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Mavrodi Under Investigation in Novosibirsk

By The Moscow Times

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Founder of the MMM-2011 pyramid scheme Sergei Mavrodi is under investigation for "aiding and abetting illegal business activity," after the Novosibirsk prosecutor's office opened a criminal case in relation to the scheme, Kommersant reported Friday.

Mavrodi gained notoriety in the 1990s, when he was jailed for 4 1/2 years for fraud after founding Ponzi scheme MMM, which duped millions of Russians.

In April 2011, an investigation concerning "illegal business activity" was opened in Novosibirsk against Alexei Astafiyev, a regional manager of the MMM-2011 scheme, which is a carbon copy of the 1990s version. Astafiyev allegedly received more than 9 million rubles ($300,000) of investments from about 100 people over three months, promising them 900 percent returns. He took 2 million rubles of that amount as a bonus for himself, according to the prosecutor's statement, which also says Mavrodi acted as an adviser to Astafiyev.

Novosibirsk prosecutor Alexei Voitov has decided to combine the case against Astafiyev and investigation of Mavrodi, against whom charges have not yet been brought.

Mavrodi is now in Moscow where he is being sued by former MMM investors. He is also facing the legal repercussions of more than 300 cases of unpaid court ordered fines.

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