

**MAKING SENSE OF A SCAM:  
MMM MUTUAL FUND PARTICIPANTS IN KAGISO NEGOTIATE  
DISSENTING MAINSTREAM NEWS COVERAGE ON SOCIAL MEDIA**

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For my parents Masello and Skumbuzo Boqo

&

all God's children who don't think they can:

*Now unto Him who is able to do exceeding abundantly above all we could hope or think,  
according to the power at work within us, To Him be glory in the church by Christ Jesus to all  
generations, forever and ever.*

*Amen*

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## ABSTRACT

Pyramid, Ponzi and various fraudulent investment schemes are common feature in post-apartheid South Africa. The record levels of participation have generated much discussion in public discourse. Newspapers often abound with reports of participants who've lost large sums of money – in many instances their life savings. While on social media, thousands debate the merits and threats of new ventures as they emerge, in some instances using these platforms as the newest recruitment platforms. The sheer size and frequency of their appearance especially in post-revolutionary societies – those which experienced dramatic structural transformation following the end of the Cold War and growth of a neoliberal market economy – has drawn substantive scholarly attention. Much like media reports, however, this research often points to the morality of such practices, asking questions like what factors lead people to make the apparently irrational decision to participate in a scam? This study, however, contributes to a different body of emerging literature concerned with the larger structural contexts in which such forms of economic practice and organisation exist, and the meanings participants make of their involvement. Looking at the recently high profile of case of Mavrodi Mondial Moneybox (MMM), it employs a qualitative research methodology rooted in cultural studies to examine how participants based in the Johannesburg township of Kagiso used social media, specifically WhatsApp, to make sense of and contest the dissenting mainstream news coverage about MMM. Ultimately, it is a question of how their participation in particularly illegal pyramid or Ponzi type schemes and opposition to traditional news reports are rooted in their lived experiences, and what opportunities social media offer as alternate platforms for meaning-making, deliberation and public contestation.

## **LIST OF ACRONYMS AND ABBREVIATIONS**

BEE	Black Economic Empowerment
BNG	Breaking New Ground (development strategy)
FNB	First National Bank
ICT	Information Communication Technology
ILO	International Labour Organisation
MMM	Mavrodi Mondial Moneybox
Nasasa	National Stokvel Association of South Africa
NCC	National Consumer Commission
NP	National Party
RDP	Reconstruction and Development Programme

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## CHAPTER ONE

### Introduction

#### 1. Introduction

This study investigates how members of a recruitment-based Ponzi scheme in South Africa popularly known as MMM (Mavrodi Mondial Moneybox), negotiated and contested dissenting mainstream media coverage about the scheme. Taking a sample of participants based in the West-Johannesburg township of Kagiso, the study is particularly concerned with the oppositional meanings they made of mainstream media messages and how these relate with their everyday lived circumstances. It also considers their use of WhatsApp in constructing and circulating these meanings, as well as facilitating contestation offline.

To address this the study employs Fraser's theory on subaltern<sup>1</sup> counterpublics. Developed in critique of Habermas' public sphere concept, it argues for the existence of multiple publics in stratified and multicultural societies where members of subordinate groups use alternative media to "invent and circulate counter discourses" against the dominant public sphere (1990:67). The study therefore examines participants' economic and media practices in the context of their subalternity. It is concerned specifically with the role and effectiveness of social media for counter publicity in post-apartheid South Africa.

In this chapter, I provide a general and personal background to the study. I further locate the study within the cultural studies tradition, highlighting the theoretical frameworks used to address the research question. The chapter also outlines the objectives of the study, its significance and concludes with an outline of the thesis structure.

#### 1.1. Contextual background

##### *General context*

First introduced to South Africa in January 2015, MMM is one of 18 global subsidiaries of Russia's biggest Ponzi scheme in history (Egorova, 2017). It was founded by Sergei Mavrodi in the wake of the Soviet Union's collapse promising monthly returns of up to 100% to share-buying investors (Egorova, 2017). MMM gained popularity through an aggressive marketing

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<sup>1</sup> Here, subaltern is used in the Gramscian sense and refers to subordinated groups who struggle to transform oppressive state and economic formations. Speaking of the subaltern allowed him to bring attention to the marginalised position of various groups within unequal relations of power. However, Gramsci believed that ruling groups often exercised their power through consent rather than force. By this he argued that the prevailing matrix of power relations were sustained ideologically as elites relied on common sense – or "spontaneous often unexamined worldviews held by collectives" – and compromise with subordinate groups to legitimise their hegemony (Buras and Apple, 2006:4).

campaign. According to Symes, “it ran commercials on state television channels during primetime, paid for all-day free travel on the Moscow metro, sponsored the Russian soccer team during the 1994 World Cup, and published full-page ads in [then-influential national newspapers] *Pravda* and *Izvestia*” (2004). However, official warnings from the finance ministry in October 1994 triggered its collapse causing shareholders an estimated \$100 million in losses (Bossoutrot, 2015:31; Symes, 2004; Withnall, 2016). Mavrodi evaded arrest until 2003 when he was convicted of fraud for three and a half years (Egorova, 2017).

Several years after his release, Mavrodi began experimenting with fraudulent investment schemes globally but it wasn't until 2014 that MMM started to target developing countries (Filatova, 2012). Marketing itself as a social financial network it continued to offer high returns, however relying primarily on social media promotion to recruit new participants. This was a distinct feature of the scheme when it emerged in South Africa in 2015. To benefit from MMM's 30% monthly return, a prospective member would 'offer help' (or pay a joining fee) of at least R100 deposited by ATM to an existing member's account. This amount would be registered on the website and converted to mavro<sup>2</sup>, gaining 1% interest per day. Upon the recipient's confirmation of receipt, the amount would be made available for the new member to withdraw with interest after 30 days. The recipient member would then be encouraged to post testimonials on social media about the 'help received', often earning a referral bonus for the public endorsement and additional incentives for attracting new members. Such recruitment methods established a pyramid-like business model. It comprised of hierarchical downlines with non-recruiting members at the bottom tier, followed by recruiters, managers and guiders respectively. Each tier received a percentage of funds deposited from the lower tiers as commission or paid out as increased interest rates. Facebook, YouTube, Telegram and WhatsApp were particularly popular platforms to publicise the scheme, surpassed only by word of mouth. At the time of investigation (of research) in 2017 MMM had gained a Facebook following of over 150 000 in India, 138 000 in Nigeria, 56 000 in The Philippines, 36 000 in South Africa, and 10 000 in Brazil, amongst others (Facebook, 2017).

Through a proclaimed culture of giving and receiving 'help', MMM gained legitimacy through association with established operations like stokvels and multilevel marketing networks, all the while circumventing financial regulation. In South Africa, the Consumer Protection Act describes any organisation offering annual returns of 20% above the 6.25% repo rate as an

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<sup>2</sup> Cryptocurrency used in the MMM system

illegal multiplication or Ponzi scheme (Businessstech, 2016). It also identifies operations that rely on a pyramid-based recruitment structure or multilevel marketing business model but do not sell tangible products or services as illegal pyramid schemes (Woker, 2012; Albaum and Peterson, 2011; Keep and Nat, 2014). Despite this, detection is often difficult for authorities as operations frequently exploit regulatory loopholes (Arde, 2016). Prosecution is further limited by a lack of capacity since the “police are not trained to deal with problems of this nature,” according to Woker (2003:239). For instance, although MMM was among the nine suspected schemes<sup>3</sup> under preliminary investigations by the National Consumer Commission (NCC) in 2015, all nine investigations were discontinued (DestinyConnect, 2016; Arde, 2016). Between 2012 and 2016 over 5000 such schemes were reported, but only 63 investigations were finalised in the same period (DestinyConnect, 2016; Ngwane, 2017; SARB, 2016). The South African Reserve Bank and mainstream media have consequently placed much effort on public awareness, sharing information about how such schemes work, to warn would-be participants of the risks of engagement (Omarjee, 2017; SARB, 2016). These, however, seem to have limited effect.

#### *Personal context*

My own interest in MMM was piqued at a ten-person stokvel meeting in December 2015. A member had suggested we join collectively after a year of disappointing savings and returns. MMM was suggested as an investment option that would yield a sizeable 12-month return and possibly assist us in developing more disciplined saving habits. Many in the club were interested in participating. However, once a member began circulating a screenshot of a *Sowetan* news article on WhatsApp, stating that MMM was one of nine investment schemes under investigation, many changed their minds. More reports from various other media sources such as News24, 702, SABC News and the *Sunday Times* began to surface with headlines like: “If you refer MMM to your friends you are stealing from them”<sup>4</sup>, “Overnight riches or financial suicide?”<sup>5</sup> and “Ponzi schemes probed”<sup>6</sup>. Although my stokvel’s eventual reluctance to participate in MMM illustrates the desired outcome of official institutional efforts, in most cases news discourses had the opposite effect.

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<sup>3</sup> Namely Instant Wealth Club, World Ventures, Kipi, Make Believe, MNT Investments, MMM, Dipesa, Sikhese and Wealth Creation Club

<sup>4</sup> The Moneyshow with Bruce Whitfield. 702. 18 April 2016

<sup>5</sup> The Sunday Times, 27 September 2015

<sup>6</sup> The New Age, 6 October 2015

Intensified reports between January and April 2016 warning participants about MMM's illegality and impending collapse sparked widespread public contestation. In Pretoria, MMM members filed a court application to absolve MMM of pyramid and Ponzi allegations (Le Cordeur, 2016). Others in Soweto and central Johannesburg staged mass demonstrations<sup>7</sup> showcasing the wealth they'd amassed in the hope of discrediting negative reports and possibly recruiting more members (Maphumulo, 2016). Managers and members also called in frequently to talk radio and TV shows refuting allegations of illegality and the inevitable collapse of the scheme. In several instances these led to live scheduled interviews and debates on traditional media platforms including SABC 1's *Ilungelo Lakho* and *The Money Show with Bruce Whitfield* on 702. Mainstream visibility was further increased by political figures such as Black First Land First (BLF) leader Andile Mngxitama who championed the scheme, encouraging members not to trust the government or banks after Capitec and First National Bank (FNB) started freezing "suspicious" accounts (Mathebula, 2016). He publicly declared joining the scheme and was amongst many others who advocated for its transformative economic agenda, even anticipating its speedy return after it collapsed in April 2016.

I became increasingly intrigued by people's fierce defence of MMM. Some of my own relatives and neighbours continued to participate and promote MMM openly despite the perceived risk. They seemed not to be dissuaded by the negative media coverage. Instead, they likened it to a stokvel, arguing that it was intended to improve their lives and circumstances – something the government had done little to address. This argument, I later found, informed the key messaging conveyed by MMM in its ideology<sup>8</sup> statement. The YouTube video preaches capitalism and debt as forms of modern-day slavery. It encourages ordinary, working-class members of the population to "rebel" against the economic system which continuously positions them as "pawns" at the service of bankers and financiers, governments and millionaires (RSA-MMM, 2015). MMM is presented as a response to such institutional malevolence.

I was thus interested to know why MMM resonated so deeply with participants in the context of their daily lives despite the suspicion evoked by mainstream media warnings. What sense had MMM participants made of their own involvement? What structural factors shaped their acceptance of MMM discourses and consequent opposition to those by mainstream media?

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<sup>7</sup> One of these included the Financial Freedom Awareness campaign which coincided with Freedom Day on 28 April.

<sup>8</sup> Promotional video by MMM (previously available on the mmm-RSA.com website) stating the value, significance and objectives of the operation. Transcript of video available on [MMM Global site](#).

Why had media discourses framed their participation as acts of irrationality and manipulation, or actors themselves as desperate victims unable to invest wisely, and in some cases as outright greedy and unwilling to work for their money? When it later became clear that few members encountered the video and when social media was highlighted as a method to keep updated about MMM-related TV and radio interviews – that is, share screengrabs of published news reports about the scheme and keep encouraged amidst rumours of collapse – I was curious to understand its role in circulating shared oppositional meanings, as well as facilitating acts of contestation offline. How may social media have enabled participants to express their opposition to dominant-hegemonic discourses? Under what circumstances? And with what impact?

## **1.2. Objectives of the study**

Against this backdrop, this study broadly seeks to explore Kagiso residents' participation in MMM and their subsequent contestation of traditional media discourses about the scheme. Informed by audience research in the cultural studies tradition, the study employs a qualitative research methodology to examine the meanings Kagiso participants made of MMM in the context of their daily lives. It also considers how this context shaped their interpretation of mainstream media reports about the scheme.

Using Hall's encoding/decoding model, the study makes a comparative analysis of both the content and audience data to examine how meanings encoded by the former are structured in dominance to serve hegemonic power relations in society, while the latter resist this in their reception process. Participants' acts of contestation are examined through Fraser's theory of subaltern counterpublics, with a specific focus on their use of social media to create and circulate counter discourses. In this sense, it concerns itself with the struggle over meaning between official institutions and participants themselves, as well as their use of MMM communication platforms as subaltern counterpublics in the post-apartheid context.

The data is drawn from a qualitative content analysis of reports about MMM published from August 2015 – July 2016, as well as two focus group interviews and four semi-structured individual interviews. Although the popularity of such risk-taking activities is not limited to the poor, unemployed and marginalised sections of the population, that is the focus of the study.

## **1.3. Significance of the study**

Ponzi, pyramid and various fraudulent investment schemes are a common feature in post-apartheid South Africa (Woker, 2003). The high levels of participation in these high-risk

activities have generated much discussion in public discourse. While media reports focus largely on the morality of such economic activity, explaining participation as evidence of “irrationality, lack of education and greed,” Krige argues that participants are often not concerned about the legality of a particular money-making scheme (2012:71). Rather, he notes, that their

economic practices have been as much informed by historically shaped cultural notions of social reproduction and social legitimacy as they have been condemned and regulated against public authorities. Both their local validation and their legal censure were informed by a history of racial capitalism and economic exploitation. (Krige, 2012:71)

In looking at Kagiso residents’ contestation of negative media messages about MMM, this study provides insight into the meanings participants of MMM make of their involvement, as well as the structural conditions which encourage these specific forms of economic organisations to emerge. This is particular significance since little if any scholarly work about pyramid/Ponzi schemes, the media and contested publics in Africa exist.

It contributes to cultural studies research concerned with the way in which media meanings reproduce relations of power, usually unequal relations of power, based on class or some other kind of demographic difference and the resistance of those meanings by subordinate groups. In line with the qualitative methodology, it foregrounds participants’ voices and experiences in the context of the daily lives, while acknowledging the structural limitations placed on their agency (Willems and Mano, 2016). Participants specific use of social media to facilitate contestation contributes to current debates about the role and effectiveness of Information Communication Technologies (ICTs) to meaning-making and widening democratic debate in the African context.

It’s important to note that the sample of Kagiso residents does not represent the full range of MMM participants, nor can findings be generalised to the entire population. It should therefore be seen as an examination of the processes of meaning-making within a contextually and geographically situated space.

#### **1.4. Thesis outline**

This thesis is comprised of six chapters. Chapter one offers a general background to the study. It outlines the scope and context of the study. The significance and theory used to address the research questions are also outlined here. This is followed by Chapter two, which presents the social context of the study. It focuses on the structural factors contributing to the increasing

popularity of pyramid and Ponzi schemes in South Africa and the cultural notions associated with them. This is done through a historical examination of the informal economy, its emergence and development dating from imperial South Africa.

Chapter three presents the theoretical frameworks that underpin the study. Habermas' public sphere theory and its various critiques, particularly Fraser's subaltern counterpublics are highlighted to provide a framework through which contestation by MMM participants in Kagiso can be examined. Hall's encoding/decoding model, with its emphasis on meaning-making, is also discussed to explore the participants' negotiation of mainstream media warnings in a specific social context.

The research methods and methodology used to generate data are discussed in Chapter four. This chapter justifies the use of a qualitative methodological approach and the suitability of the chosen methods for a study of this nature.

Chapter five presents and interprets the findings of the study, informed by the theoretical, contextual and methodological consideration in chapters two to four. These findings are based on the empirical data gathered through focus groups and in-depth individual interviews.

The study concludes with a summary of key issues in Chapter six. It identifies the major factors leading to participants' opposition to mainstream media coverage and insights into the nature of MMM counterpublicity as weak or strong. The chapter also reflects on the study's achievements and identifies further questions of enquiry, making recommendations in light of the findings.

## **CHAPTER TWO**

### **Social Context**

#### **2. Introduction**

This chapter provides context for understanding Kagiso residents' involvement in MMM and their subsequent opposition to mainstream media discourses about the scheme. Acknowledging both the historic and present-day role of informal economies in survival strategies for the poor, and particularly black South Africans, it aims to contextualise the meanings Kagiso residents made of MMM, their involvement and the conditions in which they consumed dissenting media coverage about the scheme. The chapter emphasises the embeddedness of economic institutions and practices in the broader structural and cultural milieu and further locates MMM participants under investigation within this context.

The chapter begins with a brief examination of informality in the South African economy before discussing its rootedness in the marginalisation of Africans from the mainstream economy under British colonialism and apartheid. It then looks at the historically dominant practices of beer brewing and stokvels amongst African women as forms of economic informality informing the legal ambiguity of participation in Ponzi/ pyramid schemes. This links to a discussion on the poor socio-economic conditions in which Kagiso residents' currently live and, by extension, the structural factors shaping their oppositional readings of mainstream media reports about MMM.

#### **2.1. Informality in the South African economy**

This section outlines salient features of South Africa's informal economy in order to locate Ponzi/ pyramid scheme participation within the broader socio-economic landscape. This is informed by a central tenet of cultural studies which examines mediated communication as a contextualised social phenomenon (Thompson, 1988). Audience research in this tradition is rooted in the lived experiences of those being researched. It further takes the production and reception of media texts as structured within specific contexts (Fiske, 1987; Hall, 1980; Stokes, 2012). In this light, the section begins a discussion of the historical conditions and power relations which shape cultural notions about informality in South Africa, specifically their local validation by subalterns and legal censure by official institutions.

Debates on the informal economy have been of key interest across several disciplines since the 1970s (Neves and du Toit, 2012; Rogerson, 2000). First introduced by Hart at a conference on 'Urban Unemployment in Africa,' and later coined by the International Labour Organisation

(ILO) in an extensive study on Kenya, the term has come to define a range of unregulated economic activities taking place outside the framework of official institutions (Hart, 1985; Blaauw, 2015). In most developing societies this sector provides the default alternative for workers unable to secure formal employment (Neves and du Toit, 2012). However, in South Africa it accounts for only a fifth of the workforce despite high levels of unemployment and widespread poverty (Neves and du Toit, 2012). This according to Neves and du Toit is attributed to the legacy of apartheid which “sees the combination of a strong, formal economy in a developing country context, that serves to crowd out informal economic opportunities” (2012:13).

Despite such opposition, Rogerson distinguishes two categories of enterprise that have developed in South Africa’s informal economy (2000). On the one hand are survivalist informal enterprises which require little capital investment and little skills. These offer respite for those unable to secure regular employment and fall short of even a minimum income standard (Rogerson, 2000). The majority are run by women and are often traced to alternative income-generating methods adopted from the 1920s proceeding the urbanisation of traditional African communities (Verhoef, 2001b; Lukhele, 1990; Rogerson, 2000; Mashigo, 2015). On the other hand, micro enterprise or growth enterprises refer to small, family-owned businesses which operate without formal licenses, permits and accounting procedures (Rogerson, 2000). Although they have a limited capital base and business skills, they have the potential to develop into larger formal business enterprises (Rogerson, 2000).

The key challenge confronting the development and sustainability of both survivalist and growth enterprises is often a lack of finance (Mashigo, 2015). Informal finance, therefore, offers this access in an adaptive manner unlike that conditioned by formal providers (Mashigo, 2015). While collateral serves as a guarantee for the latter to mitigate risk in cases of non-repayment, death or illness, the extension of credit in the former is based on a framework of trust, respect and loyalty among close friends and relatives (Mashigo, 2015). This sociality is often misunderstood as economic irrationality in official spheres which are “predicated on rational, self-interested, utility-maximising individuals”– and further explained through narratives of patrimonialism, clientelism, criminality and violence especially in accounts of African involvement (Neves and du Toit, 2012:132). However, it is important to understand the particular social and economic circumstances in which such economic organisations emerge. It is in this context that the pyramid/ Ponzi schemes such as MMM are to be understood.

This study focuses on the meanings made of negative media reports by MMM participants in Kagiso. It takes respondents' participation in MMM as survivalist in nature, in this sense, recognising them as part of the informal economy. It's important to note that the study does not consider the informal economy as separate from the formal one despite former President Thabo Mbeki's dualistic characterisation of these as the second and first economy respectively<sup>9</sup> (2002). Instead, it takes the view that the two are interlinked (see Callebert, 2012; Hull and James, 2012; Mosoetsa, 2011). This occurs in several ways since the poor, unemployed and informally employed depend on aspects of the formal economy for survival, whether through social grants, or remittances from people who are formerly employed (Frye, 2006; Callebert, 2012:140; Mosoetsa, 2012). Moreover, as Frye highlights, "the process of marginalisation of many people is an integral part of the equation that has and continues to drive the formal economic growth" (2006:2). The informal economy therefore exists both as a product and essential part of the formal economy.

The next sections highlight this marginalisation through a discussion of black people's systemic exclusion from the mainstream capitalist economy. This allows an analysis of the cultural notions attached to these economic practices through a historical account of South Africa's industrialisation and institutional segregation. It also draws attention to the conditions in which these informal economic activities arose and their use by subalterns.

## **2.2. South Africa: An historical context**

South Africa is one of several countries founded by European powers during the sixteenth and seventeenth centuries (Mbeki, 2016; Alexander, 2002). Its existence as a modern state is attributed to the Dutch East India Company following the arrival of Jan van Riebeeck at Table Bay in 1652 (Ross, 1999). Initially intended as a halfway station, it served only as a geopolitical asset to the Dutch who relied on the vegetables, meat and fruit they could trade with the indigenous Khoi and San populations. However, once this proved unsuccessful, the Cape was transformed into a colony (Ross, 1999).

The initial phase of colonial conquest resulted in several clashes between European settlers and indigenous African populations. It also marked the beginning of racial segregation<sup>10</sup> in the

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<sup>9</sup> In his 2003 address to the National Council of Provinces, Mbeki characterised the country as "two nations" divided along separate economies. The first is the modern and productive formal economy, while the second (or marginalised economy) is underdeveloped, contributes little to GDP, includes the rural and urban poor, and is structurally disconnected from the first.

<sup>10</sup> Racial segregation refers to territorial segregation for the purpose of racial domination as presented by Mamdani (1996). It was enforced through early pass laws which became a defining feature of apartheid South

country. The Dutch committed mass genocide against the Khoi and San populations in attempts to expropriate their land. Children and survivors were taken as slaves to serve European immigrants who were granted ownership rights for establishing farms (Ross, 1999, Mbeki, 2016). The process was described in Darwinian terms and offered a socio-historical justification for their domination (Alexander, 2002; Terreblanche, 2002). It also created a basis for institutional segregation fuelled by South Africa's industrialisation and implemented with particularly harsh features during apartheid.

When the British took control in 1795, this system continued. However, with the discovery of diamonds in 1867 and gold in 1886, South Africa became a potentially huge capital asset sparking a new phase of aggressive imperialism (Marais, 2011; Terreblanche, 2002). British defeat of the Boers further paved a way for industrial development subordinate to imperial capital. South Africa's accumulation strategy thus centred on mining, to a less extent agriculture, with manufacturing as an emerging (and later dominating) feature (Marais, 2011). Profits from mineral resources relied on the exploitation of a heavily controlled, low-wage, black labour supply to minimise capital mining costs (Terreblanche, 2002; Frye, 2006; Callinicos, 1980).

To mobilise such a labour force, the emergent South African state introduced repressive legislation and policies which limited Africans' rights to access and own land, operate businesses, accumulate surplus and adequate human development (Stadler, 1987; Frye, 2006; Callinicos, 1980). The 1894 Glen Grey Act established a system of individual land tenure in British territories. It also imposed monetary taxes on African males forcing them to earn cash on commercial farms or through mine work (Mbeki, 2016). A rapprochement between the Afrikaner nationalists and the British further dismantled the economic independence of the African peasantry who were successful maize and cattle farmers on white-owned land in Transorangia (Terreblanche, 2002; Marais, 2011). With the 1913 Native Land Act, the black African majority was prohibited from buying or renting territory outside the 7 to 8% set aside as 'reserves' (except in the Cape colony).

Designed as "reservoirs" (Terreblanche, 2002:255) for migrant labour, reserves were intentionally created too small and far from industrial developments (Frye, 2006). The

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Africa. In 1760 they applied only to slaves in the Cape. By 1809 nomadic San and Khoi populations required passes to move from the area designated to them. Pass laws were fully enforced on all Africans by 1827 and served to control labour, movement and wages. See Callinicos (1980).

capitalisation of the industry, and later farming, therefore, saw more and more African males settle into towns (Frye, 2006). The penetration of capitalist economic relations in traditional societies left women without customary rights to access property nor the social power associated with their productive responsibilities (Verhoef, 2001b). Although they remained responsible for maintaining the household, their exclusion from the mainstream capitalist economy made the “burden of labour exceptionally unequal” (Verhoef, 2001b:521). Overcrowding and poor agricultural conditions, in addition, turned reserves into impoverished wastelands. Women thus migrated to cities in search of wage employment.

For then-Prime Minister Jan Smuts this signalled a gradual breakdown in native institutions or “the colour problem” (Mamdani,1996:6) as he described it (Frye, 2006; Verhoef, 2001b). Presenting the Rhodes Memorial lecture at Oxford in 1929, he argued:

It is only when segregation breaks down, when the whole family migrates from the tribal home and out of the tribal jurisdiction to the white man’s farm or the white man’s town, that the tribal bond is snapped, and the traditional system falls into decay. And it is this migration of the native family, of the females and children to the farms and the towns which should be prevented. As soon as this migration is permitted the process commences which ends in the urbanised detribalised native and the disappearance of the native organisation. It is not white employment of native males that works the mischief but the abandonment of the native tribal home by women and children. (In Mamdani, 1996:6)

To address this while meeting the labour demands of a growing economy, the 1922 Stadler Commission recommended that Africans only be permitted in industrial urban areas to serve the needs of white society (Terreblanche, 2002). The 1923 Native Urban Areas Act established ‘black locations’ separate from ‘white towns’ as residence for Africans in urban areas. The 1936 Native Trust and Land Act subsequently doubled reserve land area to 13% (Marais, 2011). This draws attention to the particular circumstances in which economic informality came to exist.

With only rudimentary plumbing and, until the 1980s, no electricity ‘locations’ were designed to limit Africans from putting down roots or building communities (Philip, 2010; Bond, 2000). As places of “no internal social or economic logic,” (Philip, 2010:110) they served as dormitory towns, in some instances taking the form of single-sex hostels housing up to sixteen workers per room. The absence of social services and even basic retail facilities made them dependent on towns for work (Philip, 2010:110). However, as Kuzwayo highlights “there was not enough white homes to absorb the ever-growing number of black women who were pouring into the cities in search of domestic work, the only employment option available to them” (1985:16).

The same was true for men looking for work on farms, mines and other industries. Furthermore, since the principle of reserving certain jobs for whites or stipulating that they are paid higher wages was already in practice, the wages African mineworkers earned were not enough to support a family (Callinicos, 1980; La Hausse, 1988). Mpeti, Fourie and Inwood write that by the end of the nineteenth century black mineworkers earned only an eighth of white mineworkers' wages (2018). Faced with poverty and unemployment, women began to engage in survival strategies drawing from traditional social security mechanisms (Verhoef, 2001b). Creating and maintaining trusted support networks, they applied their economic skills to informal economic activities like beer-brewing and stokvels for survival (Verhoef, 2001a).

### **2.3. The law, stokvels and beer-brewing practices in colonial South Africa**

Manyano<sup>11</sup> Christian sisterhood organisations provided a pattern for the first stokvels by African women in urban areas (Lukhele, 1990). Although not exclusively a women's phenomenon<sup>12</sup>, it was women who "made them part and parcel of [urban] black life" (Lukhele, 1990:5-6). Members gathered on a Sunday afternoon for a tea-party; an entrance fee was charged, and the total amount was given to support the hostess. However, because numbers often fluctuated as people could stay away at will, stokvels were subsequently organised on a system of formal reciprocity (Lukhele, 1990). Unlike the Christian social occasions, *itimiti* – as they became known – served alcohol, relying on African women's traditional skill of brewing beer (Lukhele, 1990; Kuzwayo, 1985; La Hausse, 1988). Members, as well as guests, paid an entrance fee and bought food and drink inside. From this, the Marabi culture emerged. It formed part of the stokvel concept and became known for its music and beer (La Hausse, 1988; Lukhele, 1990; Mphahlele, 1959).

