

BRANDING IN PONZI INVESTMENT SCHEMES

BY

YARON SHER

THESIS

SUBMITTED IN THE FUFILLMENT OF THE REQUIREMENTS OF THE DEGREE

**BACHELORS OF HONOURS IN STRATEGIC BRAND
COMMUNICATION**

AT THE

**VEGA SCHOOL OF BRAND LEADERSHIP
JOHANNESBURG**

SUPERVISOR: NICOLE MASON

DATE: 23/10/2015

Acknowledgements

First and foremost, I wish to express my thanks to Nicole Mason, my research supervisor, for providing me with all the necessary assistance in completing this research paper. I would also like to give thanks to Jenna Echakowitz and Alison Cordeiro for their assistance in the construction of my research activation and presentation. I take this opportunity to express gratitude to all faculty members at Vega School of Brand Leadership Johannesburg for their help and support. I would like thank my family especially my parents Dafna and Manfred Sher for their love and encouragement. I am also grateful to my girlfriend Cayli Smith who provided me with the necessary support throughout this particular period. I also like to place on record, my sense of gratitude to one and all, who directly or indirectly, have helped me in this producing this research study.

Abstract

The subject field that involves illegal investment schemes such as the Ponzi scheme is an issue that creates a significant negative issues in today's society. The issue results in forcing financial investors to question their relationship and trust with certain individuals who manage their investments. This issue also forces investors, as well as society, to question the ethics of people, especially those involved in investments who operate their brand within the financial sector. The reason for this is the recent climax of illegal investment schemes that have been exposed since the economic recession in 2008. Fraudulent schemes such as the Bernie Madoff and Allen Stanford saga have resulted in people losing their personal savings and annuities. It is therefore that this particular issue that provides a research gap for people who are not aware of the specific indicators of determining if an investment is legitimately legal or a fraudulent scam.

This research study was done by performing a brand analysis and investigation into high profile cases of illegal investment schemes with a specific focus on cases involving Ponzi related investment schemes. The brand analysis will also involve two focal points. The first focal point will discuss the different brand strategies and tactics that were used in initiating these Ponzi investment schemes. The second focal point will be on those people who have fallen victim to the branding strategies of these Ponzi investment schemes. These focus points will be used to disclose the overall branding strategies of both the investment scheme as well as the swindler.

The brand analysis and investigation involved researching and analyzing the various concepts and theories that are involved within a Ponzi investment scheme. These concepts are then coded into various categories and then applied to the Ponzi scheme cases of Bernie Madoff, Allen Stanford and Charles Ponzi. The results from the three cases are then compared and analyzed with in order to identify commonalities within the various coded categories. These commonalities are then concluded in providing an outline of the branding strategies and tactics that a swindler utilizes in an illegal Ponzi scheme.

Table of Contents

Chapter 1: Introduction.....	7
1.1 Background to the Study.....	7
1.2 Research Problem.....	9
1.3 Rationale	9
1.4 Objectives of the Study.....	10
1.5 Delimitation/Demarcation of the Field of Study	10
1.6 Methodology	11
1.7 Ethical Assumptions	11
1.8 Conceptualisation of Key Terms	12
Chapter 2: Literature Review.....	13
Chapter 3: Research Methodology.....	20
3.1 Introduction	20
3.2 Background.....	20
3.3 Research Design	21
3.4 Data Collection Methods.....	22
3.4.1 Sampling	23
3.4.1.1 Probability Sampling or Non Probability Sampling	23
3.4.1.2 Sample Size	23
3.4.1.3 Sampling Methods	23
3.5 Data Analysis Method.....	24
3.6 Validity and Reliability.....	27
3.7 Ethics	28
Chapter 4: Findings.....	29
4.1 Bernie Madoff Case Findings.....	29
4.1.1 Background.....	29
4.1.2 Entrepreneurship and Innovation	29
4.1.3 Affinity Fraud.....	30
4.1.4 Personal Branding and Brand Equity.....	31
4.1.5 Unethical Branding Strategies	33
4.1.6 Lifestyle.....	33
4.1.7 Relationship Marketing.....	34

4.1.8 Elements of Forgery	35
4.1.9 Exposure.....	35
4.2 Allen Stanford Case Findings	36
4.2.1 Background.....	36
4.2.2 Entrepreneurship and Innovation	36
4.2.3 Affinity Fraud	37
4.2.4 Personal Branding and Brand Equity.....	38
4.2.5 Unethical Branding Strategies	40
4.2.6 Lifestyle.....	41
4.2.7 Relationship Marketing.....	42
4.2.8 Elements of Forgery	42
4.2.9 Exposure.....	44
4.3 Charles Ponzi Case Findings.....	45
4.3.1 Background.....	45
4.3.2 Entrepreneurship and Innovation	45
4.3.3 Affinity Fraud	46
4.3.4 Personal Branding and Brand Equity.....	46
4.3.5 Unethical Branding Strategies	46
4.3.6 Lifestyle.....	47
4.3.7 Relationship Marketing.....	48
4.3.8 Elements of Forgery	48
4.3.9 Exposure.....	48
Chapter 5: Data Analysis	49
5.1 Background	49
5.2 Entrepreneurship and Innovation	49
5.3 Affinity Fraud	50
5.4 Personal Branding and Brand Equity	50
5.5 Unethical Branding Strategies	51
5.6 Lifestyle	52
5.7 Relationship Marketing	52
5.8 Elements of Forgery.....	53
Chapter 6: Recommendations and Conclusion	55
Bibliography	57

Chapter 1: Introduction

1.1 Background to the Study

The topic for this specific research paper is based on the concept of Ponzi investment schemes. The concept of Ponzi investment schemes is a category of what is considered “white collar crime”. The term “white collar crime” was first coined by Edwin Sutherland in 1940 and is defined as a “crime committed by a person of respectability and high social status in the course of his occupation” (Sutherland,1940, pg 1). This means that white collar crimes such as Ponzi investment schemes are of a non violent nature as well as that they are usually initiated and co-ordinated by certain individuals who are classified as intelligent, popular and initially well respected in their respected line of work.

In society today, white collar crimes such as illegal investment schemes occur mainly in the financial sector. It has been found that the largest acts of white collar crime have been performed by respected individuals who work within the financial sector. The idea for this specific research topic originated with the case of Bernie Madoff, a white collar criminal or swindler convicted of stealing approximately US \$65 billion in what is known as the largest and possibly the longest running Ponzi scheme in history.

In the video documentary Ripped Off: Bernie Madoff and the Scamming of America (2009) it is mentioned that certain illegal investment schemes such as Ponzi are usually only identified in negative economic periods such as recessions. This point is demonstrated due to the fact that illegal investment schemes such as Ponzi were found to be exposed in numerous amounts of criminal cases during the international economic recession in 2008-2009. This issue poses the question that if these Ponzi investment schemes only were revealed in the recession period, how was the swindler able to maintain the illegal scheme’s brand image for such a long period of time without being caught?

The fact that how illegal investment swindlers were able to maintain the continuity of their schemes for so long is an important question to consider when asking why this specific research investigation is so important. This is mainly because both individual as well as institutional investors have lost tremendous amounts of money with some losing their entire life savings when persuaded to invest in illegal investment schemes. In addition it is also important to consider the employees that were involved in the operations of Ponzi schemes as many of them who were informed of a Ponzi scheme faced ethical dilemmas on the benefits and consequences on whistle blowing to the public.

The people or stakeholders involved in regards to this specific research paper include the following participants:

- The white collar criminals who initiated and co-ordinated the investment scheme. For example Bernie Madoff
- The organization who represents the illegal scheme as a brand. This includes the employees who in fact have no knowledge of the scheme occurring
- The investors who have become victims to the branding strategies and operations of these investment schemes
- The international community especially those who are exposed to the financial and investment sector
- The Government and law enforcing agencies who combat against illegal financial actions that are considered to be criminal

1.2 Research Problem

To investigate and provide the information required to analyse and expose the various branding strategies and tactics used in illegal Ponzi investment schemes. The following are important factors that are needed to be researched and analyzed:

- The influence of persuasive and physiological methods
- The type of investors that have fallen victim to Ponzi schemes.
- The use of branding to federal regulators such as the Securities Exchange Commission (SEC)

1.3 Rationale

A research rationale according to du Plooy-Cilliers is a justification explaining the reason why this particular research topic is worth investigating (2014, pg93). The use of Ponzi schemes have become increasingly more common in the last decade. In an article written by Maglich (2014) it has been found that between 2008 and 2013, over 500 Ponzi schemes have been recorded in which collectively amounted to over US \$50 billion. It is noted that a Ponzi investment scheme is only revealed once the swindler is unable to attain new investors. This poses a serious issue to society as there has not been a common indicator to show if an investment scheme is illegal. This particular topic is being investigated in order to assist the general public in identifying if the branding of a particular investment scheme is a legitimate opportunity or an illegal flaw.

1.4 Objectives of the Study

- To identify and understand the branding tactics used by illegal Ponzi scheme swindlers to acquire potential investors.
- To investigate how Ponzi scheme swindlers maintain their brand equity and image.
- To uncover the reasons as to why investors remained loyal to the illegal brand scheme.

1.5 Delimitation/Demarcation of the Field of Study

The delimitation or demarcation for this specific research investigation is that within the field of white collar crime and illegal investment schemes, the focus of this research investigation will be specifically on Ponzi classified investment schemes. The use of Ponzi as a form of illegal investment schemes has been active since the 1920's where Charles Ponzi first created the scheme. However since the international economic recession in 2008/2009, over 500 criminal cases of Ponzi investment schemes have been found. This shows that there has been a trend with regards to swindlers using the Ponzi method to conduct their fraudulent schemes.

Another delimitation or demarcation of this research study is that process of collecting data will only be limited to information located on the internet. This means that myself as the researcher will be unable to conduct research surveys and interviews to victims of fraudulent Ponzi schemes.

