undermining the sustainability of the community…. (News Express, 2017).

Beyond Mavrodi’s bad track record, the Ponzi scheme also witnessed series of setbacks from country to country. In January 2016, the Chinese government banned MMM based on the fact that it is a pyramid scheme not registered in the country. The scheme also collapsed in South Africa and Zimbabwe, hounding investors into financial difficulties (Iyorah, 2016). Unfortunately, many students who invested their school fees with the hope of making 30 per cent profits from the Ponzi scheme became stranded in similarity with those who borrowed or invested their working capital. The only class of MMM investors who appeared better off but deep in pains, were those who invested their personal money with no one on their necks, except the mental torture they went through over the possible loss of their monies.

The Political Economy of MMM: The Government, Citizens and Opposition

In spite of the pain of financial loss by some Nigerians who participated in the failed Ponzi scheme, Mavrodi Mundial Moneybox (MMM) in 2016, Twinkas, a similar scheme began to make wave among many Nigerians in 2017. Investigation by the News Agency of Nigeria (NAN) in Abuja reflected that a large number of residents of the Federal Capital Territory (FCT) willingly took chances with the trending scheme (News Express, 2017). The Director-General of the West African Institute for Financial and Economic Management, Akpan Ekpo (cited in Eniola, 2016), opined that millions of Nigerians would not have patronised MMM if the country's economy is stable. Some commentators (Encomium, 2017) argued that, it would have been impossible for a dangerous Ponzi scheme, capable of ruining and distorting the economy, to have been allowed to operate for even one month in better climes. But in Nigeria, Mavrodi Mondial Moneybox (MMM) deceived gullible compatriots and impoverished some of their three million subscribers by the time it disappeared in January 2017.

Thereafter, the Federal Government's basic worry became how to investigate and shut down the operations of MMM and other similar Ponzi schemes in Nigeria. But this failed to yield the desired result. With the dismal failure on the part of government, not a few commentators blamed the Nigerian government over its failure in keeping Nigerians - a population that is desperate, nearing despondency and increasingly tethering on edge safe from predators which exacerbated their economic misery. According to Icheoku (2016) the Mavrodi Mondial Moneybox phenomenon was one such huge scam and exploited the two conditions which predatory scam artists were always looking for in their potential victims- need and desperation, translating to vulnerability.

Regrettably, while the Federal Government might just be trying to protect her citizens from what most Nigerians have described as an "impending doom," others described these actions as indirect ways of encouraging Nigerians to participate in the schemes. A civil servant confirms that he invested 70% of his salary every month: "Life is a risk. As a civil servant, my salary cannot cater for the needs of my family. So, I invested 70% of my monthly income and spend the bonus. That is the only way I can pay the fees of my two sons in the university" (Adaoyiche, 2016).

In reality, most of these Ponzi schemes are disasters in waiting. They affect millions of lives and shake the socio-economic dynamics of a nation. Many people have argued that Ponzi schemes have absolutely no effect on the economy of Nigeria but a closer look reveals that they have direct and indirect effects as well as positive and negative effects. The negative effects are mostly minimal and go largely unnoticed except by the economist (Ogar, 2017). It is advisable to curb the activities of Ponzi schemes to avoid undesirable returns and obnoxious economic impact. They kill creativity, gradually destroy work ethics and cause a decline in social services by encouraging greed and laziness. Energies that should have been invested in productive ventures is stolen or diverted into Ponzi schemes, causing a decline in the overall productivity and possibly slows down the gross domestic product (GDP) growth. Although Ponzi schemes may temporarily alleviate poverty, they will not curb inflation because a decline in production reduces availability of goods for purchase and demand becomes higher than supply (Ogar, 2017). It negatively affects various sectors, including the banking sector, education sector, employment opportunities/creativity among youths, increased debt and so on. In the banking system, deposits and withdrawals to invest in Ponzi led to less liquid and discouragement of savings.

Nigeria has a history of "wonder banks" offering clients unbelievable returns on their money, and in the 1980s and 1990s, the government banned such banks and closed their operations. Jibrin (2016) queries the rationale for the regulatory authorities to merely warn people in respect of the scheme but did not act against MMM simply because they claim they were not running a financial service. The issue became whether or not MMM was given a free hand to operate because its founders were foreigners who regularly criticise government.

After warnings from the Central Bank of Nigeria and the NDIC that Nigerians should stay away from MMM in November 2016, the response of the Ponzi scheme was interesting. They proceeded to the Gwoza and Bama IDP Camps located in Durumi area and the New Kuchingoro in Abuja, offering Five Million Naira worth of relief materials to "distressed Nigerians." Almost all the media in Nigeria covered the "humanitarian gesture" and the criticisms against the scheme became drowned by stories of how they offered help to distressed Nigerians, particularly the poor (Jibrin, 2016). However in December 11, 2016, the government faced an open confrontation from the MMM head, Sergey Mavrodi via a letter, questioning the basis for their constant attack at the scheme (Ogundeji, 2016). He asked whether or not they wanted the MMM System to collapse so that millions of people would suffer even when the Nigerian authorities didn't pay wages to people. In his words, he quipped:

> What will you say to a mother who will have no money to buy food for her child? Will you let her child die for the sake of the higher interests of the economy? You say that MMM is a scam. What is the scam here, if all members are warned in advance about all the risks, the possible and impossible ones? They know there are no investments at all. The warning is a red text on a yellow background placed on most prominent place of the website (Eniola, 2016).

In sum, even though pyramid schemes are not new in Nigeria, the scale of MMM's growth signalled other similar multi-level marketing schemes to the potential ubiquity of Ponzi schemes in Nigeria, particularly as internet penetration and social media usage spreads. Meanwhile, after the death of its founder in March 2018, Mavrodi Mundial Moneybox (MMM), the decades-old Russian Ponzi scheme operational across Africa became history as it officially shut down. Mavrodi's death has been met with mixed reactions in Nigeria but, more than anything else, the government will likely hope that the lessons learned by Nigerians who lost around $50 million when MMM collapsed served as a strong enough cautionary tale (Kazeem, 2018).

Conclusion

Fraudulent investment schemes have been proven to be against the people that patronise them and the nations they operate in. Indeed, Nigerians (three million of them) and Nigeria lost the reported N18 billion to MMM. Those who lost their money are likely to become liabilities to their families, communities and the nation (The Guardian, 2017). In view of this, the country's legal and regulatory frameworks should be reviewed to block gaps that make possible the creation, development and importation of Ponzi schemes. There is no doubt that amidst the challenges of skyrocketing inflation, rising unemployment, unpaid salaries and mass retrenchment that were the hallmark of Nigeria's economic recession until 2017, many Nigerians have made millions of naira as profits. Paradoxically but expectedly, it also became Ashley hill for millions of Nigerians who forfeited life investment to the scheme. Needless to say that in spite of the negative impact however, the Ponzi scheme succeeded in uniting Nigerians across cultural, ethnic, historical, religious and ideological divides.

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