These meetings developed into rotating savings and credit associations where a group of trusted friends met regularly by mutual agreement to make scheduled contributions of a fixed amount to a common pool (Verhoef, 2001b; Mashigo, 2012). The amount would be paid to each member either by strict rotation or in times of need. Societies, *umgalelo*, *mogodisano* or *goi-goi* arrangements therefore served as mutual aid or support mechanisms to supplement daily subsistence (Verhoef, 2001b; Kuzwayo, 1985; Lee, 2009). Collective pooling of liability and

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<sup>11</sup> Refers to African women's prayer unions established across various Christian churches and denominations in response to early European missionary endeavours. *Manyano* is a noun derived from the Xhosa verb *ukumanya*, which means 'to gather or join'. See Haddad (2004).

<sup>12</sup> The concept of stokvels was initially appropriated by the African men in the Cape from rotating cattle auctions or 'stock fairs' of English settlers. These served as nineteenth century burial societies where workers contributed funds to cover transportation for the deceased to be buried in their rural homes (see Lukhele, 1990; Lee, 2009; Verhoef, 2001b).

loss served to avert risk, while the loss of independence was compensated for by certain future prospects of an income (Mashigo, 2008). In this way, stokvels provided the primary financing source for shebeens – which boomed when the 1927 Liquor Act<sup>13</sup> was adopted (Hlaethwa, 2018; Lukhele, 1990). They “laid the foundation for the development of the most important financial savings institution in the informal sector of South Africa which, until the end of apartheid, rendered them their only reliable source of capital,” Verhoef asserts (2001a:261).

Despite providing vital economic and social functions in black locations, stokvels were subject to frequent raids and their members often victims of violent police harassment (Lukhele, 1990; La Hausse, 1980; Kuzwayo, 1985). This was largely due to liquor laws which placed severe restrictions on liquor consumption and production by Africans<sup>14</sup>. Lukhele highlights that in 1926 alone convictions for possession of “kaffir beer” by black women on the Witwatersrand stood at 7816 when the total population of black adult females was 26 000 (1990:80). Submitting evidence to the Native Economic Commission in 1931, Medical Doctor and leader of the African National Congress (ANC) Dr A.B Xuma thus argued:

When I see hundreds of Black women going to jail every Monday, I do not think of them as criminals. I blame the system under which they live. It must be changed... these laws for ‘natives only’ are unexcelled anywhere in the world in their manufacture of criminals. (*Izwi Lase Township*, 1984:8; In Lukhele, 1990:8)

Xuma draws attention to the state’s use of the criminal justice system to legitimise and justify structural inequality. Although this logic was introduced by Smuts, it came to underpin the core of the National Party’s separate development policy after it assumed government in 1948 (Philip, 2010).

In order to deny Africans all political and economic rights in South Africa, the Homelands system or Bantustans unified reserves into ten ethnic geophysical units or ‘nation-states’<sup>15</sup>. Africans were granted citizenship in their independent homelands but the under-development and poor agricultural conditions in these areas made them dependent on the South African economy (Ross, 1999). With pass laws, these “men [and women] of two worlds,” as Hirsch (2005:10) describes, were straddled between workplace and homeland through an ongoing

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<sup>13</sup> Prohibited Africans and Indians from acquiring liquor licenses, entering at licensed liquor premises and working for licensed holders. This greatly affected those already employed in the liquor trade. On 28 January 1928, Section 104 of the liquor bill was withdrawn, and Indians were once again allowed to enter licensed premises. African however remained legally restricted from buying beer

<sup>14</sup> The 1908 Native Beer Act outlawed traditional brewing practices by women in efforts to coerce men to drink at municipal beerhalls.

<sup>15</sup> Transkei, Bophuthatswana, Ciskei, Venda, Gazankulu, KaNgwane, KwaNdebele, KwaZulu, Lebowa, and QwaQwa.

cycle of annual migrations (Mamdani, 1996; Hirsch, 2005). They were othered from white society through segregationist laws which stipulated the use of separate amenities and further restrained from trading or operating businesses in locations in an attempt to channel economic enterprise and capital to their respective homelands (Khumalo, 2010). As “foreigners” (Ross, 1999:136) they could be deported if their papers were not in order or considered deviant. The imminent threat of expulsion therefore served as leverage for social submission and political conformity (Eidelberg, 1997).

NP politicians portrayed this as a moral response to South Africa's 'multi-national' reality – a way to preserve the “purity of the Western civilization” (Neuman, 1957). For Mamdani, it provided the state with a strategy to secure racial domination through the institution of migrant labour (1996). Through influx controls, the white-controlled state developed “social control mechanisms which would not depend simply on using its own policing powers to contain any threats to its own security” (Rich, 1996:11-12; In Terreblanche, 2002:248). Rather, rural reserves under the control and authority of tribal chiefs would establish stable African communities able to control and discipline themselves (Rich, 1996; In Terreblanche, 2002). This system of indirect rule and white trusteeship separated homelands from white society, however ensuring that the former functioned as subordinate (Mamdani, 1996; Terreblanche, 2002).

As an instrument of cultural violence, the criminal justice system therefore while appearing to prosecute black people for transgressing the law underhandedly entrenched racial and economic inequality by criminalising blackness (Henkeman, 2012). This created widespread distrust of the law amongst the African community often leading to social unrest (Henkeman, 2012). For the large numbers of women who couldn't find employment and instead turned to stokvel and beer-brewing for survival, their “accepted practices and ways of living were seen as malpractices and unacceptable in urban life” (Kuzwayo, 1985:27). Their continued engagement in informal economic activities therefore became forms of popular resistance (see La Hausse, 1988; Mphahlele, 1959). In some instances, their attempts to continue operation despite legal censure spurred reliance on tricksters and crooks (see Hull and James, 2012). In this context, it is possible to understand why as Krige indicates that “many actors in the popular economies of Gauteng are not particularly concerned about the legality of any particular money-making scheme” (2012:71). Though not limited to stokvels, ‘criminality’ provided some means to resolve structural dependency in a repressive political economy (see La Hausse, 1992). This is also evidenced in how members protected each other against legal persecution.

Children and women helped each other keep a lookout for police, and often when one was arrested her friends would brew for her and take care of the household while she was gone (La Hausse, 1980; Mphahlele, 1959). This gave stokvels a vital social security function.

It is this discourse of help especially in times of financial difficulty that earned MMM its popularity and social legitimacy, even to the breach of law. This moreover was not limited to individual assistance but was used to encourage community initiatives or projects to improve the quality of life especially in formal and poor communities. The website showed several videos where participants visited schools and old age homes to deliver food parcels and repair infrastructure. Several areas within Kagiso including the informal settlement adjacent to Lewisham, Emnandini, were recipients of such help. Although the South African site has since been taken down, videos of these are still available on YouTube (see [Figure 1](#) & [Figure 2](#) in Appendix I for example).

Having discussed the historical conditions in which informal economic activities emerged, the next section considers MMM participants' current socio-economic conditions in order to explore how the meanings they made of media messages were mediated by their lived experiences. It briefly discusses Kagiso as a township resulting from apartheid policy, and the persistent legacies of economic marginalisation in the area. The section is particularly concerned with unemployment since it is a key marker of inequality and poverty.

#### **2.4. Kagiso Township**

As already indicated, the context of this study is Kagiso – a township forming part of the Mogale City<sup>16</sup> Municipality in Gauteng's West Rand District. Translated to mean peaceful coexistence in Setswana, Kagiso is conveniently located between Johannesburg and Randfontein along the Main Reef Road which links the east and west sections of the Gold Reef. It was established in 1920 as an informal settlement by ex-miners and squatters who had relocated from smallholdings on the outskirts of nearby Luipaardsvlei (Dibetle, 2010; StatsSA, 2011). The township however only developed after 1957 when the central government treasury provided a grant of £231,150 for the erection of 1300 houses and one school, along with street works, water reticulation and street lighting (Khumalo, 2010).

In line with the arguments presented thus far regarding South Africa's separate development, Kagiso emerged as a direct result of colonial and apartheid spatial planning. When the first

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<sup>16</sup> Formerly Krugersdorp

gold deposit was discovered in Krugersdorp, the rapid industrial and mining developments attracted large numbers of African men to the area. By the turn of the century many had settled in Munsieville – founded in 1903 and thus the oldest location in Krugersdorp – due to its ideal proximity to the town (Khumalo, 2010). The increasing overpopulation in Munsieville from the 1930s however, due to repealed land rights together with increasing commercialisation and mechanisation of white farms, created anxiety among neighbouring white residents fearful of the effect black encroachment would have on their property value (Khumalo, 2010; Dugmore, 2006). The consolidation of apartheid<sup>17</sup> thus introduced a new phase of African settlement in Kagiso.

The Krugersdorp Town Council actively encouraged industries to relocate closer to the township in order to alleviate over-congestion in the town (Khumalo, 2010). Chamdor was consequently created next to Kagiso, enabling the council to move the Munsieville population to this new location (Khumalo, 2010). Kagiso residents were channelled to work in Chamdor and Krugersdorp, while pass laws ensured that only those who had worked continuously for one employer for at least ten years became permanent residents (Khumalo, 2010). Access was further granted to those who had been born in white areas or had lived there for 15 years. This decentralisation process was essential to the broader interests of capital since it restricted growth in metropolitan areas while lowering wages in the economy as a whole (Khumalo, 2010). It is also what differentiates Kagiso's urban planning from that of Soweto (Khumalo, 2010).

Kagiso initially comprised a large section of middle-aged and ageing residents born in outlying rural areas. A small portion of inhabitants included those born in urban areas such as Munsieville, with little or no connection to rural culture. Over time the population adopted a cosmopolitan way of life neglecting ethnic identities despite arrangements imposed by apartheid's social engineering (Khumalo, 2010). Depending on literacy and training, many of the latter found employment in white-collar jobs (Khumalo, 2010). These, however, were only a small percentage amongst a predominantly working-class population. This created a distinct class divide as the effects of a steadily worsening economy began to manifest in the 1970s. By the 1980s decreased wages and increasing unemployment caused many residents to live below the poverty line, while those who could afford began extending their homes (Khumalo, 2010). Laws restricting private enterprise and economic development in the township only worsened

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<sup>17</sup> Specifically, through the 1950 Group Areas Act, 1951 Prevention of Illegal Squatting Act and 1954 Natives Resettlement Act

these living conditions. They could not, however, prevent the mushrooming of illegal shebeens and gambling practices which served as alternative income-generating sources (Khumalo, 2010).

Today, the various sections in Kagiso remain indicative of differing class positions. Areas like Father Gerald Martin, Hospital View and Extension 6 are among the more affluent, whereas Joshua Doore and Lewisham are much less so. Recently the construction of Sinqobile and Chief Mogale as part of government's Breaking New Ground (BNG) development strategy – formerly Reconstruction and Development Programme (RDP) – has provided additional housing for the primarily poor, working-class and previously squatter populations of Kagiso (Housing Development Agency, 2015; Naidoo, 2010). Aimed at addressing the housing and municipal services backlog brought on by a legacy of apartheid, housing provisions in Chief Mogale are mixed to include subsidised, government funded and low-cost bonded houses, while Sinqobile consists solely of government-funded houses. (Naidoo, 2010). Those residing here are amongst the 17.8% without a household income, as well as the relatively smaller working-class population (10%) who earn up to R9 600. This stands in contrast to a majority (31.9%) of residents who earn between R9 601 and R38 200, 16.8% who earn between R38 201 and R76 400 and the remaining 23% who earn above R76 400 (StatsSA, 2011). These statistics mark Kagiso as a largely middle-class township, with a significant poor population. And with 99% of the population being black, they further confirm Bray, Gooskens, Kahn, Moses and Seekings' assertion that class in post-apartheid South Africa has replaced the divides previously organised around race (2010).

It is also important to note how, like the rest of the country, contemporary patterns of economic opportunity in Kagiso continue to be shaped by colonial and apartheid legacies of racialised underdevelopment (Neves and du Toit, 2012). Despite the intentions to redistribute the economy and establish equality post-1994, Bond argues that the adoption of neoliberal microeconomic policies by in the incoming ANC-led government has meant that living conditions in most black townships have remained unchanged (2000). In line with initial developments, most residents have access to flushing toilets, electricity and refuse disposal, however, this is not the case for those residing in informal settlements such as Soul City, as well as the most recent BNG home recipients in Chief Mogale. The latter have consequently staged several protests, blocking access to one of the township's main roads, over the municipality's continued delay in supplying power connections to the area. The most recent confrontation occurred in April 2019, pending the national government election. Without

mentioning experts' dissatisfaction at the poor building materials used in these developments, the limited economic activity in Kagiso reduces employment opportunities. It also results in additional transport costs for working residents who commute daily to places of work, in some instances having to endure long taxi queues. This poses a particular risk to women who travel in the early hours of the morning or late at night.

The education of residents also points to the enduring legacy of inequality in the acquisition of skills and education. For instance, 72.5% of Kagiso residents have some secondary education, of which only half (36.1%) have matric, while only 11.6% have a higher education qualification (StatsSA, 2011). Although there is no evidence to suggest a correlation between income and education, it is likely that the least educated are among the unemployed or constitute the working-class. These, according to Verhoef, are the most likely to be part of the informal economy or, in the case of the latter, engage in mixed livelihoods since their lack of income, social grants or wage incomes cannot sustain them (2001a). Though this does not mean that those in middle and upper classes are not involved in such activities.

## **2.5. Conclusion**

This chapter discussed the historical context in which Ponzi/ pyramid operation like MMM exist, and the structural factors shaping participants' readings of mainstream media reports about the scheme. It briefly examined informality in the South African economy, locating MMM as a survivalist enterprise, before discussing the cultural notions informing participants' sensemaking of the scheme. These were drawn from stokvels and beer brewing practices emergent amongst the early urbanised African communities. The chapter also located Kagiso in this historical context, highlighting the continued legacy of spatialised and racialised inequality in the contemporary context. The next chapter discusses the theoretical frameworks applied in this study.

## **CHAPTER THREE**

### **Theoretical Frameworks**

#### **3. Introduction**

As noted in the introduction, this study investigates how a group of MMM participants in Kagiso used WhatsApp to make sense of and contest negative mainstream media reports about the scheme. It asks what meanings they made of the dissenting mainstreams news coverage, what structural factors shaped these readings, and further explores how WhatsApp was used to challenge the mainstream media's proposed meanings. The research focus is part of wider interest among media scholars (Fenton and Downey, 2003; Papacharissi, 2014; Shirky, 2011; Wasserman, 2011; Willems, 2012) about the contribution of information communication technologies (ICTs) to meaning-making and democracy.

The chapter begins by revisiting the basic assumptions of Habermas' public sphere concept and the various critiques levelled against it. It then proceeds to briefly assess the promise of social media in expanding the public sphere, drawing particularly on Fraser's theorisation on subaltern publics. Taking note however of the media-centrism which often situates these debates as a tension between utopian and dystopian perspectives, it briefly highlights the parallels between contemporary social media research and mass communications research prior to the advent of critical audience research. This is intended to contextualise a discussion of Hall's encoding/decoding model and its significance for understanding mediation in the digital age. Tomlinson's call for a decentred media studies is also included here.

#### **3.1. The Habermasian Public Sphere**

The public sphere is a central theory in academic discussions on civic engagement. Associated with the work of several political theorists such as Hannah Arendt, Aristotle and Plato, its key contributions are largely credited to German philosopher and Frankfurt School sociologist Jurgen Habermas (Calhoun, 1996; Willems, 2012). In his seminal book *Strukturwandel der Öffentlichkeit*, published 1962 and later translated to English in 1989, Habermas introduces the concept of the public sphere as a model for understanding media and communication processes in the political arena (Bruns and Highfield, 2016). Through extensive sociological and historical analysis, Habermas traces the specific phenomenon of the liberal bourgeois public sphere developed amid a variety of social changes in late eighteenth and nineteenth-century Germany, France and Britain (Calhoun, 1996; Crossley and Roberts, 2004). He further describes a significant structural transformation in the collective and deliberative

decision-making processes between the bourgeoisie classes in eighteenth-century Europe and mass-mediated societies in the twentieth century, thereby establishing what the category of public meant in the former and how both its meaning and operation have changed in subsequent centuries.

Habermas theorised the public sphere as a realm of social life in which private individuals come together to form public opinion on matters of public concern (Habermas, 1974). Using rational, informed, discussion as a medium, this public aimed to mediate between society and state authority by holding the latter accountable to the former via ‘publicity’ (Habermas, 1974). Initially, this meant making information about state operations accessible for public scrutiny and the “function of public opinion” (Habermas, 1974:351). This function would later be institutionalised for the general interest of bourgeois society through free speech, free press, freedom of assembly and eventually parliamentary representative government (Habermas, 1974; Fraser, 1991).

Habermas argues that the emergence of the public sphere both shaped and was shaped by a new philosophical concept and consciousness of ‘publics’ and their importance (Crossley and Roberts, 2004). He therefore discusses the category of ‘public’ as necessary context for understanding such formations. At the time – in the high middle ages of European society – there existed no categories of ‘public’ and ‘private’. Instead, there was public representation of power (Habermas, 1974). Feudal lords were oblivious to such distinctions, however, their status at whatever level of the feudal pyramid was something to be represented publicly (Habermas, 1974). According to Habermas,

This publicness (or publicity) of representation was not constituted as a social realm; rather it was something like a status attribute. [...] It involved representation wedded to personal attributes such as insignia, dress, demeanour and rhetoric. He displayed himself, presented himself as an embodiment of some sort of “higher” power [...] They presented their lordship not for but “before” the people. (1989:7-8)

Gradually, however, the rise of national and territorial power fuelled by early capitalist activity facilitated significant historical changes giving rise to the modern state and the bourgeois public sphere (Habermas, 1989). With the centralisation of political power in the nation-state, effective power became remote. This led to the idea of a society separate from the ruler (or state) and a private domestic realm separate from the public (Calhoun, 1996). The state was progressively polarised from the sphere of everyday domestic life. This was constituted by the increasing differentiation of society – marked by a separation between church and state, the ruler’s private domestic budget from that of the state, and public norms (or laws) from private

moral beliefs (Habermas, 1974). This unfolded parallel to increased militarised activity which inflated taxes demanded by the state (Crossley and Roberts, 2004). Individuals gathered around a collective demand for accountability forming themselves as publics to monitor and limit increasingly coercive state control.

Aristocrats were particularly influential in this process (Calhoun, 1996). However, because the division of power in an exchange economy invalidated the division of power by right of nobility, bourgeois individuals did not ‘rule’ and were therefore private (Habermas, 1974). Their claim to power was not against the concentration of power, but rather an opposition to the principle of supervision – demanding that certain proceedings be made public (Habermas, 1974). Habermas therefore argues that the public sphere was not “bourgeois” as a mere result of its class composition. Rather, “it was society that was bourgeois, and bourgeois society produced a certain form of public sphere” (Calhoun, 1996: 7). Furthermore, it is ‘public’ in relation to German traditions of *gemeinlich* or communal access to resources for common use and public welfare (Habermas, 1989). This stands in opposition to the *sunderlich* or private which echoes current understandings referring to special interests (Habermas, 1989).

This crucial point, Calhoun argues, draws attention to the concept’s potential as a mode of social integration (1996; Habermas, 1989). The public sphere is not merely a sphere of political communication, but also a private autonomous sphere free from state censorship and commercial ownership (Habermas, 1989). It designates an arena of political participation in modern society through the medium of talk (Fraser, 1991). This grounds public discourse as a democratic mode of societal coordination, unlike state power and market economies which are prone to domination and reification (Calhoun, 1996). Furthermore, as a distinct and institutionalised sphere of discursive deliberation, it is a site for critical discussion about the state and economy (Fraser, 1991; Calhoun, 1996). This is intended to allow access to all citizens and generate unfettered debate.

Public use of reason as a form of political confrontation had until this point been unprecedented (Habermas, 1989). The public sphere depended on citizens’ complete disregard of status by foregrounding the merits of the argument rather than the identities of the arguers (Habermas, 1989). Participants were required to set aside differences in birth or fortune and speak to one another as peers (Fraser, 1991). Therefore, Habermas argues that a tendency to celebrate rank was replaced by reasonable judgement. The resultant conversation, or “the parity on whose basis alone the authority of the better argument could assert itself against that of social

hierarchy” (Habermas, 1989), would be adopted as public opinion on which the state was expected to act and through which state officials were held to account (Fraser, 1991).

The institutionalisation of fundamental rights presented “a perfect image of the liberal model of the public sphere” in the first modern societies, according to Habermas (1974, 353). These legal guarantees transformed the public sphere from face-to-face public discussion into a highly mediated transmission of public opinion in the early nineteenth century (Fraser, 1991; Bruns and Highfield, 2016). Newspapers played an important role as dealers in public opinion. The press became effective as an organ of the public itself – intensifying public discussion and transmitting shared opinion to the state (Habermas, 1974). However, Habermas laments that the establishment of a constitutional state relieved the press “of the pressure of its convictions” (1974:353). He argues that it has abandoned its radical, political position in favour of commercial gain (Habermas, 1974). This has had consequences for individual subjectivities, severely affecting citizens’ public participation.

Habermas initially conceived of the home and work as subject to the private sphere (Crossley and Roberts, 2004). In the eighteenth-century, ownership and control of the means of production were usually fused with (and located in the home of) a male individual who privately entered into contracts with his workers (Crossley and Roberts, 2004). However, like the decoupling of state from everyday domestic life, home and work were also separated allowing for increasing privatisation of the former, along with a growing devotion to self-cultivation. In relation to the public sphere, this newfound perception of what constituted private matters helped filter out those concerns that did not concern the public body. On the other hand, it was through private consumption of artistic and literary works that subjectivities were privatised. Art and literature became both the cause and focus of public debates – often referred to as the famous literary public sphere of salons and coffee houses (Crossley and Roberts, 2004). For Habermas, an engagement with literature, centred within and around the intimacies of the home, was crucial in cultivating the cultural resources for a critical and rational political public sphere to emerge (1989). Unlike consuming magazines, watching TV or listening to radio – which became increasingly popular at the dawn of the twentieth century and beyond – paying for books, visiting the museum and attending concerts provided “training ground for critical public reflection still preoccupied with itself” (Habermas, 1989:29).

Habermas thus argues that mass media in the twentieth century intruded this intimate space, resulting in individualised media consumption and a loss of the literary-inspired subjectivities

(Mare, 2016). The type and quality of media had implications for individuals' sense of self and their role in society (Mare, 2016). He further argues that the evolution of the capitalist economy in the direction of monopoly capitalism "transformed the newspaper business" (Habermas, 1974:353; Garnham, 2004:360). Habermas criticises the commercialisation of the press, contending that it "became more manipulable to the extent that it became commercialised" (1989:185). This resulted in unequal access to and control over the public sphere, which in his view operated by appearance only (Habermas, 1974; Garnham, 2004). Mediated political communication was carried out by an elite, specifically journalists and public actors – whose appearance in journalism constructed them as opinion leaders (Bruns and Highfield, 2016). Ordinary citizens were cast as audience members, merely observing the events unfolding on "the virtual stage of mediated communication" (Bruns and Highfield, 2016:99). This vertical, top-down model deprived people of the opportunity to talk back resulting in uneven distribution of effective voice (Couldry, 2010; In Mare, 2016).

In this sense, Habermas asserts that the commercialisation of mass media transformed the public sphere from its rational, deliberative state, to a "pseudo-public sphere" (Habermas, 1974:354). His criticism is concerned largely with the blurred distinction between public and private. This trend is embodied by the rise of advertising and public relations, which demonstrate how direct control of the flow of information is manipulated to benefit private interests (Garnham, 2004). With the development of welfare state mass democracy, the state has also come to share in these private interests, making it a major participant in the economy. It has been called on to defend and expand the public sphere against private capital by providing material support through public education, welfare and public cultural subsidy (Garnham, 2004). However, in its growing role as the coordinator and provider of infrastructure for monopoly capital, it has exponentially increased its power as "an independently administrative and bureaucratic interest" distinct from its social function and thus evading the means to those ends guaranteed by the existence of the public sphere (Garnham, 2004:360). This coupled with various journalistic practices, Habermas argues, has conditioned citizens as passive consumers (Curran, 1991). A focus on entertainment, reporting facts as human-interest stories, arranging content by episode and presenting complex relationships as and through smaller fragments has served to 'dumb audiences down' (Willems, 2012). He argues that mass media present uncritical, pre-digested thinking which defines politics as spectacle. This has intensified citizens' individualisation and led to a loss of political and class consciousness.

It is perhaps necessary at this point to highlight that Habermas' criticism is typical of his Frankfurt School roots. Emerging in response to the mass society thesis – which believed that modern communications systems are responsible for the creation of a mass society – Frankfurt School theorists Adorno, Horkheimer and Marcuse argued that media systems and products were part of a culture industry that reinforced and reproduced capitalism and capitalist ideals (Bennett, 1982). Like their predecessors, the Frankfurt School stressed the powerful effects of media over mass audiences. However, adapting this within a Marxist framework, argued that the media were responsible for deradicalizing and depoliticising the masses by legitimising dominant class interests (Bennett, 1982). Due to the inherently symbolic nature of media products, they argued that the media played a key role in how material conditions were thought (Bennet, 1982). Media, therefore, promoted a false consciousness that blinded masses to their subordination and ensured their assimilation to the capitalist system.

Despite this expressed criticism, especially towards the mass media, Habermas' later work acknowledges the logistical challenges of providing a meeting place for millions of citizens to meet and converse (Mare, 2016). He writes, “today newspapers and magazines, radio and television are the media of the public sphere” (Habermas, 1974:350). His argument is that while mass media may be commercial, they can play a vital public sphere role if they expand people's access to information, allow feedback and focus on serious matters. Several media scholars (Curran, 1991; Murdock, 1992; Thompson, 2000) have thus since adopted the public sphere as a normative ideal. Curran, for instance, argues that the concept offers a “powerful and arresting vision of the role of media in a [highly differentiated, organised capitalist] democratic society” (1991:83). He hails those platforms which meet the public interest, factual reporting and public service standards as vehicles of the public sphere. While those which focus on both public and personal issues and rely on entertainment and personal gratification are censured for lowering the standards of public discussion.

Political theorists have also praised the Habermasian public sphere for its precision in “circumventing some confusions that have plagued progressive social movements and the political theories associated with them” (Fraser, 1991:56). However, its apparent strengths have not shielded it from various critiques and responses. While Calhoun considers it the most significant modern work on its subject (1996), Fraser argues that the specific form in which it's elaborated is not wholly satisfactory (1990). In addition, Bruns and Highfield contend that Habermas' account doesn't adequately suit contemporary contexts. In their view, the structural transformation that Habermas identified in the bourgeois public sphere has continued

beyond the mass media age, presenting a media economy much different to that in the 1960s (2016). They are among several scholars (Crossley and Roberts, 2004; Fraser, 1990) calling for revisions or alternatives to the model, especially with the emergence of new media technologies like the internet and social media – which have further complicated the media environment, rapidly creating and connecting even more diverse spaces for the distribution and discussion of news or public affairs, as well as mediatizing everyday life (Papacharissi, 2002; Fenton, 2012; Bruns and Highfield, 2016). To adequately engage this matter, however, requires a discussion on the critiques against the public sphere as a concept. In the next section, I discuss these in relation to Habermas’ assertion of a freely accessible and democratic bourgeois public sphere. This includes an examination into his focus on rational, critical debate, and the implied notion of a unitary public sphere.

### **3.2. Critiques of Habermas’ public sphere**

Habermas’ claims of openness and accessibility are central to his conception of the bourgeois public sphere. However, revisionist history from feminist, African American and working-class scholars contend that this ideal was never realised. Noting a practice of slavery and racial ideologies, an invocation of classical traditions casting femininity and publicity as oxymoron, and the development of clubs, associations and networks distinguishing the bourgeois as the “emergent elite” (Fraser, 1990:59-60), Baker, Landes and Eley assert that the public sphere functioned as the preserve of white, upper class, educated men (Fraser, 1990; Squires, 2002). They and other scholars have subsequently questioned the legitimacy of Habermas’ model, asking what passes as public opinion in democratic theory and social reality (Fraser, 2007).