1.6 Methodology

This research paper will be done by performing a brand analysis and investigation into high profile cases of investment schemes with a specific focus on cases involving Ponzi related investment schemes. The brand analysis will also involve two focal points. The first focus point will discuss the different brand strategies and tactics that were used in initiating these Ponzi investment schemes. The second focus point will be on those people who have fallen victim to the branding strategies of these Ponzi investment schemes

These focal points will be used to indicate the branding strategies and tactics the Ponzi scheme swindler was able to use to lure investors as well as the ability to maintain a strong brand equity

1.7 Ethical Assumptions

There are a number of ethical assumptions that need to be considered with regards to the topic on the branding of Ponzi schemes:

- Ponzi schemes are a category of illegal investment fraud
- Ponzi scheme swindlers use misleading as well as deceptive techniques in maintaining current investors as well as persuading potential investors
- The mechanics of a Ponzi scheme involves the swindler involves the swindler either blatantly lying or unethically colluding with their employees.
- Within every financial transaction that occurs within a Ponzi scheme, the swindler performs an act of embezzlement by taking a percentage for themselves after each transaction.
- Ponzi scheme firms lie to the Securities Exchange Commission by submitting falsified financial statements

1.8 Conceptualisation of Key Terms

- **Swindler:** an individual that obtains money or assets by using deceptive and fraudulent methods
- **Investment:** a financial product or asset that is purchased in the hope that it will appreciate over a specific period of time. The reason for appreciation is to create future wealth or sell the product/asset at a higher price.
- **Return on Investment (ROI):** a form of measurement to calculate the performance or efficiency of a particular investment or to compare the performance/efficiency of one investment to other investments.
- **Economic Recession:** a period when the international economy is in significant decline in activity. It is a normal occurrence as it forms part of the business cycle.
- **Fraud:** an illegal action in which a criminal uses methods that are deceptive and dishonest in order to trick or steal from other people.
- **Securities Exchange Commission (SEC):** An authoritative body that is state controlled aimed to regulate the securities and investment market in order to protect investors.
- **Ponzi Scheme:** is an illegal fraudulent investment strategy where an individual or organization pays investment returns to its investors from new income capital that is sourced from new investors rather than earned profits.

Chapter 2: Literature Review

The purpose of a literature review is to identify key concepts in prior research literature that are closely related to the successful branding of illegal investments which in the majority of cases results in failure causing extensive losses to investors. Within this particular field of research, there have been numerous studies conducted on theoretical concepts that relate to illegal investment schemes. The concept of illegal investment schemes is a concept that is broadly researched especially within the financial, securities and investments sectors. Therefore that in this particular research paper, I will be primarily focusing on how these illegal investment schemes brand themselves as part of the process of maintaining their limited continuity. Within this literature review, there are various theoretical concepts that have been identified that can be applied towards the branding of illegal investment schemes.

The concept of relationship marketing or branding is an instrument or tool that white collar criminals regularly use to promote their illegal investment schemes. The concept is based on the fact that illegal investment schemes operate the branding strategies based on the relationship with the consumer or investor. The reason is because personal relationship branding is an integral part in securing investor loyalty and trust with the scheme.

In an academic article written by Webster (2003, pg 1) states that “a brand is a promise, an expectation waiting to be fulfilled”. This means that white collar criminals generally lie to their investors by promising them that they will receive consistent successful and safe returns on their investments. This dishonest statement is the white collar criminal's brand promise resulting in investors attaining brand loyalty and trust. In a journal by Fournier it is stated that “one way to establish a brand as a partner is to highlight ways in which brands are animated humanized and personalised” (Fournier, 1995, pg396).

This statement supports the fact that white collar criminals as brand leaders develop relationships with investors themselves as a way of branding their illegal investment schemes by humanizing and personalizing in order to be perceived as loyal relationship brands. There is however a cost element that has not been mentioned in relationship marketing especially with regards to investors that are regarded as being exclusive.

Brand ethics is another concept that exists within illegal investment schemes. It is a well known fact that the use of brand ethics whether it be moral or immoral will result on an influence on the brand's corporate reputation. It is also a well accepted fact in today's society that illegal investment schemes are criminal acts involving unethical and immoral branding strategic operations and behaviour that occur behind the face of the organisation as well as the brand.

It is stated by Fan that corporate reputation is "concerned with how people feel about a company based on whatever information (or misinformation) they have on, company activities, workplace, past performance and future prospects" (Fan, 2005, pg 11). White collar criminals such as Bernie Madoff and Scott Rothstein used unethical branding tactics such as falsifying financial and accounting documents thus conveying to their stakeholders, especially investors, a false sense of their brand's corporate reputation. The promotion of an illegal financial product such as a Ponzi scheme can be also be related to selling of other illegal products such as drugs and unlicensed firearms. However unlike drugs and unlicensed firearms, a Ponzi scheme is a product that is covertly illegal which involves a form of deception that is created by the swindler. The deception factor occurs when investors and employees are made to believe that the scheme is a profitable, safe and financially attractive investment opportunity rather than an act of investment fraud. It is therefore important to consider in terms of brand ethics the relationship between the Ponzi scheme as an illegal product as well as the unethical behaviour of the swindler.

Another concept involved in this research topic is the theory of a Ponzi scheme. In a business journal written by Drew & Drew, a Ponzi scheme is explained as follows: The schemer generally builds excitement among early investors by promising steady and above-market returns. In some cases, the initial plan is a legitimate enterprise that eventually turns sour. When losses begin to accumulate, instead of admitting to the loss, the schemer implements a stopgap measure to pay off previous investors with money from new investors. The schemer plans to earn enough money on the next gamble to pay off all of the investors. Instead, once the hole is dug, the schemer must continue digging by bringing in new investors (Drew & Drew, 2010, pg 49-50). It is evident that Ponzi schemes, in terms of branding strategies and tactics are, the most popular within the financial sector. However, in the article that Drew & Drew omits not mention any fact or provides any form of insight that relates to the branding strategies and tactics of a Ponzi scheme.

A common concept that is linked to the branding of illegal investment schemes is affinity fraud. Merriam-Webster (2015) defines the term affinity as “a feeling of closeness and understanding that someone has for another person because of their similar qualities, ideas or interests”. This means on a social level that there is a sense of kinship between people based on the characteristics that are common within a specific group. When applying the concept of affinity and kinship in relation to activities relating to financial fraud, scheme swindlers prey on certain groups that share the same affinity and kinship. These groups can share characteristics such as religion, race, ethnicity, age and profession in which illegal investment swindlers pretend to be part of.

Perri and Brody go further in stating that investment swindlers and offenders “enlist respected community or religious leaders from within the group to spread the word about the scheme by convincing the leaders that a fraudulent investment is in fact legitimate and worthy of advancing the social and economic interests of the group. Once the leader has been convinced to the schemes authenticity, the leader is used as the offender’s pawn to convince his/her followers to invest with him or her because the offender is assumed to be trustworthy” (Perri and Brody, 2012, pg 306).

Bernie Madoff is a prime example of a swindler where many of his victims were wealthy investors that were part of the Jewish community in New York City. Another example of affinity fraud within a Ponzi scheme is the criminal case of Ephren Taylor and the New Birth Missionary Baptist Church. The case involved businessman Ephren Taylor swindling US \$16 million from 400 investors. The majority of these investors were African American Christians who were affiliated to the New Birth Missionary Baptist Church. These examples are prime examples as to the concept of affinity fraud playing a major role in the branding of an illegal investment scheme especially within the primary stages of branding. In addition, the concept of affinity fraud provides distinctive clues in forming part of the brand strategies and tactics that are used in Ponzi schemes.

In today's world of branding and marketing, the idea of brand equity is a new concept that has altered the way marketing is implemented in terms of tactics and functions. Aaker & Joachimsthaler describe brand equity as "a set of brand assets and liabilities linked to a brand, its name, and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers" (Aaker & Joachimsthaler, 1991, p.15). Brand equity is also defined by Farquhar as "the power that a brand may command in a market by means of its name, symbol, or logo" (Farquhar, 1989). In order to measure brand equity, certain factors relating to the brand of the person or the organisation are placed against a particular model that incorporates certain factors. Keller's brand equity model incorporates the following factors (2001, pg 5):

- Brand identity
- Brand meaning
- Brand response
- Brand resonance

All these factors within Keller's brand equity model are perceived to be positive when placed into an illegal investment scheme. This ultimately means that the swindler needs to ensure that the brand equity of their illegal investment scheme needs to be portrayed in a positive image that is reflected upon current and potential investors. The process of how swindlers portrayed pose their brand equity to be false in order to fool their investors.

Brand equity in relation to this specific research study incorporates aspect of reputation which is the beliefs, opinions and perceptions of a particular brand among its stakeholders. It is well documented that many swindlers convicted of co-ordinating Ponzi schemes are individuals that occupy a relatively high status and reputation. Examples of the status of Ponzi scheme swindlers include:

- Bernie Madoff was the non executive chairman of the NASDAQ stock exchange. He was also the fundamental contributor of the technology that formed the NASDAQ in the 1970's.
- Allen Stanford was the former Chairman and Chief Executive Officer of Stanford Financial Group and a notable brand sponsor in professional sports.
- Lou Pearlman was a world renowned impresario who was affiliated with many famous male group artists i.e. "boy bands" in the 1990's such as the Backstreet Boys and NSYNC.
- Ephren Taylor was the Chief Executive Officer of a merchant bank called City Capital Corp
- Reed Slatkin was an initial investor and co-founder of Earthlink, a company that serves as a communications, network and IT service provider.

Personal branding also known as self marketing is a prerequisite when it comes to illegal investment schemes. Shepherd defines self marketing/personal branding as “varied activities undertaken by individuals to make themselves known in the marketplace” (Shepherd, 2005, 590). Lair further explains personal branding as “the process of turning oneself into a product in effect, engaging in self co-modification” (2005, pg14). The illegal investment swindlers brand themselves as a product that is independent from the organisation. This is an essential tool in gaining that personal connection and trust from current as well as potential investors. A prime example of this would be the white collar criminal Allen Stanford who marketed himself independently from his company Stanford Financial Group. Stanford used this strategy along with his charismatic personality to convince investors to invest with him as well as maintaining the Ponzi scheme process. Personal branding assists this particular research study in identifying the various techniques of personal branding that are used in Ponzi schemes.

