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Police Call Mavrodi's Scheme Legal

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Police on Tuesday confirmed the legality of convicted fraudster Sergei Mavrodi's plan to create a new investment scheme, MMM-2011, while other officials began to sound the alarm.

Interior Ministry spokesman Andrei Pilipchuk said Mavrodi did not break the law and there was no reason to investigate the investment scheme at this time.

"We do not have the power to allow or control. We will react in case the law is broken or citizens complain," Pilipchuk told RIA-Novosti.

Mavrodi announced on his blog on Monday the kick-off of a new financial pyramid that will earn investors 20 percent to 30 percent return per month.

The fund will begin operations in the next few days despite the public uproar around it, Mavrodi said Tuesday.

"The system will launch no matter what," Mavrodi told Interfax. "I don't intend to be scared of anything — fear is humiliating."

Mavrodi was released from jail in 2007 after serving more than four years on charges of fraud and tax evasion. His investment fund MMM, founded in 1988, scammed millions of Russians before going bankrupt in 1997.

A spokesperson for online payment system Web Money, which Mavrodi plans to use to run the fund, told RIA-Novosti on Monday that the company would keep a close watch on the new MMM to prevent any illegal activities.

Officials expressed concern. United Russia deputies Tatyana Yakovleva and Valery Ryazansky called MMM-2011 a scam, RIA-Novosti reported.

"I think that we will ask our committee on financial markets to find an official way to try to stop the creation of another one of these pyramids," Ryazansky said.

Kemerovo Governor Aman Tuleyev warned his constituents to beware of con artists and keep their money in banks.
Federal Consumer Protection Service head Gennady Onishchenko believes that Mavrodi's new financial scheme is too good to be true and promised to protect the rights of consumers, RIA-Novosti reported.

"Miracles don't happen, especially the promised 20 to 30 percent profit — in this economy it is, of course, a fantasy," Onishchenko said.

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