Fraser therefore argues that despite the rhetoric of publicity and accessibility, the bourgeois public sphere “was importantly constituted by a number of significant exclusions” (1990:59). Recognising the various systematic obstacles depriving women, all people of colour and men of lower class from participating as full partners in the public debate, she takes issue with the informal impediments to participatory parity despite the bourgeois public sphere’s claim to universal, legally guaranteed accessibility (Fraser, 1990). She thus states that the “protocols of style and decorum” – or cultural capital – which informed their interactions, reflected and served as indicators of status inequality (Fraser, 1990:63). These she argues “functioned informally to marginalise women and members of the plebeian classes to prevent them from participating as peers” (Fraser, 1990:63).

This is significant with regards to Habermas’ focus on rational critical debate. In demanding

that participants bracket their class and cultural identities to deliberate as equals, Habermas conceives of the public sphere as a power-free zone (Willems, 2012). He is mindful of the ways that social inequality can affect politics, however, proposes that 1) deliberating as though inequalities don't exist enables equal participation and, 2) the public sphere can be a culturally neutral space able to fully and equally accommodate all forms of culturally-specific expression (Fraser, 1990). This is "profoundly ideological", argues Willems (2012:6). It highlights Habermas' failure to acknowledge the pervasiveness of power in public discussion, and the medium of argument as a source for power, domination and oppression (Crossley and Roberts, 2006). Agreeing with Foucault that power relations permeate all human relations, Willems argues therefore that Habermas' claim to a specific form of communication as the "rational and democratically legitimate norm" serves as a mask for domination (2012:6).

This works to the advantage of the dominant groups. It serves to silence subordinate groups who sometimes fail to find the right words or voice to express themselves, keeping their wants and needs underdeveloped and often unheard (Fraser, 1990). It also fails to acknowledge the various cultural styles adopted and used by different social groups in diverse societies, and the unequal value placed on them (Fraser, 1990). According to Fraser, these usually develop into powerful informal pressures which contribute to the marginalisation of subordinated groups both in everyday life and their participation in official public spheres (1990). The private ownership of media which provide support for prompting deliberation and circulating public opinion only exacerbates this exclusion. Fraser argues that traditional media's over-reliance on expert discourses amplifies the voices of 'rational' dominant groups (1990). While those without "political, communicative or economic resources" lack representation (Fraser, 1990). She notes: "Political economy therefore enforces structurally what culture accomplishes informally" (Fraser, 1990:65).

Bickford thus proposes that democratic political communication in contestatory and unequal contexts may require that "emotion and partisan thinking" be accepted as appropriate modes of political expression (In Mare, 2016:94). Since rational communication "positions subordinate groups as potential recipients of pre-defined services rather than as agents involved in interpreting their needs and shaping life conditions" (Fraser, 1989:174), other forms of political expression including affect, agnosticism and passion should be accepted as valid and important for democracy (Mouffe, 1999, Papacharissi, 2014). This has often been the case with street protest and social media contributions where participation is characterised as emotional, humorous and personal, yet serves political aims. The same is true of MMM participants whose

participation in and defence of the financial scheme has often been described as irrational by mainstream media. The study thus explores if and how participants' involvement in MMM constitutes a form of political communication arising from their exclusion.

Instead of consensus, Mouffe asserts that anarchy, individuality and disagreement are better suited and proven to further or establish democracy (1999:756). Advancing a poststructuralist critique, she argues that democratic politics should not aim to "eliminate passions" (Mouffe, 1999:756) for the sake of consensus. Rather these passions should be mobilised towards democratic designs. Mouffe's contention is that Habermas' emphasis on public opinion arising from consensus is evidence of hegemony. Public opinion therefore cannot merely be understood as an end, since the means to achieve it are highly significant (Crossley and Roberts, 2004). What is more favourable is a conception of the public sphere as a site of political conflict and struggle.

Fraser presents a similar argument against Habermas' monolithic conception of the public sphere. She asserts that in claiming the singularity of the bourgeois public sphere Habermas implies that a multiplicity of publics "represents a departure from, rather than an advance toward democracy" (Fraser, 1990, 66). He consequently fails to acknowledge the existence of multiple counter-publics where less privileged and less powerful members of society gathered to discuss and articulate their interests in opposition to the bourgeois hegemony (Fraser, 1990). To the contrary, working-class, feminist and African American critics especially, argue that Habermas' model provides an ahistorical and distorted account. Felski (1989) and Squires (2002) argue that women and people of colour respectively achieved public voice by creating and using alternative arenas for publicising their interests. Student and popular movements in the C17, C18 and C19 centuries also existed parallel to the bourgeois public sphere and were constituted by nationalist and popular peasant masses (Calhoun, 1996; Willems, 2012). For Negt and Kluge who believed in the productive possibilities of counterpublics, alternative media practices co-existed and were a response to dominant capitalist communications (In Fenton and Downey, 2003). The formation of counterpublics thus offered solidarity and reciprocity grounded in the collective experiences of marginalisation and expropriation (Fenton and Downey, 2003). They further provided opportunities for changing societal power relations by forming inter-public relations and exploiting other forms of publicity.

Noting this, some contemporary theorists have gone as far as to propose that the public sphere arose as a response to the ambivalent, expressive practices of the Other, which the bourgeoisie

sought to contain (Crossley and Roberts, 2004). Thus, Eley states that

the emergence of the bourgeois public was never defined solely by the struggle against absolutism and traditional authority, but...addressed the problem of popular containment as well. The public sphere was always constituted by conflict. (In Fraser, 1990:61)

It is impossible, Fraser argues, to reach full participatory parity when the wider societal context is permeated with structural inequality (1990). And more so when alternative arenas are constituted outside the usual parameters of institutional legitimation. While liberalism attempts to insulate “non-political or pre-political processes” from affecting political processes, Fraser instead calls for these inequalities to be eliminated (1990:65). For this reason, scholars such as Gitlin, Negt and Kluge and Fraser herself argue for a pluralist conception of the public sphere where multiple publics co-exist for different segments of people in stratified, multicultural societies. These subaltern ‘sphericules’ or ‘counterpublics’ provide legitimate arenas for marginalised groups to formulate “oppositional interpretations of their identities, interests and needs” (Fraser, 1990:67).

African studies scholars have also questioned the appropriateness of Habermas’ public sphere – and by extension Western epistemologies – in explaining and interrogating developments on the African continent (Willems, 2012). De Sousa Santos argues that the hegemony of such theories stems from their claims to universal validity as “general theories”, despite an “extreme blindness” to the global South (2012:46). The South here is not geographically limited to Africa, despite it being comprised of countries largely located in the Southern hemisphere (2012). Rather, “it is a metaphor of the human suffering caused by capitalism and colonialism at the global level, as well as the resistance to overcome or minimise such suffering” (De Sousa Santos, 2012:51). De Sousa Santos thus argues that Habermas’ public sphere lacks epistemological diversity. To account for this would require an acknowledgement that it is best equipped to analyse political, social and cultural realities in Western contexts (De Sousa Santos, 2012). This focus on colonialism is significant as political theorist Ekeh writes,

Certainly, if we are to capture the spirit of African politics we must seek what is unique in them. I am persuaded that the colonial experience provides that uniqueness. Our postcolonial present has been fashioned by our colonial past. It is that colonial past that has defined for us the spheres of morality that have come to dominate our politics. (Ekeh, 1975:111)

In his own thesis and seminal text *Colonialism and the Two Publics in Africa*, Ekeh argues that the idea of a singular public sphere is irrelevant in post-colonial African contexts. Writing in 1975, prior to the public sphere’s translation and popularisation in Africa, he distinguishes

between two publics: the primordial and the civic:

At one level, is the public realm in which primordial groupings, ties and sentiments influence and determine the individual's public behaviour [...] On the other hand, there is the public realm which is historically associated with the colonial administration and which has become identified with popular politics in post-colonial Africa. (Ekeh, 1975:92)

The former, he argues, operates similarly to the private realm in its regard and obligation to morals. It may in some contexts be narrowly defined and limited to the extended family but tends to exist within ethnic groups and therefore may include millions (Ekeh, 1975). It is within this public that individuals are "fruitfully seen in terms of citizenship" (Ekeh, 1975:106). The primordial public occupies a large terrain of the public space related to the individual's welfare however, often breaching state efforts to extend claims beyond the civic public sphere (Ekeh, 1975). According to Ekeh, "the individual sees his duties as moral obligations to benefit and sustain a primordial public of which he is a member" (1975:106). Duties here often take the form of informal tax or voluntary contributions to assist with community programs, while the benefits "flow from close association with the primordial public" offering psychic security to the individual (Ekeh, 1975:107). The civic public, on the other hand, is based on civil structures like the military, civil services, the police, and lacks the moral obligations present in the former. This public is closely associated with the colonial administration. Therefore, while the individual seeks to gain from the civic public, there is no moral desire or obligation to give back in return for his benefits (Ekeh, 1975).

In more recent work, Habermas has acknowledged the plurality of publics as a foundation for the public sphere (Bruns & Highfield, 2016). In these refinements, he claims that he saw the plebeian public spheres (and others) as a derivative of the bourgeois public sphere and not worthy of much attention (Fenton and Downey, 2003). Habermas thus responds:

Only after reading Mikhail Bakhtin's great Rabelais and his World have my eyes become really opened to the inner dynamics of plebeian culture. The culture of the common people apparently was by no means only a backdrop, that is, a passive echo of the dominant culture; it was also the periodically recurring violent revolt of a counter project to the hierarchical world of domination, with its official celebrations and everyday disciplines. (In Fenton and Downey, 2003:18)

His revision therefore recognises both the existence of counterpublics and their capacity to challenge domination (Fenton and Downey, 2003). It further offers an altered opinion of the public. In his initial Frankfurt-style conception, the public were a homogenous mass of easily manipulable, "cultural dupes" (Fenton and Downey, 2003:18). However, he now emphasises a pluralistic and differentiated public able to actively resist mass-mediated representation and

create their own political interventions (Fenton and Downey, 2003). The notion of active audiences is discussed in section 3.5 regarding Hall's encoding/decoding model. Here however, mass media remain subordinated to capital and the state, and rational critical debate essential. He further admits that "[his] is a limited and Eurocentric vision" after being questioned about the relevance of his critical theory of advanced capitalism in analysing progressive forces in the Third World (De Sousa Santos, 2012:46).

This study primarily adopts Fraser's theory of subaltern counterpublics supplement to examine MMM participants' sense-making of their involvement, as well as their use of social media to decode and challenge dissenting news coverage about the scheme. Informed by preceding critiques, it provides the most relevant tools for analysing the cultural struggle between MMM participants and the media. The next section thus discusses alternative public spheres as a theoretical construct, focusing on Fraser's ideas and their relevance in the digital age.

### **3.3. Theorising multiple publics: Fraser's subaltern counterpublics**

As already stated, advocates of alternative public sphere conceptions believe that a multiplicity of diverse, contending and at times complementary public spheres exist contemporaneously and in parallel to a dominant public sphere. Rejecting Habermas' initial proposal of a unified public sphere, they argue that the notion of multiple public spheres is better suited to explain political communication processes in "actually existing democracies" (Fraser, 1990:67). Multiple or counterpublics thus offer a revision of Habermas' concept able to respond to accelerating technological developments and social pressures such as globalisation (Bruns and Highfield, 2016). They further recognise marginalised groups' responses and opposition to mainstream discourses outside of traditional or state-sanctioned public spaces (Squires, 2002; Jackson and Welles, 2015). This study adopts Nancy Fraser's theory on subaltern counterpublics as it presents some of the most developed and contextually relevant ideas on counterpublicity. It also uses the terms subaltern, counter and alternative publics interchangeably.

Fraser assesses the strengths of multiple counterpublics in both stratified and egalitarian, multicultural societies (Fraser, 1990). She defines subaltern counterpublics as "discursive arenas where members of subordinated social groups invent and circulate counter discourses, which in turn permit them to formulate oppositional interpretations of their identities, interests and needs" (Fraser, 1990:67). Stratified societies are those whose basic institutional

frameworks produce unequal relations of dominance and subordination between social groups (1990). In contrast, multicultural societies are egalitarian in that they are classless, and without gender or racial divisions of labour. However, they comprise social groups with differing values, identities and cultural styles.

Fraser contends that no possibility of full public participation exists in unequal (and multicultural) societies with only one legitimate public sphere (Fraser, 1990). As already mentioned, such societies produce inescapable inequalities which greatly affect the autonomy of marginalised publics, as well as their political participation. She thus contends that multiple publics offer the best institutional arrangement to narrow this gap since they accommodate contestation among a plurality of competing publics (Fraser, 1990). The arrangement consists of a dominant public sphere and multiple subaltern counterpublics. The former is constituted by dominant elites who strive for universality. It also includes mainstream media as the producers and disseminators of information, debate and opinion while the latter comprises a constellation of “overlapping subcommunities” on the fringe (Squires, 2002:450). These historically and culturally marginalised groups are excluded from the dominant sphere by legal or extra-legal means. They consequently rely on alternative media forms to invent, communicate, deliberate and disseminate their views (Fraser, 1990). As discussed in the previous chapter, inequality in South Africa exists in both structural and cultural forms. Although historically the emphasis has been solely on race, the study takes an intersectional approach considering gender and class as well.

Fraser acknowledges that social inequalities tend to infect deliberation. Counterpublic spheres therefore aim to limit this. Without them, marginalised groups would likely succumb to the pressures of dominant groups. They “would be less likely than otherwise to find the right voice or words to express their thoughts and more likely to keep their wants inchoate” (Fraser, 1990:66). Subaltern counterpublics therefore serve a dual function. On one hand, they provide and function as safe spaces for withdrawal and regroupment. They empower subordinate groups to transgress the dominant norms of deliberation, foster debate and remake shared meaning (Squires, 2002). As such they can develop and exercise their voice away from the supervision of dominant groups – in whose presence they’d be unable to articulate and defend their interests (Fraser, 1991). On the other hand, they operate as training ground for oppositional activity directed towards wider publics. The aim of subaltern counterpublics is thus to help expand the discursive space by widening contestation in society (Fraser, 1990).

Fraser describes subaltern arenas as parallel to the dominant sphere. However, rather than a relationship of separation, she suggests that subaltern counterpublics may converge with each other, especially in instances of common interest or contestation. They further interact with the dominant sphere, feeding off and into its exclusionary discourses. This, she insists is where their emancipatory potential lies (Fraser, 1991). While intra-public relations may be anti-democratic or anti-egalitarian, their emergence in response to dominant publics makes them crucial in unmasking dominant assumptions previously exempt from deliberation (Fraser, 1990).

Unlike Habermas, Fraser believes that there are no natural boundaries distinguishing private and public concerns. She states that “[o]nly participants themselves can decide what is and what is not of common concern to them” (Fraser, 1990:72). Common concern therefore only counts if it results from contestation. A guarantee or discovery of common good cannot be assured in advance as conflicts of interest may occur (Fraser, 1990). Counterpublics cannot thus be enclaves. While members constitute counterpublics, their citizenship is still to be understood in terms of the wider public (Fraser, 1990). This is particularly interesting considering Ekeh’s claim that citizenship in post-colonial African contexts is constituted in the primordial rather than public realm, especially due to MMM identification with *stokvels* – invoked in ‘giving and receiving help’ narrative. The reported illegality of members’ participation was dismissed in the name of self-help, going to the extent of dismissing and refuting allegations from financial institutions, government and media.

The impact of such contestation moreover depends on the subaltern’s category of publicness. Fraser distinguishes between strong publics and weak publics. Informed by Habermas’ sharp delineation between state and society, weak publics are those autonomous spaces which foster deliberation but without institutional authority to make decisions. They are like associational groups whose deliberations form critical commentary transpiring elsewhere (Fraser, 1990). Strong publics are publics whose discourse encompasses both opinion formation and decision-making. This space has authority to make legally binding decisions or laws emanating from public deliberation (Fraser, 1990). I will also assess whether interaction on WhatsApp and in mainstream media are characterised as weak or strong publics and what the implications have been since MMM’s collapse.

This applies even in egalitarian multi-cultural societies. Fraser (1990) argues that delimiting boundaries of what can or cannot be deliberated about, restricts deliberation framed from a

single perspective and presents it as representative of all. In societies inhabited by people of diverse values, identities and cultural styles this effectively privileges the norms of a single cultural group. Assimilation then becomes the condition for participation (Fraser, 1991). In such societies, subaltern publics are significant arenas for establishing and performing social identities. What is at question is whether various publics would share enough of the same values or cues to allow cross public deliberation. Avoiding a reductive, essentialist stance, Fraser highlights the heterogeneity of cultural identities stating that “some of these strands may be common to people whose identities otherwise diverge” (1991:70). As such counterpublics are themselves not spaces of zero-degree culture. Instead, they are culturally conditioned, discursive entities embedded in internal dynamics which permeate and alter their interactions, both accommodating and favouring some expressive modes over others. This is very much the case in South Africa which is both stratified and multicultural (see chapter two). It relates to the study as MMM participants although constituting a broader counterpublic, do so standing in different proximities to economic, social and political resources.

Therefore the study examines, by focus group and individual semi-structured interviews, MMM participants’ relationship to the dominant sphere and structural conditions informing their initial decision to participate and motivation to continue despite negative mainstream news coverage. It further explores the meanings they made of dissenting media coverage and the impact of WhatsApp interactions in their interpretations. Their reasons for using WhatsApp to mediate news reports and contest dominant discourses is also significant. Several pro-MMM protests ensued in response to media discourses labelling the financial scheme as a pyramid or Ponzi scheme. This was followed by several radio and tv interviews where MMM representatives defended both the scheme and their participation. The study assesses how MMM members used WhatsApp to facilitate political action and gain mainstream visibility, exploring whether their contestation is considered strong or weak and its implications proceeding MMM’s collapse. Next, I discuss the relevance of counterpublicity in the digital era, situating current research within the broader context of audience research in media studies.

### **3.4. Subaltern counterpublics: social media and the audience**

Recent scholarship on counterpublics has paid significant attention to the potential of digital media in supporting and sustaining multiple publics (Jackson and Welles, 2015; Choi and Cho, 2017). A great degree of this attention has been directed specifically to social media and social

networking sites like Facebook, Twitter and YouTube. According to cyber-optimists, social media break boundaries between traditionally private and public spheres of communication (Fenton, 2012). Shirky (2011) attributes this potential to the capacity of social media to re-configure communicative power relations in support of civil society. As “the second generation of digital democracy” (Loader and Mercea, 2011:758), social media enable citizens to challenge the monopoly on media production and dissemination by state and commercial institutions (Shirky, 2011). They give citizens’ private concerns a public presence and make the public institutional realm easier to monitor. The focus, in relation to subaltern counterpublics, has been how digital technologies act as “channels of repressed and dissenting voices” (Choi and Cho, 2017:17).

Social media aid democracy by increasing the number of spaces available for deliberation and dissent by legitimising collective experiences of unrecognition, expropriation and marginalisation (Fenton, 2012; Choi and Cho, 2017). They don’t require a unified message or legitimising groups to challenge mainstream discourses and are usually the first mediated spaces where marginalised voices deliberate collectively and thus impact wider publics (Jackson and Welles, 2015). This “mass amateurisation” makes space for marginalised voices to become influential in ways previously unimagined (Shirky, 2011:34). Loader and Mercea state:

Equipped with social media, citizens no longer have to be passive consumers of political party propaganda, government spin of mass media news, but are instead actually enabled to challenge discourses, share alternative perspectives and publish their own opinions. (2011:759)

Social media therefore support users as drivers of democratic innovation through networked citizens engagement (Loader and Mercea, 2011). They provide opportunities to connect citizens’ autonomous and private political identities to various public political spaces (Wasserman, 2011). This, according to Wasserman, presents interesting new possibilities for understanding the “private as political, and the popular as having serious public implications” (2011:6). It constitutes a displacement of the public sphere model to a “networked citizen-centred perspective” (Loader and Mercea, 2011:758), and heralds social media as a novel and pervasive platform producing communication for the public, by the public (Fenton, 2012).

Cyber-pessimists, however, propose a more critical assessment. They argue that greater access doesn’t automatically translate to public deliberation, and when it does there is little guarantee that it promotes democracy. Like Habermas, Carey makes a political economy critique. He argues that in a capitalist economy, commercial interests have not only interpellated citizens

into consumers but have simultaneously colonised the technology compromising its public deliberative potentials for the promotion of mass culture (In Papacharissi, 2008). The nature of communication is an “incessant display of a daily me that personalises and depoliticises public issues” (Fenton, 2012:124). Moreover, social media feed corporations with data for marketing, business promotions and the exploitation of private affairs, while presenting the illusion of activity – or “civic privatism” (Papacharissi, 2008:8) – rather than promoting genuine civic engagement (Fenton, 2012). They also highlight that while individual opinions are greatly magnified online, they can be reduced by special interest groups which fragment audiences by focussing on specialised topics amongst people who have few things in common (Papacharissi, 2002). These are identified as ‘echo-chambers’ or ‘filter-bubbles’ which engage in feedback loops, reinforce groupthink and guard against alternative or oppositional views (Bruns & Highfield, 2016). Social media thus tend to reproduce the social inequalities that exist offline, extending the avenues for communication without affecting its nature (Papacharissi, 2008). According to this approach, the internet and by extension social media are deeply involved in global capitalism due to the corporate interests they support (Fenton, 2012). Social networking is thus claimed to extend neoliberal capitalist discourses rather than contest them (Fenton, 2012).

Situating this discussion as a sterile binary framework with utopian views on one side and dystopian on the other is typical of new technology debates, according to Fenton (2012). She argues that separately the approaches present a reductive commentary since they cannot adequately grasp the complex impact and nature of media on contemporary social and political life (Fenton, 2012). This is evidenced in the simplistic depiction of audiences from optimists and pessimists as mass and market respectively, or in the former, as hyperactive with unlimited agency thanks to social media. Such descriptions draw strong parallels between contemporary social media research and mass communications research prior to the advent of critical audience research (Mathieu, 2015).

Mathieu (2015) argues that this analysis flows from a primary concern with the relationship between the text and audience in the context of the technology and its usage. It leaves questions about the role of social media as a symbolic environment or its contribution to the circulation of meaning unanswered (Mathieu, 2015). It is also a tendency exemplified by decades of media scholarship which assumes that media are at the centre of social life, also referred to as media centrism (Mathieu, 2015; Strelitz, 2005; Fenton, 2012). The ‘myth of the mediated centre’ presents media as the centre to which we organise our lives and orient our

daily rituals and practices (Couldry, 2003; In Fenton, 2012). It stresses the significance of media but further alludes to the importance of being in the media and being able to communicate with others (Fenton, 2012). This tendency is expanded with internet and social networking which purports to offer a mediated, interactive and mobile world where users hold more control than mainstream media, as well as unlimited creative potential (Fenton, 2012). Fenton (2012) notes therefore that the claimed ubiquity of the internet and social media stress the importance of always being online. This mythic power is then circulated around social life and works to obscure the reproduction of dominant neoliberal values in society (Fenton, 2012).

What is needed therefore, according to Mathieu, is a deliberate consideration of meanings produced and circulated on social media (Mathieu, 2015). This permits an analysis and understanding of communicational life that does not fetishize the media form which enables it (Fenton, 2012). It further allows us, as Fenton states,

to rethink the relationship between structure and agency, between political economy approaches and their relationship to those that emphasise the constructive ability of individuals, the importance of subjectivities and identity. (2012:125)

While not dealing particularly with social media, Hall's seminal encoding/decoding model provides an example. The next section discusses this widely recognised framework emerging from the reception research within cultural studies as one way to resist a fetishized media centrism when studying social media. With its emphasis on deep and critical contextualisation, Hall's model neither exaggerates the powerful 'effects' of media on audiences nor overemphasises the agency of consumers (Willems and Winston, 2017).

### **3.5. Reception research and Hall's encoding/decoding model**

Stuart Hall's seminal article *Encoding and Decoding in the Television Discourse* is recognised as widely canonical for reception research (Schroder, Drotner, Kline, Murray, 2003). Written in 1973, it set a wave of audience research within Cultural Studies in the 1980s defining itself in opposition to humanistic traditions in media research – namely textual analysis adopted by mass society and Frankfurt School tradition on one hand, and the survey-based uses and gratifications approach on the other (Schroder et al, 2003). In this model, Hall shows a concern with the ways in which responses and interpretations are structured or patterned in the social and cultural rather than merely by individual psychologies. That is, it explores the active selection, uses, interpretations and circulation of meaning by audiences situated in specific socio-cultural and socio-historical contexts.

Hall conceptualises the process of communication as a complex circulation circuit, opposing historical considerations of a linear – sender, message, receiver – process (Schroder et al, 2003). He locates the moments of production or encoding at one end, and reception or decoding at another. These are identified as “determinate moments”, where meaning is inscribed into texts by producers, and received or interpreted by audiences (Hall, 1980:129). Hall therefore asserts that the communication process does not deal with a fixed structure of meaning. Rather, it is a volatile phenomenon resulting from the codes at the disposal of both the producers and the recipients of the text, all of whom are steeped in a sea of social meanings and ideologies (Schroder et al, 2003).

Media producers may encode certain meanings into a text based on their understandings, professional ideologies and social context, but readers will interpret the text based on their own codes and social contexts (Hall, 1980). This identifies reception as a significant moment when media texts acquire meaning. It further conceptualises audiences not only as consumers of media content but producers of meaning as well (Ang, 1990). By this he contends that texts are polysemic – they are open to several interpretations or meanings depending on the textual context or situation of use (Schroder et al, 2003; Hall, 1980). This, however, doesn't give audiences total freedom over meaning-making. Rather, “encoding will have the effect of constructing some of the limits and parameters within which decoding will operate” (Hall, 1980:135). Hall accounts for distortion or misunderstanding between the producers and audiences as the result of differing structural positions (1980). The degrees of mutual understanding between encoder and decoder therefore depend on symmetry between them (Hall, 1980).

Following Bathes' distinction between denotative and connotative codes, Hall argues that meaning can operate both on a literal and ideological level. There is “near-universal agreement” between producer and interpreter at the denotative level as the codes are basic and often iconic. However, the connotative level of cultural and associative meanings is characterised by struggle. According to Hall (1980), it is here that the active intervention of ideologies in and on discourse are more clearly seen. The hegemonic meaning in the text therefore is characterised as ‘preferred’. Such readings are considered dominant since they offer patterns of readings which reinforce the institutional or ideological order and promote the interests of dominant social groups. It further enables Hall to distinguish three hypothetical ideological decoding positions: dominant, negotiated and oppositional (Hall, 1980).

The dominant position refers to the preferred reading where readers implicated in the ideology tend to accept and reproduce it. It occurs “when the view takes the connoted meaning [...] full and straight” (Hall, 1980:16). Negotiated readings are ambivalent, producing a mixture of both adaptive and oppositional elements. Lastly, oppositional readings are those in direct conflict with preferred readings.

Using this model, the study examines how MMM members’ social contexts contributed to the meanings they made of MMM, their motivation for participation, as well as subsequent interpretation and contestation of the negative mainstream news coverage. It also allows the researcher with some knowledge of the dominant discourses circulated by media to gain some understanding of the proximity that MMM WhatsApp group members or participants stand in relation to the dominant public sphere and the struggle over meaning – particularly related to MMM’s identification as a pyramid or Ponzi scheme – which unfolded on social before gaining the status of a media event.

The strength of Hall’s model lies in its recognition that meanings made by audiences are shaped by various factors, including the socio-economic, past experiences and context of consumption. It is particularly useful in media research, as the emphasis on contextualisation acknowledges that mediating effects of culture on media messages (Tomlinson, 1991; Strelitz, 2005). It supports an understanding of the relationship between media and culture as what Tomlinson (1991) describes as a “subtle interplay of mediations”. He argues that as the dominant representational vehicle of modern culture, media mediate lived culture, in the same way that lived experiences mediate media. Therefore, he argues that “what we make of a media text is influenced and shaped by what else is going on in our lives” (Strelitz, 2005:109). Media therefore do not determine but rather mediate cultural experience, in much the same way that cultural experience mediate the media.