Multi-level marketing which is also known as network marketing is a concept that very closely related to illegal investment schemes. In a research article written by Krige it is explained that multi-level marketing “is a business model that is growing rapidly and significance in many parts of the world as one strategy to tap into and create new consumer markets” (2012, pg 70). According to various sources involving multi-level marketing, the concept is mainly applied to a pyramid scheme which is another form of a white collar that is structured differently but can be compared to illegal investment schemes such as Ponzi. The pyramid scheme in context of multi-level marketing is initiated via direct recruiting of sellers or agents instead of generating product sales. According to an article written by Muncy product agents or sellers are commissioned not for their generated sales but for the amount of agents they have recruited (2004, pg 47).

It is noted by Krige (2012, pg 70) that multi-level marketing both in pyramid as well as Ponzi schemes are both driven by money multiplication. In pyramid schemes, one pays a joining fee to become an agent and provided with the opportunity to recruit other agents to do the same whilst in illegal investment schemes, investors place money into a particular scheme and claim back their investment plus returns within a certain period of time. In addition the investors are instructed by the scheme's swindler to recruit other investors to the illegal scheme resulting in multiplication of finances. With regards to this specific research study both articles by Mucy and Krige do not deal with the factors of branding and relationships that occurs within multi-level marketing.

Chapter 3: Research Methodology

3.1 Introduction

For this specific research study on the branding strategies of illegal Ponzi schemes, I will need to be searching, collecting and analysing data that is considered as previous or historical information. This historical data can be found in the form of case studies, anecdotal articles as well as recorded documentaries on how Ponzi scheme swindlers acted and behaved with their investors and employees. The reason in focusing specifically on historical data is in order to reach a conclusion for this particular research investigation, one must search and analyse at previous data.

3.2 Background

All data for this research investigation will be collected from sources on the internet. This is because many of the largest and most popular Ponzi schemes have occurred in the United States. It is also a difficulty to find and question those who have fallen victim to Ponzi schemes. Sources from the internet will include cases, news articles and documentary video clips. These sources can be found from websites such as the following:

- Youtube
- The Economist
- Bloomberg
- Reuters
- Financial times
- New York Times
- Time magazine
- Vanity Fair

3.3 Research Design

This research design is based on a qualitative research approach. This is because this specific research investigation is based on the interpretation of historical data. In analysing the branding of illegal Ponzi investment schemes, we must investigate cases of Ponzi schemes that have occurred in the past specifically focusing on the branding strategies and methods used by swindlers towards their victims. It is therefore that quantitative methods such as surveys and numerical questionnaires cannot be used.

Incorporated within this research design is the use of inductive theorising or reasoning. This method occurs when the researcher ascertains theoretical concepts from the data that has been collected and analysed. Inductive theorising/reasoning is viewed as a form of a bottom-up approach which is used to either create or update a new or an existing theory from the research findings (du Plooy-Cilliers et al, 2014, pg 49). In relation to the branding strategies and techniques used in Ponzi investment schemes, the use of inductive theorising/reasoning will aim to determine a theory from the research findings on how to identify the legitimacy in the branding of certain investment schemes.

The type of research use in this particular research study is exploratory research. Exploratory research is defined as “research that has the overall purpose of exploration usually refers to the study of an unknown area” (du Plooy-Cilliers et al, 2014, pg 75). The aim of exploratory research is to gather and analyse information about a particular topic that has not been researched before. This means that within this research investigation, the theory of the Ponzi method in illegal investment schemes has been identified and explored upon in previous research. This includes the method itself as well as how it can be identified mathematically. However, the branding strategies and tactics performed by swindlers who implement the Ponzi method is an area that has been explored only to a very limited extent. It is therefore that the use of exploratory research assists in recognising unknown situations, conditions, policies and behaviours within this research study.

3.4 Data Collection Methods

Due to this research investigation is based on a qualitative research approach results in the use of qualitative data collection methods. For this specific research study, there are two types of qualitative data collection that will be used. These data collection methods include the following:

1. Grounded Theory

Like inductive theorising/reasoning, the grounded theory explains that the theory is “grounded” within the collected data. The grounded theory approach is used when the theories on a particular research topic are scarce in existence and are in need of development. In addition to using the grounded theory approach the theory is developed by looking at data that involves real life cases and occurrences. The theories in indentifying the flaws in Ponzi schemes within a branding perspective are indeed scarce and therefore need to be developed by looking at information involving previous Ponzi scheme cases. It is also important to consider that the durability of the theory will depend on the amount of qualitative data collected. By comparing the behaviour of Ponzi scheme swindlers will generate a new theory. However, the more Ponzi cases analysed, the firmer the theory will be (du Plooy-Cilliers et al, 2014, pg 178).

2. The Case Study Approach

A case study is a detailed description of a social phenomenon that exists within a real-life context. The approach involves a deep exploration into a particular real-life situation in order to gain a complete as well as a thorough understanding. This research study will require an exploratory case study which is explained as “a rigorous description of the case within its broader context in an attempt to understand the nature of the case” (du Plooy-Cilliers, 2014, pg). For this particular research topic, Ponzi scheme cases such as Madoff, Ponzi and Stanford are relevant in analyzing the branding strategies and tactics they used to find as and maintain the interest of their investors.

3.4.1 Sampling

3.4.1.1 Probability Sampling or Non Probability Sampling

The method of non probability sampling will be used in this specific research investigation. Non probability sampling is implemented “when it is nearly impossible to determine who the entire population is or when it is difficult to gain access to the entire population” (Du Plooy-Cilliers, 2014, 137). It is therefore that non probability sampling will be used for this research investigation as it is implemented with qualitative research methods.

3.4.1.2 Sample Size

The universe of information in relation to this topic is all information on the internet that is related to Ponzi schemes. The sample size for this research investigation is dependent on the number of sources found that are related to the brand strategies and tactics used in the three to five case studies. The sample size for this research study will be limited to news articles, case studies and video documentaries that are related to the branding of Ponzi investment schemes.

3.4.1.3 Sampling Methods

Within the umbrella of non probability sampling methods, the use of purposive sampling has been chosen as the most relevant non probability sampling method for this research study. Purposive sampling occurs where the researcher purposefully choose the samples to be included in the research study based on a set list of characteristics. When searching for sources on Ponzi schemes it is imperative to choose the correct sample of sources that can best match the research objectives.

In addition no form of research instruments will be used for this research investigation due to the nature of this particular research topic.

3.5 Data Analysis Method

Due to the fact that this research investigation is classified as qualitative, results in a qualitative data analysis method being utilised. The qualitative data analysis method which is also called qualitative content analysis is a process where the collected data is transformed into findings. This is done by the researcher identifying and describing dominant patterns that emerge from the collected data. The qualitative data analysis method being applied to the branding strategies and tactics used in Ponzi schemes are explained in the following steps: (du Plooy-Cilliers, 2014, pg 236-242)

Step 1: Preparing/Collecting the data

The analysis process begins by finding and collecting source material that is related to the branding strategies and methods in Ponzi schemes. The data collected must relate to the Ponzi scheme cases of Bernie Madoff, Allen Stanford and Charles Ponzi. These sources must then be organised and (for video documentary sources) transcribed into data that is relevant to the research objectives and aims.

Step 2: Defining the coding unit to be analysed

A coding unit is a specific concept or theme that is used as a tool in identifying and categorising patterns within the collected data. They can be individual words, phrases, sentences or paragraphs. When applied to the research topic of branding in Ponzi schemes, the collected data involving the relevant Ponzi scheme cases will need to be examined closely and broken down into different parts. From there, the broken down parts will be marked with the appropriate coding units in order to perform a deeper analysis. There are 8 coding units that have been identified and include the following:

- Background
- Entrepreneurship and Innovation
- Affinity Fraud
- Personal Branding and Brand Equity
- Unethical Branding Strategies
- Lifestyle
- Relationship Marketing
- Elements of Forgery
- Exposure

Step 3: Developing categories and a coding scheme or conceptual framework

In this step the coded information will need to be grouped together into categories of codes. Due to the research topic following an inductive theorising approach results in a conceptual framework being formed from the marked data. This means that the strategies and tactics used in Ponzi schemes will be identified and determined within a framework that is contained in the collected data. The coding scheme should have the following characteristics:

- Exhaustive: there should be enough categories to accommodate all the collected data.
- Mutually exclusive: each coding category should be distinctive and not overlap with other categories.
- Specific: both the coded data as well as the categories should be specific and relevant to the research objectives and aims.

Step 4: Testing the coding schemes on sample texts

In this step the clarity and consistency of the coding schemes will be tested on a sample of the collected data. Any problems or issues that are related to the clarity of the coding schemes will be resolved in this particular stage.

Step 5: Coding all text

When coding the data, the researcher must take into consideration the relevant information to be highlighted and coded in order to be further analysed. The use of line by line coding is the most relevant type of coding method for this research investigation. Line by line coding is a method where “the researcher reads through parts of the texts line by line while marking certain words and phrases that are relevant to the study”(du Plooy-Cilliers, 2014, pg 240). During this stage it is important to monitor the consistency when coding the data.

Step 6: Interpreting the data

In this step the data that has been coded, categorised and analysed is interpreted. At this stage the researcher must present the meanings that are derived from the data as well as relationships between these meanings. In this step after coding all information that relate to the branding of Ponzi schemes, the information needs to be analysed and compared in order to find relationships and commonalities between the cases of Madoff, Stanford and Ponzi. It is at this stage important to consider that the researcher must take all relevant coded data into account in order to avoid false interpretation (du-Plooy-Cilliers, 242).

Step 7: Reporting methods and findings

In this step of data analysis, the researcher is required to report on the process used in coding, analysing and interpreting the collected data. The reporting process involves taking the commonalities found in the cases of Madoff, Stanford and Ponzi and transforming them into a guideline to determine if an investment scheme is either legitimate or fraudulent. It is imperative that the reporting of these methods needs to be mentioned in an honest manner.

