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Corporate Fraud in India – Case Studies of Sahara and Saradha

First there was Ketan Parekh. Then there were Satyam, Tatra, Saradha, Sahara and countless others. Corruption has come to be viewed as an inevitable, if unfortunate, cost of getting things done in India, and corporate and political panjandrums resolutely adhere to this school of thought. This kind of large-scale fraud is aided by the strong political-corporate nexus that exists in India. Market regulators like the Securities and Exchange Board of India (SEBI) are ultimately powerless in exercising strict control over financial institutions due to severe political pressure. This paper looks into the specific cases of the Sahara India investor fraud case and the Saradha Group chit fund scam to reveal the nature of corporate scams in India, their ethical implications and possible solutions.

On February 26, 2014, shock waves were felt through the country as the Supreme Court of India sanctioned a non-bailable warrant for the arrest of Sahara India Pariwar Chairman Subrata Roy.

This decision attracted attention for one major, unexpected reason. One would consider investor fraud worth more than US $3 billion as incredulous under any circumstance, but corporate scandals of this nature in India have lost their propensity to amaze. Indeed, what was most surprising about this case was real consequences for the perpetrator, a rarity for corporate crimes in India. Despite immense political pressure and the regulatory body’s own restrained powers, the Securities and Exchange Board of India managed to secure a landmark victory after an arduous, five-year battle against Sahara.

The Saradha Group scam of 2013 also saw as many as 1.7 million investors of a Ponzi scheme lose approximately US $5 billion when it collapsed. Unarguably, networks with high-ranking politicians in the state government of West Bengal allowed the Ponzi scheme to stay afloat undetected for as long as it did. Here, too, regulatory bodies like SEBI were blatantly disregarded until the scheme went bust in April 2013. Complete with ineffectual regulatory bodies struggling to have a voice and coercive political interests, the Sahara and Saradha scandals are the classic examples of everything that makes corporate fraud in India possible.

Case Study 1: Sahara Group

Since 2009, when the Sahara Group’s activities first came under the radar of SEBI leading up to the arrest of Sahara India Pariwar founder Subrata Roy in 2014, both parties have been engaged in an aggressive regulatory conflict. SEBI alleged that Sahara India Real Estate Corp Ltd (SIRECL) and Sahara Housing Investment Corp Ltd (SHICL), which issued Optional Fully Convertible Debentures (OFCD), illegally collected investor money. Meanwhile, Sahara denied SEBI had any jurisdiction in the matter.

SEBI went on to order Sahara to issue a full refund to its investors, which was challenged by Sahara before the Securities Appellate Tribunal (SAT). When the SAT upheld SEBI’s order, Sahara moved to the Supreme Court in August 2012, which ordered Sahara to refund investors’ money by depositing it with SEBI. Sahara then declared that most of the US $3.9 billion had already been repaid to investors, save for a paltry US $840 million, which it handed over to SEBI. This was disputed by SEBI, which claimed that the details of the investors who were refunded had not been provided. When Sahara failed to deposit the remaining money with SEBI and Subrata Roy skipped his hearing, the Supreme Court of India issued an arrest warrant for the Sahara chief in February 2014.

Amid rumors of black money laundering and the misuse of political connections, Sahara vehemently denied all charges and continued to defy SEBI. The regulator persevered through what the Supreme Court
referred to as the “ridiculous game of cat and mouse” and finally managed to pin down Sahara chief Subrata Roy in 2014. In this rare victory, SEBI not only brought Sahara to justice, but also made an excellent case for why the regulator, and others like it, require greater autonomy and penalizing powers.

**Case Study 2: Saradha ‘Chit Fund’ Ponzi Scheme**

India has been flooded with various Ponzi schemes that take advantage of unsuspecting investors looking for alternate banking options. Lacking access to formal banks, low-income Indians often rely on informal banking. These informal banks invariably consist of money lenders who charge interest at inflated rates and were soon replaced by more sophisticated methods of conning people through disguised Ponzi schemes. Fundraising is done through legal activities such as collective investment schemes, non-convertible debentures and preference shares, as well as illegally through hoax financial instruments such as fictitious ventures in construction and tourism. The rapid spread of Ponzi schemes, especially in North India, has various causes, not the least of which include the lack of awareness about banking norms, steadily falling interest rates, lack of legal action against such activities, and the security of political patronage.