### **3.6. Conclusion**

This chapter has outlined the theoretical issues that inform this study. It did this by presenting a detailed discussion of the Habermasian public sphere, its critiques and adopting Fraser’s theory of subaltern counterpublics. This was discussed in its relevance to the digital age as well as an African context. Debates surrounding the potential of social media as the second generation of digital democracy were also addressed, particularly requiring a deep contextualisation to fully provide adequate analysis of the complexities of social and political life. Hall’s encoding/decoding model was presented as a useful framework to circumvent the

tendency towards media-centrism. The next chapter discusses the methods and methodology adopted to conduct this study.

## **CHAPTER FOUR**

### **Research Methods and Methodology**

#### **4. Introduction**

Following the previous chapters which present a contextual and theoretical background to the study, this chapter discusses and justifies the use of a qualitative research design rooted in the cultural studies tradition. It outlines the epistemology of qualitative research, the challenge of methodology in cultural studies and further discusses the methods of data collection, sampling and data analysis employed in the study.

#### **4.1. Methodological considerations**

This section presents a theoretical discussion of the qualitative methodology, highlighting its relationship to cultural studies and relevance to this study.

##### *Qualitative research*

Qualitative methodology refers to a set of methods or techniques which examine the constitution of meaning in everyday social phenomena (Lindlof, 1991). Lindlof argues that its conceptual benchmarks in audience research are found in the meanings of media content or technology enacted in actual practices and performances (Lindlof, 1991). Qualitative inquiry conceptualises all human action as acts of interpretation through culture. According to Carey and Christian, “It is, then, to this attempt at recovering the fact of human agency – the ways persons live by intentions, purposes and values – that qualitative studies are dedicated” (1989:358-359).

Unlike its quantitative counterpart, this approach is not concerned with the use of scientific methods in studying all forms and objects of knowledge. Quantitative methodology takes a realist stance on the social world as objective and independent, warranting knowledge as valid only once subjected to the procedure and logic of the natural sciences. Instead, a qualitative approach argues that reality is relative and constructed by and through the words used to describe it (Bryman, 1988; Byrne, 2004). It is consequently defined as interpretative, contextual and constructivist. This difference is attributed to the varying philosophical positions that underpin the respective methodologies.

While a quantitative methodology is grounded in positivism and necessitates strict mathematic or scientific treatment in order to establish causal relationships between variables, qualitative methodology is grounded in phenomenology. It begins with an attempt to study human action from the perspective of the social actors themselves (Babbie and Mouton, 2001). This required

self-reflexivity on the researcher's part and awareness of the personal, social and paradigmatic discourses that guide their own perceptions of reality – understanding that they are not studying a single lived reality but many (Saukko, 2003). Considering claims by mainstream media about the irrationality of Kagiso residents' involvement in MMM and the illegality of the financial scheme, this approach provides insight into participants' own meanings and motivations for joining MMM. It seeks to capture truthfully the experiences of those under study, examining their oppositional meanings enacted as continued participation and in some cases public contestation through protest.

Appropriate generalisation in qualitative methodology is sensitive to the specific context of investigation. It does not privilege standardised or rigidly structured methods of analysis, explanation and data collection that are removed from the social context of inquiry. Rather it is flexible towards the changing contexts and situations where the study takes place. It prioritises holistic and rounded understandings on the basis of rich, contextual and detailed data. Through an idiographic strategy, a qualitative approach promotes research that examines events, actions and processes in their natural environment. It implies that research is best conducted and understood in the natural setting of the social actors (Babbie and Mouton, 2001). An emphasis on thick descriptions or lengthy, detailed observations that reflect the sense of events as they occur is a means by which researchers capture the meaning made by actors themselves (Babbie and Mouton, 2001). This applies specifically to the study's research site and data collection methods as discussed in section 4.2.

Such descriptions can only be accessed by establishing trust and rapport with the social actors. They are also recorded using the concepts and phrases employed by the actors themselves instead of theoretical constructs. This is further taken as a concern with the ordinary course of events, and the qualitative researchers' intention to be as non-intrusive as possible (Babbie and Mouton, 2001). A preoccupation with process or present activity, rather than outcome is what makes qualitative research the better fit for studying social process over time. Together, the immersion in – and detailed capture of – the natural is best served by and assumes upon qualitative research inductive methods where social order constructs, hypotheses and theory emerge from the data collected. This study looked at a particular group of participants located in the west Johannesburg township of Kagiso. Myself being a Kagiso resident, knowing personally and having connections through family to people who were either managers, recruiters or non-recruiting participants in MMM was vital in establishing trust and rapport

with participants. This was especially true given the sensitive nature of the study and some resident's unwillingness to participate given their fear of investigation.

### *Cultural studies methodology*

Cultural studies is considered widely influential in the proliferation of qualitative studies, especially during the 1970s (Lindlof, 1991). At its height, it offered both the conceptual and empirical breakthroughs for qualitative audience research. First with Hall's 1973 essay *Encoding/Decoding in the Television Discourse*, then Morley's decoding study of *The 'Nationwide' Audience*. Hall introduced the theoretical and analytic tools to understand audience interpretations. With concepts of the active audience and textual polysemy he argued that audiences' competencies for decoding television do not necessarily correspond to how messages are encoded (Lindlof, 1991). Morley drew attention to the relation – though not determination – between audiences' interpretive discourses and their socio-structural position. Together, these implied that audience meanings should be understood as socially situated rather than imposed by the text or the encoder's intentions (Lindlof, 1991). While Hall's model has been conceptually canonical, Morley's study demonstrates the feasibility of qualitative methods for critical mass media analysis (Lindlof, 1991:28). As a result, it has been cited frequently, mostly in studies using focus groups and interviews, and at times in ethnographic studies (1991:28). For this reason, Lindlof argues that “qualitative audience research has established itself mostly by a dint of a linkage with cultural studies” and by it we have gained considerable understanding of the practices and meanings of media use (1991:23).

Scholars (Pickering, 2008; Saukko, 2003; White and Schwoch, 2006; Alasuutari, 1995) however observe, that due to its historical roots there has been reluctance to pose any explicit questions about methods and methodology in cultural studies. This, according to Pickering, causes difficulty for those teaching and doing research in the field (2008). Cultural studies represents a convergence of several divergent yet complementing schools of thought. Welding together humanistic, structuralist and New Marxist philosophies, it developed as an interdisciplinary field concerned with how practices of British social life – especially among youth subcultures – are mediated through meaning (Saukko, 2003; White and Schwoch, 2006:1; Alasuutari, 1995). This is described by Saukko as a trademark interest in the “interplay between lived experience, texts and social context” (2003:11). In her view, humanist approaches allowed an understanding of people's critical creative potential to resist domination, structuralism and semiotics prompted examination of cultural texts and how they

shape our thinking, while new leftism linked these to an analysis of the broader political, social and economics context (Saukko, 2003). However, Saukko highlights the challenges of such a project. She writes,

One cannot, without running into contradictions, bring together a phenomenological or hermeneutic desire to ‘understand’ the creative lived world of another person or a group of people, and the distanced, critical structuralist interest in ‘analysing’ linguistic tropes, which guide people’s perceptions and understanding. Furthermore, neither the interest in lived realities or the cultures and languages that mediate our perception of reality bode well with the tendency to make statements about the social and political situation, which is always, to an extent wedded to a realist quest to find out how the world or reality simply ‘is’. (2003:13)

The response from most cultural scholars, according to Schoch and White, has been to articulate methods and methodology in the context of the specific disciplines, depending on the nature of the study (2006). In this way, they avoid privileging a single approach and instead advocate for all methodological possibilities (White and Schwoch, 2006).

Saukko does, however, argue that the focus on contextual validity while implicated in these contradictions, also offers a way to circumvent them. Cultural studies situate phenomenon under investigation in the broader social, political and global context (Saukko, 2003). The emphasis on social context and contextualist validity, however, is committed to a realist underpinning since its likely to make statements about how the world really is. This contradicts hermeneutic and post-structuralist methodologies which argue for multiple realities. However, she argues that the democratic and egalitarian impulse which drives the latter often demonstrated by listening to multiple voices and challenging authoritative discourses, makes claims about power relations in society. To do so “scholars need to resort to some notion of social and historical context and structures of inequality” (Saukko, 2003:21). Sensitivity to context and an awareness of the how research is located in and shapes the context are offered as criteria for contextualist research. This justifies my choice of qualitative methodology within this approach.

To map out how the research design was implemented, I proceed to establish the location of the study, sampling techniques and data collection methods. This includes discussion on the ethical considerations and my role as moderator.

#### **4.2. Research design and procedure**

This study adopted a three- stage design implemented in the follow order:

- (i) Qualitative textual analysis
- (ii) Individual interviews

(iii) Focus group interviews

It began by analysing how news coverage and MMM messaging were characterised by particular formal devices, particular modes of address to audiences and particular forms of textual organisation. It then explored how these contrasting discourses were interpreted by participants in the context of their social backgrounds, as well as the use of social media in this negotiation. Before discussing each of these stages, I briefly consider the study's sampling procedure.

### **4.3. Sampling procedure**

Sampling methods were used to select content for textual analysis, as well as research participants for focus and individual interviews. Given the observed contestation from MMM participants to news media discourses, I had initially planned to analyse social media interactions between members on WhatsApp and the MMM RSA Facebook page. This, however, had to be adjusted given the restrictions of time, accessibility and the temporality of material on the internet.

At the time of finalising the research question in January 2017, media coverage about MMM had significantly decreased. MMM had officially collapsed in April the previous year and while many participants persisted in believing that MMM would resurface activity on the MMM RSA Facebook page had also dwindled. An attempt to recover posts and comments from between August 2015 and July 2016 (the timeline of the study) was unsuccessful for two reasons. The Facebook group had a private status restricting content only to those with member status. Administrator clearance was therefore required for all new member requests. I made this request in March 2017 and was accepted a month later. This however only allowed me access to content posted in the group from that period, and specific posts which members had made public. A similar challenge was faced with WhatsApp. Given its more private nature, I asked preliminary interviewees to see those conversations dated over a year in retrospect. Some indicated that they had since left the groups, could not access interactions so far back into their chat history, did not have personal access to the group chats and relied on a friend or relative for updates, or would do so in their private time, but did not follow through.

Press and Livingstone highlight these challenges as characteristic of internet research (2006). They note that audience practice on the internet are often private while engagement is more personal. This makes the researcher's presence more salient than in the days of observing television family television in the living room. The use is also more difficult to track and

interpret – “given the threefold problems of overwhelming volume of material, temporal existence of material and its virtuality [researchers face the difficulty of how to] record, catalogue and represent the world wide web” (Press and Livingstone, 2008:186). I thus proceeded to analyse only print news texts about the scheme.

Print news was the preferred medium due to accessibility via Newsbank. The sample frame consisted of 42 digital news articles, published by newspapers with circulation in Johannesburg. Since there were no reports published from November 2015 – January 2016 in this frame, and having once received a screenshot of a MMM-related news report via WhatsApp in September 2015, the timeline August 2015-July 2016 was selected. This spanned 6 months before the high concentration of negative media coverage from February till its collapse in April, and the 3 months after. The sample was then reduced to 25 articles by eliminating reports from publications which do not target Kagiso residents based on average demographics. Selected titles included *Daily Sun*, *Sowetan*, *The New Age*, *The Times*, *Sunday Times* and *City Press*. Opinion pieces were also eliminated given that the focus of the study on hegemonic discourses. This reduced the sample to 18 news articles.

For the focus groups, I employed snowball sampling using initial contact with a participant to generate further contacts. According to Deacon, Pickering, Golding and Murdock (1999) this technique is used when no list of institutions or persons exists as the basis for sampling. Given the self-proclaimed operation of MMM as a social financial network which employs a network marketing strategy, I benefitted from the established trust between my initial contact and the informal MMM community of which she was a part. I asked her to gather two groups of 6-10 MMM participants for focus groups. Hansen et al (1998) suggests that a minimum of six focus groups are desirable in order to establish validity as comments begin to repeat themselves and little new material is generated. However, given the difficulty in securing participants, a total of two focus groups were conducted. Potential participants’ reluctance highlighted some ethical matters which I had taken for granted. I reflect on these in the conclusion (chapter 6).

Both focus groups included at least one recruiter while remaining participants were non-recruiting members. I had initially hoped to diversify the groups to include managers as well, but experienced difficulty in doing so. The four managers I contacted either agreed to an informal meeting and cancelled at the last minute – ignoring further attempts at contact. Or, once made aware of the intentions of the contact, indicated that they were busy and asked me to call again. They also ignored further attempts at communication. One manager, also sampled

by snowball, did by contrast agree to participate. However, due to her busy work schedule, an individual interview was suggested. She insisted that questions be sent to her in advance via WhatsApp which she proceeded to answer on paper. These were briefly discussed upon collected, but she was more interested in discussing her then activities with bitcoin trading than her involvement with MMM.

Three other individual interviews were conducted. One interviewee was selected from the first focus group given her eloquence and strong opinion. Two others were recommended by another informant. Thus, a total of four individual were conducted with one manager, one recruiter and two non-recruiting participants. Next, I discuss each of the methods used to collect data. Within this discussion, I highlight ethical considerations and my role as moderator.

#### **4.4. Qualitative textual analysis**

Analysing media content, texts or discourses is a key feature of cultural studies (Stokes, 2012). In this approach, a study of texts examines issues of representation. That is, “the way in which cultural texts emerge from, and play a role in the changing historical, political and social context” (Saukko, 2003:99). An emphasis on contextualism argues that the moment of decoding and interpretation, cannot be considered in isolation to other moments in the communication circuit (Morley, 1992). Rather it is “but one moment in a complex field of communication” with media messages intersecting with other messages from trusted institutions, people and information sources (Morley, 1992:77). Because audiences are situated within this field and involved in the process of decoding media material, attention to analysis of the text is examined in conjunction with the audience itself. According to Saukko, this interest is “umbilically connected with an interest in power” (2003:100).

Qualitative textual analysis served three purposes in this study: 1) preparation for focus group and individual interviews; 2) make explicit the latent messages conveyed by news media and MMM discourses; 3) provide insight into social, political and economic context of participants, and by extension commentary on societal power relations. Understanding texts as sites of both domination and struggle over meaning, as argued by Hall, selected texts were treated as complex signs inscribed with preferred meanings yet retaining openness to be decoded in a manner different to their encoding (Morley, 1992). Qualitative textual analysis thus assisted in identifying preferred meanings offered by the news reports and MMM videos. Analysis focused on particular representations of social practice – particularly the legality of MMM as a financial scheme and the implications for its participants. As proposed by Morley, I

considered how the text addressed readers, how these modes of address constructed their relation to the content of the text and consequently the positions they took (1992). Analysing the internal structures of the text was supplemented by an examination of the cultural background of the readers (or MMM participants in this instance). This prompted the use of other methods of investigation and analysis, namely focus groups and in-depth individual interviews. According to Abercrombie this in a sense draws analysis from two extreme ends, the dominant text view and the dominant audience view (1996).

#### **4.5. In-depth semi-structured interviews**

Semi-structured in-depth interviews are a variation of the one-on-one interview approach. Byrne (2004) argues that this method is frequently used by those from an ontological position that values experience as worthy of exploration. The complexity and depth that semi-structured interviews achieve when conducted well is argued to be incomparable to any other approach (Byrne, 2004). As a result, it is particularly attractive to researchers who want to explore marginalised and misrepresented people, or those whose voices have been suppressed in the past (Byrne, 2004).

I conducted individual interviews with one manager, one recruiter and two non-recruiting participants, in which they discussed the circumstances surrounding their involvement and subsequent interpretation of news media. I especially probed the manager about her use of social media for MMM, how managing group chats, conference calls and daily interactions constituted a key area for MMM and what she understood her role to be. I also sought to grasp her understanding of the contestation and how different how point of view was from non-recruiting members, MMM itself and news media.

In the interest of reliability and validity, most social researchers advocate for combined use and juxtaposition of multiple data gathering techniques. In such cases semi-structured interviews often serve the function of corroborating focus group discussions. They are argued to increase the number of data sources and providing an opportunity to gain more knowledge into individual members' specific interpretations, views and experiences, possibly illuminating the contextual aspects of the study (Byrne, 2004). Although I had intended to use focus groups as a pool to draw individual interviews, I experienced challenges in securing contact and bringing together the individual participants that several connections had put me in touch with. Given the legal and emotional sensitivity of the topic I had taken for granted the shame and financial anguish that some participants had experienced. Although in some cases the trust between the

participants and the informants who had connected us made them free to speak openly with me, this could not be extended to a wider group of people whom they did not know (with the exception of the recruiter who was part of the first focus group). In the case of the managers, it did not even afford me access to their experiences as they were unwilling to be interviewed (though not stated explicitly). This made me conscious of my role as a researcher and the suspicion with which my interest in MMM was viewed. Negotiating access went to the extreme of arriving at a contact's home with my sister carrying an ID book to demonstrate vulnerability and no intention to do harm. That is how a relationship with the informer who gathered participants for the focus groups was established.

When conducting the interviews, I was intentional about listening even when it seemed that the discussion was going off topic. This was important in making participants comfortable enough to speak openly. Experiences, opinions, questions raised in the individual interviews were interrogated further with other participants in focus group interviews. All interviews were conducted at the respondent's homes. Respondents were also informed of their rights and given consent forms (see Appendix II).

#### **4.6. Focus group interviews**

A focus group is typically defined as a “small group discussion focussed on a particular topic and facilitated by a researcher” (Tonkis, 2004:194). This method relies on group interaction and discussion to explore audience formations and negotiations of media texts (Tonkis, 2004). The interactivity of focus groups captures the way people naturally define, discuss, make sense of, and contest issues through social interaction (Hansen, Cottle, Negrine and Newbold, 1998; Tonkis, 2004).

Wilkinson and Silverman note that focus group interviews may be “particularly useful when working with severely disadvantaged, hard-to reach social groups, people who may be uncomfortable with individual interviews but happy to talk with others” (2004:181). For this reason, they were considered relevant for this study given the social context of participants (as discussed in chapter two). The negative discourses, particularly the alleged illegality of MMM created fears of criminal or tax investigation amongst many participants. This was particularly true for managers who had, on their social media platforms, performed the role of ambassadors for MMM. As mentioned above, these were especially reluctant to comment when contacted. The interviewed manager, moreover, explicitly requested to remain anonymous – asking who would have access to her data. The majority of participants however faced little chance of

investigation given their little and in some cases no benefit from MMM. Participants' constructions, however, were not taken as reality. Although most formed part of the underclass<sup>18</sup> - a consequence of snowball sampling – there was no intention to obtain a group representative of this population. As a result, findings were considered specific to the research context and not generalisable in the scientific manner. Rather, the group contexts were especially useful in providing insight into how such accounts emerged (Tonkis, 2004).

My role as moderator for both the focus group and in-depth interviews involved making participants comfortable and free to openly voice their views. The home of my informant was selected as the first interview setting. She had previously stated that her home was frequently used for network marketing presentations. It thus provided a neutral and familiar environment for research participants given the subject under investigation. The proceeding focus group took place at the home of another recruiter for similar reasons. The settings also proved useful in helping me establish rapport with respondents. Both hosts introduced me and explained the purpose of the interviews prior to my interactions with participants. Part of this included explicit mention that I was not from MMM or government and could not therefore provide solutions about money which had been lost during the collapse, nor use information for further investigations. I also reinforced that the study sought to capture their personal experiences and interpretations, nothing more. I informed respondents of how and why they have selected for participation, what the research is for and what is expected of them (Ali and Kelly, 2004). Given the opportunity to decide for themselves whether participating was in their best interests, one person in each group decided otherwise. Upon the remaining participants' agreement, I assured them of their rights to anonymity and confidential use and storage of their personal data. They were also be informed of their right to refuse to answer any questions or discontinue at any point in the research process (Ali and Kelly, 2004). Consent forms between myself and the agreeable participants were signed as confirmation of this.

Hansen et al assert that while focus groups are often flexible to allow for participant responses, they shouldn't be mistaken for "unstructured chaos" (1998:273). I took the responsibility of facilitating discussion to ensure that conversation was coherent and remained focussed on the research question. To do so, an interview guide (see Appendix III) comprising a list of broad questions that focussed on the research objectives was employed. Discussions were recorded

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<sup>18</sup> Based on William Julius Wilson's concept to refer to "a distinctive group of people who suffer systematic and cumulative disadvantage in labour and other markets" (Seekings, 2003:6). The underclass are distinguished from other disadvantaged groups by their weak attachment to the labour force which is reinforced by their social context or neighbourhood (Seekings, 2003:6)

in audio format to capture interactions and transcribed for analysis. Part of maintaining their privacy and confidentiality involved taking strict care with the collected data (Ali and Kelly, 2004). Transcripts, recordings of interviews and other related information were stored in a word document on a password protected profile. This also included using pseudonyms that participants had selected themselves and indicated preferred use of when signing the consent forms.

#### **4.7. Data analysis**

Interviews were conducted predominantly in Setswana with some isiXhosa and English. My interview guide, however, was prepared in English (see Appendix III). I went through each of the questions with a fluent Setswana speaker prior to the interviews to ensure that they were not too complex and bound to be misinterpreted or misunderstood when asked in Setswana. There was some difficulty in capturing and conveying my intentions, but it was overcome by rephrasing questions. Respondents' conversations and responses were also predominantly in Setswana. The discussion flowed naturally, in a way that would not have been possible had I communicated and tried to conduct the interviews in English. All interviews were subsequently transcribed into English, with strict attempts made to maintain the sense of the meanings. I analysed and interpreted the data further understanding that qualitative analysis doesn't take audience responses as reality or finished accounts of what media experience feel, look or sound like. Rather as Jensen argues, audience contributions are constructions which must be decoded and interpreted further (Jensen, 1988). These constructions result from the joint interaction between the participant and the researcher in the research encounter and through the researcher's interpretation of the interviews.

#### **4.8. Conclusion**

In this chapter, I offered a justification for the research paradigm, namely qualitative methodology rooted in cultural studies, based on the nature and goals of the research. Qualitative textual analysis focus group discussions and semi-structured interviews methods were demonstrated to be the best suited to the purpose and objectives of the study. I also presented the three stages of my research process, including discussion on the sampling procedures employed and ethical issues experienced. The next chapter presents and interprets the findings of the research.

## **CHAPTER FIVE**

### **Presentation and Interpretation of Findings**

#### **5. Introduction**

This study explored how a group of MMM members in Kagiso made sense of and contested negative mainstream media coverage about the scheme. It focused on the oppositional meanings they made of mainstream media reports in view of their lived realities, as well as their use of social media in constructing and circulating these meanings. The study made a comparative analysis between content data and audience data to highlight the contrast in meanings offered by encoders and interpreted by audiences respectively. It further examined the factors which underlie participants' involvement in MMM – and consequent sense-making of media reports – considering cultural notions about the informal economy, as well as contemporary socio-economic conditions such as unemployment, poverty and inequality. The role of social media in the negotiation was significant in understanding its role in meaning-making and widening deliberation. As such the study locates participants' contestation of media discourses in the wider South African context.

This chapter presents and discusses the findings of the study. The interpretation, analysis and discussion are informed by the theoretical considerations presented in chapter three. The study is further rooted in the qualitative cultural studies tradition, combining qualitative content analysis and in-depth interviews as its chosen data collection methods (see chapter four). As such, the findings in this chapter are presented successively. The chapter first describes the preferred or dominant meanings encoded in published news reports about MMM, followed by detailed discussions of MMM participants' negotiation and contestation of mainstream media meanings arising from the interviews. These comprised two focus group interviews and four individual interviews constituted by a total of 18 interviewees. Here, findings are discussed in an integrated manner under three major themes, namely:

- Social context, meaning-making and MMM involvement
- Weighing the risk: decoding the risk of MMM participation in a context of uncertainty
- MMM as a subaltern counterpublic

These are further illustrated and corroborated by verbatim quotations arising from the interviews. Although the themes are in practice intertwined, they are treated separately for the purpose of clarity.

### **5.1. Qualitative content analysis findings: a brief overview**

This section analyses data from the sampled mainstream news articles about MMM. Taking the cultural studies position that media do not come innocently at the audience (Abercrombie and Longhurst, 1998:12) but rather play a crucial role in “defining, disseminating, popularising and protecting the values of a social mainstream” (Ruddock, 2001: 120), the section discusses the preferred readings offered by news reports in order to highlight the dominant meanings shaping discourses about MMM and participants’ involvement. The analysis avoids a detailed examination since its sole function was to acquaint the researcher sufficiently to pursue the cultural research motivated by the study (Schroder et al, 2003:154). The sample consists of 18 news articles published over a 12-month period (see Appendix IV). These are categorised into three groups, consisting of six articles each, according to timeline. That is,

- 1) August 2015 – January 2016, from the time of initial regulatory investigations into MMM and other operations,
- 2) February – April 2016, during the high concentration of reports about MMM until its collapse,
- 3) May – July 2016, three months into MMM’s collapse

News articles in the first category focus on the operation of suspected schemes in South Africa and subsequent investigations by the relevant legal authorities. The stories aim to warn and dissuade readers from participation by informing and educating them about current developments, as well as the legal, financial and personal implications. All the headlines describe such operations and related involvement in negative language. They advise readers against participation in the “[t]he twilight world of online investor schemes,” highlighting “[t]he problem with Ponzis and pyramids,” as “financial suicide,” and describe pyramid investors’ “losses” and “jittery” reaction to police probes. While MMM is mentioned in these it is only in passing, given that most focus on the mounting complaints against Wold Ventures and Instant Wealth Club.

Four of the articles address readers as potential investors or targets, while the remaining two construct them as distant, uninvolved spectators. In all instances, readers are assumed to be law-abiding citizens who would not intentionally take part in such schemes. The mention of the schemes’ modes of operation, investment promises, as well as the limitations of regulatory bodies to intervene urges readers to be vigilant and take personal responsibility for reporting any scheme they may come across. This position is juxtaposed with that of current investors.

For instance, in one article titled “Ponzi schemes probed” and published in *The New Age*<sup>19</sup> the writer takes a particularly sarcastic tone, leading with the following sentence:

DAZZLING success stories, flashy cars and vibrant recruitment seminars are what spiffily dressed salesmen have been using to dupe South Africans to invest in their Ponzi schemes

She repeatedly insinuates that those taking part in these schemes are naïve, describing them as “young,” and “financially desperate”. Based on an interview with Trevor Hattingh (the NCC spokesperson) she proceeds to list the “many warning signs” that consumers should look out for. As with the other articles in the category participants’ motivations for involvement in MMM are nominally engaged in this article, but we see in the second set of articles how this portrayal is linked to that of the specific scheme architects. The emphasis in all the articles is on risk, especially set against the safety of regulated financial services providers. This highlights the illegality of these operations as a central theme. It further calls to question the trustworthiness of these schemes, thus asserting the legitimacy of official financial and legal institutions.

Reports in the second group are concerned primarily with the anticipated and eventual collapse of MMM and similar-type schemes. Three articles focus particularly on exposing the general recruitment strategies used by pyramid schemes, while the remaining three draw attention to the inadequate response of specific scheme creators to investor complaints of non-repayment or collapse. This, concerning the latter, is intended to stress the illegitimacy of the schemes. Reporting on MMM’s collapse, one article<sup>20</sup> published in the *Daily Sun* does this by drawing on the stereotype of the ‘Russian villain’. It describes Mavrodi as a “Russian convict [whose...] allegedly gone into hiding” leaving the increasing number of MMM members to deal with the scheme’s collapse. The aim here is similar to that in the first category in that readers are warned and advised against participation. In these reports, readers continue to be addressed as law-abiding citizens; this is true for both participants and non-participants. What distinguishes them, however, is the assumed financial strain experienced by the latter due to “trying economic times”. Attempts by South African therefore to “escape debt and poverty,” as the article continues, makes many susceptible to manipulation. In this way, the subject position of current investors as desperate victims is linked to that of the unscrupulous, calculating and greedy scheme architects who prey on unsuspecting individuals.

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<sup>19</sup> Ponzi schemes probed by Amy Saunders, 6 October (See Article 9, Appendix IV)

<sup>20</sup> Titled “Bitcoin scheme shut down” (See Article 3, Appendix IV)

There is little if any consideration that participants or investors do so by choice. This supports Krige's claim that much of the public discourse around pyramid/Ponzi schemes explains participation as "a lack of education, rationality, financial literacy and desperation" (2012:70). This can be interpreted as a presumed lack of agency on the part of the poor thus pointing to their perceived powerlessness in the broader social formation (Krige, 2012:74). The deviousness of scheme architects is further implied by their lack of accountability. As indicated, Mavrodi is reported to have gone into hiding following MMM's collapse, while Chris Walker<sup>21</sup> is unavailable for comment. There is further insinuation that recruiters, or those participants who knowingly joined MMM, share these traits since they were fully aware of the risk yet willingly put others in danger for their personal gain.