3.6 Validity and Reliability

Validity and reliability for qualitative research studies is based on trustworthiness. As this particular research investigation uses qualitative research methods, the concept of trustworthiness plays an important role in ensuring that this particular research investigation is honest and realistic. The concept of trustworthiness is divided into four sub-concepts which include the following: (du Plooy-Cilliers, 2014, pg 258)

- **Credibility**

Credibility is measured by the level of accuracy in which the researcher interprets the collected data. Good credibility with regards to this research investigation is resulted from thorough analysis of the articles. This involves not only thorough analysis of the content of these articles but also analysing the source where these articles are collected from as well as the authors/journalists that wrote and published them

- **Transferability**

Transferability is the degree in which the findings can be applied to a similar situation. This particular research investigation is seen to be transferable but only to a limited extent as the results and analysis are all related to the branding strategies and tactics of Ponzi investment schemes. This means that the analysis and results can be applied when investigating and researching other investment schemes but only to a certain limit.

- **Dependability**

Dependability is the quality of the process of integrating the data collection method, the data analysis method as well as the theory that is generated from the data. This means that there needs to be an adequate form of consistency within the process of identifying the branding strategies and tactics of Ponzi schemes.

- **Conformability**

Conformability is the degree of how well the data that has been collected supports the interpretation of the researcher. In this particular research investigation, the data which are the Ponzi scheme articles, case studies and video documentaries that have been collected form the basis of the researcher's interpretation.

3.7 Ethics

This particular research investigation is classified as unobtrusive. This means that unlike other research processes such as field research, this research topic involves a process that is completely inconspicuous. It is therefore that due to this research topic being unobtrusive there is no form of research ethics to take in to account.

Chapter 4: Findings

4.1 Bernie Madoff Case Findings

4.1.1 Background

Bernie Madoff was initially raised within a middle class family. However, according to an article written by Gelles & Tett, Bernie's father owned a moderately successful business in selling sporting goods which eventually became insolvent. This led to the break of the Madoff family's existence within the middle working class (Gelles & Tett, 2011).

4.1.2 Entrepreneurship and Innovation

During Madoff's time in college, he became a very industrious individual by working and studying at the same time. Joseph Kavanau who attended Brooklyn Law School with Madoff states that Madoff attended lectures in the mornings and operated a side business installing and fixing sprinkler systems during afternoon and evening hours (Cresswell & Thomas, 2009). It has also been identified by Kavanau (2009) as well as an article written by The Economist (2008) that Madoff has also worked as a lifeguard. With this evidence, it has been found that from working both in installing and fixing sprinkler systems as well as a being a lifeguard, Madoff managed to save US \$5000 to start his very own investment firm called Bernard L. Madoff Investment Securities (BLMIS). The foundation of Madoff's brokerage firm included Madoff borrowing office space from his father in law. (Cresswell & Thomas, 2009) (Gelles & Tett, 2011).

A major opportunity that changed the outlook of Madoff's career was the idea of using computer technology when trading on the stock market. According to Gelles & Tett, it is quoted that "traditionally, the business of trading equities on Wall Street had been conducted by a club of human brokers; however; by the 1970's the Madoff's had begun using computers" (2011). This meant that trading shares could now take seconds instead of minutes which provided BLMIS with a significant competitive advantage.

4.1.3 Affinity Fraud

According to a documentary called the Madoff Hustle (2009), it is stated that one third of the victims affected by the Bernie Madoff Ponzi scheme were of the Jewish faith. The majority of Madoff's Jewish investors hailed from the wealthy Jewish community in Palm Beach Florida in which Madoff has a holiday home located in the region. Many of these Jewish investors including Bernie Madoff were members of the Palm Beach Country Club.

According to Martin Gruss who was one of Bernie Madoff's Jewish victims, the requirements of acquiring membership into Palm Beach Country Club incorporates a US \$30 000 initiation fee as well as a significant record of donating large amounts of money to charity organisations (Madoff Hustle, 2009).

According to Pressler (New York Magazine, 2008) there are a number of various Jewish organisations that have invested in Bernie Madoff's Ponzi scheme which include: Yeshiva University, the Eli Wiesel Foundation for Humanity, the Carl and Ruth Shapiro Family Foundation, the Chais Family Foundation, the Julian J. Levitt Foundation and The Madoff Family Foundation

4.1.4 Personal Branding and Brand Equity

It has been identified that Bernie Madoff had a prestigious personal brand and brand equity due to his reputation as one of the most popular individuals on Wall Street. In an article written by Gelles & Tett, Madoff quotes “I had the reputation at the time for being the gold standard. I had all the credibility. Nobody could believe at that time that would do something like that” (2011). Madoff’s high credibility includes the following positions and attributes that formed part of his personal brand:

A former Chairman of the NASDAQ Stock Market which is the second largest as well as one of the most popular stock exchanges in the world. (Gelles & Tett, 2011)

A board member of the Depository Trust & Clearing Corporation which is defined as “One of the world’s largest securities depositories. The Depository Trust Company, founded in 1973 and based in New York City, is organized as a limited purpose trust company and provides safekeeping through electronic recordkeeping of securities balances. It also acts like a clearinghouse to process and settle trades in corporate and municipal securities.” (Fontinelle, 2003) (Gelles & Tett, 2011).

Former Vice Chairman of the National Association of Securities Dealers (NASD) (Gelles & Tett, 2011). NASDAQ defines the NASD as a “non profit organization formed under the joint sponsorship of the investment bankers’ conference and the SEC to comply with the Maloney Act, which provides for the regulation of the over the counter market” (NASDAQ.com, 2015). This means that the NASD is one the major regulatory bodies that operate within Bernie Madoff’s own industry.

Madoff also had very close relations to the officials of the Securities Exchange Commission (SEC) (Gelles & Tett, 2011). This was mainly because of the fact that Madoff was a member to SEC’s investor advisory committees (Ripped Off: Madoff Scamming of America, 2009). According to an article written by The Economist it states that Madoff’s niece who was BLMIS’s compliance lawyer married a former member of the SEC that was responsible for inspecting the firm’s marketing books (2008).

This notion is further proven as stated by an anonymous individual who knew Bernie Madoff quoted that “they (the SEC) used him as a sounding board and he looked to them like a white knight. If you’re very close with regulators, they’re not going to be looking over your shoulder that much” (Cresswell & Thomas Jr, 2009).

Madoff was also well respected by many large financial institutions as he personally quotes “Put yourself in my place. Your whole career you are outside the ‘club’ but then suddenly you have all the big banks - Deutsche Bank, Credit Suisse and Union Bancaire Privee - all their chairmen knocking on your door and asking, ‘Can you do this for me’ as well as “I had through the funds, some of the biggest trading desks on Wall Street including senior partners at Goldman Sachs” (Gelles & Tett, 2011)

Madoff was publicly known for being a popular philanthropist, donating large sums of money to various charities and non profit organisations that eventually fell victim to his own Ponzi scheme. They include the following: (Hutchinson, 2008)

1. The Picower Foundation, a US \$1 billion philanthropic foundation that provided funding for the New York Public Library, as well as diabetes medical research and numerous other causes.
2. The Betty and Norman F. Levy Foundation, a charity that had funds amounting to US \$244.4 million in assets which was used to support hundreds of charities across United States.
3. The JEHT Foundation is a non profit organisation that assisted the Fair Food Foundation, which found ways to provide fresh and healthy food to poor neighbourhoods in states including Detroit, Oakland and California.
4. Missouri Youth Services Institute, a non profit organisation that aims to improve juvenile detention centres across the United States.

4.1.5 Unethical Branding Strategies

Bernie Madoff and BLMIS utilised the Ponzi Scheme within the investment securities industry. According to Professor Mitchell Zuckoff in the documentary Ripped Off: Madoff Scamming of America (2009), Madoff's branding strategy was to attract individuals to invest in securities with BLMIS. As a result of this investment, investors will receive a guaranteed steady return of 1% on their investment every month which equals to an annual return between 10% -12% with the exclusion of market volatility. Zuckoff further explains that this offering is very appealing and attractive to the market as the scheme was branded to be a safe, stable and a low risk form of an investment.

Another strategy that Madoff had branded within the Ponzi scheme was known as the split strike conversion strategy. The split strike conversion is defined as "a fairly common approach that entails buying and selling different sorts of options to reduce volatility" (The Economist, 2008).

These strategies were based on a legitimate investment strategy that Madoff had created which he called "the black box". The black box was complex technique that is reliant on the use of computer algorithms to select and trade securities. But according to Madoff "the problem with the black box was that to make it work you need to have volatility, volume and momentum. And of course we didn't get that" (Gelles & Tett, 2011).

4.1.6 Lifestyle

It has been identified that Bernie Madoff spared no expense in funding his own personal lavish lifestyle. According to Gelles & Tett (2011), there are a number of various assets belonging to Madoff of which includes a Gibraltar bank account that amounts to US \$75 million. In addition, Quinn mentions that the Madoff family "own residential properties – in New York, the Hamptons, Palm Beach and the Cap d'Antibes in southern France – notable assets include jewellery worth US \$2.6 million, a 50% share in a private jet worth US \$12 million and a US \$39,000 Steinway grand piano" (2009).

4.1.7 Relationship Marketing

It has been predicted that Bernie Madoff began his Ponzi scheme with four prominent clients/investors: Jeffery Picower, Stanley Chais, Norman Levy and Carl Shapiro who eventually would become the largest beneficiaries of the illegal scheme. According to Madoff, the four of his original clients were motivated to assist BLMIS and referred Madoff to their wealthy friends. As a result of his rising in popularity, Madoff placed a minimum requirement of US \$500 000 in order for one to invest in BLMIS (Gelles & Tett, 2011). This resulted in Madoff creating an element of exclusivity in which one had to be significantly wealthy in order to invest with Bernie Madoff. It is stated in the documentary Ripped Off: Madoff Scamming of America by Steve Fraizer that “you had to have an embossed invitation testifying to your worthiness to invest in Bernie Madoff’s Ponzi scheme” (2009). In the same documentary video, Norman Brayman a former NFL franchise owner and investor to Bernie Madoff states that “there were people who tried to place money with Madoff, that couldn’t place Dollars with him meaning that he wouldn’t take them. You had to know somebody, a friend of a friend who had some influence from Madoff in order to accept their account” (2009).

Another element identified that fuelled Bernie Madoff’s Ponzi scheme was the development of feeder funds. A feeder fund is defined as “one of several funds that feed into an umbrella fund called the master fund, which oversees all portfolio investments and trading activity. A feeder fund’s structure is commonly used by hedge funds to pool investment capital” (Investopedia, 2015). These feeder funds were managed by fund managers that were invested in the Bernie Madoff Ponzi scheme which include JP Morgan and Chase, Santander and Fairfield Greenwich (The Madoff Hustle, 2009). This formed a link for Bernie Madoff to market his Ponzi scheme publicly.