The Ponzi scheme run by Saradha Group collected money from investors by issuing redeemable bonds and secured debentures and promising incredulously high profits from reasonable investments. Local agents were hired throughout the state of West Bengal and given huge cash payouts from investor deposits to expand quickly, eventually forming a conglomerate of more than 200 companies. This syndicate was used to launder money and confuse regulators like SEBI. In April 2013, the scheme collapsed completely causing a loss of approximately US $5 billion and bankrupting many of its low-income investors.

SEBI first detected something suspicious in the group’s activities in 2009. It challenged Saradha because the company had not complied with the Indian Companies Act, which requires any company raising money from more than 50 investors to have a formal prospectus, and categorical permission from SEBI, the market regulator. The Saradha Group sought to evade prosecution by expanding the number of companies, thus creating a convoluted web of interconnected players. This created innumerable complications for SEBI, which labored to investigate Saradha in spite of them. In 2012, Saradha decided to switch it up by resorting to different fundraising activities, such as collective investment schemes (CIS) that were disguised as tourism packages, real estate projects, and the like. Many investors were duped into investing in what they thought was a chit fund. This, too, was an attempt to get SEBI off its back, as chit funds fall under the jurisdiction of the state government, not SEBI. However, SEBI managed to identify the group was not, in fact, raising capital through a chit fund scheme and ordered Saradha to immediately stop its activities until cleared by SEBI. SEBI had previously warned the state government of West Bengal about Saradha Group’s hoax chit fund activities in 2011 but to no avail. Both the government as well as Saradha generally ignored SEBI until the company finally went bust in 2013.

After the scandal broke, an inquiry commission investigated the group, and a relief fund of approximately US $90 million protected low-income investors. In 2014, the Supreme Court transferred all investigations in the Saradha case to the Central Bureau of Investigation (CBI) amid allegations of political interference in the state-ordered investigation.
Solution Of Case Study Corporate Fraud In India Of Sahara

FACTS OF SAHARA & SARADHA CASE

- In 2008, RBI debarred Sahara India Financial Corporation from raising fresh deposits. The growth of Sahara’s empire was always a mystery; many believed it ran a Ponzi scheme by collecting funds from investors. The group needed continuous flow of fresh funds to keep it afloat. With RBI closing a door on the group from collecting deposits from the people, the group needed a financial instrument that would be out of the purview of RBI but still get access to public funds.

- Sahara decided to issue OFCDs by floating two companies – Sahara India Real Estate Corporation (SIREC) and Sahara Housing Investment Corporation (SHIC). It was the Registrar of Companies (ROC) that needed to clear these investment vehicles.

- Firstly, the sheer size of the issue makes it a public issue. Any company seeking money from more than 50 persons has to take the approval of Sebi in doing so, in which case the company would have to make all the disclosures required as per Sebi norms. The Sahara group had sought money from nearly 30 million investors. Apart from the size and number of investors, another deliberate error was keeping the issue open ended; ideally such issues should be closed within six weeks. In fact a Sahara group company kept an issue of Rs 17,250 crore open for 10 years.

- Sahara’s money-making machine could have continued had it not committed another major mistake. Sahara decided to tap the stock markets to raise money through Sahara Prime City. In doing so the company had to file a Red Herring Prospectus and disclose working and financials of other group companies. This is when K M Abraham spotted SIREC and SHIC and found that the money raised through OFCDs was camouflaged as private placements.

- Abraham found out that even though the Sahara group companies collected money they did not have proper records of the identity of its investors. How and to whom would they then return the money? Even professional agencies were unable to locate the investors.

- The two companies, Abraham alleged, intended to rotate money between group companies. Though the OFCD instruments were issued in the name of the two companies, cheques were sought in the name of Sahara India.

- When Sebi issued its order on the wrongdoings of the Sahara group on June 23, 2011, Sahara group took the matter with Securities Appellate Tribunal (SAT). But SAT held the Sebi findings to be correct. SAT in its order said “What it (Red Herring Prospectus) did not disclose was the fact that the information memorandum was being issued to more than 30 million persons inviting them to subscribe to the OFCDs and there lies the catch...This concealment is, indeed, very significant and goes to the root of the controversy.”

- Sahara group then approached the Supreme Court but in August 2012, the honourable court asked the group to repay an amount of over Rs 24,000 crore to Sebi within 90 days. The regulator will then distribute the money to bonafide investors. But suddenly Sahara said it had repaid most of the money over the last one year and an amount of just over Rs 5,000 crore was pending.

