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Police Break Up Moscow Pyramid Scheme

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Three suspected pyramid schemers who promised their victims sizable payoffs in exchange for investing in fake companies have been detained in Moscow.

The three individuals were detained while attempting to receive their latest "investment" in the sum of 1.1 million rubles ($17,000), an online police statement said Tuesday.

Police say the suspects were part of an organized group that created fictitious companies to attract investors, who were promised 16 percent returns on their investment. The suspects reportedly placed ads in newspapers and on the Internet offering their services, along with false information about their supposed company and its estimated worth.

"It was determined that the given organization was not carrying out any kind of investment activity, that the money [provided by investors] was not going to any transactional accounts, and that the company had no tax or accounting information. Apart from that, that company does not have a staff, the general director is nominal and the organization has no relation whatsoever to financial activities," the statement said.

The suspects were detained in the office of their organization and each of them now faces up to five years in prison for large-scale fraud.

Police are currently looking for others involved in the scheme, as well as additional victims.

Moscow's Basmanny District Court sanctioned their arrest on Feb. 13.

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