4.1.8 Elements of Forgery

It was discovered that Madoff forged statements stating that BLMIS was investing in blue chip securities but instead money went into his own bank account. (Scamming America, 2009)

Bernie Madoff ran BLMIS along antediluvian or old fashioned lines. An example of this would be that exclusive clients and fund managers were denied online access onto their investment accounts (The Economist, 2008)

BLMIS was found to be audited by a firm called Friehling & Horowitz, a tiny storefront firm that had three employees, one being a secretary and the other an 80 year old man who was based in Florida (The Economist, 2008) (Rashbaum & Henriques, 2009)

Madoff charmed investors to have a lack of due diligence and at times constantly reinforced the message by occasionally ejecting clients who asked him awkward questions (The Economist, 2009).

4.1.9 Exposure

Madoff was publicly accused of his Ponzi scheme in 2008 by financial analyst Harry Markopolos (The Madoff Hustle, 2009). According to CBS, Markopolos states that he discovered Madoff's Ponzi scheme a decade before it collapsed. "His boss told him that Madoff, a former chairman of the NASDAQ stock exchange, was running a huge unregistered hedge fund that was producing incredible returns. He wanted Markopolos to reverse-engineer its trading strategy and revenue streams so the firm could duplicate Madoff's results." Markopolos further states that "He (Madoff) had the patina of being a respected citizen. One of the most successful businessmen in New York, and certainly, one of the most powerful men on Wall Street. You would never suspect him of fraud. Unless you knew the math" (CBS, 2009). In discovering Madoff's Ponzi scheme, the SEC was unable to take action against Madoff due to their mutual as well as beneficial relationship. As a result Madoff confessed of implementing the scheme at the end of 2008.

4.2 Allen Stanford Case Findings

4.2.1 Background

Allen Stanford was born in Mexia Texas in a middle working class family. His father owned an insurance agency and his mother wrote the society column for the local newspaper (Burrough, 2009).

On the Allen Stanford episode of the documentary series American Greed, it was stated that Stanford was a man perceived as a classic Texas archetype, “the swashbuckling entrepreneur, with a big smile, a roving eye and a laser-like focus on making money” (American Greed, 2012)

4.2.2 Entrepreneurship and Innovation

During his time in College, Stanford worked for an exercise club called Mr and Mrs Health located in Waco Texas which he eventually acquired as his first business venture. Stanford transformed the name of his fitness club to Total Fitness which Burrough states “was one of the first clubs in central Texas to feature Nautilus machines” (2009) which became extremely popular. Stanford then began to open Total Fitness branches in Temple and Killeen Texas (Burrough, 2009). Suddenly in the early 1980’s, the Texas oil industry entered an economic downfall. This resulted in Stanford’s Total Fitness business becoming bankrupt as Ibrahim quotes “losing a string of health clubs to bankruptcy in 1982 and racking up US \$13 million in personal debt” (Ibrahim, 2012).

It has also been identified that Stanford started another entrepreneurial venture after his previous business became bankrupt in 1982. The business was a restaurant called Junior’s Hamburgers and according to Burrough “Junior’s however, closed down before long, leaving big Allen Stanford, fresh out of bankruptcy, the guiding light behind not one but two shuttered businesses” (2009).

There have also been findings into other business ventures that Stanford was involved in. According to the American Greed documentary, it states that Stanford was involved in the selling of firewood (2012). It has also been found that Stanford was a scuba diving instructor. A former employee of Stanford's states that "Stanford was at loose ends and decided to return to one of his first loves, scuba diving, taking a long vacation to the Caribbean during which he supported himself by giving scuba lessons" (Burrough, 2009)

Stanford began his career in banking after encountering a European individual named Frans Vingerhoedt. Burrough (2009) explains that Vingerhoedt charmed and dazzled Stanford with stories of the easy profits that could be made in Caribbean banking. As a result, Stanford opened his own financial institution on the island of Montserrat in which according to Burrough was "the hottest new home for offshore banking" (2009).

4.2.3 Affinity Fraud

According to Ibrahim, it states that Stanford "targeted wealthy Latin Americans worried about the stability of their governments" (2012). As a result, Latin American consumers formed the largest chunk of Stanford's client base. Burrough states that Stanford attracted Latin American investors by "placing advertisements, some featuring attractive young women, in Latin American newspapers" (2009). It has also been discovered many of Stanford's Latin American investors were part of drug cartels such as Juarez Mexican cartel that was discovered to be investing US \$3 billion with Stanford by the Drug Enforcement Administration (DEA) (Burrough, 2009). As Stanford International Bank began to grow, Stanford placed company branches all over South America including branches in Panama, Peru, Ecuador and Mexico (American Greed, 2012)

Stanford also had an affinity with investors that were investing in safe, low risk investments. As a result, Stanford's company became well recognised for selling certificate of deposits in which according to Ibrahim (2009) was synonymous with safety as well as the smartest choice for potential buyers.

4.2.4 Personal Branding and Brand Equity

It has been discovered that Allen Stanford had a personal brand that was highly reputable and contained the following attributes:

The isle of Antigua where the headquarters of Stanford International Bank was based was governed by the Bird Administration (Krauss, 2012). It is stated by Burrough (2009) that the Bird Administration was one of the most corrupt governments in the Caribbean. Using the corruption of the Antiguan Government to his advantage, Stanford performed strategic actions to form a partnership with the Antiguan Government that lead to increasing the reputation of his personal brand:

1. Stanford purchased the local bank of Antuiga which was nearing the verge of bankruptcy as well as opening a second bank which he named Stanford Financial (Burrough, 2009).
2. Stanford loaned millions of dollars to the Antiguan Government to pay for salaries and pension funds as well as donating funds to build cricket fields, a medical hospital, an education complex and airport buildings (Burrough, 2009).
3. Stanford also owned the Antigua Sun which was one of Antigua's local daily newspapers. It is stated by Winston Derrick who was the publisher of Antigua's competing daily newspaper, Daily Observer that "Stanford became Lester Bird's go to guy. When Bird needed a hospital, he turned to Stanford. When Bird needed anything, he turned to Stanford" (Ibrahim, 2012).
4. American Greed also mentions that as a result of the millions of Dollars in donations, Stanford was knighted by the Antiguan Government in 2006 (Burrough, 2009)

Stanford also grew the reputation of his personal brand by forming relationships with American politicians.

According to Burrough (2009), Stanford has donated funds to politicians in support of blocking of an anti money laundering bill that was introduced to the US Congress in the year 2000. Burrough quotes that “Stanford began donating large sums to a number of senators, including Minority Leader Tom Dasche in an apparent effort to block the bill” (2009). In 2002 Stanford’s organisation donated US \$800000 to the Democratic Senatorial Campaign Committee (Krauss, 2012).

According to Burrough, Stanford spent an approximate of US \$5 million in lobbying congress as well as donating US \$2.4 million to federal candidates which resulted in Stanford becoming an informant for the DEA (Burrough, 2009). In addition, it is stated by American Greed that Stanford “sponsored dozens of free fact finding trips to Antigua and other Caribbean islands for politicians and their staff on his fleet of jets” (2012).

Stanford was also seen as a corporate philanthropist by providing large sums of sponsorship donations. Examples of Stanford’s philanthropy include the following: (Burrough, 2009)

1. Sponsoring professional golfer Veejay Singh as well as two Professional Golfing Association tournaments
2. Providing millions of Dollars to hospitals, theatres and museums in Miami, Memphis and Houston.
3. Sponsoring a cricket tournament where Stanford’s hand picked cricket team played against England for a cash prize of US \$20000.

In recognition for his corporate philanthropy, World Finance named Stanford as its Man of the Year (Ibrahim, 2012) as well as the business school at the University of Houston awarded Stanford into their Circle of Honour (American Greed, 2012).

In order to protect his personal brand, Stanford became known for suing any party who stood against the legitimacy of the Stanford Financial Group (SIG). Some examples of Stanford's constant litigations include suing a journalist of Caribbean Week for writing an article accusing SIG for money laundering as well as a Catholic school principle in New York who termed Stanford as a "neo colonialist due to his relationship with a corrupted Antiguan Government (Burrough, 2009).

In addition to the protection of his personal brand, Stanford had become known for implementing aggressive counter intelligence. This is evident as Stanford's security chief was in charge of the FBI's Miami office as well as hiring a prestigious security firm called Kroll Associates (American Greed, 2012). According to an anonymous FBI agent "Stanford was spending millions of dollars a year trying to figure out who was looking at him and aggressively combating whoever it was. Kroll was essentially running a propaganda campaign in defence of Stanford's good name" (Burrough, 2009). Burrough further mentions that "Kroll's role indefending Stanford's reputation was an example in both law enforcement circles and the wider banking community was an example of a controversial practice known within the private security world as reputational self diligence" (2009).

4.2.5 Unethical Branding Strategies

During Stanford's banking operation on the island of Montserrat, he advertised certificate deposits (CD) offering 2% more interest than American Banks. According to another Stanford employee named Maria, states that Stanford always said "Two points more, it is unbelievable, people are so stupid, they will risk all their money, give it to someone they don't even know for two points" (Burrough, 2009)

It has also been discovered that the salesmen for Stanford International Bank were offered attractive commission rates. American Greed explains that "Stanford salesmen earned commissions of 1 percent for every dollar they brought in, a rate so rich some brokers called it bank crack it was that addictive. Top producers might also win a luxury BMW sedan" (2012).

4.2.6 Lifestyle

With regards to lifestyle, Stanford spared no expense. Krauss quotes that “Stanford had consistently lied to investors, promoting safe investments for money that he had channelled into a luxurious lifestyle” (2012).

Ibrahim (2012) states some examples of assets that Stanford had owned which included:

- A small island worth the value of US \$63 million.
- Mansions located in Houston, Antigua, St. Croix
- Owned an 18,000 square foot castle located in Florida that included 57 rooms and a moat.

