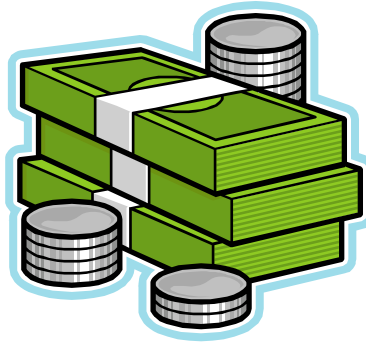

“Ponzi” Pyramid Schemes



Max has received this email. It describes a scheme for making money.

From: A Crook
Date: Thursday 15th January 2009
To: B Careful
Subject: Get rich quick!

Dear friend,

Do you want to get rich quick? Just follow the instructions carefully below and you may never need to work again:

1. At the bottom of this email there are 8 names and addresses.
Send \$5 to the name at the top of this list.
2. Delete that name and add your own name and address at the bottom of the list.
3. Send this email to 5 new friends.

1. If that process goes as planned, how much money would be sent to Max? Show your calculations.

“Ponzi” Pyramid Schemes: (continued)

2. What could possibly go wrong? Explain your answer clearly.

3. Why do they make Ponzi schemes like this illegal?
