

RMA/MSU/06-2009/9003

Notification Issued In The Public Interest

Further to our earlier notifications, we would like to caution the public once again against getting/being deceived into participating in **Pyramid Schemes**. It has come to our notice that despite repeated caution, such schemes under various names are spreading in the country. "Basil International Limited" is one agency operating such scheme in the country and we believe that there are several other agencies involved in such activities. Agencies/Operators of such schemes are hereby notified to refrain from operating such schemes. Those involved in Pyramid Schemes may be liable for prosecution for fraud under the Law of the Kingdom of Bhutan.

Pyramid Scheme

- A Pyramid scheme is a fraudulent and non-sustainable scheme, predestined to fail, because it is based on an undeliverable business model. The design of the recruitment-based schemes is such that only a small number of people who get in early can win and make money.
- It is non-sustainable, because no program can expand beyond the size of the earth's population. It is a mathematical certainty that the pyramids will collapse as the program cannot recruit new members forever. When the scheme collapses, most people - except perhaps those at the very top of the pyramid- lose their money. People can be induced to spend all their earnings, and take on great debt, causing social and personal damage in addition to financial destruction.

Levels	Each person recruiting 10 people at each level	
1	1	
2	10	
3	100	
4	1,000	
5	10,000	
6	100,000	
7	1,000,000	More than Bhutan's entire population
8	10,000,000	
9	100,000,000	
10	1,000,000,000	
11	10,000,000,000	

- Any scheme that requires participants to pay money or valuable consideration (pay to play) to the person who recruits them while being told that they, in turn, can receive similar money or valuable consideration from the persons they recruit, is considered to be a Pyramid Scheme.
- There are basically two types of pyramid schemes: sales or product-based schemes and financial - non-product (gifting) schemes, variously known as cash only scams or "naked" pyramid schemes. There are many variations of the basic pyramid scheme and some try to pass themselves off as legitimate "multilevel marketing" (MLM) or "direct selling". Typically, their "product" is something that has very little or no intrinsic value or is sold at prices way above the market value. Nobody would buy these "products", except as part of joining the pyramid scheme itself. The "product" may consist of household products, vitamins, cosmetics, brochures, or cassettes.

Managing Director