



UNIVERSITY OF MINNESOTA

Department of
**APPLIED
ECONOMICS**

Agricultural and Applied Economics Seminar

Judgment and Decision-Making in a Pyramid Scheme Experiment

Stacie Bosley

Assistant Professor of Economics
Hamline University

Wednesday, February 15, 2017

12:00 – 1:30 pm

119 Ruttan Hall

Pyramid schemes present a risky and fraudulent opportunity, often disguised as a gifting scheme or business opportunity. Little is known about the judgment and decision-making processes used by consumers when confronted with this type of fraud. Using an experimental approach, we offer subjects a choice between risky options where one option is based on a classic pyramid scheme. Capturing impulsivity, financial literacy and risk preferences, we observe decisions and explore modes of judgment and sources of vulnerability. Results inform consumer education efforts that aim to inoculate and disrupt recruitment within social networks.

Professor Bosley received her PhD from the Department of Applied Economics in 2001.