- In the October hearing Supreme Court had clearly hinted that it was no longer amused by the delaying tactics of the Sahara group and would detain the group's officials till the payments are made. The Supreme Court Bench had said that previous orders not been compiled with and that was why Roy and the directors were been summoned to explain the delay. Roy did not turn up, thus the non-bailable warrant with an order to appear before the court on March 4.
ANALYSIS OF SAHARA CASE

Introduction:

In the present economic and social environment, issues related to corporate social responsibility and ethics are gaining more and more importance, especially in the business sector. The failure to account for long-term social and environmental impacts makes those business organizations unsustainable.

Investors are one of the important stakeholders of any company, who fund part of the money by buying shares or a “part ownership” in the company. Companies may pay their investors, dividends — a share of the profits. Modern investors are not short-sighted, they are “strongly interested in a company’s overall reputation and public perception, as well as its relationships with specific stakeholders such as customers, employees and public authorities”.

Factual Case Summary:

Sahara India Real Estate Corporation Limited (SIRECL) and Sahara Housing Investment Corporation Limited (SHIC), are the two unlisted companies floated in 2008, controlled by the Sahara group worth of Rs.2.75 lakh crore. The two companies have raised about over Rs 24,000 crore from more than three crore investors by issuance of Optionally Fully Convertible Debentures (OFCDS) and mobilise lucrative investments promising, in some cases, to return three times their face value after 10 years, by passing Special resolution U/S 81(1A). An Optionally Fully Convertible Debenture is just a kind of Bond that can be converted into Equity Shares by the investors if they want to. So, this is a kind of hybrid market instrument that would come under the jurisdiction of the Securities and Exchanges Board of India (SEBI).

Thus, Sahara’s case is all about OFCD and its investors. Here is the analysis of the issues pertaining to how events unfolded from 2008 to the issuance of non-bailable warrant to Sahara chief Subrato Roy.

Why did SEBI ask Sahara to refund the money?

SEBI asked Sahara to refund investors because it felt Sahara was raising money in violation of capital raising norms and certain sections of the Companies Act. SEBI found that under the garb of an OFCD the company was running an extensive parabanking activity without conforming to regulatory disclosures and investor protection norms pertaining to public issues.

What is Sahara’s justification?

Sahara challenged SEBI’s order saying the capital markets regulator did not have any jurisdiction over the group companies since they were not listed. The court dismissed Sahara’s petition, also hauling it up for not complying with its orders.

What orders did Sahara not comply with?

The court directed Sahara to furnish details of the OFCDs it had issued including subscriptions and refunds within 10 days and submit these to SEBI. It also gave Sahara 90 days to deposit roughly Rs 24,000 Cr. SEBI which was given powers to freeze Sahara’s accounts, attach properties etc. Sahara has repeatedly missed deadlines to comply with the Supreme Court’s orders. It
claims the total money due is only Rs. 5,200 Cr, as the balance amount has already been repaid. SEBI meanwhile, told the court that while it had begun the refund process; it couldn’t trace many of Sahara’s investors as details submitted by Sahara were not in the prescribed format, with addresses and other details missing in some cases.

**What has the supreme court done today?**

Since Sahara hasn’t been able to deposit the Rs. 24,000 Cr amount with SEBI, the Supreme Court has asked Sahara India to submit a bank guarantee for Rs. 20,000 Crore before 2014 October 28th which is the date for the next hearing of the case. SEBI had earlier rejected Sahara’s offer to secure the difference (between Rs 5,200 and 24,000) through immovable property entrusted with a bank trustee.

In March 2015, the court had directed two Sahara group companies — Sahara Real Estate and Sahara Housing — to return around Rs 24,000 crore with interest to nearly 3 crore investors through market regulator SEBI in Aug 2012. The firms were later allowed to pay up by February 2013. So, the total dues have now gone up to Rs 40,000 crore with the accrual of interest.

**What lessons are learnt from Sahara case?**

Firstly, is India’s regulatory framework equipped to consistently detect, halt and penalise such organised efforts? The court’s order lays out how two Sahara group companies made “a pre-planned attempt” to “bypass the regulatory and administrative authority” of the Securities and Exchange Board of India (SEBI). The regulator should take steps to institutionalise the elements that led to this rare victory in court.

