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New MMM Offers 20% Returns

By Khristina Narizhnaya

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Sergei Mavrodi smiling in a courtroom cage during his fraud trial. Having served his time, he's open for business. **Igor Tabakov**

If you are wondering where to invest your Christmas bonus, Sergei Mavrodi, founder of the MMM financial pyramid that collapsed in the 1990s and defrauded millions of people, has a deal for you.

Mavrodi announced a new financial pyramid project on Monday, called MMM-2011.

The new MMM, an acronym in Russian for "we can do a lot," will yield a monthly return of 20 percent — 30 percent for pensioners and the disabled, Mavrodi promised in a post to his blog.

Mavrodi, who spent more than four years in jail for fraud and tax evasion, admitted to his scandal-ridden past and said that he will not be directly involved in the project.

Different levels of managers will conduct all financial transactions electronically, and all the profit will go to the investors, he said in a video posted on his blog.

“You know my situation,” Mavrodi said in the video, as he leaned back in a chair, surrounded by bare shelves lining the walls. “I am not touching the money, I don’t need anything.”

The original MMM, which stood for the first letters of the last names of its creators, scammed Russians out of millions of dollars.

While serving his jail sentence, Mavrodi told the court that he should be set free to pay back the investors, partially by cashing in his $1.5 million in shares of Gazprom.

Mavrodi blamed the government for the failure of the company and claims the new venture is perfectly legal.

“Everything is clear and transparent,” Mavrodi said in the video. “The system is untouchable.”

Financial ombudsman Pavel Medvedev does not agree.

Medvedev told Ekho Moskvy on Monday that he would do what he could to stop Mavrodi. Medvedev said the Civil Code is very murky when it comes to credit and lending and Mavrodi may try to make the project appear as though it adheres to the law.

“I will try to influence the prosecutor and write a complaint,” Medvedev said.

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