

# STATE OF NEBRASKA

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Dave Heineman  
Governor

## DEPARTMENT OF BANKING AND FINANCE

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**FOR IMMEDIATE RELEASE**

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### **Couple Arrested for Promoting Global Ponzi Scheme, Nebraska Connections**

The Nebraska Department of Banking and Finance (NDBF) issued a June 2005 Cease and Desist Order against an organization calling itself People in Profit System, Inc. (PIPS), which the Department had been investigating since January 2005. PIPS was a global Ponzi, or Pyramid, scheme promoted as a web-based private investment club by Bryan Marsden, a British subject living in Malaysia, and several other individuals and entities named in the June 2005 Order. Marsden and his wife Phan Sew Ken were arrested in Malaysia earlier this month for their involvement in the scheme which investigators estimate netted them nearly \$10 million illegally.

Ponzi, or Pyramid schemes, are illegal to operate in Nebraska—often the public become unwitting accomplices in this crime. These schemes work by taking new investors' money to pay those who invested early in the scam. The Securities Bureau first discovered the PIPS scam presence in Nebraska in January 2005, but learned of an organized internet attempt to form a "PIPS Club" in Nebraska in early May, with approximately 70 people responding. NDBF's Securities Bureau has since received dozens of calls and eight formal complaints from Nebraskans over the last year and half concerning PIPS.

According to Jerry McFarland, NDBF Securities Analyst, "We're glad these individuals have been arrested, and believe their prosecution by the Malaysian authorities may be the catalyst for continued enforcement action in the numerous states where past PIPS activity is still under investigation. We want Nebraskans to know that this type of scam is common and ask them not to let their guard down. Pyramid schemes never pay off in the long run. As the scheme begins to collapse, victims are given a constant stream of flimsy excuses, double-talk or no response at all, while the operators of the schemes are pulling out and disappearing with others' hard-earned money, or reinventing themselves under a new name—as Marsden did several times before his arrest." McFarland warned, "Either way, these scammers leave in their wake thousands of people whose confidence and cash were misplaced."

John Munn, NDBF Director, warned, "We are here to help Nebraskans make informed financial choices. If they have any suspicions or concerns about people or organizations who are soliciting their money, we want to help."

NDBF Regulators are relying on the public to not participate in pyramid or Ponzi schemes and to report any fraudulent activity they are aware of. If you have questions or concerns about investing or banking contact NDBF at (402)471-2171, toll free at (877)471-3445, or online at [www.ndbf.org](http://www.ndbf.org).

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