Burrough (2009) provides further evidence of assets that Stanford had owned on the island of Antigua which include the following:

- A newspaper
- A cricket stadium
- Two restaurants
- Two Banks
- Certain buildings as well as the parking space of the Antigua airport
- A financial investment trust
- A Caribbean airline

4.2.7 Relationship Marketing

In discovering evidence as to how Allen Stanford attracted the relationship of potential investors is found according to Burrough (2009), “that Prospective investors were often ushered through the hushed mahogany-and-marble corridors at the Houston headquarters, where they were led into the Lodis Room—named for Stanford’s barber grandfather—for a promotional film, then plied with champagne and cigars in the executive dining room. The wealthiest prospects might be flown to Antigua aboard one of Stanford’s six private jets, put up for a few nights at the luxurious Jumby Bay resort, and, if they were lucky, get to meet Stanford himself.”

4.2.8 Elements of Forgery

There are a various findings that contain elements of forgery throughout Stanford’s career as a Ponzi scheme swindler:

When Stanford began his career on the Caribbean island of Montserrat, the island was seen to be a “sleezy” climate with regards to offshore banking (American Greed, 2012). This means that according to Burrough (2009) the majority of banks on the island of Montserrat only existed on paper and many of them would later be inspected and uncovered by British and United States Authorities. Editor of OffshoreAlert David Marchant quotes that the banks in Montserrat “were all shell banks and they were all pretty much involved in fraud. They were all the same: certificate of deposit frauds and money laundering. The fact that Stanford had a banking license in Montserrat is all you need to know about his credibility. It wasn’t like most of the banks were good and you had a few bad eggs. The only reason you opened a bank in Montserrat was to commit fraud” (American, Greed, 2012).

A former employee named Maria states that Stanford's bank in Montserrat was a two story building with three to four African American ladies and one young white lady as employees. Maria quotes that all the employees had "all these computers, but the power was not even switched on. The computers didn't even work" (Burrough, 2009). When Stanford wrote his first annual report, Burrough states that Stanford wrote the report with his former employee Maria.

Maria personally quotes "I was suspicious when we did the first annual report. We used to do the work at night, when everyone was already gone, it was weird. You could see they were playing with the numbers and changing them right there in front of me" (2009). This is proven further by Jim Davis who was Stanford's Chief Financial Officer as he confessed that Stanford's company simply made up numbers and falsified the accounting books (Ibrahim, 2012).

When Stanford re-established his organisation on the island of Antigua, he formed a relationship with the islands chief banking regulator based on his relationship with the corrupted Antiguan Government. Davis further quotes that Stanford had "the chief banking regulator in his back pocket. The two even sealed a bribery scheme deal by becoming blood brothers, cutting their fingers to mix their blood" (Ibrahim, 2012).

Evidence from Milton Ferrell Jr states that the trading desk at Stanford Financial Group forms part of Stanford's forgery. Ferrell states that Stanford took him into a room with a big desk with many computers that are being run by 300 pound Antiguan women similar to the women who sell fruit in a local Caribbean market. In addition to Stanford's falsified trading desk, Ferrell also mentions that Stanford International Bank's compliance officer who's duty is tasked with making sure Stanford International Bank's securities trades conformed to securities regulations was assumed to be an actor. Ferrell states that Stanford's compliance officer was "a 70 year old man who looked like he had nothing to do with banking and more like a janitor" (Burrough, 2009).

According to Burroug (2009), Allen Stanford's auditor was a small 14 person accounting firm located in Antuiga. Wardrop states that "although the accountancy firm was run from an office in Antigua, it was registered as operating from a converted housing block in Enfield, North London.

The glitz of Stanford's multi-billion dollar enterprise is a far cry from the humble premises from which Charlesworth Hewlett, the accountancy firm's chief executive, worked. It is a run-down 1930s building on a parade of shops flanked by a fish and chip shop and a small letting agency. The office itself measures just 200 square feet and contained only two desks and one filing cabinet when Mr Hewlett rented it, according to neighbouring businesses" (2009)

4.2.9 Exposure

According to Chew (2009) a financial analyst named Alex Dalmady was a main figure in discovering Allen Stanford's Ponzi scheme. Dalmady states that he was sitting in his office in South Florida and received a phone call from a friend who placed much of his savings in Stanford' certificates of deposit. In the wake of the recession, Dalmady was asked by his friend to examine Stanford International Bank's financial results to ensure that his friend's savings were still intact. What Dalmady discovered on SIB's website was completely different as he quotes "First it looked so simple, so unsophisticated. The language used wasn't quite right, the explanation SIB offered for its returns made no sense. No one could achieve market returns like that year after year and no reputable commercial bank would try, it was far too risky" (2009).

4.3 Charles Ponzi Case Findings

4.3.1 Background

According to Wells “Charles Ponzi or Carlo Ponzi was born in 1882 in Parma Italy. He came from a family of hoteliers and was sent to Rome for a university education” (2007). This is further proven according to Darby that “Ponzi told the New York Times that he had come from a well to do family in Parma, Italy. He also claimed to have studied at the University of Rome, but said that he was not suited to the academic life” (1998).

According to Zuckoff (2005), Ponzi’s family had a significant amount of wealth due to certain members being part of the Italian aristocracy. However due to a series of gambling, the Ponzi family’s wealth was liquidated and were no longer part of the Italian aristocracy.

4.3.2 Entrepreneurship and Innovation

When Ponzi arrived in America, he only had a couple of US Dollars in his pocket as he quotes “I landed in this country with US \$2.50 in cash and US \$1 million in hopes, and those hopes have never left me” (Darby, 1998). Zuckoff quotes that “He (Ponzi) was not linked with Wall Street and New York, though he had dreams of being like Rockefeller” (Chan, 2008).

Darby quotes Ponzi’s previous work as she quotes: “The road to riches was a long one for the ever optimistic Ponzi, who waited and bused tables in New York City, painted signs in Florida and worked small jobs up and down the East Coast” (1998). Zuckoff states that Ponzi also worked as a clerk in Boston for a merchandise broker named J.R. Poole (2005). After leaving J.R Poole, Ponzi took over a grocery store that belonged to his father in law but soon lead it to declaring insolvency (Darby, 1998).

4.3.3 Affinity Fraud

There were two forms of affinity fraud that occurred within Charles Ponzi's case. The first was affinity with the Italian community in Boston, United States. Zuckoff (2005) mentions that Charles Ponzi used this affinity in attracting fellow Italian Immigrants to his scheme. Although Ponzi had the affinity with his fellow Italian immigrants, Zuckoff mentions that Ponzi also shared an affinity in knowing what American society wanted (2005). This means that during the 1920's there was a culture in America of getting wealthy quickly which was known as the "economic boom" (Wells, 2007). Zuckoff states that Ponzi took advantage of the exhilaration of the 1920's economic boom as he shared the same affinity of becoming rich quickly (2005).

4.3.4 Personal Branding and Brand Equity

Zuckoff (2005) states that Ponzi's personal brand was found in his appearance and character. He always dressed well and had an attractive charisma and personality. According to the US Postal Inspection Service (2015) state that Ponzi was not only clever but also charming and charismatic.

4.3.5 Unethical Branding Strategies

The process of Ponzi's fraudulent scheme was based on the buying and selling of international reply coupons (IRC). An IRC is defined as "a form that can be bought at a post office and sent in a letter to another country so that the person receiving the letter can exchange it in their post office for enough money to pay for sending a reply" (Dictionary Cambridge, 2015). Zuckoff states that due to World War I, the economy in Europe weakened dramatically which provided Ponzi with the idea of attempting to buy IRC's in Europe at a cheap price and sell them in the USA for a profit (2005). Darby further states that "theoretically someone who bought an IRC in Europe could redeem it in the USA for about 10% profit. Purchasing IRC's in countries with weaker economies could increase that margin substantially"(1998). Wellis explains that Ponzi at the time had the opportunity to persuade investors to capitalize on his new business venture in buying and selling of IRC's (2007).

Darby (1998) states that Ponzi named his new business venture the Securities Exchange Company. According to Zuckoff (2005), Ponzi attracted investment in his fraudulent venture by offering a return on investment of 100% within 90 days which was advertised as “doubling your money within three months”. Zuckoff further mentions that the banks at during the 1920’s period were only paying an annual return of 5% which made Ponzi’s scheme extremely attractive (2005).

It has also been discovered that Ponzi operated his fraudulent scheme using sales agents to attract investors. Darby quotes that “most of the investment pitches were done by sales agents who were trained by Ponzi and received 10 percent commissions for investments that they brought in to him. In turn many of those sales agents recruited sub-agents who received 5 percent commissions for new investors (1998).

4.3.6 Lifestyle

Zuckoff (2005) explains that Ponzi was classified as a “bon vivant” which means that he was an individual that enjoyed a sociable and luxurious lifestyle. With that being said, it has been discovered that Ponzi lived a very lavish lifestyle as he owned the following assets: (Darby, 1998)

- A 12 room mansion located in upscale Lexington, Massachusetts
- Several automobiles including a custom built limousine
- Fine clothes, Malacca gold canes as well as diamonds
- Commercial and rental properties all located in Boston
- Acquisition of stock in banks

4.3.7 Relationship Marketing

It was discovered that Ponzi had the psychological knowledge of how people during the 1920's reacted to financial opportunities. Darby states that "he (Ponzi) cultivated an image among friends and acquaintances as a man on the verge of wealth who preferred not to discuss his good fortune in detail. In his role as the busy but cheerful investment expert, Ponzi showed up at bocce games and neighbourhood cafes, plied his pals with cigars and bonhomie, then rushed off to meet with one of his many important clients" (1998).

4.3.8 Elements of Forgery

According to McMasters "Ponzi put on a good show. When he was cornered, he used the old technique that such a question could not be answered as it would disclose his financial secrets to the big bankers. Ponzi had never bought a Dollar's worth in postal coupons abroad or cashed in a dime's worth in the United States" (Bullock, 2011).

4.3.9 Exposure

The Ponzi case was discovered by an individual named William. H. McMasters who was an employee for Charles Ponzi. McMasters quotes that "Ponzi's rate of return seemed a little too fantastic. How could it possibly be true for Ponzi to give the returns he was promising? The answer of course was that he couldn't" (Bullock, 2011). After 10 days of Ponzi hiring him, McMasters exposed Ponzi's case by placing an article in The Boston Post which resulted in the start of Ponzi's downfall (Bullock, 2011).

