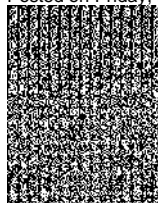


Ponzimonium, Ponzipalooza, Ponzimania

Posted on Friday, March 27th, 2009 at 7:00 am and is filed under [Fraud](#).



Charles Ponzi

There is "rampant Ponzimonium." Or is there a "virtual Ponzipalooza"?

Bart Chilton, a commissioner at the [Commodities Futures Trading Commission](#) coined these terms in his speech on March 20 before American Bar Association's Committee on Derivatives and Futures Law Students.

Personally, I prefer Ponzimania.

The CFTC has filed charges against 15 alleged Ponzi schemes so far this year, compared with 13 during the whole of 2008. (If you do the math that would mean more than 60 cases for 2009, assuming the rate continues.) In a search of the SEC litigation website I had 57 hits for Ponzi in 2009, compared to 92 for all of 2008. (I admit that it is less scientific than the CFTC research.) Clearly there are more enforcement actions against Ponzi schemes. We are hearing more about Ponzi schemes in the news.

Is this increase because there are more Ponzi schemes out there?

Or are we just uncovering a greater percentage of Ponzi schemes?

I think the investment tide has gone out, uncovering more Ponzi schemes and fraud in the market. The newscycle has switched from celebrating big gains to wallowing in the muck from the financial implosion.

It is easier to run a fraud when values are increasing. Even a terrible investor can make some money when most of the possible investment choices are rising in value. Plummeting markets decrease the value of the poor investment choices and increase the amount of redemptions by the investors/victims. It was the redemption activity that finally did in Madoff. He could not raise new money fast enough to pay out the redemptions.

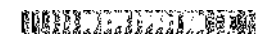
Jim Cramer has gone from being a rock star of the investing world to being the punching bag of Jon Stewart. The media is now turning on investment industry looking for targets to aim the public's ire over the financial implosion. Fraudsters make good news and good targets.

I don't think there are any more fraudulent schemes currently out there than average. The downturn in the markets is bringing fraud schemes crashing down. The media is feasting on carnage.

I expect that we will be experiencing Ponzimonium, Ponzipalooza, and Ponzimania for awhile.

See:

- o [Regulator: It's 'Ponzimonium'](#) - CNN money.com
- o [U.S. regulator probing "rampant Ponzimonium"](#) - Reuters
- o [CFTC Sees 'Rampant Ponzimonium'](#) - WSJ.com
- o [Watchdog fears market 'Ponzimonium'](#) - Financial Times
- o [Remarks by Commissioner Bart Chilton](#) (.pdf)- March 20, 2009
- o [Ponzi-Mania: How To Spot The Lying Scum](#) - Forbes.com
- o [Jon Stewart interviews Jim Cramer](#) on the Daily Show
- o [Is There More White Collar Crime Today?](#) - previous post



Tags: [Ponzi schemes](#)

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