The remaining six articles published after MMM's collapse, between May and July 2016, constitute the last group. These are concerned largely with the decision by banks, Capitec and FNB, to freeze accounts presumably linked to MMM. They also report on the court application by MMM participants and further demonstrations held in support of MMM's existence. The contestation between news and MMM discourses is highlighted explicitly in these reports as arguments by the MMM representatives are pitted against those by law enforcement and financial regulatory bodies, including the South African Police Service (SAPS), the National Consumer Commission (NCC) and the National Stokvel Association of South Africa (Nasasa). At issue here is the legitimacy of MMM as a "mutual aid fund" and not a Ponzi/pyramid scheme as the latter suggest. The reports insinuate, however, that despite members' defiance, disagreement or contestation, they remain at the mercy of legitimate institutional decisions – whether the courts, banks or police. This is especially true for members who are unable to access their salaries because of frozen accounts, or those waiting for a court decision that is unlikely to contradict the Consumer Protection Act.<sup>22</sup>

## **5.2. Social context, meaning-making and MMM involvement**

Having established the preferred readings and assumptions offered by mainstream media about MMM and its participants, this section focuses on the structural conditions which motivated Kagiso residents' involvement in the scheme. It highlights the socio-economic conditions in which participants live and the bearing these had on their sensemaking of MMM and subsequent media messages about the scheme. This focus on context is integral for a cultural

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<sup>21</sup> Kipi creator

<sup>22</sup> The New Age article from 2 June 2016 refers to MMM participants failing to access their bank accounts and having their salaries blocked (See Article 6, Appendix IV)

studies approach to audiences since, as Thompson reminds us, mediated communication is always a contextualised social phenomenon (1988). He writes:

Many of the assumptions and expectations that an individual brings to the process of interpretation are of a broader social and historical character. They are the common assumptions and expectations that are shared by a group of individuals who have broadly similar social origins and trajectories. They constitute a kind of implicit background knowledge which individuals acquire through a gradual process of inculcation, and which provide them with a framework for interpretation and assimilation of the new. (Thompson, 1988:362)

This discussion therefore provides background for understanding MMM participants' economic practices as an expression of and response to their subaltern identities in post-apartheid South Africa. It further draws attention to the intersections of race, class and gender in this context. As intimated in chapter four, participants' descriptions are translated verbatim from mostly Setswana to English. Pseudonyms are also employed to safeguard their identities – these were selected by participants themselves.

#### *Social and economic uncertainty in post-apartheid South Africa*

Despite the diverse age of MMM participants engaged in this study, ranging from 23 to 81, it is interesting to note that only one from a total of 18 interviewees was male. Sex was not a guiding characteristic in the choice of participants, given the snowball sampling technique employed. However, it can be attributed to the disproportionately female constituency of the informal economy (Neves and du Toit, 2012:). Although more men work in the informal economy than women, Rogerson argues that the difference is less marked in the formal sector thus making informal labour “a major sphere of women’s work” (2007:1054). In this study only two respondents' inclusion in the informal economy is unrelated to MMM – that is, as a result of their work as trader and domestic respectively. Despite this, all female participants highlight their gendered identities within their specific social environments as directly related to their reasons for joining MMM. This is seen in the extracts below:

**Lebo (23):** Why did I join MMM? I studied business management in 2011 after completing my matric but I had a child at that time, so I dropped out. I thought it would be better to work so I could take care of my son. I joined these schemes to fund my child’s education. I also love business. I thought this would be a chance to start my own and use the money for my sibling’s education. Once she’s completed her matric, she can go to tertiary without a loan.

**Filo (54):** We know that these things [pyramid/Ponzi schemes] exist, but we don’t all have the same responsibilities. Take me for example: I am not married, and I want to build a wall for my yard, but I don’t qualify for a bank approved loan. I’m at a disadvantage. I decided to invest R2000 into MMM hoping it would increase. I was

looking to renovate my house and erect a wall. From there I had planned to build backrooms in the yard to lease out. I will do whatever is necessary to make an extra income as a single parent.

**Zonke (39):** I joined MMM around the time it was introduced in Kagiso, but it was already too late because people had long been spending their returns by then. The person I was recruited by, that lady, lived an enviable life. She'd post on Facebook: one day she's in Durban, the next she's somewhere else. To me it looked like buying groceries is nothing to her. Seeing her really broke my heart because you'd feel like, 'I also want this life for my children'. I'm a single parent. I have three children. I live alone, and I don't have work. I told myself that if I join this thing, I will also experience that life. This lady said she's not employed at all; she lives on returns from MMM. That's what encouraged me to take a chance, even with the last of my money.

The women specifically express their involvement in relation to their roles as mothers, noting their responsibilities as the primary caregivers for their children. Although this is the norm in female-headed households where the traditional male provider is absent, as in the cases above, the same holds true for one of the two married women in this study. Lena (50) recalls many instances where she travelled to various cities outside Gauteng, leaving her unemployed husband and two children at home, in order to recruit and provide for her household. What is peculiar in Lena's account is her description of MMM as a job:

**Lena:** Sometimes a person tells themselves that rather than just sit and do nothing, I should make a plan to see how to live. We joined MMM because we wanted to change the state of our lives. It wasn't for sinister motives as some have suggested. Like we've been saying, if you've been poverty-stricken and someone says to you, 'Here is a job, you will be compensated for your labour,' what are you going to do? You do the work. Frankly, you don't even care what work it is. You just tell yourself, 'As long as I have work, one day even I can escape this poverty that I'm living in'.

Lena draws our attention to the crisis of structural unemployment in South Africa and the appeal of MMM in a context of limited employment opportunities. This scarcity, evidenced in a 38.5% expanded unemployment rate skewed against the historically marginalised black and female populations<sup>23</sup>, tells the story of an economy "unable to absorb in a productive way nearly half of its working-age population," according to Moeletsi Mbeki (2016:36). This is significant since only one participant in this study is formally employed, albeit temporarily as part of a learnership. Of those remaining eight are unemployed, six pensioned, two informally employed and one a PhD student. In describing her recruiting as work, we see how Lena's understanding of MMM is shaped by discourses of empowerment and hard work. One may even interpret this emphasis as an attempt to regain her dignity given the dehumanising effects

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<sup>23</sup> According to Statistics SA's quarterly labour survey for the second quarter of 2019, where 46% of African people are unemployed, only 9.8% are white. Similarly, 43.5% of women are without a job compared to 35% of men

of poverty and unemployment. MMM thus provides a way to work her way out of poverty with dignity, challenging assumptions that those who involve themselves in such schemes are lazy and greedy for easy money. A similar argument can be made of participants who define MMM as a stokvel and emphasise its value in a context of economic and social insecurity.

As discussed in chapter two, stokvels provided a vital economic function for the newly urbanised black community faced with unemployment, poverty and inequality. Through the critical provision of finance, they enabled people's everyday survival and the development of entrepreneurial activities despite the legal risk posed by the state. In the contemporary context, the stokvel identification is invoked by MMM's reliance on informal networks for recruitment and operation. However, participants draw specific attention to the security this community afforded in view of their limiting socio-economic conditions.

Participants frequently self-identified as the "oppressed" or those "at the bottom" to express their position in the broader social formation. They attribute this to the failure of the governing party in effecting economic transformation alongside democratic consolidation. While some trace this to the negotiated settlement, others instead emphasise the corrupt and partisan practices amongst officials which ensure that only those aligned with ruling party interests enjoy social mobility and benefit from restructuring programmes like Black Economic Empowerment (BEE):

**Mangope (81):** At the time of the democratic transition those of us who lived through apartheid hoped to see significant change. What was most important was the benefit democracy would bring to you, our children. But if you look at it now, we don't understand what's happened. We gained democracy but money, its material power, is still under white control. That's where the mess started.

**Thuto (49):** Democracy doesn't exist. They say it's of the people, for the people, by the people, it but it doesn't include all of us. It applies to the leaders – people at the top. Those of us who aren't anybody, it doesn't include us at all. Our ward counsellors claim to collect food parcels on people's behalf. They stash them in their homes claiming they'll deliver them. But the people who are supposed to receive them don't because they are short. And even for our daughters to get work they have to sleep with someone first. The must take off that panty. That's when they'll get work. It's painful.

Although over half of the participants are beneficiaries of RDP houses and social grants, Filo is the only one to acknowledge this as good on the government's part. However, she does not ignore how such interventions create a welfare state where "a lot of people are unable to sustain themselves". She, along with the rest of the participants, thus expresses distrust towards the government and disillusionment with democracy.

It is important to note that nearly all participants define their subalternity firstly based on class. Although race and gender feature strongly (as suggested above and shown further in the next section), their intersection is only subtly implied as their experiences are grounded particularly in the economic inequality of post-apartheid society. This is exemplified in participants' assertions of how MMM 'helped' them – discussed in terms of their individual lives, as well the social wellbeing of the black South African community – as illustrated below:

**Mmabatho (mid 30s):** We made a life for ourselves with MMM. I really don't want to lie. We lived well, children were able to go to school without the usual back-to-school stress of buying uniforms and stationery. You knew you'd set aside some money and when you wanted it, you'd make a request to withdraw and you'd get that money. It came into your account without fail. There was no hassle. It happened for a sustained period; for a year we lived off MMM. We weren't millionaires but we lived.

**Tshidi (40):** MMM really helped us. We didn't starve as badly as we do now that it's gone. I don't have electricity nor the money to buy it but when MMM was around I had a plan. Our government burdens us with inflated electricity prices, we don't know where to run. There isn't anything that isn't expensive in South Africa.

**Lebo:** MMM helped a lot of people. People think it was one dimensional but there was more to it – there was also charity. Managers would write to Mavrodi asking for donations to help struggling communities like Soul City [an informal settlement in Kagiso]. They would write to him asking for money to buy blankets and he would give them the money. This is separate from the money that they would have invested into the system. There was a school where computers were needed, and he sent the money. It helped a lot of people.

While Lebo highlights the charitable aspects of MMM, in most cases, funds attained were used for daily subsistence needs such as electricity, food, clothing and school fees, as suggested above. None of the participants disclosed how much they had received from MMM, but it is not expected that they accumulated enough to make significant lifestyle changes. This may be due to the untimeliness of their involvement since many only joined in 2016 amid intensifying news reports, or their minimal investment arising from a lack of disposable income.

### **5.3. Weighing the risk: decoding the risk of MMM participation in a context of uncertainty**

In addition to motivating their involvement in MMM, participants' social environments shaped their oppositional readings of what media, judicial and regulatory bodies termed 'risky' financial behaviour. This section discusses how participants negotiated the risk of investment in this context.

*Negotiating the media's framing of risk in a context of uncertainty*

Media reports frequently portrayed the risk of participating in MMM in strictly financial terms. However, highlighting the prevalence of uncertainty in their social realities, participants argued that risk permeates and affects every area of their lives. According to Palesa (28), a doctoral student whose stipend supports a family of six, the media's portrayal of their participation as risky fails to acknowledge the risk that black people are confronted with daily as a result of systemic inequality dating back to British colonialism. She discusses her perceived status as a member of the middle-class, despite living in what Seekings and Natrass describe as an "underclass" (2002:3) household, as an example:

**Palesa:** Society would call me a middle-class black – it's such a myth. I'm still in a position where I can't afford medical aid and if I did it would just be for me. I have a dad who's sick, a mom who's unemployed, so I don't even bother with this medical aid talk because what does it mean for me, a 28-year-old to afford medical aid when my dad who's in a wheelchair doesn't have it? If I'm in an accident today I don't know what will happen to me or my family.

For Palesa, the uncertainty of her family's medical healthcare is indicative of the economic and social insecurity that threatens their daily and future livelihoods since, as the breadwinner, any injury, sickness or death is sure to affect the family negatively. A concern over her sibling's education only adds to her worry since in South Africa a strong correlation exists between quality education, poverty and unemployment (van der Berg, 2008). She states:

**Palesa:** We have to rely on using government and township schools for my siblings because we can't afford to take them elsewhere. And for me it's not even the presence of whiteness that makes a school good, but the reality is in our townships – with the colonial apartheid legacy that persists today – our brothers and sisters don't have access to the best resources.

Unlike other participants who discuss their experiences of inequality in terms of class, Palesa makes explicit the intersections of race and class. It explains her continued confrontations with poverty (or its legacy) despite her own educational and financial empowerment often associated with middle-classness<sup>24</sup>. Although Palesa does not earn an income, the significant funding she receives for her studies places the financial weight on her shoulders. Her case therefore demonstrates how poverty "undermines the collective nature of the household" (Mosoetsa, 2011:4). This, according to Callebert, is because redistribution for most black South Africans occurs at the level of the household. He writes:

the unemployed frequently rely on kin and household members who earn wages or receive old-age pensions or child-support grants, placing growing responsibility on those with such income. The fortunes of the unemployed are thus often tied to those of

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<sup>24</sup> See Schotte, Zizzamia, and Leibbrandt, 2017

wage-labourers. The latter then are not so much a privileged group as those on whom the burden of redistribution falls [...] They too, are the poor. (Callebert, 2012:140)

This material insecurity has tangible social consequences, according to Lollies (late 40s). In the below extract, she supports Franz and Keebe Von Benda-Beckmann's argument that "insecurity concerns not only the material aspects of life [but also] people's feelings of trust and existential security" (In Bahre, 2007:115). She states:

**Lollies:** Our government doesn't want black people to succeed in life, but they make it seem like they don't want poverty or joblessness. I mean MMM is there to prevent that joblessness. And I speak specifically of MMM. That's what I'm vouching for because if it were still here, we'd have made significant progress in our lives. We'd be far along. We wouldn't be hearing stories about this person having mugged that one, this one having stolen from the other, this person being killed for a phone, money or whatever. We wouldn't have any of that because we'd all have our own things. None of us would be looking at one another with envy or hatred. All these evil things that we do to each other would come to a halt because everyone would be flourishing in their own right. There'd be no need to be jealous of another person. Life would be good and peaceful.

In this case, experiences of insecurity result in a lack of trust towards the state which is perceived as complicit in the oppression of its citizen. It also has wider implications for society since it creates distrust amongst citizens themselves.

By introducing a moral ethic to residents' participation in MMM, Lollies engages Ekeh's theorisation on the primordial and civic publics (as mentioned in chapter two). Her emphasis on the transgressions that people commit against each other suggests that the psychic security and social welfare to which those in the primordial benefit and protect is non-existent in the contemporary context. Rather Lollies suggests that primordial publics exist as enclaves in the form of stokvels or operations like MMM where discourses of mutual help and ubuntu are called upon to facilitate trust and solidarity amongst its members (I discuss this further in the next section). This generalisation in the case of MMM stems from her perceived ubiquity of the scheme, as she states: "MMM was so prominent. It was everywhere". Without them, the context remains one where "you throw yourself into certain things because you need money" as 67-year old Katlolo explains. It is no wonder then that Filo (above) stresses building a wall as her primary motivation for joining MMM. The threat of personal safety, especially for women, is significant in Kagiso where incidents of contact crime have been on the increase<sup>25</sup>. Although Katlolo's statement relates to her own reasons for joining MMM, it provides some explanation for those engaged in more violent activities out of economic desperation.

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<sup>25</sup> Kagiso was listed 5 among the ten most dangerous areas in the country according to News24 crime states (cases of contact crimes reported in 2017/2018) (2018)

*Take a chance: discourses of fate, luck and entrepreneurship in MMM participation*

While this suggests an imposing sense of hopelessness or powerlessness for participants, that is not the prevailing sentiment amongst the majority. Some instead draw on notions of luck, fortune and fate to express and pursue aspirations of wealth and security. These are articulated within risk-taking discourses promoted by MMM and prevalent in liberal-capitalist economies. For instance, Filo asks Salamina, “don’t you at times try your luck?” when the latter questions the group’s involvement in MMM.

Salamina is the only one not to have intentionally participated in MMM recalling a childhood memory where her mother lost money to a similar scheme. She is deterred by a distrust of Mavrodi and his intentions:

**Salamina:** These schemes have been around for a long time. They’re all the same. There’s no way anyone would start a network<sup>26</sup> and not make profit from it. If we’re being honest now, how could I just start a scheme and invite you to gain hundreds of thousands [of Rands] and not get anything? Do you see? At the end of the day I will make sure that I gain something from it. I’ll compensate the first comers, make sure they get something as incentive for everyone else to come then I’ll profit from the laggards.

Aware of this fact, others instead take it as motivation to act quickly and decisively, as Puseletso (57) demonstrates:

**Puseletso:** Network marketing is effective but when you hear them say, ‘Here it is,’ don’t even wait and say tomorrow. Deposit quickly so you can withdraw. We started with Sibusiso with R2 in Honey Pot, then went on to the chickens, then Miracle 2000. We wouldn’t even go to work.  
All money needs is a plan and God. And you must tell yourself that you’ve been managing to survive even without it, let me not attach too much sentiment to it.

Participation, for those with prior knowledge and experience in such schemes, is thus understood in gambling terms as a matter of luck and probability. Speaking of her involvement in several operations including Comforter Coin and Honey Pot<sup>27</sup>, Puseletso warns against attachment given the risk of losing. It’s interesting to note that she speaks of MMM both as a gamble and a “network” – or multilevel marketing operation. This conflation is common amongst many participants who define MMM within mutual aid, as well as empowerment discourses associated with stokvels, multilevel marketing operations and risk-taking. Some of these are contradictory upon close inspection but this was not a cause of concern to participants. Moreover, they were not asked to further interrogate their sense-making of MMM as a

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<sup>26</sup> The name participants use to refer to multilevel marketing operation

<sup>27</sup> Both created by ANC veteran and convicted fraudster Sibusiso Radebe

multilevel network operation, though Zonke and Lena were the only two able to distinguish between MMM and a stokvel, choosing instead to describe it as an investment.

In the post-apartheid context, risk-taking also converges with discourses on entrepreneurship which encourage “township entrepreneurs<sup>28</sup>” (Koelble, 2008:166) to exploit new markets and take risks in order to aid job creation and the improve the economy. These notions are stressed particularly by those with entrepreneurial ambitions but are without access to formal finance or government support, as Zonke shows:

**Zonke:** We all want to be entrepreneurs. We want to stand on own two feet. I have many business ideas. I once worked at a franchise; I know how a franchise operates. If I could open my own, I could be successful, but I don’t have start-up capital. My income is a social grant for two children. If I used that money what would my children eat? The bank won’t approve the loan amount that I want even if I come with a business plan and other necessary documents. They want surety and where must I get that if I don’t work? Even if I know that all this business needs is a strategic location, they won’t give me money because I have nothing. And I know the government has money, but it won’t give me money. Why? Because I have nothing, and I know no one there in their elite ranks. They won’t even bother taking me seriously. I don’t count.

In discussing her motivation, she describes her involvement in MMM as “tak[ing] a chance”. This is in line with her recognition of MMM as a high-risk investment, and not a stokvel, as can be seen below:

**Zonke:** We knew MMM simply to be a financial investment. Did they say stokvel? Stokvels are tightly organised. They have a treasurer or people assigned to count and monitor financial records who must report how much has been placed in the bank and for how long. There are also decisions made about how long the money will be saved for and clear indication of how much it’ll be once the designated period is complete. This means at a certain time the money is withdrawn. If there’s a scheduled trip in the stokvel, members agree on how much will be used for travels. There [at MMM] we just heard that it was an investment opportunity and that we’d get returns. It’s not a stokvel that thing.

They are not the same, not even a little. In a stokvel when I have a problem or am faced with an unexpected death I can go and, if for instance it was Mapule’s chance to receive the bulk contribution for the month, ask to receive funds because I have a burial to prepare for. The money will be provided for – if it’s a burial stokvel that is. With MMM there’s nothing like that.

Zonke is the only participant who maintains a consistent understanding of MMM, persistent to join when faced with dissenting media reports because “people’s fortunes are not the same”. She adds, “Yes, that one may have had bad luck but perhaps my luck will be different”. In this sense she relies on luck and fortune in the same way that Puseletso does – the difference is that

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<sup>28</sup> Those according to Koelble who have “lifted themselves up by their bootstraps, achieved a modicum of wealth, and therefore should be seen as role models for the rest of society” (2008:166)

while Puseletso does it for leisure Zonke joins for the sake of self-empowerment. Zonke joins with the last of what she has hoping it will yield enough to live and possibly assist in accumulating capital for her business interests.

Focussing on entrepreneurship and risk-taking similarly allows Lebo to navigate the disillusionment that most youths her age experience as a result of pregnancy and an inability to further their schooling. She reports spending hours on social media following influencers like Sandile Shezi, reportedly one of the youngest (aged 25) forex trading millionaires in South Africa. This serves as encouragement to realise her dreams. Because a lack of funds prevents Lebo from returning to school, forex trading provides an opportunity comparable to vocational education and training introduced by government as an alternative to tertiary education. She reflects on this below, making reference to advice given by Shezi at a forex trading seminar she recently attended:

**Lebo:** Do you know Sandile Shezi? Some time ago I went to his seminar in Century City. He was telling people that he went to school but in his third year he decided to take his registration, textbook and accommodation money and trade with it. He was trying to say that yes education is the key to success, but education is not success. And we can't all go to school at tertiary level so why don't you come up with something different.

My mom went to parent's meeting for my little brother and the principal told them that they shouldn't be forcing all their children to go to varsity. They can go to colleges, take practical courses and use those skills to open a business, employ people. We don't all have to go to university. There's something else we can do.

Unlike Zonke, Lebo does not employ ideas about luck to fuel her aspirations. Instead, she adopts a hands-on, do-it-yourself approach. She used a portion of her MMM returns to complete a three-month course in forex trading shortly before starting a learnership in July 2017. "You can't just put money anywhere, you'll lose it because you have no idea what you're doing," she explains. The effort and determination Lebo displays is informed by a desire to self-improve, as she asserts, "[y]ou know what they say, we may be born poor but it's a choice to die poor".

Risk-taking therefore whether articulated through gambling, fortune, luck or entrepreneurship, is used by participants as an individualised solution to the structural challenges of unemployment and poverty. While the outcomes are not guaranteed, participants draw on risk-taking ideas and practices to regain their agency and maintain optimism in seemingly hopeless circumstances.

*Making sense of MMM as a threat to institutional power*

Reflecting on its public endorsement in some contexts, Palesa raises concern with how risk-taking “takes a positive spin” when discussed in relation to the lottery and casinos, however, is delegitimised in the case of MMM. She argues:

**Palesa:** When you think about casinos, you think glamour, class, heels. There’s an entire performativity that comes with it. Even the media is part of that performativity in the way it portrays the casino and these high-risk investments. There’s an entire machinery that has the stamp of whiteness that makes these acceptable even when you lose thousands – even when the poor lose thousands, it’s part of the risk. Think of slogans like ‘tata ma chance, tata ma millions’ or ‘no pain no gain’. But when the locus shifts, and the beneficiary is different or the person that benefits is not at the core then it becomes a problem.

It’s funny how society wants to problematize and shift this around us. We had a system that was working, we were happy. It’s people who were on the outside of this community who problematized it and caused it to crash, not the people within it. For goodness sake, who goes to these *Tsogo Sun* casinos, interviews the gamblers and says, ‘Sir are you ashamed?’

For Palesa, these double standards imply that risk-taking is less about the act or behaviour than who stands to benefit or, in the case of MMM, to lose. As a result, most participants interpreted the investigations and news reports into MMM as deliberate attempts to collapse the scheme given the threat it posed to the institutional power of banks and government. This, as seen below, was discussed specifically in relation to news media’s labelling of MMM as a pyramid scheme or scam:

**Tshidi:** The reports said MMM is a scam and people mustn’t go near there or join it. They said all sorts of things that it disappeared with people’s money before [in Russia] and all of that. From there things stopped. And we were convinced that government was responsible for closing it down

**Lebo:** I don’t consider MMM a scam. Who does it scam? You are joining with your own money. I think the government itself cheats people by setting limits on interest rates. It implies that they want us to drown in debt. When an operation comes and offers a 30% return on investment per month why can’t they leave it. Or instead impose a mandatory tax, especially in cases where people receive large sums of money like R1million. It would have been better for them to offer a solution rather than to collapse the system in the way they did.

And you must remember that MMM was an online stokvel. When you deposit, I withdraw, when I deposit you withdraw, and so on. But once it starts getting media attention and it’s on TV people get panicked and everyone makes a request to withdraw their money. Then it’s bound to collapse. It’s also why no one wants to take the chance of investing money because people have a fear that what happened once [in China] will happen again

**Mmabatho:** When they started reporting negatively on MMM their mission was for it to collapse. And what’s worse, with our money! Their mission was for MMM to collapse. That’s all. The banks were against MMM. They feared the high interest rate

it offered because they started to lose our business. You must remember that MMM worked so well that people were finally able to pay off their debts. And the banks also made money with MMM. Are you aware that they made money? They profited but they want the scales to be reversed so that they receive more, and we only get a little bit. Their intention is that we will only ever have scraps of money so that we remain beggars forever.

While participants' distrust of official institutions is expressed in their interpretation of the banks and government's motives as self-seeking, their willingness to comply with SARS and tax regulations counters Krige's (2012) argument that their economic activity is not evaluated with reference to public authorities. Participants' concern is rather with the complicity of the state and financial institutions in their continued marginalisation despite the democratic context in which they exist and identify as citizens – however oppressed. (The media is also located within this context since it was the reports that sparked “mass anxiety” and “panic” causing to doubt.) This is evident in their suggestions that government should have considered other options:

**Thato (over 65):** The government could have said from the start that all they wanted was for taxes to be paid. They shouldn't have closed it down so haphazardly. It implies that they do as they wish with the people of South Africa

**Mmabatho:** The government saw that lots of people relied on this thing. Instead of cancelling it all together there should have been a way to regulate and run them [MMM and Kipi] in an acceptable manner. Because when we joined we didn't pay tax. This was an issue especially for SARS but there should have been a way to make them work congruously.

However, this opinion is not shared by all. Lollies questions its applicability in relation to her understanding of MMM as a stokvel. She argues that to agree to tax payments would be to admit wrongdoing on the scheme's part:

**Lollies:** What I heard is that the government wants Mavrodi as the founder of MMM to pay tax to the South African Reserve Bank and not us as participants. But, Mavrodi apparently refused arguing that MMM is *mogodisano*<sup>29</sup>. And it is because when I deposit money there's someone else who is receiving it and that person would deposit money for someone else and so on. It was *mogodisano*! There was clearly no resolution. Who would have been the one to pay tax because we were all helping each other? Do you see? We were helping each other.

There are so many stokvel in existence today. We club together then rotate getting funds so that each member has a chance to receive R500. But, there's no talk of tax there. The thing that amazed me is how the banks acted despite what they benefitted. When I withdraw money, the bank gets something and it's the same thing when I deposit. So, what more do they want?

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<sup>29</sup> Sestwana term referring to Stokvel

#### 5.4. MMM as a subaltern counterpublic

The previous section established Kagiso residents' sense of their subordination, how it motivated their involvement in MMM and shaped their readings of negative media coverage about the scheme. This section presents the findings on their use of MMM as a subaltern counterpublic. That is, as a discursive arena where they invented and circulated counter discourses enabling them to contest and mobilise against mainstream media discourses (Fraser, 1991).

##### *Redefining middle-class interests*

In contrast to participants' current socio-economic conditions, characterised by uncertainty, inequality and distrust, MMM provided a safe space for participants to remake shared meanings of their needs, interests and identities (Fraser, 1991). This, according to Lena, was enabled by its accessibility not only to the poor and unemployed but the "wealthy" too:

**Lena:** MMM worked because it was impartial to your circumstances, whether you were educated or not, wealthy or starving... 'Come! Make a livelihood for your children'.

There are times when even the wealthy have needs. They may be working and receive a R12 000 salary, but you'll find that after all the debit orders and deductions they are only left with R2000. MMM didn't exclude them because they have. It didn't discriminate.

And just look at how it functioned: all the deposits started at R100. If you left that R100 to accumulate interest for a year, it would give you R1million. What do you do in that case? You tell yourself that if you had to buy electricity with that R100, you'd rather make means to get R20 somewhere.

