

What is hyip? essay



A HYIP (High Yield Investment Program) is a kind of ponzi scheme, which is promising unsustainable high returns on investments made by people who play these money games. The profits for the previous investors are paid by investments made by new investors. Nowadays the so called “ HYIP Industry” has become a pretty big market and has a yearly turnover of several million dollars.

Operators of HYIPs usually set up nice looking websites which try to appear legit in order to fool unknowing people. Common types of investment plans in HYIPs are long term plans (between 0. 5 – 3% daily for 75 – 365 days), mid term plans (between 1 – 4% daily for 20 – 74 days) and short term plans (like 105% after 1 day).

HYIPs usually get advertises by ref hunters, ponzi scheme forums, HYIP monitors and HYIP blogs. HYIP monitors have the purpose of displaying the status of HYIPs (Paying, Waiting, Problem and Not Paying are common statuses). The admin of a HYIP usually pays a specific fee of which a part is reinvested by the HYIP monitor admin. So the monitor admins are doing their job risk free. A big problem is that HYIP admins often get bribed and display false statuses. According to insiders in this industry there are hundreds of HYIP monitors of which just 5 to 10 are “ legit”.

The most preferred resources by HYIP investors for HYIP news nowadays are blogs. These blogs publish regular news of programs, paid reviews, interviews, and some of the more “ honest” ones also publish leaks. Because of the different ways of communication and doing business in this industry there are different kinds of investors: People who are new and think they are

investing in something real (those people often invest ridiculous amounts of money and make some programs keep running for a long time), people who just want to gamble with their money and people who invest very carefully, know what they are playing with and actually making profits on the losses of the other people.

HYIPs exist for a pretty long time now. Ponzi schemes existed already way before the Internet, but the rise of online payment systems has made it much easier for operators of such schemes to start new HYIPs. The HYIP industry started sometimes back in the late 1990's. Some HYIP operators opened their own digital currency companies that eventually folded; these companies include Standard Reserve, OSGold, INTGold, EvoCash, and V-Money. StormPay was started in the same way in 2002, but has remained in business even though the HYIP that it was created to serve was shut down by the State of Tennessee.

Some HYIPs have incorporated in countries with lax fraud laws to secure immunity from investor laws in other countries. The operators have been known to host their website with a web host that offers “anonymous hosting”. They will use this website to accept transactions from participants in the scheme. As HYIPs are unlicensed and unregulated investment products they are in violation with financial laws as well as with countries regulations about ponzi schemes because of their nature.

Besides the legal aspect, it is also questionable to participate in such schemes in an ethical point of view. If one makes profit, it will always be on

the loss of someone else. In the past there have been people who committed suicide after they have lost all their money in some HYIP.

Examples

Shut down HYIPs by authorities:

Zeek Rewards AdSurf Daily Genius Funds

Popular collapsed HYIPs:

JustBeenPaid /

Profitclicking ReProFinance MacroTrade Safe depositary Panamoney Infinitiva Veri
field Gold Nugget Invest Cherryshares Eurex Trade / EccPub

Popular active HYIPs (February 2013):

Bensonunion Profitable Sunrise Felmina Alliance Stalliongold TureProfit