Secondly, the case highlights the issue of intelligence gathering and co-ordination among different financial sector regulators. The controversial money-raising operation followed a ban on Sahara’s para-banking activities by the Reserve Bank of India in 2008. Sebi was, however, only alert to the operation two years after Sahara started, that too when one of the group companies came to the regulator for a “legal” public issue. The level of interaction between the different financial sector regulators is clearly insufficient. The only regular forum for interaction, the Financial Stability and Development Council (FSDC), concentrates on macro-prudential matters. More active co-ordination is needed at the grass-roots level.

**CONCLUSION**

Sahara’s misdeeds are considered as an eye-opener in several respects about the uncertain dealings inside the corporate houses and it brings in to being the need for protecting the interest of several millions of investors, who invested their hard earned money in such socially irresponsible corporations.

SEBI proved to be effective machinery in tackling the case to an extent but still it has a limitation of regulating unlisted companies in India. The reasons for such scandals are several including lack of transparency, weak provisions, political nexus and above all, ignorance of investors. In the light of Sahara case, it is the responsibility of the government and its various agencies to protect the interests of investors and nation as well through putting in place necessary provisions in accordance with the changing requirement of market.
Solution Of Case Study Corporate Fraud In India Of Saradha ‘Chit Fund’ Ponzi Scheme

FACTS OF SARADHA CASE

- The Saradha Scam was caused by the collapse of a chit fund led by the Saradha group that runs a large number of similar investment schemes.
- Nearly 1.7 million investors were affected by the scam, that led to the estimated loss of $5 billion dollars.
- The name Saradha is a cacography of the Sarada Devi, the wife of Ramakrishna Paramahamsa who began the Ramakrishna Mission.
- SEBI has been investigating the Saradha group since 2009 and has persisted in its investigation even as the company tried to change its tactics and create different schemes that were in its essence chit funds.
- Sudipto Sen was the chairman and managing director of the Saradha group and was arrested in Kashmir. He was earlier a part of the Naxalite movement, and is rumoured to have had plastic surgery to change his appearance.
- The Saradha Group bought into a large number of media channels and newspapers. It employed over a 1000 journalists at the height of its fame.
- **It is rumoured that Sudipto Sen was the man** who allegedly bought Mamata Banerjee's painting for over Rs 1.8 crore. Many TMC party members are a part of the Saradha Group. A Rajya Sabha MP of the TMC Kunal Ghosh is currently in jail in connection with the scam.
- Mamata Bannerjee announced a Rs500 crore fund to pay back low-income families who had deposited money in the tainted scam.
- In order to fund this Rs500 crore payback scheme, Mamata Banerjee introduced a 10% cess on cigarette sales in the state of West Bengal.
- Today, **the Supreme Court ordered a CBI probe into the Saradha scam**, stating that, "In view of inter-state ramifications, involvement of higher ups including politicians and aspects of money laundering, a CBI probe is necessary"
Analysis

SARADHA GROUP CASE

April 2013 saw a gust of hatred wind, combined with murders, incessant strikes, call for action from the police, appeal for suo motu action by the tax authorities and a proposal to seek a thorough enquiry by the Central Bureau of Investigation (CBI) when the Corporate Affairs Ministry announced a detailed probe. Ponzy scheme Saradha Group was run by Sudipta Sen who apportioned public money by way of seeking chit funds in West Bengal and other Eastern and North Eastern states, even though the suspected entities were not actually registered as chit funds. The Saradha group allegedly utilised a consortium of companies with multiple cross linkages to set in motion an elaborate Ponzi scheme. The scheme was touted as a realty business and there were frequent changes in its operational strategy in an attempt to avoid scrutiny by regulatory authorities. In addition to the Saradha group, it is suspected that several companies are currently running fraudulent chit fund schemes in West Bengal. Apart from the Saradha group firms, various other inter-connected entities from such as Rose Valley, Icore E-Services and Sunshine India Land Developers were also involved. Fourteen Saradha group entities including Saradha Realty India, Saradha Agro Development, Saradha Exports, Saradha Construction Company and Saradha Garden Resorts and Hotels are under the scanner. Besides, nine entities from the Sunshine India Land Developers group, 11 from the Icore E-Services Ltd group and 19 from Rose Valley group are being investigated.

Meanwhile, an Inter-Ministerial Group is working on comprehensive set of guidelines to tackle the mushrooming illegal money-pooling activities or ponzi schemes2. The Telegraph had reported on August 19 that a total of 17.39 lakh applications was submitted to the commission probing the scam and 83 per cent of the applicants — around 14.43 lakh — had deposited Rs 10,000 or less. Back-of-the-envelope calculations reveal that the state will require a minimum of Rs 720 crore if the average deposit was Rs 5,000. The payout requirement will go up to Rs 1,010 crore if the average deposit was Rs 7,000. In short, this is nothing short of a 3,000 crore scam by one company.