While MMM attracted people from various racial and cultural backgrounds, Lena's emphasis on class highlights the specific way in which the scheme was used to redefine the interests of two presumably antagonistic classes<sup>30</sup>. Schotte, Zizzamia and Leibbrandt argue that most definitions of the middle-class stress the economic security and self-sufficiency of those in this group (2017). However, in recognising their needs and struggles alongside those of the poor and unemployed, Lena draws attention to their shared experience of precariousness despite the former being "uplifted and empowered". This is in line with Palesa's argument in the previous section, as well as several economic studies which "statistically locate the [South African] middle just above the poverty line" (Schotte et al., 2017:2).

The participation of the middle-class in MMM problematizes common associations of those in this group with stability, freedom from poverty and freedom to decide what to spend their money. It further questions about the distinctions made between the formal and informal

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<sup>30</sup> See Seekings and Nattrass (2002)

economy since a view of mixed livelihoods “straddl[ing] the formal and informal economies” may be more realistic (Callebert, 2012:140) This suggests that while the middle or working-class are seen by Marxist scholars like Seekings and Nattrass (2002) to resist labour market reforms in order to protect their semi-privileged position, their interests can’t be reduced to their class position nor to the formal or informal economy (Callebert, 2012).

An awareness of participants’ shared humanity, as Lena highlights, regardless of social status thus established trust and solidarity in MMM. This was spurred by the ‘help’ discourse which described investments and withdrawals as providing and receiving help respectively. In this context, all members existed as peers and consequently described their involvement as mutuality. This was further facilitated by the scheme’s recruitment strategy adopted from a multilevel marketing business model, as the below extracts illustrate:

**Palesa:** I don’t want to pretend that the people who participated, myself included were blind to the fact that for this to work we need to work together. That was the anchor of the whole thing. That was the thing that made it work. The fact that when Bella gets 50 grands, she’s not going to take the 50 grand and go, cause that’s what makes the system collapse. We’re giving you 50 grands, so that some of that money comes back to help someone else. That ideology was key to making this thing work and keeping it in motion. Let’s work together was the only way that it could work, but I’m definitely doing this because I need money, otherwise I wouldn’t be doing it.

**Lena:** Remember when we joined MMM, it didn’t have an office. We kept each other’s money. Once you registered your details would be captured and you’d be told to deposit money to Thabang. They’d even give you Thabang’s details. Then once you’ve deposited, Thabang would also as time passes have to deposit to someone else. He was taken care of when we received money, so he can’t say he doesn’t have money because you would have deposited money to him. Then once you’ve registered and you’re waiting for the one-month activation period, you can go to someone and tell them about MMM. When that person joins there is something that you get to wipe your tears [compensate efforts]. When that person goes and looks for someone else, they say to her, because you’ve recruited someone here’s something to wipe your tears. And now because you’re the one who started this chain, you get a bonus for that person as well and it gets added to the money you’ve registered with on the system.

#### *Building trust: recruitment*

All participants were introduced to the scheme by a neighbour, friend, acquaintance or relative through word of mouth. However, they were persuaded to join not by whom or what they had been told, but rather the purchases and material improvements they witnessed from recruiters and early members. While pre-existing relationships facilitated the recruitment process, participants suggest that trust was built on proof of MMM’s follow-through.

**Palesa:** I heard about MMM through my mom who joined in early 2015; I joined a little later around May 2015. My mom was going to get an award, you know the rewards they give you for recruiting people. She thought of it as stokvel working to help poor people or people that needed an extra income. That's how she sold it to me. Initially I was very sceptical about it but later when I saw it working for her I thought, 'Okay, maybe I should try this out'. When I started thinking it through I realized that MMM wasn't doing anything ground-breaking and out of the ordinary.

**Dimakatso (68):** We were persuaded by seeing people who had received large pay outs. We could see the work that money enabled, and we didn't want to be left behind.

**Nthabiseng (42):** Yes, they weren't just claiming to have received something.

For more than half of the participants, MMM emerged at the same time that they had invested in Kipi. WhatsApp groups created for disseminating and circulating information about Kipi evolved into online communities for MMM and other schemes operating at the time. MMM nevertheless gained prominence as a result of its high interest rate and later the media messages censoring participation. While WhatsApp groups were largely mentioned in discussions about the latter, Lebo indicates how they initially functioned as enclaves for recruitment:

**Lebo:** Before MMM I was part of Kipi. I heard about it from a neighbour, she lives just down the street. She was looking for youth in the community to add to the government database because she works for the Department of Labour. That's how we came to talk. When I joined Kipi in July 2015 there was a WhatsApp group. Some of the members started talking about MMM. That's where I first heard about it and joined.

They said MMM was an investment in the same way that Kipi was an investment but MMM didn't allow you to keep money for prolonged periods like 12 months. You'd start by registering, after 30 days your account becomes active, then you can withdraw the money if you want. Otherwise you can leave it to accumulate more interest. The defining feature of MMM was that it gave you 30% interest per month. With Kipi the percentage was less but with MMM you got 30% per month, which is a lot of money.

WhatsApp became the primary platform for participants' interactions, despite the use of other social networking sites. Unlike Facebook (which has limited privacy options) and Telegram (which hosts up to 200 000 members in a group chat), it supported the privacy and intimacy of participants' communications and at low data costs. The controlled nature of these groups created solidarity amongst participants and with managers based on an awareness of common interest. This was strengthened by managers' willingness to share details of their own returns and investments. A distinct contrast is made here between participants' experiences with the state (as mentioned in the previous section) where corruption, a lack of transparency and unfulfilled promises characterise their social reality in post-apartheid South Africa. While their basic economic needs are neglected in reality, they are provided for in MMM; and where their subjectivities are informed by exclusion and oppression in the former, in the latter they are empowered members of a community able to shape their own life conditions.

## Access

It's important to note that virtual communication often occurred alongside temporal interactions – in some instances, with the former spurring the latter as Lebo and Zonke discuss:

**Lebo:** I knew some people in the WhatsApp group-chat. Others I didn't know, but as time passed and we attended MMM presentation we came to meet and know each other. Every time there was a new scheme or idea people would post about it in the group. The most knowledgeable person, the one who would introduce it to the rest of us, would then go on to inform us about it. They'd tell us what it is, how it works, where it comes from, where it works and what's needed to participate. The person would even explain whether you need to recruit, how to get referral bonuses and things like that. That's how I came to know of MMM. I joined in August 2015.

**Zonke:** My account was checked by the person who recruited me because she had set up everything for me  
She would keep us updated on WhatsApp. Every morning she'd send a good morning text in the group and we would send our email addresses and login details if we wanted her to check how much money we had. She also gave us general updates on MMM. If you wanted to withdraw your money, she'd tell you when to go collect. Anyone in the group could post or ask a question because we all had a hand in the pot. We also knew a person living near Westgate Mall who would check for us. We would go to that person's house if we wanted any updates. She'd open her laptop and let us know if all was well concerning our monies. She would show us the progress of our accruals. She'd even go to the extent of showing us her own returns as proof that ours were on the way. That's what convinced me that my turn was coming; I'm going to receive my money in like manner.

The integration of offline and online communication enabled MMM's widespread adoption in a context where access to internet and digital literacy skills are unequal (Fuchs and Horak, 2008; StatsSA, 2011). This is significant since the scheme operated solely online. In Kagiso for instance, nearly 60% of residents are without internet access, while the majority (19.7%) do so through their mobile phones (StatsSA, 2011). Access to the WhatsApp group chats was consequently limited largely to the young, tech-savvy and resourced – this amounted to five participants. The same is true of the MMM portal. Palesa, Lollies and Lebo were the only participants who logged in to their accounts directly, with Lollies doing so in her capacity as a recruiter. This, however, did not render their respective managers obsolete given that “managers became the voice and face of MMM for us,” as Palesa states. She adds:

**Palesa:** I'd log in to my account a lot. I wasn't in the WhatsApp groups. I'd hear about the WhatsApp groups, but my mom and I were not part of those. I'd also check her account and that's how I stayed updated. I live next door to my manager which made it was very easy to hear if something was happening. I'd hear from him directly.

As a result of limited digital skills and lack of compatible devices, the remaining participants – particularly pensioners – relied solely on face-to-face communication, attending

presentations and visiting their managers and recruiters personally. Recalling how frequently people congregated at her home to register accounts, check accruals and make withdrawal requests, Lollies notes:

**Lollies:** Yoh! Yoh! Yoh! I had lots of people join under me I can't even say how many, but they were a lot. They would sit right here in this living room.

The intermediary role played by recruiters, managers and guiders between participants and MMM placed them in positions of influence. This was bolstered by talk of a manager's forum where some were said to have travelled to Russia to meet Mavrodi personally. The fact that they received additional incentives did not cause suspicion among participants since the opportunity to recruit and advance in the MMM ranks was open to all. However, this is not technically correct given that these roles required a certain level of digital skills, as well as a good internet connection which are not available to all. Many of the guiders and managers in MMM formed part of the professional and middle-classes as a result.

*Voicing contestation: manager-member interactions and responses to negative news messaging*

Although none were willing to take part in this study, participants suggest that the presence and position of the middle-class in MMM is what facilitated contestation against media discourses since it was largely they – in their capacities as managers and guiders – who administrated group chats and defended the scheme on traditional media platforms. In this sense, their privileged position in the broader power constellation gave voice to those participants of lower social status, as Salamina states below. Their involvement affirmed MMM's credibility as even presentations were held in respected venues like schools, churches and community halls.

**Salamina:** I mean teachers, those in high schools, nurses... They were all part of MMM. That's why people trusted it. When they stand there giving a presentation, we can tell that this person knows what they're talking about you see...

Discussing how counter discourses were created and facilitated, participants describe their initial responses to mainstream media messages warnings, as well as the role of WhatsApp in their negotiation process:

**Filo:** We did have our doubts when the media started reporting about MMM. It's only natural since we had invested.

But when the managers encouraged us in the WhatsApp groups saying, 'Girls, guys, let's continue; let's invest money, the returns are coming,' you'd feel inspired to continue. As you keep reading those messages, you think that there's hope, you see?

You are hopeful than even you can escape this drain and you find yourself investing that small amount of money.

**Lebo:** The media frenzy about MMM started in April 2016. The warnings were on the news, but the group chats were also important. In the group chats they [managers] would tell us not to listen to media because MMM will survive. They would tell us to listen to Ukhozi FM or tune in to a particular station or watch SABC because they're talking about MMM, and we would watch. After that we'd discuss in the group: 'Did you hear what they said? What do you guys think? Should we panic or what?' The managers would tell us to relax because the same happened in China, there's no reason to panic. Some of them even went to Russia to meet Mavrodi, they know him. When we heard that we were relieved. That's how some people got comfortable instead of withdrawing their money.

Managers played a significant role in participants' decoding of news warnings, often sparking discussion by directing participants to specific articles and features in the media. The safety of WhatsApp's distance from the supervision of dominant group, as well as the trust that had been established between participants and with managers was crucial in fostering debate. When faced with doubt as a result of news warnings, these functioned as spaces for regroupment and encouragement – in some cases with participants reassuring each other, as Filo demonstrates:

**Filo:** We used the WhatsApp group chats to encourage one another and keep updated with what was happening at the time. Anyone who wanted to post would bring their idea about what we could do as a community. Or maybe you could be encouraging someone who is concerned that their money isn't coming, and you tell them to hold on that it's coming. That was the job of the group chats.

This experience was limited to a few participants since most were not part of WhatsApp groups. This however is not to say that those not on social media were excluded from the 'MMM community'. Participants indicate that in the same way that people would be found at recruiters and managers' homes to register, make withdrawals and get updates, these volumes increased in times of increased reporting. Presentations were also held to assuage those in fear. Although some like Keabetswe (47) were unmoved stating, "we didn't believe any of the reports because you must remember that we gained from it previously," others needed the reassurance. MMM managers consequently responded by refuting media messages, especially those labelling MMM as a scam.

**Katlolo:** The managers said it wasn't a scam, because when they checked on the website they saw that it still existed and was operational. They had hope that it would be revived. They would say that if it doesn't appear on the website that means it won't come back, but since it's there and the information shows...

Until this point, all contestation was directed inwards, towards the MMM community. However, the increasingly negative effects that reports had on participants' confidence and

recruitment prompted oppositional activity towards the wider public. It interesting to note that while most are adamant in asserting MMM's legality, those who had invested prior to the collapse made sure to withdraw their investments at this time. This is despite numerous TV and radio appearances by MMM representatives, as well as marches challenging media meanings about the scheme, as discussed in the extracts below:

**Palesa:** There was a full interview on Power FM at a night-time slot and the discussion they were having is very similar to the one we're having now: how does this thing work? And the manner in which this lady explained it was this *help mekaar* line of thought. That MMM is a community of people working together to help each other. And the presenter was very sceptical of the whole thing, they called it a pyramid scheme from what I remember. For some reason the lady that was explaining felt the need to distance MMM from a pyramid scheme because I think a pyramid scheme in our society has a bad name. Nobody wants to be part of a pyramid scheme.

Do I think she did a successful job? She tried, not always convincing because they really did deal a blow to her arguments at the end of the day by asking very obvious questions like, what happens when everyone decides not to reinvest. Of course, the system comes crashing down and she couldn't address that. Open line people also went for her. There were those MMM people who called in to say, 'Yes it helped me I got this and this because of it' but the naysayers were in the majority on the show.

**Tshidi:** We went and marched for MMM, but nothing happened, do you remember even the traffic cops and white people were there everyone had joined. Everybody was part of MMM.

Given that few participants (three) attended these rallies, and all doing so following WhatsApp engagements, it is possible to argue the centrality of social media in organising marches. Nevertheless, it is not evident what impact WhatsApp had in mobilising action or how since participants were unable to recall in detail how these conversations came about, by whom or why the marches took place. What they highlight rather is the damage that news reports had on MMM's reputation and the inability of demonstrations to convince existing and potential participants otherwise:

**Lollies:** There were marches organised. The rallies were organised by the managers. They had frequent meetings from which we were informed by social media or at presentations. My friend and I also went to Joburg to march. But here's the thing, we can plan to go to all the rallies we want, the problem is in the pocket when one person has to deposit money after another has made a request for withdrawal. Do you see the trouble?

**Mmabatho:** Those MMM marches I don't know where they ended.

In this sense, while contestation expanded the discursive space, enabling the interests of those often denied public voice an opportunity to speak, it was only temporary. The outcomes were also minimal since contestation could not reverse the impact of negative media messaging nor

halt the collapse. Although Lena attributes the collapse to participants' untrustworthiness, arguing that "we are the failures" since such schemes enjoy prolonged operations overseas but crash quickly in African contexts, it must be noted that little could be done by participants to sustain the scheme. As Woker asserts, "these schemes are doomed to fail because there is the problem of numbers" (2003:244). This has implications for examining the long-term effects of subaltern counterpublics or their effectiveness in widening debate.

#### *After the collapse*

For those who joined amidst the media event, manager interactions were crucial in framing their experience of the collapse. For instance, those participants who established regular contact with managers and were part of conversations whether online or face-to-face with other participants maintained a positive view of MMM after the collapse. Some even claimed they would re-join if MMM were to return. But, this was not the case for Ntate Mangope, below:

**Mangope:** I wasn't involved in MMM for a long time, but there's something I noticed that could explain why MMM didn't succeed, and why Kipi didn't succeed. You speak correctly when you highlight the role of SARS and the banks. It's likely that when they need to enquire with MMM, because there isn't an office they couldn't meet or talk to anyone. You can't speak to the wind. You see, because there wasn't a single person they could talk to, to make accountable for it, and expect an explanation for a list of concerns or grievances. That's why they eventually stopped it.

MMM wasn't an investment, it was a scam. You see with an investment it must be that there are people whom you can go to and argue with or whom you can ask things that you don't know. With an investment you go to the bank, sit down and ask. Maybe you are part of a society [stokvel] and you want to know about investment options. But with MMM, who do you go to? Who do you speak to? No, it's a scam

Despite formerly being a recruiter for Kipi, Ntate Mangope had little contact with other MMM members when he was recruited. A tenuous relationship with his manager also significantly impacted his sense-making of the scheme. Noting how this same person who was his manager in Kipi failed to warn him about MMM's collapse Ntate Mangope describes him as "not truthful". The lack of accountability is thus what informs his agreement with media messaging which describes MMM as a scheme. His anger, however, is less about the illegality of the scheme than his personal loss, as suggested below:

**Mangope:** I could have left with truckloads of money with Kipi. I had so many people that joined under me, but the person I joined under... He really went up and down, no sense of truth. He would tell us that everything is fine, I must be patient things will work out. But when I realised that something was amiss and thought to ask, there was no one to ask. He angered me. The last time he came to tell me about Bitcoins, I said to him that I don't even want to see his face.

While MMM may have been anchored on shared trust between participants, in many ways its collapse shattered the trust which facilitated its adoption and operation. It negatively affected relationships that had existed between residents prior to its emergence. Participants often sought course from her managers, in some instances endangering their lives, as illustrated below:

**Palesa:** Managers sold MMM to us, they sold us dreams, and when it crashed we went to them, forgetting that they also received incentives for being managers. They were employees. I think that's unfortunate. There were people who came to my neighbour after MMM crashed, and I saw some of them. They said, 'Listen, I don't care I want my money from you. I gave my money to you. I want it back'. There was an immediate threat posed to the managers themselves because we don't know who Mavrodi is, we see him on TV and don't know where he lives. But I know where my manager lives. I can't blame the people who did that, but I also feel sorry for the managers because they're not the ones who took the money. People deposited the money knowing the account number they were sending that money to – it had a name. And none of those people was your manager. Yes, they got an incentive, but you didn't give the money to them. It's sad. My manager defended it till the last day. He had stopped working and was running MMM full-time. He owns two taxis and at some point he was the driver of one of them. When MMM was at its best he stopped, got a driver and was running it full-time. The entire time when we'd go to his house we'd find him in his living room. After it crashed he went back and now he drives trucks somewhere in Limpopo. The lifestyle change tells me, as someone that invested under him, that it's not rosy, but he'll defend it to this day

The suggestion here is that while managers may have appeared to wield some power in MMM, this only stemmed from participants' consent given their skills and resources.

## **Conclusion**

This chapter has presented the main findings of the research, reflecting on Kagiso residents' participation in MMM as an expression of and response to their subalternity. The chapter was divided into two sections, providing a discussion of mainstream media messages warning against MMM before presenting the findings from in-depth and focus group interviews. Through the three themes guiding these findings, namely 1) social context, meaning-meaning and MMM involvement, 2) weighing the risk: the risk of MMM participation in a context of uncertainty, and; 3) MMM as a subaltern counterpublic, the chapter discussed the social factors underlying Kagiso residents' participation in MMM and negotiation of mainstream media messages about the scheme. These relate specifically to their experiences of insecurity and uncertainty in post-apartheid South Africa as a result of unemployment, poverty and historical inequality. In this context, MMM's informality, which draws on frameworks of trust, loyalty and respect, makes it a safe space. It provides a solution to participants' economic needs while

establishing a community in which members are able to create and circulate oppositional meanings. This is facilitated both on and offline, with social media being used to facilitate oppositional activity towards wider publics.

## **CHAPTER SIX**

### **Conclusion**

#### **6. Introduction**

This chapter serves as a conclusion for the study. It outlines the key findings emerging from the investigation, as presented in the previous chapter, and briefly reflects on the research process. It highlights the challenges encountered during the study and how they were addressed. Recommendations for further research are also included and serve as a conclusion for the chapter.

#### **6.1. Key Findings**

To briefly recap, the study sought to examine Kagiso residents' participation in MMM as situated in a specific socio-historical context, focussing specifically on their negotiation and contestation of mainstream media reports (which described MMM as a scam and their involvement as a result of desperation and manipulation). The study considered participants' use of WhatsApp in this sense-making process, how it was used to create and circulate counter discourses among participants and facilitate contestation offline.

Participants highlighted the pervasiveness of uncertainty and insecurity in post-apartheid society pointing specifically to their experiences of poverty and unemployment. For instance, nearly all those of employment age were at the time of investigation without work, while those who were employed or pensioned shouldered the financial responsibility for unemployed relatives, grandchildren and in some cases parents still living. This shaped participants' subjectivities as they self-identified as "marginalised" or "oppressed". They traced this to the persistence of a colonial legacy in democratic South Africa, as well as the corrupt and partisan practices among state officials. Expressing their distrust and disillusionment with democracy, participants interpreted their interests as conflicting with those of the state and "the elite" (presumably they saw the mainstream media as part of that elite). While most suggested that they voted in support of the governing party, they claimed to do so not in agreement with its policies but to secure social security grants and welfare benefits. This supports Fraser's (1990) argument (discussed in chapter three) about how unequal power relations impact public deliberation and silence subordinate groups. In the case of Kagiso residents, this occurred through consent, questioning (to some extent) the nature of their oppression.

Participants' distrust of "those at the top" extended to other official institutions. This, however, only surfaced in reference to investigations into and news reports about MMM. Some

participants highlighted the role of media in circulating hegemonic discourses (or facilitating their oppression). This was noted as a point of discussion in WhatsApp group deliberations about TV and radio coverage about the scheme. It also included press coverage on which the study focused. While MMM interactions occurred both offline and online, the privacy intimacy of WhatsApp groups enabled participants to foster debate away from the supervision of dominant groups. These groups initially existed for recruitment, however, became vital in facilitating contestation towards wider publics (Fraser, 1990). Along with participants' social conditions, they significantly impacted their sense-making of media coverage about the scheme. This, however, was limited to the young, tech-savvy and resourced, given the unequal access to internet, digital skills and compatible devices of Kagiso residents. It may be necessary at this point to reflect on the meanings participants' made of MMM and their involvement in the context of their daily lives before discussing in more detail their negotiation and contestation of mainstream media reports.

Participants did not present a unified definition of MMM. However, all drew on discourses of empowerment, self-help or mutual aid to make sense of the scheme. In some instances, these were articulated with discourses of luck and risk-taking despite the inherent contradictions. The most popular identification was that of a stokvel, informed particularly by the scheme's mutuality and participants need to create security in the post-apartheid context. This is evidenced in residents' use of MMM returns largely for day-to-day survival. Kagiso residents' participation thus MMM drew on a sense of their subaltern identities, combined with the historical and cultural significance of stokvel practices in exclusionary contexts. These meanings were enacted in participants' initial registration or decision to join MMM.

While the media portrayed their economic activity as risky, participants instead interpreted this as biased and ignorant of their social conditions. This conflation of the perceived economic risk by the media and participants' lived experience foregrounds the contestation of media and citizen in meaning-making. Participants interpreted reports as an attempt to contain the threat MMM posed to profits of financial institutions and the political power of the government. Their oppositional readings are demonstrative of the ways in which audience responses and interpretations are structured in the social and cultural (Hall, 1980). They further challenged assumptions made about the conditions of their involvement as manipulation and not choice. This highlights their agency as producers of meaning (Ang, 1995).

MMM's recruitment/organisational model was essential in establishing a safe space for participants negotiation of media discourses, as well as remaking shared meanings of participants needs, interests and identities. While the study focussed on those considered poor, reliance on direct recruitment made MMM accessible to people from various backgrounds. The participation of those considered middle-class questioned common associations of those in this group with stability, freedom from poverty and freedom to decide what to spend their money on (Schotte et al, 2017). MMM's help discourse therefore prompted awareness of participants' shared humanity regardless of social status thus establishing trust and solidarity in MMM. This was strengthened by WhatsApp interactions.

Participants suggest that the presence and position of the middle-class in MMM is what facilitated contestation. Given their access to the internet and digital skills many assumed intermediary roles as recruiters, managers and guiders between participants and MMM. This placed them in positions of influence. It was largely they who administrated group chats – initially to keep members updated about their accounts. These spaces evolved at the time of increased reporting. They consequently were used to direct participants to specific MMM features in mainstream media, circulate counter discourses refuting pyramid/Ponzi scheme claims, and organise marches. In this sense, participants suggest that their privileged position in the broader power constellation gave voice to those of lower social status.

While the study confirms the possibilities afforded by subaltern counter publics in widening contestation – seen particularly through the occurrence of protests – the impact was inconsequential. This, in Fraser's (1990) terms, defines MMM's counterpublicity as weak. It was able to foster deliberation but had no institutional authority to make decisions. It therefore functioned as an associational group whose deliberation merely created critical commentary (Fraser, 1990). This was further affected by WhatsApp's limited reach – only five members were part of WhatsApp groups.

While WhatsApp facilitated deliberation within the MMM community, its impact on participants' interpretation of media discourses cannot be isolated from participants' lived cultures. For instance, despite being in WhatsApp groups and attending marches, some earlier participants decided to withdraw their investments after encountering mainstream media warnings. Participants' sense-making of counter discourses were thus negotiated in the same way that news reports were. While these participants did not support identification of MMM as a scam, they came to negotiated readings of both texts. This supports Tomlinson's

understanding of the relationship between media and culture as a “subtle interplay of mediations” (Tomlinson, 1991; In Strelitz, 2005:109). He argues that as the dominant representational vehicle of modern culture, media mediate lived culture, in the same way that lived experiences mediate understandings of media discourses (Tomlinson, 1991; In Strelitz, 2005). Therefore, what participants made of both news and counter discursive texts were influenced and shaped by what else was going on in our lives (Tomlinson, 1991; In Strelitz, 2005). In this sense while social media may have shaped participants’ readings it did so in the context of participants lived social conditions.

## **6.2. Reflection**

As stated briefly in chapter four, the sensitive legal issues related to MMM caused some difficulty in securing participants for the study. This was particularly the case with those participants in roles of manager and guider. Secured participants’ initial distrust suggested the fear of investigation were the cause. Some participants had misunderstood the reason for meeting. They came expecting to hear about their investments – when they would be repaid. This confusion was clarified at the start of each focus group interview, with at least one participant in each group choosing not to participate. Participants were particularly interested to understand my motivation for pursuing such a study since it was a sore wound for them. Doing so proved fruitful in establishing rapport. This was facilitated by disclosing my near investment in the scheme – as well as disclosing that there were people in my immediate family who had taken part.

Most of the interviews were conducted in Setswana. An inability to translate some theoretical concepts from English to Setswana resulted in me switching between the two languages. This was a point of concern initially as I assumed it would create discomfort and disconnection with participants. However, this was not the case. Rather it encouraged participants to code-switch themselves. Some interspersed Setswana statements with isiZulu or Sesotho words in order to better express themselves.

## **6.3. Limitations and recommendations for further research**

This study aimed to understand the role of social media in MMM participants’ meaning-making of news media discourses. Given the reluctance of managers and guiders to participate, little could be gathered about the scheme’s specific social media strategy. This affected the study’s ability to comment especially on the social media aspect of MMM, particularly how it was used to distribute and negotiate competing discourses, as well as promote or organise protests.

After conducting focus group interviews, it became clear that I had presumed the significance of social media in participants' negotiation. This was because most of the preliminary interviews were conducted with youths who had emphasised the centrality of Whatsapp in their participation. In this sense, the sampling could have been deliberately systematic, taking the age variable and social media exposure into account. This limitation did, however, highlight the situatedness of social media within other contexts of daily life.

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## APPENDICES

### Appendix I: Videos Inserts



*Figure 1:  
Screenshot  
of MMM  
Offline  
charity event  
at Jabulani  
Pre-School*



*Figure 2:  
MMM Offline  
Charity event..  
Recruiter  
donates chairs  
to a church in  
Kagiso*

## Appendix II: Informed consent form



**RHODES UNIVERSITY**  
*Where leaders learn*

### School of Journalism & Media Studies

#### Rhodes University

#### **Research project name: Mediating participation in MMM pyramid scheme**

We would like to invite you to take part in the above-named study but before you decide, please read the following information.

#### **What is the purpose of this study?**

The purpose of this study is to investigate how investors located in Johannesburg used social media to make sense of their participation in alleged pyramid scheme, MMM amid dissenting mainstream news coverage. It explores the role of social networking sites in negotiating the negative media coverage, and the impact it had on their decision making.

#### **Who is doing the study?**

The study is being conducted by MA student, Bella Boqo, under the supervision of Larry Strelitz.

Information about the researcher and the research when requests are participation are made and prior to focus group interviews. It is possible that the researcher's information may already be known as participants will be samples by snowballing – this is especially in instances where the referee is a family member.

#### **Who is being asked to participate?**

MMM participants located in the Johannesburg area are requested to participate. The purpose is to better understand what influences their investment decisions, particularly in relation to pyramid schemes.

