

Penalties for Pyramids Mulled

By [The Moscow Times](#)

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Punishments for both organizers and participants of financial pyramid schemes might be written into the Criminal and Administrative Codes in accordance with amendments submitted to the Cabinet by the Finance Ministry, Kommersant reported Wednesday.

Russia has no specific legislation directed at financial pyramids, schemes in which participants receive income on their investments out of money paid in by others. Since 2008, more than 40 billion rubles (\$1.2 billion) has been lost in financial pyramids by over 400,000 people.

Under the Finance Ministry's proposal, organizers of pyramid schemes and participants that have invested more than 1.5 million rubles will be punished by up to seven years' imprisonment. Those who have paid more than 1.5 million rubles into pyramids will face a fine of 15,000 rubles.

Similar penalties will be handed down to those who "purposely distribute information," regarding pyramid schemes, or "encourage people to take part" in one.

In the 1990s, the MMM financial pyramid, created by Sergei Mavrodi, a former mathematician, defrauded an estimated 10 million to 15 million Russians out of their savings.

Mavrodi, who was sentenced on fraud charges in 2007, served four and a half years in prison.

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