MODUS OPERANDI

How did these schemes escape the regulator, or SEBI’s, glare? SEBI bans collective investment schemes such as, say, buying a stake in a plantation, which is typically what Ponzi players offer to do. So, Ponzi players offer ‘time-shares’ on promise of return on surrender of membership. For instance, a depositor could be buying into comfortable hotel accommodation for a few days in a year, somewhat like a club membership. These do not qualify as financial schemes. To entice more deposits, those operating these schemes promised to pay not just high returns (18-20 per cent) but a hefty commission (Rs 30-35 on Rs 100 collected) on deposit money mobilised by the depositor/his recruits. Huge numbers of people turned up at the doorstep of Saradha and its ilk. As the cash registers started ringing, Ponzi owners opened plush offices in Kolkata. They generated no less than half the advertisement revenue for vernacular TV channels; some even bought into large media houses. The trend was strengthened with the transfer of political power to the Mamata Banerjee-led Trinamool Congress. The public discourse and media space was overwhelmed by entertainment, news, football and ‘chit funds’. The Chief Minister’s presence at newspaper launches by Saradha; the open support of her Government to the media house; in-
volvement of top party leaders in the affairs of the group; and alleged participation of ground level activists to mobilise funds for Saradha, boosted Saradha’s reputation and credibility. The Saradha Group was forced to regulate collections following the launch of the Serious Fraud Investigation Office (SFIO) in 2012.

According to available estimates, the Group may have collected over Rs 20,000 crore of deposit — all in cash — through approximately 100-odd companies. Investigations so far, however, traced transactions worth a couple of hundred crores. Lakhs of investors from West Bengal and the rest of the Eastern and North Eastern region are demanding justice. At least two persons have committed suicide. Even the West Bengal Protection of Depositors Interests in Financial Institutions, 2003 to ensure preventive action through district level vigilance failed to tackle this issue. The Saradha episode is a foretaste of more closures to come. It would be easy to dismiss the Saradha chit fund debacle now playing out in West Bengal as just another instance of avaricious investors throwing caution to the winds when tempted with high returns only to cry foul when the gamble failed. But this incident is also a pointer to systemic deficiencies in the way the Indian financial sector is being regulated today. Even as the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and the Ministry of Corporate Affairs (MCA) formulate elaborate rules for registered mutual funds, banks and listed companies, there are many entities out there who are able to raise vast amounts of public money by operating in a no-man’s land, where these regulators are oblivious to the goings-on or, if aware, are wary of treading.

**CHIT FUNDS: WHO HAS THE MONEY?**

Chit fund is a traditional financial scheme carried out based on trust between operators and members, which prevailed even before formal banking began. Unregistered chit funds, whose chit value exceeds Rs. 100, are illegal in India. In Bangalore, there are 193 registered chit fund operations under the Chit Funds Act 1982, with a turnover of about Rs. 4,000 crore per annum. However, the number of unregistered chit operators is estimated to be at least 100 times that. In other words, investors are sitting on a powder keg that can blow up any time. “Chit funds are overregulated but less governed, and regulations on chit funds are more stringent than banking regulations. Simplification of the Act will solve many hurdles and prevent people from being attracted towards unregistered chit fund operators,” says T.S. Sivaramakrishnan, general secretary of All Indian Association of Chit Funds, while pointing out that Saradha Group of West Bengal, which is still making news following the collapse of its ponzi scheme, was not registered to operate chit funds. Penal provisions for operating an unregistered chit fund are too soft. They should be changed to ensure longer imprisonment with higher penalty amount of at least Rs. 5 lakh from the Rs. 5,000 now, he said and added that the Registrar of Chits has, perhaps, never used his power to raid an illegally operated chit fund firm/operator.