Chapter 5: Data Analysis

5.1 Background

All three individuals came from humble backgrounds/upbringings between the middle to lower wealth class as well as have experienced or were affected by bankruptcy either personally or via family members. This provides the indication that it is highly likely that a Ponzi scheme swindler will come from a humble background as well as branding the fact that the swindler has either directly or indirectly experienced bankruptcy during their lifetime.

Both these findings provide a key factor for a Ponzi swindler to advertise a success story to potential investors in coming from humble means and experiencing bankruptcy to becoming extremely wealthy and successful. This shows potential investors that the swindler has not been raised in a wealthy environment and that he/she has empathy and understanding for those potential investors that are part of the middle working class.

5.2 Entrepreneurship and Innovation

All three individuals possessed significant entrepreneurial qualities and skills. This involves all three individuals being innovative in discovering opportunities in the market. It is also identified that all three individuals began their business ventures from scratch meaning that no individual purchased an existing business venture. This provides the indication that a Ponzi swindler would be an individual with strong entrepreneurial qualities as well as being perceived as an opportunist. This is because of the fact that all three individuals had the perseverance or drive to become what was perceived to be very successful businessmen.

This is a tactic to prove to potential investors that the Ponzi swindler has the drive in becoming financially wealthy as well as proving that he/she is a worthy individual to invest with due to their significant entrepreneurial track record.

5.3 Affinity Fraud

Although all three individuals came from different cultures and ethnic backgrounds, they all understood and utilized the concept of affinity fraud to run and maintain their Ponzi schemes. It has been discovered especially in the cases of Madoff and Stanford that the concept of affinity fraud was implemented during the early stages of their fraudulent schemes. This provides an indication that it is highly likely that a Ponzi swindler will use the concept of affinity fraud within their own cultural community especially during the early stages of their fraudulent investment schemes. This is because it is naturally easier for a Ponzi swindler to prey on members of their own community as they share some form of affinity which results in trustworthiness.

It has been found that all three individuals understood the laws of human nature. This means that they fully understood the trends in the markets during a specific time period which in turn affected the wants/needs of their investors. During Charles Ponzi's time period, there was a trend that people wanted to get rich very quickly whilst in the time period of Madoff and Stanford, the trend was for people to invest in instruments that were considered safe, secure and low on risk. This analysis provides the indication that a Ponzi swindler has full knowledge of the popular financial/investment trends that are presently occurring in the market. This knowledge provides a platform for making their schemes more attractive.

5.4 Personal Branding and Brand Equity

With regards to the cases of Madoff and Stanford, both individuals were perceived as being philanthropic by donating and sitting on the boards of non profit organisations. In addition, both Madoff and Stanford were highly respected individuals as well as being identified in having close relations with government politicians and federal agencies. As a result, the level of personal branding identified within the Madoff and Stanford cases was at a significantly higher level with regards to credibility, popularity and reputation. One main reason for this is that federal agencies such as the Securities Exchange Commission did not exist during the time of Charles Ponzi.

It is therefore evident that in order for a Ponzi swindler to maintain their fraud for as long as possible, they will need to develop a personal brand as well as a brand equity that is rated at a high level in reputation as well as credibility. This involves the Ponzi swindler acquiring an immense amount of respect as well as attaining close relationships with parties of which include federal agencies, government politicians and corporate executive directors.

5.5 Unethical Branding Strategies

Although it has been discovered that all three individuals were involved in different business ventures as well as advertising different investment offerings, all three individuals branded their falsified schemes to be very attractive. This involved Madoff, Ponzi and Stanford offering investments that are perceived by the public to be significantly better than their competitors in order to attract investment rapidly. As a result, it is highly likely that a Ponzi swindler will offer an investment opportunity that is considered to be highly attractive as well as being advertised to be significantly better than fellow competitors.

It has also been identified within all three cases that the employees, sales agents and fund managers received commission rates that were considered to be extremely attractive. This strategy initiated by the Ponzi swindler provides a form of motivation to consistently attract and attain new investors in order to maintain the Ponzi scheme cycle. This provides a key indicator of a Ponzi swindler offering high commission rates to their associates to attract continuous investment. It also provides an indicator that a Ponzi swindler will utilize his/her financial wealth in bribing employees in avoiding them asking awkward questions.

5.6 Lifestyle

It has been identified that all three individuals lived extremely lavish lifestyles resulting from embezzlement of investor funds. This particular category can be combined with bankruptcy with regards to showcasing the story of his or her success. It is also an indicator that shows evidence of the swindler's drive to be part of high wealth status and to showcase that as an opportunity to potential investors. This tactic influences both current and potential investors to be inspired by the Ponzi swindler's lifestyle which gives them the reason to believe that they can achieve the same level of success in financial wealth.

5.7 Relationship Marketing

It has been discovered that all three individuals implemented certain relationship marketing tactics in maintaining the cycle of their schemes by focusing on current as well as potential wealthy investors. This strategy is based on the concept of exclusivity as it has been identified that all three individuals attracted potential wealthy investors by proving them exclusive invitations to invest with them. The reason for this is the funds that are sourced from wealthy investors can increase in lifespan of the Ponzi scheme. This produces a key indicator that a Ponzi swindler will place more effort in attracting as well as forming close trustworthy relationships with wealthy investors.

5.8 Elements of Forgery

There are two commonalities that have been identified between the cases of Madoff, Ponzi and Stanford which are analysed as follows:

- In the cases of Madoff and Stanford, both individuals forged their accounting books and financial statements. It has also been discovered that the multimillion dollar companies of both individuals were audited by extremely small accounting firms. This results in an ironic situation as it is a common fact that wealthy successful corporations are usually audited by large auditing firms. This is because large auditing firms have the resources as well as the experience to manage the large amount of finances of a large corporation.
- In the cases of Ponzi and Madoff, both individuals would not disclose certain information for the reason being that the information could be disclosed to competitors. Both individuals also rebounded or ejected awkward questions which resulted in investors having a lack of due diligence.

These points stated above provide an indication that Ponzi swindlers may have certain elements within their schemes that can be assumed to be suspicious. These include hiring auditing firms that are unusually small in relation to the size of the fund that manage their financial books as well as the swindler communicating in an evasive or misleading way when answering awkward questions.

5.9 Exposure

It has been identified that all three Ponzi schemes analysed were exposed by an external financial analyst or an internal employee. This commonality provides us with the indication that a Ponzi swindler would falsify any relevant information in avoiding suspicion and investigation from the regulatory bodies such as the Securities Exchange Commission. However, although the Ponzi swindler is able to avoid the regulatory bodies, they are however vulnerable to suspicion and accusation from other parties such as financial analysts due to the fact that they are not affected by the branding strategies and tactics of Ponzi swindlers.

Chapter 6: Recommendations and Conclusion

In conclusion to this research study on the investigation on the branding of illegal Ponzi investment schemes, there are a number of key branding strategies and tactics that have been identified and proven to be likely utilized by a swindler when operating an illegal Ponzi scheme. These indicators can be viewed as a guideline in determining as well as being aware if an investment scheme is legally legitimate or an illegal crime. The key branding strategies and tactics are explained as follows:

- A swindler will advertise their personal success story which includes a flow from stating that they come from a humble upbringing and possibly being directly or indirectly affected by bankruptcy, to showcasing their extreme lavish lifestyle. This indicator places the swindler in inspiring both current and potential investors to become financially successful as well as showing the fact that he/she that they worked hard to where they are at present. This results in the Ponzi scheme becoming even more attractive to the public which will in turn increase the inflow of investment.
- A swindler would showcase that he/she has an experienced entrepreneurial track record. This includes the Ponzi swindler having a significant level of work experience as well as showcasing their entrepreneurial qualities through the various number of businesses they have started whether it be in success and failure. This shows relevance as the swindler is proving his/her experience as a sophisticated and well experienced businessman/businesswoman within the financial and investments sector.
- A swindler will utilize the concept of affinity fraud in their strategy in aiming to attract potential investors. This will usually occur within the Ponzi swindler's own cultural or religious community to likely occur within the early stages of the investment scheme. The swindler will also brand their illegal investment schemes that co-relates with the current trends that are occurring within financial and investment sector. This is an important factor as the affinity fraud contained within the scheme is indicated by its level of popularity amongst investors.

- It is highly likely that a Ponzi swindler will have a personal brand and brand equity that is highly credible and reputable. This strategy is utilized to avoid public suspicion as well as to maintain the continuity of the swindler's Ponzi scheme. This factor is discovered by the swindler attaining a high personal status within society that can be measured alongside celebrities and public figures.
- The swindler will advertise an investment opportunity to potential investors that is very attractive due to the fact that the offering is perceived to be a better than that his/her fellow competitors. It is also a strong possibility that the Ponzi swindler will offer his/her sales agents very attractive commission rates. This is showcased not only by the schemes' level of popularity amongst investors but from the effort from the scheme's sales agents in attracting potential investors.
- There is a strong possibility that the swindler will offer exclusive investment opportunities which are directed towards potential investors that are of a high wealth status. The reason for this is that the swindler may require large amounts of capital in order to maintain the scheme's continuity. This can be showcased by the swindler's effort in forming friendships with his/her exclusive investors which results in increasing the level of trust between both parties.

It has been identified that an illegal investment scheme such as Ponzi can expose certain clues that are considered to be suspicious. This includes the investment firm being audited by an extremely small accounting firm as well as the swindler acting in an evasive and ambiguous manner when answering awkward questions. However, it has been concluded that judgment with regards to the legitimacy of a particular investment scheme is based on subjective opinion. This means that certain parties may view an investment scheme to be legitimately legal, and other parties may view it to be criminally illegal. It is therefore important to consult the opinions of certain individuals such as financial analysts before deciding to be involved in an investment scheme.

Bibliography

Aaker, D. and Joachimsthaler, E. (1991). *Brand Leadership*. Sydney: Pocket Books, p.15.

American Greed, (2012). *Allen Stanford*. [video] Available at: <https://www.youtube.com/watch?v=jpy3G17KM8k> [Accessed 21 Jul. 2015].

