



No man has a good enough memory to make a good liar.
Abraham Lincoln, US President

9A Truth and lies

1 READING

- a Read the article about Ponzi schemes quickly and match the years to the people.

2009	Charles Ponzi
2008	Early Ponzi schemers
1920s	Lou Pearlman
1880s	Bernard Madoff

- b Read the text again and complete it with the missing sentences. There is one extra sentence you do not need to use.

- A He continued to happily take money from excited new investors on a daily basis, many of whom gave him their life savings.
- B If you don't believe him, just ask your friends.
- C He was able to convince them because he was a highly respected and well-established financial expert.
- D Among the fake companies he created was an airline, which existed solely on paper.
- E The whole thing collapsed and the authorities caught him.
- F However, the scheme doesn't work for long because of the constant need to find new investors.

Ponzi schemes

Want to know an easy route onto the world's rich list? You may think it's an impossible dream, but as Charles Ponzi reveals, all you really need is a persuasive smile and the ability to lie very, very well.

The man behind the name

Charles Ponzi was an Italian immigrant living in the United States who cheated countless innocent people out of money in the 1920s. At that time, when a person wanted to send a letter to another country, he or she (if they were feeling generous) could also send the recipient an international reply coupon. The coupon could then be used to pay for the postage of the reply. Ponzi's idea was to buy cheap reply coupons in another country and sell them in the United States, where they were worth more. He then planned to share the profits with his investors. However, transporting and paying for the coupons caused delays and incurred extra costs, which meant he couldn't pay back his investors as quickly as he had promised. But he didn't tell them that. ¹ ____ Ponzi paid the early investors their profit with the new money that was pouring in, and kept some of it for himself. At the height of his success, he was buying and selling around 160 million reply coupons, despite only 27,000 existing worldwide. When people realised this, it was all over. ² ____

How does it work?

The Ponzi scheme is based on a simple principle revolving around paying old investors with money that comes in from new investors. What exactly they invest in doesn't matter. With the money from the first investors you rent a fancy office and buy a new car, which helps you to attract new investors. ³ ____ One person can only do so much, and sooner or later the scheme flops because there aren't enough new investors to pay all of the old ones.

Other big schemers

Examples of the Ponzi scheme date back as far as the 1880s, and are still happening now. One of the longest-running operations was headed by Lou Pearlman, former manager of

the famous American boy bands Backstreet Boys and N*Sync. To fund promotional activity for his band roster, he convinced businesspeople to invest in other non-existent side projects. ⁴ ____ Pearlman was eventually convicted of cheating investors of over \$300 million and, in 2008, was sentenced to 25 years imprisonment.

But that was nothing compared to Bernard Madoff's \$65 billion Ponzi scheme. In 2009 Madoff was sentenced to 150 years in prison after having cheated billionaires, celebrities, and even banks and charities. ⁵ ____ He was also helped by the fact that he was running a legitimate business at the same time. He didn't promise ridiculously high returns, and he always gave his investors their money when they asked for it. Madoff's business propositions seemed perfectly trustworthy, but a lot of people lost all their money.

So for Charles Ponzi, Lou Pearlman, Bernard Madoff, and countless other Ponzi schemers, their lies eventually caught up with them. Their riches were only temporary and the price they eventually had to pay much more. Our advice? Never try to make an honest buck based on a lie. The truth always wins... eventually.



CHARLES PONZI

- c Look at the highlighted words and phrases in the text and try to work out their meaning. Then match them to definitions 1–7.
- 1 can be relied on to be good, honest and responsible _____
 - 2 coming in great numbers

 - 3 pay for _____
 - 4 collapses, stops working

 - 5 a voucher which can be exchanged for cash _____
 - 6 another word for an American dollar

 - 7 allowed and acceptable according to the law _____

2 VOCABULARY business

- a Complete the text with the correct form of a verb from the box.

become expand export import
launch market set up take over

A friend of mine, Anne, was lucky enough to inherit a farm when she left university and so she decided to ¹ set up her own organic food business. The company ² _____ its products under the name of Bioplus and one of the most successful products it makes is muesli. Not all of the ingredients come from the farm, as Anne ³ _____ the nuts and dried fruit from South America. These she mixes with her own cereal products to make the muesli. Nationally, her muesli sells well, but she also ⁴ _____ to Northern European countries like Norway and Sweden.