A study by the Institute for Financial Management and Research (IFMR), Chennai, found that 96 per cent of chit fund members surveyed had commented that participation in registered chit fund operations as “safe”. The results from this study underscore the importance of chit funds as a savings and borrowing vehicle for the poor and lower income households in India. The data collected from the Chit Fund Registrars of Andhra Pradesh, Tamil Nadu, Karnataka, Kerala and Delhi for the first time estimates the size of the registered chit fund industry. The report stated that the total amount of capital lent per year through registered chit funds is between 10 per cent and 50 per cent of all priority-sector lending which is extended by regular banks in these
same States. The study also pointed out that though chit funds are an important source of finance for small businesses and low-income households, there has been a general exodus of low value chit fund schemes from the registered chit fund market. “This is mainly because registered chit funds find it less lucrative to serve the poor due to the increased cost of operating such schemes imposed by the regulators. Most registered chit funds have moved away from smaller chit fund schemes and mainly offer large schemes. These developments make it very difficult for the poor to participate in chit fund schemes and often leave them without any institutional savings options,” said the report.

**STATE’S RESPONSE TO SARADHA INVESTORS**

The West Bengal government seems to have found a way out to disburse cash from the Rs 500-crore fund meant to help the poorest of poor depositors affected by the Saradha Group scandal. A proposal is being considered to enact legislation under Article 282 of the Constitution to dole out the benefit the chief minister had promised on April 24 to all the aggrieved investors. The article allows the Union or a state to make grants for any public purpose. Earlier, the state government’s efforts to create the fund had hit a roadblock as there was no provision in the budgetary rules. Although the constitutional provision may spare the government legal hassles, the proposed Rs 500-crore kitty — around Rs 150 crore would come from higher tax on tobacco products, the chief minister had said — may not be enough The state government is set to issue a fresh notification delegating the power of attaching properties of the Saradha Group and use the fund to repay the poor investors. Till now, the special investigation team has found over 450 bighas linked to Saradha in Bengal and other states, besides over 500 bank accounts and nearly 100 vehicles and over 220 properties. The Enforcement Directorate (ED) is at the helm of this recovery operation.

In an effort to understand this debacle it is imperative to understand what the law mandates and the fine line interprets. The offence under the Prevention of Money Laundering Act may be committed at three stages: placement, layering and integration. If a person diverts the investments and even deposits the amount so collected in a bank, it would amount to placement. In this case, the accused had gathered deposits from investors but instead of using it for the proposed purpose, diverted the funds to purchase properties. This would also amount to placement. At the second stage (layering), the money launderer engages in a series of continuous conversions or movement of funds within a financial/banking system through several accounts with an objective to conceal the true origin of proceeds. At the third stage, to evade detection, the accused employs multiple means to show the proceeds of crime as part of money generated through legal sources of income and goes on to invest in business ventures, real estate and other avenues. While the ED prepares to take further action in the Saradha Group case, once the adjudicating authority under the Prevention of Money Laundering Act would approve provisional attachment, the properties so identified would be attached by the agency pending further procedures.
CONCLUSION

These below mentioned 11 key points must be remembered and should be considered the ultimate rule of thumb while being lured into an investment scheme.

1. Avoid any program they must pay to join where they are promised a commission based upon their success in recruiting investors or a “downline.”

2. Avoid plans requiring the purchase of expensive products and marketing materials (often called tools).

3. Be highly skeptical of plans involving miracle products or promising enormous earnings at no, or low risk.

4. Beware of shills - "decoy" references paid by a plan's promoter to lie about their earnings through the plan.

5. Decline to pay for anything, or sign any contracts, in pressure-filled situations. If they have already committed, have them send the promoter a written notice of their intent to cancel as soon as possible.

6. Be diligent in checking claims, backgrounds, references and use the governmental resources available to potential investors like the City and State head offices of Income Tax authorities.

7. Always get information about the investment in writing before investing. Any legitimate investment opportunity should have an offering circular with specific, detailed information about the company and the investment.

8. If the promoter claims that the information is too complicated to understand, or that time is of the essence, pick another investment opportunity. Do not believe in “secret” strategies, proprietary programs, or any other mysterious offering – nobody should ever invest in anything they do not understand.

9. Never, ever, attempt to get clever with the Income Tax authorities – by all means, they should protect their assets, but it is insane to entrust their future to some Internet huckster promising tax relief. The mere appearance of criminality may result in a federal prosecution that will ruin them, whether they are ultimately convicted or not.

10. Remember that no matter how good a product, and how solid a multilevel marketing plan may appear to be, there is no “free lunch.”

In conclusion, let’s be alert today to be alive tomorrow. A quote and a respected thought we must all learn and imbibe for our benefit, for being cautious from emerging scandals and to become a learned citizen. While making considerable and constant efforts to spread the good word and encourage investments for safety of self, family and the society.