BBC, (2009). *The Madoff Hustle*. [video] Available at: <https://www.youtube.com/watch?v=-M3sHrVOddw> [Accessed 26 Sep. 2015].

Bullock, C. (2011). *The Man Who Time (Almost) Forgot*. [online] Fraud-magazine.com. Available at: <http://www.fraud-magazine.com/article.aspx?id=4294970026> [Accessed 20 Jul. 2015].

Burrough, B. (2009). *Pirate of the Caribbean*. [online] Vanity Fair. Available at: <http://www.vanityfair.com/news/2009/07/allen-stanford200907-2> [Accessed 7 Jul. 2015].

Cbsnews.com, (2015). *The Man Who Figured Out Madoff's Scheme*. [online] Available at: <http://www.cbsnews.com/news/the-man-who-figured-out-madoffs-scheme-27-02-2009/> [Accessed 26 Sep. 2015].

Chan, S. (2008). *A Look Back at Charles Ponzi the Schemer*. [online] City Room. Available at: http://cityroom.blogs.nytimes.com/2008/12/15/ponzi-the-schemer-evoked-once-again/?_r=0 [Accessed 28 Jul. 2015].

Chew, R. (2009). *Breaking News, Analysis, Politics, Blogs, News Photos, Video, Tech Reviews - TIME.com*. [online] TIME.com. Available at: <http://content.time.com/time/business/article/0,8599,1880101-2,00.html> [Accessed 20 Jul. 2015].

CRESWELL, J. and Thomas Jr., L. (2009). *The Talented Mr. Madoff*. [online] Nytimes.com. Available at: http://www.nytimes.com/2009/01/25/business/25bernie.html?pagewanted=all&_r=0 [Accessed 17 Sep. 2015].

Darby, M. (1998). *In Ponzi We Trust*. [online] Smithsonian. Available at: <http://www.smithsonianmag.com/people-places/in-ponzi-we-trust-64016168/?no-ist=> [Accessed 5 Oct. 2015].

Dictionary.cambridge.org, (2015). *international reply coupon Meaning in the Cambridge English Dictionary*. [online] Available at: <http://dictionary.cambridge.org/dictionary/english/international-reply-coupon> [Accessed 5 Oct. 2015].

Drew, J. and Drew, M. (2010). The Identification of Ponzi Schemes: Can a Picture Tell a Thousand Frauds?. *Griffith Law Review*, 19(1), pp.pg 49-50.

du-Plooy-Cilliers, F., Davis, C. and Bezuidenhout, R. (2014). *Research Matters*. Cape Town: Juta & Company Ltd, pp.pg 1-308.

Fan, Y. (2005). ETHICAL BRANDING AND CORPORATE REPUTATION. *Corporate Communications: An International Journal*, 10(4), p.pg 11.

Farquhar, P. (2015). *Managing Brand Equity*.: EBSCOhost. [online] Web.a.ebscohost.com. Available at: <http://web.a.ebscohost.com/ehost/pdfviewer/pdfviewer?sid=f7417a37-a0e1-4236-baf1-9fccbd9c3d28%40sessionmgr4005&vid=1&hid=4201> [Accessed 12 May 2015].

Fontinelle, A. (2003). *Depository Trust Company (DTC) Definition* | Investopedia. [online] Investopedia. Available at: <http://www.investopedia.com/terms/d/dtc.asp> [Accessed 24 Sep. 2015].

Gelles, D. and Tett, G. (2011). *From behind bars, Madoff spins his story* - FT.com. [online] Financial Times. Available at: <http://www.ft.com/intl/cms/s/2/a29d2b4a-60b7-11e0-a182-00144feab49a.html> [Accessed 19 Jul. 2015].

Hutchinson, B. (2008). *Charities burned by Bernard Madoff and Ponzi scheme may have to close*. [online] Nydailynews.com. Available at: <http://www.nydailynews.com/news/money/charities-burned-bernard-madoff-ponzi-scheme-close-article-1.354845> [Accessed 25 Sep. 2015].

Ibrahim, J. (2012). *Allen Stanford: Descent from Billionaire to Inmate # 35017-183*. [online] CNBC. Available at: <http://www.cnn.com/id/49276842> [Accessed 10 Jul. 2015].

Investopedia, (2003). *Feeder Fund Definition* | Investopedia. [online] Available at: <http://www.investopedia.com/terms/f/feederfund.asp> [Accessed 26 Sep. 2015].

Fournier, S. (1998). Consumers and Their Brands: Developing Relationship Theory in Consumer Research. *JOURNAL OF CONSUMER RESEARCH*, 24(n/a), p.pg 396.

Keller, K. (2001). *Building Customer-Based Brand Equity: A Blueprint for Creating Strong Brands*. WORKING PAPER SERIES. [online] Cambridge: MARKETING SCIENCE INSTITUTE, p.5. Available at: <http://sabilfeb.lecture.ub.ac.id/files/2015/05/CustomerBasedbrandEquityModel.pdf> [Accessed 20 May 2015].

KRAUSS, C. (2012). *Stanford Sentenced to 110-Year Term in \$7 Billion Ponzi Case*. [online] Nytimes.com. Available at: http://www.nytimes.com/2012/06/15/business/stanford-sentenced-to-110-years-in-jail-in-fraud-case.html?_r=0 [Accessed 1 Oct. 2015].

Krige, D. (2012). FIELDS OF DREAMS, FIELDS OF SCHEMES: PONZI FINANCE AND MULTI-LEVEL MARKETING IN SOUTH AFRICA. *Africa*, 82(01), pp.69-92.

Lair, D., Sullivan, K. and Cheney, G. (2005). MARKETIZATION AND THE RECASTING OF THE PROFESSIONAL SELF The Rhetoric and Ethics of Personal Branding. *Management Communication Quarterly*, 18(3), p.14.

Maglich, J. (2015). *A Ponzi Pandemic: 500+ Ponzi Schemes Totaling \$50+ Billion in 'Madoff Era'*. [online] Forbes. Available at: <http://www.forbes.com/sites/jordanmaglich/2014/02/12/a-ponzi-pandemic-500-ponzi-schemes-totaling-50-billion-in-madoff-era/> [Accessed 13 May 2015].

Marketing Science Institute, (2001). *Building Customer-Based Brand Equity: A Blueprint for Creating Strong Brands*. Cambridge: Marketing Science Institute, p.5.

Merriam-Webster, (2015). *Affinity*. [online] Merriam-Webster. Available at: <http://www.merriam-webster.com/dictionary/affinity> [Accessed 9 May 2015].

Muncy, J. (2004). Ethical Issues in Multilevel Marketing: Is it a Legitimate Business or Just Another Pyramid Scheme. *Marketing Education Review*, 14(3), pp.47-53.

NASDAQ.com, (2015). *Definition of "National Association of Securities Dealers (NASD)" - NASDAQ Financial Glossary*. [online] Available at: <http://www.nasdaq.com/investing/glossary/n/national-association-of-securities-dealers> [Accessed 26 Sep. 2015].

Perri, F. and Brody, R. (2011). BIRDS OF THE SAME FEATHER: THE DANGERS OF AFFINITY FRAUD. *Journal of Forensic Studies in Accounting and Business*, 3(1), pp.pg 2-14.

Postalinspectors.uspis.gov, (2015). *Ponzi vs U.S. Postal Inspection Service*. [online] Available at: https://postalinspectors.uspis.gov/radDocs/consumer/Ponzi_vs_USPIS.html [Accessed 5 Oct. 2015].

Quinn, J. (2009). *Bernard Madoff's \$830m 'lavish lifestyle' revealed*. [online] Telegraph.co.uk. Available at: <http://www.telegraph.co.uk/finance/financetopics/bernard-madoff/4988167/Bernard-Madoffs-830m-lavish-lifestyle-revealed.html> [Accessed 26 Sep. 2015].

RASHBAUM, W. and HENRIQUES, D. (2009). *Madoff Accountant Faces Charges*. [online] Nytimes.com. Available at: http://www.nytimes.com/2009/03/19/business/19madoff.html?_r=0 [Accessed 26 Sep. 2015].

Ripped Off: Madoff and the Scamming of America. (2009). [film] N/A: History Channel.

Shepherd, I. (2005). From Cattle and Coke to Charlie: Meeting the Challenge of Self Marketing and Personal Branding. *Journal of Marketing Management*, 21(n/a), p.590.

Sutherland, E. (1944). Is "White Collar Crime" Crime?. *American Sociological Review*, 10(2), p.1.

The Economist, (2009). *An \$8 billion scandal goes a long way*. [online] Available at: <http://www.economist.com/node/13185500> [Accessed 19 Jul. 2015].

The Economist, (2008). *Con of the century*. [online] Available at: <http://www.economist.com/node/12818310> [Accessed 19 Jul. 2015].

The Economist, (2009). *Howzat!*. [online] Available at: <http://www.economist.com/node/13136627> [Accessed 5 Oct. 2015].

The Economist, (2008). *Ponzi squared*. [online] Available at: <http://www.economist.com/node/12795543> [Accessed 19 Jul. 2015].

Wardrop, M. (2009). *Sir Allen Stanford's billion-dollar empire 'run out of tiny office in Enfield, north London'*. [online] Telegraph.co.uk. Available at: <http://www.telegraph.co.uk/sport/cricket/international/england/4691746/Sir-Allen-Stanfords-billion-dollar-empire-run-out-of-tiny-office-in-Enfield-north-London.html> [Accessed 30 Sep. 2015].

Webster, K. (2015). *Relationship Branding: Fulfilling the Promise of a Brand*. [online] MarketingProfs. Available at: <http://www.marketingprofs.com/2/kwebster2.asp> [Accessed 7 May 2015].

Wells, D. (2015). *Association of Certified Fraud Examiners - Ponzi Schemes*. [online] Acfe.com. Available at: <http://www.acfe.com/ponzi-schemes.aspx> [Accessed 28 Jul. 2015].

Zuckoff, M. (2005). *The Ultimate Get-Rich-Quick Scheme: Charles Ponzi & the True Story of a Financial Legend (2005)*. [video] Available at: <https://www.youtube.com/watch?v=H4WdLZSo9rU> [Accessed 5 Oct. 2015].