

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.

- c Look at the highlighted words and phrases in the text and try to figure 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 that can be exchanged for cash _____
- 6 another word for an American dollar _____
- 7 allowed and acceptable according to the law _____

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 realized 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 nonexistent 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 was much more. Our advice? Never try to make an honest buck based on a lie. The truth always wins... eventually.



CHARLES PONZI

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 graduated from college, 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 granola. Not all of the ingredients come from the farm. Anne ³ _____ the nuts and dried fruit from South America. She mixes these with her own cereal products to make the granola. Regionally, her granola sells well, but she also ⁴ _____ to East Coast states like New York and New Jersey.

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 because she knows she will never ⁷ _____ the market leader in the field, but neither does she want one of the big cereal giants like Kellogg's 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 members 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 The company president _____ a deal with management to increase overtime pay yesterday.
- 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.

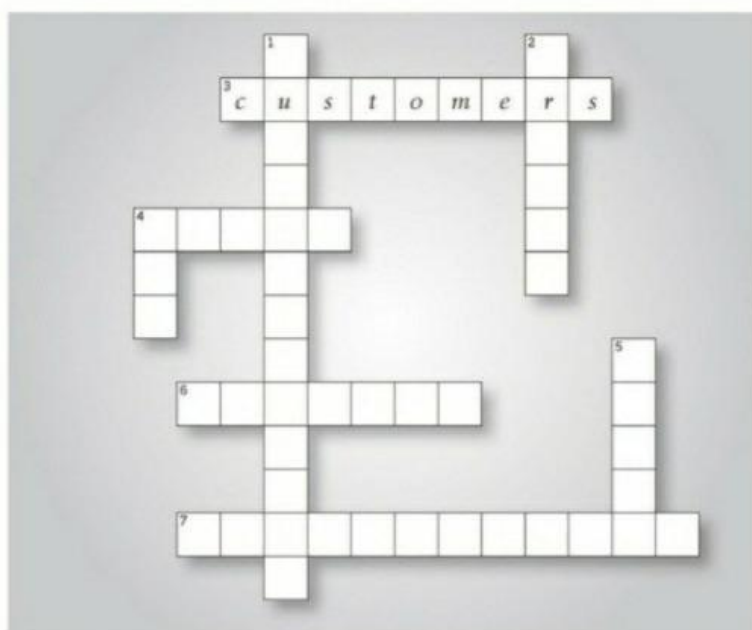
- c Complete the crossword.

Clues across →

- 3 The average McDonald's restaurant serves 1,584...per day.
- 4 TGI Friday's is an American restaurant...with over 920 restaurants.
- 6 The law firm of Clifford Chance gives legal advice to...in 25 countries.
- 7 The...of SpaceX is in Los Angeles, California.

Clues down ↓

- 1 Google Inc. is a...company that operates all over the world.
- 2 There is a...of Bank of America on many main streets in the US.
- 4 Steve Jobs was the...of Apple Inc. from 2000 to 2011.
- 5 Amancio Ortega is the...of the Spanish clothing chain Zara.



3 MINI GRAMMAR whatever, whenever, etc.

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

- 1 A Where would you like to go 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 should 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 closed several of its smaller office buildings *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 members are happy *despite* / *although* working long hours every day.
- 8 She closed the door to 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 iChecker 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 gas prices recently.
- 4 You can only lose weight if you _____ the amount of calories you eat.
- 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.

b Underline the stressed syllable on the words you wrote in a.

c Listen and check. Then listen and repeat the sentences.

6 LISTENING

a iChecker Listen to a radio phone-in program about Mr. Americo Lopes who bought a winning lottery ticket, but didn't share it with his coworkers. How many of the callers think that he did the right thing?

b Listen again and mark the sentences T (true) or F (false).

- 1 Mr. Lopes bought the lottery ticket in December of 2009. _____
- 2 Mr. Lopes was a factory worker. _____
- 3 The jury decided Mr. Lopes must share his prize money with his coworkers. _____
- 4 Caller 1 believes Mr. Lopes should share information about his life with his friends and coworkers. _____
- 5 Caller 2 says people make questionable decisions when a lot of money is involved. _____
- 6 Caller 3 thinks the jury made the correct decision. _____
- 7 Caller 4 says the man had a moral obligation to share the ticket winnings. _____
- 8 Caller 5 feels some anger toward the man. _____

c Listen again with the audio script on p.75 and try to guess the meaning of any words that you don't know. Then check in your dictionary.

USEFUL WORDS AND PHRASES

Learn these words and phrases.

ad/ advertisement /æd/ædvər'taɪzmənt/
advertising campaign /'ædvərtaɪzɪŋ kæm'peɪn/
airbrush (a photo) /'eɪbrʌʃ/
appeal /ə'piːl/
brand /brænd/
claim (v and noun) /kleɪm/
commercial /kə'mərʃl/
consumers /kən'sʊmərz/
jingle /'dʒɪŋɡl/
misleading (statements) /mɪs'liːdɪŋ/
slogan /'sləʊɡən/
sue (somebody) /su/