### **Your rights as a research participant**

Participation in this study is completely voluntary and anonymous. Information gathered during the research will be used solely for the purpose of this study and all efforts will be made to ensure the confidentiality of participants' personal information. Please note that while your name will be recorded with the data, it will not be used in the report. All identifiable data will be stored securely on a computer with password-restricted access and only the researcher (and supervisor if applicable), and ethics committee members will have access to it. All identifiable information will be destroyed at the end of the study or after 5 years, whichever comes first.

If you decide not to participate there will not be any negative consequences. Please be aware that if you decide to participate, you may withdraw from the study at any time and your data will be returned to you or destroyed. You may also decide not to answer any specific question.

### **What will happen to the results of the study?**

When the study is complete, results of the study will be published as part of the recipient's Masters research project. Records may also be used for further research or publications.

## Informed Consent Sheet

**\*\* To be signed in duplicate – one copy to be returned to the researcher and one copy to be retained by the participant.**

**Thank you for your participation. By submitting this form, you indicate that you have read the description of the study, are over the age of 18, and that you agree to the terms as described in the short questionnaire that follows:**

I have read this form and received a copy of it. I understand the purpose and nature of this study and I am participating voluntarily. I understand that I can withdraw from the study at any time, without any penalty or consequences. **I have had all my questions answered to my satisfaction.**

Yes

No

**I agree to take part in this study** and I hereby grant permission for the data generated from this research to be used in the researcher's publications on this topic.

Yes

No

**I grant permission under the following conditions:**

**I grant permission for the research to be recorded and saved** for purpose of review by the researcher, supervisor / principal investigator, and ethics committee.

Yes

No

**I grant permission for the research recordings to be used in presentations** or documentation of this study.

Yes

No

**Participant's name:**

---

**Signature:**

Date: \_\_\_\_\_

**Researcher names:**

---

**Signature:**

Date: \_\_\_\_\_

\*\*\*\*\*

**Contact:**

If you have any questions at any time about this study or the procedures, you may contact the researcher ..... \*\*provide your contact details or details of the principal investigator.

*Thank you for taking the time to read this information sheet.*

### **Appendix III: Guide For Focus Group and Individual Interviews**

1. Demographics:
  - a. Introduction: name, age and location (residential area)
  - b. Family status: who do you live with, how many are you?
  - c. Schooling: at what stage did you leave school
  - d. What do you do for a living?
  
2. Locating participants within MMM
  - a. What is MMM?
  - b. Where/ who did you learn about it from?
  - c. What caught your attention about it?
  - d. When did you join?
  - e. What were your reasons?
  - f. What was your rank (manager, recruiter) and what did it involve?
  - g. How did you access your account?
  - h. How did you keep up to date with MMM news?
  
3. MMM meaning-making
  - a. There's a video on the website that talks about MMM ideology, have you come across it?
  - b. What do you understand from it?
  - c. Did you have an idea about this or discuss it with anyone before you joined?
  - d. What are your thoughts about traditional institutions like government, banks, media etc?
  - e. Do you have any experience of debt and what are your thoughts about it?
  - f. Did MMM have any impact on this, and where or how did you discuss it?
  - g. I've heard people describe MMM as an online stokvel, what does that mean?
  - h. Are you part of any stokvels and why?
  - i. What social and economic purpose do they serve for you?
  - j. Is there a difference between MMM, a stokvel and the bank?
  - k. How did you use the help that you received?
  - l. Where did you learn about finances, saving, investment?
  - m. Are you a member of any other similar funds? And why?
  
4. Social media
  - a. Tell me about the group chats and Facebook pages
  - b. Were there particular platforms used and why?
  - c. What kind of information did you talk about?
  - d. How did you communicate: who could post, rules for the group?
  - e. How did you share and discuss information?
  - f. What was the purpose of social media for MMM?  
(was it just MMM or other schemes as well)
  - g. How did you use social media for MMM on a daily basis?
  
5. News Media
  - a. Tell me about the negative news reports, what were they saying and how did you hear about it?

- b. Which media did the news appear
- c. Who did you think the articles were directed to
- d. What meanings did you make of them?
- e. When media said MMM and Kipi and others were pyramid and Ponzi schemes what did you think?
- f. How did group chats and social media work at that time?
- g. Did you believe what you'd heard on the news compared to group chats and why?
- h. Did the news affect your decision to reinvest and why?
- i. What was Mavrodi saying and what did you make of it?
- j. Was your bank account frozen at the time and what sense did you make of the banks' decision?
- k. Why do you think MMM got so much attention?

6. Protests

- a. How did MMM counteract media messages?
- b. Did it mean anything to you that reps were also speaking on the radio defending MMM and why?
- c. How did people organise themselves for rallies and protests on social media?
- d. Do you believe MMM was a scam?
- e. Why did MMM collapse
- f. What was being said in the group chats when the collapse happened?
- g. Have your thoughts about MMM changed??

## Appendix IV: News reports

### 57. The curse of the pyramids

Newspaper April 24, 2016 | Sunday Times, The (Johannesburg, South Africa)

Author: Ndumiso Ngcobo | Section: Human Interest

898 Words | Readability: Lexile: 1290, grade level(s): 11-12

PONZI schemes are named after Charles Ponzi, the American fellow (where else?) who “popularised” them back in the 1920s. In simplistic terms, Ponzi schemes work on the principle of hypnotising gullible sheeple into investing money in a generally ill-defined “business enterprise”, promising larger-than-life returns that are usually paid out to the initial “investors” using money mostly acquired from later “investors”.

These schemes rely heavily on people who possess the deadly cocktail of ignorance and greed — the overwhelming majority of members of our species. To quote Scott Adams, the creator of the cartoon Dilbert: “Nothing defines humans better than their willingness to do irrational things in the pursuit of phenomenally unlikely payoffs. This is the principle behind lotteries, dating and religion.” To quote my African-American brethren: word.

Having personally known about Ponzi schemes for about 35 years I was taken aback by the recent tragic, yet hilarious, soap opera around MMM, the Russian Ponzi scheme.

The most surprising thing has been the chorus of people amazed that there are so many faithful disciples out there vociferously defending it. Duh! Of course Ponzi schemes are profitable — depending on how far up the pyramid you are! They rely almost entirely on the testimonies of people who have profited from them. You’d be a pretty stupid Ponzi scheme operator if you failed to pay a single person.

This is why I’m curious about former EFF MP and Black Consciousness activist Andile Mngxitama’s highly publicised foray into MMM. Especially his timing. The “official” reason for him joining is that he wants to have personal experience of the scheme. I think it’s a calculated stroke of genius. I don’t see how someone like Mngxitama, who has such a prominent platform, is going to have a negative experience. I’ll put the family jewels on the chopping block and predict that he’ll emerge from the “experience” better off than he was going in.

You might ask, “How could you have known about Ponzi schemes 35 years ago?” Well, when I was nine years old, I was obsessed with capturing, domesticating and training homing pigeons, just like Mike Tyson. But I was pathetic at the “capturing” part. Enter one Matshidiso, the only son of our helper from Matatiele, who was about two years older than me. Easy peasy, he reckoned. If I gave him 10c, he would return with one pigeon for me. So I extracted one 5c coin, two 2c coins and two half-cent coins from my piggybank and handed them to him.

Two weeks went by before I saw him again. Where is my pigeon? No, he said, the breeder wouldn’t hear of it. If I wanted my pigeon I had to fork out another 10c so that I could get a pair: male and female.

Apparently if they were taken solo they died of heartache. This made a lot of sense. One

problem. Ten cents was hard to come by in 1981; the equivalent of a loaf of unsliced brown bread. So I approached my friend Thiza and offered him a slice of my budding pigeon empire.

When Matshidiso saw me raise 10c in a matter of minutes, he was emboldened. Why not get a few more okes in on the action? Genqezi, Mfaniza, Phillip, Mfanafuthi, a few other guys and even my elder brother Mazwi were all keen. All in all, we handed our pigeon trader a total of 85 cents.

That was the last time any of us saw Matshidiso. Well, all except one other chap whose name escapes me now, who was Mr Moneybags in the days after the Great Pigeon Transaction. Rumours were swirling around that he had been seen walking with Matshidiso in the general direction of the Sishi Supermarket on the day of the pigeon trade.

When I told my dad about the great pigeon swindle he looked at me sagely and said: “If it sounds too good to be true, it probably isn’t.”

But the whole world is one Ponzi scheme of gigantic proportions. Take the way we choose leaders. The average age of heads of state in the world is between 61 and 62. There is clearly a system of “Who got there first?” going on, unless the best brains in the world just happen to hover around the sexagenarian mark.

For the record, our own average for universally recognised heads of state (at least when they took over) is between 64 and 65. This means that, on average, the president of this country has been hovering around the age of 70, considering how long they “serve”.

That’s a Ponzi scheme right there. And that goes for the cabinet, the judiciary and other state organs as well. We’re led by people who “got there first”. We, “the people”, seem to believe that, given the choice between a “cadre” born in 1988 who holds a PhD in Economics and a septuagenarian who was at the Battle of Cuito Cuanavale in 1988, the septuagenarian is the best candidate for a position in this-or-that committee on economic transformation, based on his excellent ducking skills to avoid his head being blown off, Kalashnikov in hands. He struggled first.

You kinda get why good ole Juju got tired, said “Fok, nee man!” and started his own Ponzi scheme. Now he’s on top of his own pile in red.

For the record, I haven’t given up on collecting on my 10c investment in my Pigeon Ponzi Scheme from 35 years ago. Any day now, I expect Matshidiso to appear on the horizon with a thousand pigeons swirling around him. LS

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### 39. Ponzi schemes probed

Newspaper October 6, 2015 | TNA - New Age, The (South Africa)

Author: Amy Saunders | Page: 1B | Section: News

475 Words | Readability: Lexile: 1520, grade level(s): >12

DAZZLING success stories, flashy cars and vibrant recruitment seminars are what spiffily dressed salesmen have been using to dupe South Africans to invest in their Ponzi schemes.

Mounting complaints moved the National Consumer Commission (NCC) to launch a preliminary investigation into nine suspected pyramid schemes last week.

NCC spokesperson Trevor Hattingh said schemes or investment initiatives under investigation were World Ventures, Kipi, also known as My Deposit 247, Make Believe, NMT Investments, Instant Wealth Club, MMM scheme, Dipesa and Sikhese (Pty) Ltd as well as Wealth Creation Club.

World Ventures has been flooding South Africa, selling hopes and dreams to young and financially desperate targets.

The multilevel marketing company entices candidates to join at a high entrance cost with hopes of gaining huge profits.

In order to make money with World Ventures, candidates are required to first pay an up-front fee of R7 000 to be a member of Dream Trips Life.

They then need to pay more money to become a representative promoting World Ventures and earn commission.

In order to earn commission, high incomes and not be obligated to pay the monthly fee, the new member also needs to find another four candidates to join the company within a month.

One client who was approached by a consultant from World Ventures said: "What I don't understand is how they expect a poor person to pay R7 000 into a business that he has got no knowledge of. This consultant still had the cheek to tell me it is not a Ponzi scheme." The New Age spoke to a World Venture representative in Cape Town who said they were not interested in commenting on the matter. They further stated they did not allow these types of things to bother them or influence the way they ran their business.

Meanwhile, Hattingh said prospective investors who were not sure of the legitimacy of a scheme should rather invest their money in reputable institutions that are authorised financial services providers.

He said the outcomes of the preliminary investigation into the nine suspected pyramid schemes would determine which of the operations were most dangerous for consumers to invest in.

Hattingh said there were many warning signs consumers should look out for before joining an investment scheme.

Operations where participants derived their income or returns on investment primarily from

their recruitment of new members were usually suspect.

"There are generally no goods or services that are sold for profit, or there is a by-product that is used as a smoke screen.

"Pyramid schemes offer very high returns. These are normally higher than any registered bank or authorised financial services provider.

"In many instances pyramid schemes will not advertise themselves openly.

They rely mostly on word-of-mouth recruitment and presentations with too good to be true offerings.

"Pyramid schemes are not registered with the Financial Services Board or the South African Reserve Bank and are not authorised financial services providers," Hattingh said.

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## 42. The twilight world of online investor schemes

Newspaper September 27, 2015 | Sunday Times, The (Johannesburg, South Africa)

Author: Nompumelelo Magwaza | Section: Economy, Business & Finance

322 Words | Readability: Lexile: 1670, grade level(s): >12

THERE are no bank accounts, no offices and no contact numbers for most of the investment clubs operating online, but this does not bother some investors who have already put thousands into these schemes.

Below are some investment schemes that are under investigation by the National Consumer Commission, the SAPS, the National Prosecuting Authority, the Financial Intelligence Centre and the Asset Forfeiture Unit.

& x95;World Ventures — A direct selling company in the travel industry that allows a person to access traveller discounts and other perks for a membership fee of R4500. You can choose to upgrade to unlock more discounts for an additional fee.

In addition, you can become an independent representative where you sell memberships to other people, and a commission is payable to you.

It has a network of more than 11000 independent representatives in more than 24 countries, it claims on its website.

& x95;Kipi / My Deposit 241 — According to its website, this scheme is a stokvel that was established in 1995 and operates in more than 80 countries. An investor pays money to a Kipi member.

If you deposit R5000 and choose to withdraw R10000, you need to wait about five months for your money to gain maturity. You get a bonus for referring people to the scheme.

& x95;MMM Scheme — Based on MMM Global, founded by Sergey Mavrodi in 1989. Mavrodi was arrested in 2003 for running the biggest Ponzi scheme in Russia. He was sentenced to four years and released in 2007. From time to time, Mavrodi posts videos in which he addresses South African investors on the MMM South Africa Facebook page.

& x95;Instant Wealth Club — Investors put in R3000 to get R48000 or invest R5000 and are paid R80000.

Investors pay money through Standard Bank InstantMoney or Spar supermarkets and e-mail their pin codes to Wilbur Monk, who accesses the money. —

RUSSIA CALLING: Sergey Mavrodi of MMM Scheme

### **43. Overnight riches -- or financial suicide?**

Newspaper September 27, 2015 | Sunday Times, The (Johannesburg, South Africa)

Author: NOMPUMELELO MAGWAZA | Section: Economy, Business & Finance

950 Words | Readability: Lexile: 1590, grade level(s): >12

Too Good to be True Money-making schemes are attracting attention — and not just from wide-eyed investors

Overnight riches -- or financial suicide?

Those who invested about R500 earlier this month were not paid out this week

TOMORROW, investors who put R3000 into the Instant Wealth Club earlier this month will be waiting for a text message telling them they are R48000 richer. And those who could handle more risk are hoping to get R80000 for their R5000 investment.

But investors in the Instant Wealth Club are nervous because the payouts may not materialise — the club, with eight other investment schemes, is being investigated by the National Consumer Commission, the police, the National Prosecuting Authority, the Financial Intelligence Centre and the Asset Forfeiture Unit.

The other investment schemes being probed are World Ventures, Kipi, Make Believe, MNT Investments, MMM Scheme, Dipesa, Sikhese and Wealth Creation Club.

Consumer commission spokesman Trevor Hattingh said that over the past three months the commission had received several complaints from the Financial Services Board and the Reserve Bank regarding possible pyramid schemes.

“The [commission] is investigating the schemes, particularly looking at their business models and practices to establish if there is any contravention of the Consumer Protection Act or its regulations.”

In terms of the act, a pyramid scheme is illegal and fraudulent. The commission is working with the police’s specialised commercial crimes unit of the SAPS in the probe.

Instant Wealth Club investors’ hopes lie with a man known as Wilbur Monk. But details of Monk’s credentials are sketchy. He claims on his Facebook page that he graduated from the University of Cape Town in 2010. But “based on the information provided, there is no record of a Wilbur Monk at UCT”, the university said this week.

Attempts to contact Monk via his Facebook page were unsuccessful.

Those who invest in Instant Wealth Club can e-mail Monk only with pressing problems. One burning issue is whether they should trust the scheme, especially as those who invested about R500 earlier this month were not paid out this week.

Monk said on Facebook that the payments were delayed by the current investigations. “As you know, South African banks have an oppressive banking system that precluded us from utilising our advantages and we have all witnessed that Instant Wealth Club is being investigated, probably owing to transactions or deposits that take place on a daily basis.”

He asked his investors to find a way to evade unnecessary charges that will befall the firm and its investors.

“These charges may include investors being liable to compensating SARS [the South African Revenue Service] and being in grave danger of their bank accounts being frozen.”

The club pays more than 300 people every day.

Asked for comment on the nine investment schemes, the National Treasury said most of these organisations were not licensed with the Financial Services Board. “It must be borne in mind that carrying on a Ponzi scheme is a criminal activity and one cannot obtain a licence for an illegal activity,” said Phumza Macanda, a spokeswoman at the Treasury.

“A company taking your money should be governed by the Banks Act, or if it is an entity that legitimately gives advice or renders intermediary services on legitimate financial products it has to have a financial services provider license. If it does not, it should be one of the first signs that it is not legitimate,” she said.

**MMM** Scheme describes itself as a social financial network promising returns of 30% a month, and says it is here to destroy the banks. “This a community of ordinary people, selflessly helping each other, a kind of global fund of mutual aid ... the goal here is not the money. The goal is to destroy the world’s unjust financial system. Financial Apocalypse!” the company declares on its local website.

Despite most of these schemes’ transactions going through traditional banks, many of those investing in the schemes point to banks’ low savings and investment interest rates. While traditional banks pay interest of 4% to 7% on a savings account, the online investment clubs offer up to 100% interest after just a few months.

The Consumer Protection Act describes a multiplication scheme as one that promises an investor an interest rate of 20% above the repo rate, which is at 6%.

Asked whether the Reserve Bank was investigating any of the schemes, Hlengani Mathebula, head of group strategy and communications, said: “The Reserve Bank is not in a position to comment on the activities of other regulatory bodies.” He referred to the Bank Supervision Department’s Annual Report 2014, published in May, which states that the department is not a prosecuting authority and can only report alleged contraventions of the Banks Act to the SAPS and NPA for criminal investigation and prosecution.

“During the year under review the department received a number of enquiries and complaints, with supporting documentary evidence, pertaining to the business activities of certain persons or companies that were suspected of conducting the business of a bank by accepting deposits from the general public as a regular feature of their business without being registered as a bank,” it says.

The report says that in most cases when a matter is reported, the funds are already depleted or the scheme is insolvent as the investors often only complain when they are no longer receiving their promised returns.

“However, in the period under review the department successfully applied for and was granted court orders in respect of two large schemes, which orders effectively froze considerable assets pending the outcome of investigations into the respective schemes.”

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**FLASH DRIVE:** Wilbur Monk, who runs the Instant Wealth Club, claims on his Facebook page that he is a graduate of UCT, which the university denies

**SMALL PRINT:** The Instant Wealth Club website says payouts have been delayed by probes

### **53. The problem with Ponzi and pyramids**

Newspaper August 23, 2015 | City Press (Johannesburg, South Africa)

Page: 10 | Section: Business

1774 Words | Readability: Lexile: 1630, grade level(s): >12

Everyone wants to get rich, and some want it to happen as fast as possible. This is often the reason so many people are suckered into get-rich-quick schemes or pyramid schemes, which are illegal and inevitably end in tears. Neesa Moodley reports

One of the major problems in South Africa revolves around the regulation – or lack thereof – of pyramid schemes. The Consumer Protection Act (CPA), which came into effect in 2010, placed a ban on pyramid schemes, multiplication schemes and chain letters that involve the payment of money.

However, these schemes continue to exist and, contrary to popular belief, they do not fall under the jurisdiction of the Financial Services Board (FSB), but that of the Reserve Bank.

Caroline da Silva, deputy executive officer for financial advisory and intermediary services at the FSB, explains that the board investigates allegations of unregistered financial services businesses, which sometimes turn out to be pyramid schemes.

“Such matters are then referred to the relevant regulators with [the proper] jurisdiction. That includes cases where the schemes are conducted by authorised financial services providers.

“In the latter case, the FSB will take the necessary action in the form of a withdrawal of the licences and issue a media release,” she says.

In many instances, the FSB’s investigations are prompted by allegations that the clients’ investments are traded in forex or in listed securities and, more recently, Ponzi schemes purporting to be stokvels.

In the most recent case, the FSB issued a public warning regarding Ntinga Health and Financial Services, trading as AQNO Trading and Investments.

According to the FSB, the company operating from St George’s Mall in Cape Town appeared to be running a Ponzi scheme. As part of an inspection, FSB inspectors executed a search and seizure warrant at the company’s head office on July 22 .

“The preliminary view of the FSB, based on the investigation to date and the evidence recovered during the search and seizure operation, is that Ntinga is operating a Ponzi scheme,” says Tembisa Marele, communications specialist at the FSB.

Among other things, the inspectors could not find any evidence that investors’ funds had been placed in investment products. Ntinga promised guaranteed investment returns of 96% per annum, which should have been a red flag for potential investors.

The FSB has provisionally withdrawn Ntinga’s Category I financial services provider licence (licence number 32188) that entitled it to advise clients on such products as long- and short-term insurance, pension fund benefits and participatory interests in collective investment schemes.

According to the FSB, the key individual at Ntinga is Armstrong Luthando Mazizi. He is also a signatory to the Ntinga bank accounts with Gcinisiko Mantshe.

Marele says the FSB has handed over the matter to the SA Reserve Bank and other relevant authorities. The FSB and other law enforcement agencies are working together to ensure that the people responsible for the possible unlawful conduct are brought to book.

However, this is just one of many pyramid or Ponzi schemes operating in South Africa and more people are persuaded to part with their money daily in the hopes of doubling or tripling their funds.

This is what you need to watch out for to avoid being caught by any of these schemes.

### Ponzi schemes

These schemes are named after Charles Ponzi, who first made them infamous as far back as 1920.

Operated by smooth-talking con artists who appear to be legitimate and might even have a legitimate business to front their scheme, these businesses will typically invite you to invest in a scheme or business.

One of the more famous Ponzi schemes in recent history was that of Bernie Madoff, who was a legitimate stockbroker and investment adviser. His clients, or “victims”, included Hollywood luminaries Steven Spielberg, Kevin Bacon and talk show host Larry King. While they might already be rich by most people’s standards, few have the power to resist the promise of easy money. One of the signs of a Ponzi scheme is that the operator promises you unrealistically large returns on your investment in a short period of time.

In a Ponzi scheme, the investor does not play an active part, but merely contributes seed capital or money. For example, in South Africa, Barry Tannenbaum convinced many of South Africa’s elite to invest in Aids drugs. The fact that he was the grandson of the founder of pharmaceutical company Adcock Ingram probably helped his credibility, but the scary truth is that no one bothered to check the validity of his claims or his “investment”.

The result was that wealthy South Africans invested more than R12.5 billion in his Ponzi scheme before it was uncovered.

### Pyramid schemes

A pyramid scheme is one in which you are required to be an active participant. In this case, you receive money or compensation after you recruit new participants to the scheme.

Each new participant must make an upfront payment to participate in the scheme and the recruitment process has to continue for you to make money, with the people at the top of the pyramid reaping the most profit.

The warning signs of a pyramid scheme include:

- 1 Each new participant has to pay in a fee or lump sum to participate in the scheme.
- 2 You earn money primarily from recruiting new participants rather than selling goods.
- 3 The emphasis is on participant recruitment or building your “team”.
- 4 You enter the scheme at the lowest level, or the bottom of the pyramid, and only move higher up the scale as you recruit new participants.
- 5 The people at the top of the pyramid earn the highest “commissions”. Often, these schemes peter out and you will find that the key individuals or people running the scheme simply relaunch it under a different name.

The main difference between these two schemes is that in Ponzi schemes you do not play an active role, while in a pyramid scheme you have to actively recruit others to join the scheme.

A Ponzi scheme also relies on a continuous stream of new members since old members are paid their promised returns from new members’ contributions.

It is usually when the people managing the operation run out of new members that the scheme starts to fail as management can no longer meet its promises.

#### Multilevel marketing schemes

These are schemes that operate on the borderline of the law.

In essence, they work in the same way as a pyramid scheme, but have a product, which means they are not defined legally as a pyramid scheme.

For example, you might be introduced to a scheme where you are “selling” a health drink, but are in effect paid a higher commission for introducing new participants.

So the product is available and you get paid to sell it, but the real incentive is to introduce more participants to the marketing scheme.

#### Multiplication schemes

A multiplication scheme is defined under the CPA as a scheme in which someone offers, promises or guarantees you an effective annual interest rate that is at least 20% above the repo rate.

The current repo rate is 6%, so you will be promised a return of about 26%.

#### Schemes past and present

In the past year, the FSB has brought several schemes to public attention, warning that they are involved in dubious practices and must be avoided.

. DefenceX: This is a Ponzi scheme that was most recently in the news when administrators PricewaterhouseCoopers issued a call for investors to register a claim before the end of

August. If you were a DefenceX investor who lost money, you should visit the repayment administration web application website at rawa.co.za, or call 012 429 0033.

The scheme offered to pay investors 2% a day and by the time it was shut down, it had R350 million in the kitty.

. The Wealth Hub: Most recently, the public was warned that The Wealth Hub, which claims to be a stokvel, is not registered with the FSB and is not an authorised financial services provider.

The scheme is under investigation by the National Prosecuting Authority for operating a pyramid scheme and for money laundering. To join the scheme, you had to recruit 39 members, each of whom had to pay R200 to join. You would have received a total of R7 800, which qualified you to move to the next level of the pyramid. As you reached new levels, you were required to pay an administration fee to management.

. **MMM**: This is a new online scheme in South Africa that promises to pay you as much as 30% a month and calls itself a “social finance network”.

If you read the info box above, a high interest promise of 30% a month should already start ringing warning bells.

The minimum amount to join is R100 and you receive “mavro currency”.

You also get the bank details of another member and deposit your R100 directly into their bank account.

You can then buy and sell your mavro through the website, although there is no indication of the price.

The website says: “**MMM** plays just a role as some kind of a dispatch, which connect the participants.”

The poor English and bad grammar on the website should ring a second warning bell that this is a scheme you should avoid.

#### THE SCHEME OF THINGS TIPS ON HOW TO AVOID FALLING INTO THE TRAP

The SA Reserve Bank has provided the following tips to help you identify get-rich-quick schemes that will result in you losing your money:

. When choosing a business opportunity, do your homework thoroughly.

. Get advice from registered financial advisers. This is available free of charge with no obligation.

. Take your time. You didn't save your money

overnight. You shouldn't be rushing to invest it in the first scheme you come across.

- . A big red flag should be “opportunities” that promise to make you wealthy in a very short period.
- . Beware of a “secret formula” that will only be shared with select investors.
- . Watch out for presentations where you are flooded with images of the lifestyle you will be able to afford, yet there are very few details of the product or service you are supposed to be selling.
- . Salesmen who are not able to explain their business model clearly and do not have or are not willing to let you take their sales brochures or product information home to read over at your leisure.
- . Only deal with accredited financial institutions. You can check their accreditation with the Financial Services Board, the Reserve Bank or the National Consumer Commission.
- . If you are slightly uncomfortable because of a pushy recruitment agent, walk away. If the investment offer is legitimate, it will not disappear overnight.
- . The golden rule is that if it sounds too good to be true, it usually is.

#### Fraud hotline

To report a pyramid scheme, visit [resbank.co.za](http://resbank.co.za), where you can fill in an online form. Alternatively, if you want to find out if a business is accredited, contact the Financial Services Board fraud and ethics hotline on 0800 313 626

#### **40.Pyramid' investors face losses**

Newspaper September 29, 2015 | Sowetan (Johannesburg, South Africa)  
Author: Nompumelelo Magwaza | Section: Economy, Business & Finance  
337 Words | Readability: Lexile: 1430, grade level(s): >12

‘Pyramid’ investors face losses

NO CASH ON ‘PAYOUT DAY’

HUNDREDS of investors who put their money into the Instant Wealth Club and were expecting hefty payouts yesterday are now in limbo.

Instant Wealth Club is among 10 investment schemes that are under investigation by the National Consumer Commission, SAPS, National Prosecuting Authority, the Financial Intelligence Centre and the Asset Forfeiture Unit.

The schemes include World Ventures, Kipi, Make Believe, MNT Investments, **MMM** Scheme, Dipesa, Sikhese and Wealth Creation Club.

Instant Wealth Club, whose representative goes by just one name, Monk, promised investors a return of R48000 from a R3000 investment.

Those who could afford to invest more money were promised a payout of R80000 if they put in R5000.

The payments were to have matured yesterday and investors would have been paid between R40000 and R50000.

However, Monk did not do so. One of the investors from North West, who did not want to be named, said he and his friends put in R5000 investment early this month.