The company is ⁵ _____ rapidly and Anne is always looking for new employees. Right now she's preparing to ⁶ _____ a new cereal bar the company has been testing. Anne is very realistic as she knows she will never ⁷ _____ the market leader in the field, but neither does she want one of the big cereal giants like Kelloggs or Nestlé to ⁸ _____ her company.

b Complete the sentences with the correct form of *make* or *do*.

- 1 A company always does extensive market research before it launches a new product.
- 2 If a company _____ a loss, the staff often face job cuts.
- 3 Many countries started _____ business with China when the trade sanctions were lifted.
- 4 The Managing Director _____ the decision to close the factory yesterday.

- 5 My company is going to _____ 30 people redundant after Christmas.
- 6 The factory was _____ badly, so in the end it closed down.
- 7 Companies always _____ market research before they launch a new product.
- 8 If we _____ a profit again next year, the manager may think of opening another office.

3 MINI GRAMMAR *whatever, whenever, etc.*

Complete the dialogues using *whatever, whichever, whoever, whenever, however, or wherever*.

- 1 A Where do you fancy going for dinner tonight?
B Wherever you want. I don't mind.
- 2 A Do you want tea or coffee?
B I don't mind. _____ is easiest.
- 3 A What shall I buy you for your birthday?
B I don't mind. I'll be happy with _____ you give me.
- 4 A How often does your boyfriend go to the gym?
B He goes _____ he can.
- 5 A Can I bring my new boyfriend to your party?
B Sure. Bring _____ you want.
- 6 A I'm not sure how we should decorate the living room.
B Decorate it _____ you want. You have great taste.

4 GRAMMAR clauses of contrast and purpose

a Circle the correct answer.

- 1 Although / Despite she's the head of the department, she often goes out with her colleagues.
- 2 The account manager called his client *for* / *to* arrange a meeting.
- 3 The company is expanding *even though* / *in spite of* there is a recession.
- 4 The firm made several people redundant *in order to* / *so that* cut costs.
- 5 His secretary stayed at her desk *to not* / *so as not to* miss an important phone call.
- 6 Everybody seemed to enjoy Mike's speech at the wedding *in spite of* / *even though* his terrible jokes.
- 7 The restaurant staff are happy *despite* / *although* working long hours every day.
- 8 She closed the door of her office *so as to* / *so that* nobody could hear her conversation.

b Complete the second sentence so that it has a similar meaning to the first sentence using the word or phrase in bold.

- 1 Although he's the managing director, he goes to work by bike.
despite
He goes to work by bike despite being the managing director.
- 2 Although they don't do any marketing, their products sell well.
in spite of
Their products sell well _____.
- 3 They reduced their prices so as to sell more products. **so that**
They reduced their prices _____.
- 4 I have to leave work by six o' clock so that I don't miss my train.
so as not to
I have to leave work by six o' clock _____.
- 5 Despite the fact that I was late, my boss wasn't angry. **although**
My boss wasn't angry _____.

5 PRONUNCIATION

changing stress on nouns and verbs

a  Listen and complete the sentences.

- 1 China exports more goods than any other country.
- 2 Vinyl _____ are becoming popular again.
- 3 There's been a huge _____ in petrol prices recently.
- 4 You can only lose weight if you _____ the fat in your diet.
- 5 Scientists are making _____ on finding a cure for AIDS.
- 6 The visa _____ you to stay for three months.
- 7 Brazil _____ about a third of the world's coffee.
- 8 We do not give _____ without a valid receipt.

6 LISTENING

a  Listen to a radio phone-in programme about Mr and Mrs Stacey, who found a lottery ticket and cashed it. How many of the callers think that the couple did the right thing?

b Listen again and correct the mistakes in the sentences.

- 1 The Staceys found the lottery ticket last ~~February~~^{April}.
- 2 The owner of the ticket was a 71-year-old woman.
- 3 If the Staceys don't pay the money back, they'll spend 12 months in prison.
- 4 Caller 1 says that the Staceys used the money to pay off their mortgage.
- 5 Caller 2 compares finding the lottery ticket to finding some house keys.
- 6 Caller 3 thinks that the couple should have given the ticket to the police.
- 7 Caller 4 says that the couple had a moral obligation to return the ticket.
- 8 Caller 5 feels some anger towards the couple.