“We are hoping to get our investment certificate from Monk but we still have not heard anything from him.

“We have not been paid.”

Asked if his group had no suspicions that Monk could be a fictitious character, the man said they had their doubts but could not resist the prospects.

Investors at the Instant Wealth Club were asked to by-pass the traditional banking system by making their money deposit through a supermarket or bank ATM deposit.

The money was accessed by Monk through the pin code sent by investors.

“We do not have any contact with him other than the Facebook or WhatsApp number,” the investor said.

Another concerned investor, Sandile Mabaso, complained yesterday on the scheme’s Facebook page that his sister was still waiting for her payout.

“My sisters payment is today [Monday]. I’ve been e-mailing them since the morning, I’ve gotten no response. Mr Monk we can not (sic) spread the word if we’re not seeing the results,” wrote Mabaso.

National Consumer Commission spokesman Trevor Hattingh confirmed the investigations.

#### **41. Investors jittery as police probe scheme**

Newspaper September 29, 2015 | Times, The (Johannesburg, South Africa)

Author: Nompumelelo Magwaza | Section: Economy, Business & Finance

177 Words | Readability: Lexile: 1300, grade level(s): 11-12

HUNDREDS of investors who put money into the Instant Wealth Club and were expecting payouts yesterday are out of pocket.

Instant Wealth Club is among nine schemes under investigation by the National Consumer Commission, the National Prosecuting Authority, the Financial Intelligence Centre and the police's assets forfeiture unit.

The schemes include World Ventures, Kipi, Make Believe, MNT Investments, MMM Scheme, Dipesa, Sikhese and Wealth Creation Club.

Instant Wealth Club promised investors a return of R48000 from a R3000 investment.

The club's payments, of between R40 000 and R50 000, were due to have begun yesterday. But a North West investor, who asked not to be named, said he and his friends had invested R5000 with no return.

Investors were asked to deposit investments through a supermarket or bank ATM.

Sandile Mabaso, another concerned investor, complained yesterday on Instant Wealth Club's Facebook page that his sister was still waiting for her money .

"I've been e-mailing them since the morning. I have had no response," wrote Mabaso.

National Consumer Commission spokesman Trevor Hattingh said that investigations of the scheme were continuing.

### 36. Suspect scheme blames cash standstill on hacking

Newspaper February 14, 2016 | Sunday Times, The (Johannesburg, South Africa)  
Author: NOMPUMELELO MAGWAZA | Section: Economy, Business & Finance  
808 Words | Readability: Lexile: 1490, grade level(s): >12

I have given up on my money, all I can do is hope for a miracle

THE “hacking” of Kipi My Deposit, one of several suspected pyramid schemes under investigation by the Hawks, has rocked the boat of thousands of investors across South Africa.

And because Kipi My Deposit has no head office, no CEO and no legal structures, investors are taking their fight and frustration to Facebook.

One member, Anelisa Ntozinhle Mbolekwa, posted: “Mhhh I am so not recruiting already I have thousands of people harassing me cause I recruited them. I had to relocate cause it was getting really bad, I mean how do you convince a person who invested over R100000 that they have to add again while they did not get their first matured dreams — umuntu uzofa struuu [I am going to die, I tell you].”

Another member, Phindile Makhanya, wrote: “I have given up on my money, all I can do is hope for a miracle.”

Members who have been waiting for months for their investments to mature have not been able to withdraw their money. Nor have they been paid dividends since December; Kipi claimed on its Facebook page that its system was frozen due to hacking.

In response to members’ dismay, a letter posted on the scheme’s Facebook page at the end of January called for calm and a rebuilding strategy.

“Everyone suffered by the hackers’ attack will get the reimbursement in full amount [sic],” the letter said.

The Consumer Protection Act describes a pyramid scheme as anything that promises an investor an interest rate of 20% above the repo rate, which is currently at 6.25%. For example, investors would put a R100 into Kipi were promised they could claim R2000 after three to four months.

Kipi is one of eight schemes being investigated by the Hawks following an assessment by the National Consumer Commission. The commission, which received complaints from the Financial Services Board and the Reserve Bank last year regarding possible pyramid schemes, handed over a report to the Hawks last week for further investigation.

The commission assessed the business models and practices of nine organisations — WorldVentures, Kipi, Make Believe, NMT Investments, Instant Wealth Club, MMM Scheme, Dipesa, Sikhese and Wealth Creation Club — to establish if there was any contravention of the Consumer Protection Act.

Attempts to contact Make Believe, Sikhese and Wealth Creation Club were unsuccessful. MMM Scheme did not respond to requests for comment. Instant Wealth Club’s website has

been shut down and no contact details are available. And NMT Investments could not be traced.

Dipesa, a network marketing business that sells airtime and prepaid electricity vouchers, showed no sign of being a pyramid scheme, said commission spokesman Trevor Hattingh.

“The rest of the schemes required further assessment and because we do not have forensic capabilities we passed that information to the police,” he said.

The commission refrained from making public its report on the remaining eight schemes after one of the biggest, WorldVentures, threatened legal action. After an urgent meeting with WorldVentures last week, the commission decided it would not release any information on the schemes.

Laura Wards, senior director of corporate affairs at WorldVentures, declined to comment.

A leading member of Kipi, Reuel Leach, took issue with attempts to classify Kipi as a pyramid scheme: “We operate just like the banks. We borrow each other money [sic] and ask for it back with interest.”

As for the hacking claims, he said: “We have never had the system offline before for more than 24 hours since the introduction of Kipi in 2013. Our members are panicking and are not reinvesting in the scheme any more.” He said accounts had been frozen and members had not been able to access the system for more than two months.

Kipi was introduced to South Africans in 2013 by Chris Walker, the mastermind behind the R800-million Defencex scheme, according to previous reports. Walker could not be located to ask for comment.

Leach said Kipi had been in the process of getting the scheme’s members to pay tax before all the confusion.

A member of Kipi who wished to remain anonymous said she invested R3000 in 2014 and had expected to withdraw R60000, but received only R19000.

“I am not that disappointed because I did not lose anything, but I am sad because I had already planned to use the other money,” she said.

Meanwhile, schemes such as **MMM** have spent this week attempting to allay fears among their members. According to an internal letter from **MMM** Scheme, which was founded by Russian national Sergey Mavrodi, members were asked not to use their real names and not to withdraw large amounts of money as the Reserve Bank would be able to identify them.

**MMM**’s leader, known only as Tumi Wealth, said the South African government was worried that participants were not paying tax. “We are willing to pay tax should they make provisions, but they must stop treating us as criminals.

## 22. Spotting dodgy pyramid schemes

Newspaper April 17, 2016 | Sunday Times, The (Johannesburg, South Africa)

Author: Dineo Tsamela | Section: Economy, Business & Finance

627 Words | Readability: Lexile: 1460, grade level(s): >12

How to avoid the notorious pitfalls of get-rich-quick ploys

How to spot a pyramid scheme

WITH pyramid schemes popping up in many shapes, it's easy for those looking for a quick and easy way to riches to take advantage of unsuspecting individuals, especially in trying economic times.

As alleged pyramid schemes — such as **MMM Global SA** — collapse, it's important that consumers protect themselves by knowing what a pyramid scheme is, how it operates and how to identify one.

In a pyramid scheme, one person, or a group, will recruit a handful of people to the scheme by asking them to pay a fee or invest a large amount of money.

To get a return on their investment, they must find more people to join the scheme and pay money in so that they can get their payout.

Think of a town with 10000 people. If five individuals were to start a scheme and gather five recruits each, there would be 25 members in the second stage.

If each of those 25 recruits find five people, there are 125 in the third stage. At the sixth level you'll need 15625 people, which is 5625 more than the population in the town. This illustrates the finite structure of a pyramid scheme

Pyramid schemes rely on more members joining to feed investment returns, as opposed to an investment product. In a pyramid scheme, the new recruits are that product.

Is it a legitimate investment?

Some people may find it hard to distinguish between a pyramid scheme and a legitimate product.

A lot of schemes nowadays operate as “stokvels”, and they're structured in such a way that many people often do not see the danger in the way the scheme functions.

Here are some of the telltale signs:

& x95;The scheme relies on member recruitment rather than an underlying investment product:

Look out for frantic spam recruiters across social media platforms. Due to the dynamic nature of digital platforms, most recruiters have taken to fishing for “investors” online.

If the focus is more on recruiting people to join the scheme, that's a red flag;

& x95;High returns promised in a short period:

According to the National Consumer Commission, any investment that offers a return that is 20% above the current repo rate is considered a multiplication scheme: pyramid schemes fall under this classification;

& x95;Recruiter success stories:

Don't fall for the handful of success stories. Those who got in early will display their success and use the car or property they bought as proof that the scheme is legitimate;

& x95;Be careful of invitations to attend presentations:

You'll probably be invited to a presentation, and it's unlikely you'll be given the full details until you're sitting in it with a form in front of you, listening to success stories with unreal investment returns.

Do not sign any documents, do not share your bank details and do not hand over your money until you have done your research;

& x95;No notable head office or business address/business structure:

Is there a proper company structure? Is the investment form registered with the Financial Services Board? Does the firm have a head office? Fly-by-night investment companies are not uncommon. If there isn't a discernible company structure, dig deeper; and

& x95;More emphasis is placed on high returns than on risk:

If risk is mentioned in passing and there isn't a proper risk assessment carried out to ensure you understand the risk, be concerned. A great investment firm will warn you about the danger of putting all your eggs in one basket.

& x95;Report suspect pyramid schemes to the Reserve Bank at [www.resbank.co.za](http://www.resbank.co.za) or to the National Consumer Commissioner on (012)761-3000, e-mail [complaints@thenc.org.za](mailto:complaints@thenc.org.za), or visit [www.thenc.org.za](http://www.thenc.org.za). If you suspect a registered financial services company is running a multiplication scheme, call the FSB's fraud and ethics hotline on 0800-313-626

DIME A DOZEN: Pyramid schemes are everywhere. Beware high returns promised over a short period  
Picture: iSTOCK

### 3.Bitcoin scheme shut down

Newspaper April 13, 2016 | Daily Sun (Johannesburg, South Africa)

Page: 4 | Section: News

139 Words | Readability: Lexile: 1410, grade level(s): >12

RUSSIAN convict Sergey Mavrodi has allegedly gone into hiding after announcing that his Bitcoin-based **MMM** Global scheme had failed and was shutting down this weekend.

**MMM** South Africa its local branch is one of nine companies being investigated for being an alleged Ponzi scheme by the cops' service's Specialised Commercial Crimes Unit, after the National Consumer Commission's initial probe in 2015. The Mzansi "community" has been growing in numbers over the years, as South Africans look for ways to escape debt and poverty. It has even been described as a stokvel by some.

Officially, the South African platform said its members are encouraged to donate money to others by rewarding them with the Bitcoin currency in return. Because the value of Bitcoin often increases, a donor can apparently get 30% return on their rand investment by doing so.  
NEWS24

Comments

Newspaper May 16, 2016 | Daily Sun (Johannesburg, South Africa)

Page: 10 | Section: Comments

141 Words | Readability: Lexile: 1160, grade level(s): 10 11-12

Anonymous

Can this corrupt government please do us a favour and keep their dirty hands off the **MMM** and Kipi schemes because many lives have been changed by these schemes.

### **32.Hawks probe eight pyramid schemes**

Newspaper April 13, 2016 | TNA - New Age, The (South Africa)

Author: ZODIDI MHLANA | Page: 3 | Section: News

217 Words | Readability: Lexile: 1320, grade level(s): >12

The Hawks yesterday said an inquiry into eight pyramid schemes operating in South Africa was ongoing.

Spokesperson Hangwani Mulaudzi said: “An inquiry into the schemes was opened. We have also enlisted the assistance of the South African Banking Risk Information Centre.”

Mulaudzi made the remarks after it emerged that **MMM** Global had collapsed and its founder was in hiding.

Locals who have invested thousands of rands in the **MMM** SA pyramid scheme were in panic mode yesterday but they were assured that the scheme in the country was still operational.

The Behind MLM said the scheme had stopped paying investors citing banking problems.

**MMM** SA which is one of the popular pyramid schemes in the country promises investors a 30% return.

Mulaudzi said investors who lost money through the schemes should come forward and provide them with information. The Behind MLM website said the scheme’s founder, Sergey Mavrod, had gone into hiding after the collapse. Consumers have been warned not to invest in these pyramid schemes.

Early this year the National Consumer Commission handed over the investigation into practices of eight pyramid schemes to the Hawks.

Some of the schemes which are being investigated include WorldVentures, Kipi, also known as Mydeposit241, Make Believe, NMT Investments, Instant Wealth Club, **MMM** South Africa, Sikhese and Wealth Creation. [zodidim@thenewage.co.za](mailto:zodidim@thenewage.co.za)

## 21. Investor shock as MMM collapses

Newspaper April 17, 2016 | City Press (Johannesburg, South Africa)

Author: Maya Fisher-French business@citypress.co.za | Page: 4 | Section: Business

609 Words | Readability: Lexile: 1650, grade level(s): >12

Reports that the **MMM**'s Republic of Bitcoin had collapsed this week sent shock waves through the South African investment community who have invested at the local **MMM** branch.

The **MMM** scheme has been investigated by the National Consumer Commission.

In December, the commission handed all information related to **MMM** to the police's Specialised Commercial Crime Unit, so it could find out whether **MMM** was a pyramid scheme.

According to the Consumer Protection Act, "a person must not directly or indirectly promote, or knowingly join, enter or participate in a pyramid scheme".

In a development on Friday, Deon Jansen van Rensburg, who said he was an independent financial advisor and acting on behalf of 'members of the **MMM** community, issued a - statement to the effect that an application had been filed in the North Gauteng High Court to declare that the **MMM** Community was 'not a multiplication or pyramid scheme as defined by the Consumer Protection Act'.

"It is also crucial to address the baseless allegations made through the media that **MMM** Global has closed," van Rensburg said.

"What happened was an internal reorganisation, which took place in **MMM** ... **MMM** is a platform for exchange of donations," he added.

**MMM** markets itself as a social financial network to help people get themselves out of debt. It offers returns of up to 30% a month, but the risks are enormous and apparent.

Firstly, as there is no central account where the money is held and individuals are in effect .anonymous, the online system is crucial in maintaining the money flow between individuals.

Secondly, the survival of the structure, as **MMM** acknowledged, relies entirely on new inflows – these inflows need to grow exponentially to maintain the level of returns.

In a radio interview this week, the head of charity coordination at **MMM**, Edward Phiri, acknowledged that the **MMM** system relied on new inflows to sustain its return.

A great deal of faith has been placed in the online system, which sits in a server in Russia, and is in effect managed by the architect of **MMM** – Sergey Mavrodi, a Russian national who was arrested for fraud and tax evasion after the Russian equivalent of **MMM** collapsed in 1994.

In an interview with Financial Times, Mavrodi confirmed that he was charged with fraud, and imprisoned for four and a half years.

According to Wired.com, Interpol Moscow also believed that Mavrodi was the mastermind behind Stock Generation, a massive internet pyramid scheme that collapsed in 2003.

Reports that Mavrodi cashed out and that one of his operations, Republic of Bitcoin, had shut down and that he had gone into hiding set off alarm bells around the future of **MMM** South Africa.

Republic of Bitcoin's Facebook page offered the following message: "We regret to inform you that we have to close down the Republic of Bitcoin. "It was an experiment and, unfortunately, it failed."

It asked members for their understanding.

The announcement claimed that what Mavrodi owed to investors in Republic of Bitcoin would be transferred to the branches of **MMM**, and 10% of the input in the system would go to repaying these members.

If this indeed happens, it means that these new members join the number of existing members asking for donations and therefore even more new members are required to feed the system, putting pressure on the pyramid structure.

In the words of Bongani, a Twitter user who claimed to be an **MMM** member in South Africa, but declined to reveal his surname: "The risks are dependent on your faith in whatever it is you are investing in, or the person investing for you."

It seems **MMM**'s investors have put their faith in a system and a man who is both unaccountable and unreachable.

## 8.Banks freeze MMM

Newspaper May 6, 2016 | TNA - New Age, The (South Africa)

Author: MTHOKOZISI DUBE | Page: 1 | Section: News

578 Words | Readability: Lexile: 1460, grade level(s): >12

THOUSANDS of **MMM** clients were dismayed after banks froze accounts suspected to be linked to the controversial Ponzi scheme.

Capitec and FNB clients involved in the controversial high-yield money spinner yesterday confirmed that they could no longer access their accounts.

**MMM** representative Lebo Kumalo claimed that the scheme had a membership of 3 million people, just 14 months after it was launched in South Africa.

She remained defiant that banks had shut down the accounts of the members and that this was not a pyramid scheme.

Kumalo said they were merely a “community of helpful citizens” and that users were fully informed of how the scheme worked before signing on.

Scores of **MMM** users have taken to social media complaining that their personal accounts on the **MMM** website had been frozen and said they were no longer able to access their money.

Capitec spokesperson Charl Nel also confirmed their fraud prevention technologies had picked up some suspicious transactions and automatically frozen them.

“We have a system that monitors transactions and detects when there are suspicious transactions. The system goes into a soft freeze after which the client has to prove they are not involved in any fraudulent activities. It’s probably not the best account to use for **MMM**,” Nel said.

FNB communications manager Patty Seetharam refused to comment on the matter saying they were unable to provide confidential customer information.

A Johannesburg woman confirmed she was now unable to access her R65 000 while another was struggling to access her R14 000 that they had invested in **MMM** hoping for a 30% interest.

“I’m stressed because I cannot access the R65 000 that I put into **MMM** and I am beginning to be suspicious about this scheme.

“They say it will take about two months for me to be able to access it,” the member said.

A defiant Kumalo claimed the hitches with Capitec had been resolved.

“I can’t comment on the complaints on social networks because you may have fabricated

those. People's accounts have been unfrozen because there are no illegal activities happening. We understand the banks froze the accounts for security reasons," Kumalo said.

Members of **MMM** South Africa have dragged the National Consumer Commission (NCC) to the North Gauteng High Court wanting the donation scheme to be declared legitimate.

NCC spokesperson Trevor Hattingh confirmed they had received court papers and insisted **MMM** was a pyramid scheme.

He said they were confident they had a strong case when they go to court.

"In terms of the Consumer Act, anyone involved with **MMM** is participating in illegal activities and can be criminally charged," he said.

The Consumer Protection Act describes any scheme that offers returns 20% above the repo rate, which is 6.25%, as a multiplication scheme popularly known as a Ponzi scheme.

Ziyanda Mshunqane of the Financial Services Board (FSB) said **MMM** "ticked all the boxes of a Ponzi scheme".

"There is no financial product being moved and money is paid from one person to the next. The principle and business model meets the definition of a pyramid scheme," she said.

Hawks spokesperson Hangwani Mulaudzi confirmed they were making headway with their investigations.

"We have warned people about this and confirm there is an investigation going on," he said.

**MMM** entices South Africans with promises of high returns on investments as much as 30% a month.

**MMM** was started by convicted Russian fraudster Sergey Mavrodi who was found guilty of running one of Russia's biggest pyramid schemes in the 1990s, in which millions of people lost their life savings.

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### 37. Pyramid schemes will fall

Newspaper February 3, 2016 | TNA - New Age, The (South Africa)

Author: ZODIDI MHLANA | Page: 2 | Section: News

439 Words | Readability: Lexile: 1570, grade level(s): >12

CONSUMERS are being warned about several pyramid schemes that have resurfaced.

The warning comes as the National Consumer Commission (NCC) spokesperson Trevor Hattingh said that they were having discussions with the legal representatives of one of the schemes being probed.

“We’ve been having talks with one of the companies. We have received complaints from consumers who invested in some of these companies, but never received what they were promised,” Hattingh said.

Acting CEO of the South African Savings Institute Gerald Mwandambira said that consumers battling to make ends meet are the most likely to join such schemes.

“There are several pyramid schemes doing the rounds and they tend to proliferate in times when consumers are struggling,” he said.

Mwandambira said with many consumers under pressure from the festive holidays and diminishing spending power, seeing more people being duped would not come as a shock.

“With 2016 set to be a tough year for the average consumer with price pressures and rising interest rates, it will not be a surprise to see more pyramid schemes forming to dupe unsuspecting consumers and preying on the greed of many people,” he said.

Some of the schemes being investigated by the NCC include **MMM** South Africa, Kipi, also known as Mydeposit241, Instant Wealth Club, WorldVentures, Wealth Creation Club and Dipesa.

**MMM** South Africa which is popular with South Africans promises a 30% a month interest rate.

The Financial Services Board (FSB) compliance manager Manasse Malimabe said they would be assisting other regulators in closing down some of the illegal schemes.

“The FSB will investigate these entities in so far as they render financial services illegally or if they are indeed authorised financial service providers but in addition to (or instead of) rendering financial services they are authorised to do, they also run a Ponzi scheme. The FSB will always assist other regulators where we can help in shutting down illegal schemes,” Malimabe said.

Malimabe said they had received complaints from consumers on the issue.

“We do receive complaints from the public regarding these schemes and we refer those to the NCC and SA Reserve Bank. “We also keep on appealing to the public to be wary of such schemes and never to participate in them,” he said.

Mwandiambira advised consumers to invest their money with reputable companies.

Zungu Makhanya from Orlando East said she “invested” R5 000 last year and was paid out almost R10 000 early this year by **MMM** South Africa.

“I got my money and if invest again, I will use the extra money I received from them.”

Makhanya said though: “With more people who are joining now, these schemes will collapse any time soon.” [zodidim@thenewage.co.za](mailto:zodidim@thenewage.co.za)

## 10. Capitec closes accounts linked to MMM

Newspaper May 31, 2016 | Times, The (Johannesburg, South Africa)

Author: SHAUN SMILLIE | Section: Economy, Business & Finance

246 Words | Readability: Lexile: 1410, grade level(s): >12

CAPITEC Bank has revealed that it has closed bank accounts linked to the alleged Ponzi scheme **MMM**.

Speaking to Fin24, the bank's CEO Gerrie Fourie said that 2000 accounts had been closed, and the bank did this to protect their clients. He added that clients reacted so aggressively to this, to an extent that had to bring in security guards. **MMM SA** is part of **MMM Global** which is linked to Russian Sergey Mavrodi, who in the 1990s was involved in one of the largest pyramid schemes ever. He was jailed for his involvement in the scheme, which is believed to have netted billions of dollars. Hawks spokesman Brigadier Hangwani Mulaudzi said that they were investigating **MMM SA** to establish if it is a Ponzi scheme.

The Consumer Protection Act defines a Ponzi scheme as anything that pays 20% above the repo rate, which is at 7%. **MMM SA** has claimed it makes returns of 30%.

Yesterday Actuarial Society of South Africa CEO Mike McDougall said: "It can be stated with absolute certainty that these schemes will eventually collapse, leaving many people financially destitute, while only the founders and a few early participants make considerable gains."

He explained that the reason for this is that if the scheme is paying out more than it is earning, it will run out of money.

Also, such schemes can only grow as new members invest money to sustain payments to existing members. Eventually the scheme runs out of new investors.

## 11. Ponzi scheme warning issued

Newspaper May 30, 2016 | TNA - New Age, The (South Africa)

Author: TNA Reporter | Page: 7 | Section: News

332 Words | Readability: Lexile: 1190, grade level(s): 10 11-12

Thousands of people have been fleeced by a Ponzi scheme known as IAmAuctioningDirect.

The victims have warned others not to join pyramid schemes. They say they invested millions of rands into a Durban-run operation, Ingula Investments.

The scheme promised its members a daily interest return of 3%. It collapsed and desperate investors are now scrambling to get their money back.

They are among 36 000 people countrywide who fell for the scheme run by a man known as Norman Mhlongo.

The scheme, which opened its doors in 2014, is now being investigated by the Hawks.

Pastor John Mkhathshwa was introduced to the scheme by a church member in April last year and he, in turn, got other church members into the fold.

“The owners of the business are Christians, that’s actually what excited us the most because we are Christians,” Mkhathshwa said.

He recruited more than 200 people and made R1.2m in commission, but seven months later it all crumbled.

“Personally, I’ve got four accounts. In each account I’ve put R10 000. We took out money from the church and invested in it. Those are the two accounts. About R200 000 went down the drain. My wife has three accounts with R10 000 in each,” he said.

Nomsa Maleka, 68, was among those who signed up family and neighbours. “I have more than 300 people that we recruited. None of them got their monies.”

Ingula Investments is one of many pyramid or Ponzi schemes that have sprung up across the country.

The now defunct **MMM** collapsed last month. Authorities say the schemes are disguised as investment opportunities, promising huge returns.

The Reserve Bank has roped in the consumer commission and the Hawks to investigate Ponzi schemes.

South Africans have been warned not to invest their money in any online and mobile schemes, if they sound too good to be true.

However, for the victims, it is a difficult lesson to learn as some still have to repay bank loans taken to join the scheme. – 701756

Some **MMM** members suffer

Newspaper June 2, 2016 | TNA - New Age, The (South Africa)

Author: MTHOKOZISI DUBE | Page: 2 | Section: news

340 Words | Readability: Lexile: 1430, grade level(s): >12

SOME members of alleged Ponzi scheme **MMM** who bank with Capitec have complained that they are battling to get their salaries after the bank's system automatically froze about 2 000 accounts.

The bank uses sophisticated technology that picks up potentially fraudulent transactions. Johannesburg woman Nandipha Dlamini said she was busy putting together the documents needed for the reopening of her account.

"I've not been able to access my May salary because it was blocked. It's quite a process to get cleared and have the account reopened which is quite frustrating for me," she said.

Another affected Capitec client, Nobulungisa Dlungwana, took to social media to vent her frustration.

"I was at the bank yesterday (Monday), they want evidence showing where the money comes from. The truth is Capitec is indeed closing the accounts that they think are suspect. My salary is also blocked and I can't do anything until I submit my payslip," she wrote on Facebook.

Capitec spokesperson Charl Nel said the onus was on the owners of the affected accounts to prove that the activity on the account is not fraudulent.

They are required to bring their Fica documents which include an ID, proof of residence and SARS document where the clients' SARS registration number is clearly visible.

In addition, the clients also needs to make a statement at their local police station declaring the origin of the funds in the account and that these are not linked to illegal activity.

"People can go to the branch with their Fica documents and declare that their activities were not fraudulent," he said.

He said that if the client had proof that the account activity was not fraudulent, the account

would be reopened.

**MMM** representative Lebo Kumalo remained adamant that accounts were not being frozen.

She said 4 000 people who are directly under her in the **MMM** structures still had their accounts active.

“Capitec cannot freeze accounts as there is no way they can link **MMM** to any of its users.”

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## 7. MMM members to hold march on Saturday

Newspaper May 11, 2016 | TNA - New Age, The (South Africa)

Author: MTHOKOZISI DUBE | Page: 2 | Section: news

320 Words | Readability: Lexile: 1510, grade level(s): >12

TROUBLED **MMM** members are on a desperate drive to convince people that the Ponzi scheme is still active, despite recent reports that Capitec and FNB had frozen its bank accounts.

**MMM** members will on Saturday march from Beyers Naudé Square to Mary Fitzgerald Square in Newtown.

**MMM** representative Lebo Kumalo said banks had no right to dictate how people should use their bank accounts. Capitec last week warned the controversial scheme's members not to use their accounts as the system would pick them up and freeze them.

"You're free to use your account for whatever you want. They can't dictate how one should use their account," Kumalo said.

She said Saturday's "Financial Freedom" march was aimed at raising awareness that "**MMM** was still here".

"Some people were beginning to panic because of media reports and the march aims to raise awareness that we are still here," she said.

Asked about the accounts that have been frozen both by banks and the **MMM** system, she refused to comment.

Last week, a Johannesburg woman confirmed she was now unable to access her R65 000 while another was struggling to access the R14000 she had invested in **MMM**, hoping for a 30% interest.

The New Age can confirm that the two and many others are still unable to access their money.

Members of **MMM** South Africa have dragged the National Consumer Commission (NCC) to the North Gauteng High Court wanting the "donation scheme" to be declared legitimate.

The Consumer Protection Act describes any scheme that offers returns of 20%, or 6.25%, above the repo rate as a multiplication scheme or Ponzi scheme.

**MMM** entices South Africans with promises of high returns – as much as 30% a month – on investments. The scheme was started by convicted Russian fraudster Sergey Mavrodi, who was found guilty of running one of Russia's biggest pyramid schemes in the 1990s, in which millions of people lost their life savings.