

Corrigendum to: Ponzi Schemes and the Financial Sector: DMG and DRFE in Colombia

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Abstract

This document provides corrections and clarifications to Hofstetter, M., Mejía, D., Rosas, J. N., & Urrutia, M. (2018). “Ponzi schemes and the financial sector: DMG and DRFE in Colombia”. *Journal of Banking & Finance*, 96, 18–33. The corrections concern typographical errors, table entries, and clarifications in the exposition. None of the corrections affect the empirical strategy, results, or conclusions of the paper.

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Overview

This corrigendum documents a set of corrections to Hofstetter, M., Mejía, D., Rosas, J. N., & Urrutia, M. (2018). “Ponzi schemes and the financial sector: DMG and DRFE in Colombia”. *Journal of Banking & Finance*, 96, 18–33. The corrections fall into three categories: (i) typographical errors in the main text and appendix, (ii) clarifications and wording corrections in the main text, and (iii) formatting corrections to one appendix table.

The typographical corrections include repeated misspellings and minor textual errors that do not affect interpretation. The wording corrections address isolated instances in which the published text is either incomplete or imprecise, but do not alter the empirical analysis or its interpretation. The appendix table correction concerns formatting only; all reported values remain unchanged.

None of the corrections reported in this document affect the data, empirical strategy, results, or conclusions of the paper.

1 Text corrections in the main article

1.1 Typographical corrections

- **Introduction and Sections 2 and 3 (pp. 1–4), and Section 4 (p. 7):** In several instances, the published version of the article uses the word “costumer”. In all cases, the correct spelling is “customer”.

1.2 Wording corrections and clarifications

- **Section 4.3 (“Winners vs. losers”), p. 7:** The second paragraph of the section contains an incorrect wording. The published text reads:

“We have one indication that this is the case: in the universe of investors (the original DMG/DRFE sample), 20% *lost* money; in the merged sample (with SISBEN), this figure is 17%. In any case, for those investors in the merged sample, their respective control group takes into account the investors’ income and education.”

The correct sentence should read:

“We have one indication that this is the case: in the universe of investors (the original DMG/DRFE sample), 20% *made* money; in the merged sam-

ple (with SISBEN), this figure is 17%. In any case, for those investors in the merged sample, their respective control group takes into account the investors' income and education."

The correct wording should replace "*lost* money" with "*made* money". These numbers are consistent with those reported in Table 1 of the published article.

- **Section 4.4 ("Effects along the income distribution"), p. 11:** The last paragraph of the section contains an incorrect wording. The published text reads:

"If the latter trend also holds for the richest quartile of the population (which our sample does not include), then the results based on the *whole* sample should be interpreted as the lower bound of the actual effects."

The correct sentence should read:

"If the latter trend also holds for the richest quartile of the population (which our sample does not include), then the results based on the *merged* sample should be interpreted as the lower bound of the actual effects."

This correction clarifies the relevant sample underlying the interpretation.

- **Section 5 ("Impact on deposits"), p. 12:** The opening paragraph of the section contains a grammatical error. The published text reads:

"One popular story told by the founder of DMG around the time the government shut down his firm was the higher yields he offered diverted the deposits that banks were able to attract from the public to his firm."

The correct sentence should read:

"One popular story told by the founder of DMG around the time the government shut down his firm was *that* the higher yields he offered diverted the deposits that banks were able to attract from the public to his firm."

This correction improves grammatical clarity.

2 Appendix corrections

2.1 Wording and typographical corrections

- **Appendix, p. 21, first paragraph:** The published text reads:

“The last column displays stars at 99% (***) , 95% (**) and 90% (*) confidence levels for the significance of the mean difference *among between* the different variables for the treatment and control groups.”

The correct wording should drop the word “between,” so that the sentence reads:

The last column displays stars at 99% (***) , 95% (**) and 90% (*) confidence levels for the the significance of the mean difference *among* the different variables for the treatment and control groups.

This correction improves grammatical clarity.

- **Appendix, p. 22, second paragraph:** The published text reads:

“Larger households with larger proportions of kids and lower per capita incomes probably cannot spare any money to invest in Ponzi schemes, and thus *definitely act against the probability of investing.*”

The correct sentence should read:

“Larger households with larger proportions of kids and lower per capita incomes probably can not spare any money to invest in Ponzi schemes, and thus *are less likely to invest.*”

This correction improves clarity and precision.

2.2 Corrected appendix table

- **Table 5, p. 23:** Table 5 in the published version of the article is incorrectly formatted. The table entries and values are correct, but the layout does not reflect the intended formatting. We therefore provide a corrected version of Table 5 below, which replaces the published version. No values or results are changed.

Table 5: Treatment and control groups, descriptive statistics

VARIABLES	Mean control	Mean treatment	Difference	Imbens statistic	Significance Imbens
<i>Invested in DRFE</i>					
Male	0.529	0.513	0.016	0.032	
Age	39.565	39.675	−0.110	−0.008	
Income	\$93,767	\$99,846	−\$6,079	−0.026	
No education	0.072	0.078	−0.007	−0.025	
Incomplete elementary	0.339	0.283	0.056	0.122	
Complete elementary	0.216	0.229	−0.013	−0.032	
Incomplete high school	0.132	0.138	−0.006	−0.018	
Complete high school	0.181	0.218	−0.037	−0.092	
Secondary/post education	0.060	0.053	0.007	0.030	
Cohabitation	0.213	0.224	−0.010	−0.025	
Married	0.333	0.321	0.012	0.025	
Widowed	0.021	0.021	0.000	0.001	
Single/divorced	0.432	0.434	−0.002	−0.003	
Household size	4.253	4.048	0.204	0.107	
Proportion of kids	0.145	0.149	−0.004	−0.024	
Household head's years of education	4.716	4.676	0.039	0.027	
Household's per capita income	\$64,334	\$68,106	−\$3,772	−0.028	
SISBEN score	13.987	14.079	−0.092	−0.010	
<i>Invested in DMG</i>					
Male	0.474	0.465	0.009	0.018	
Age	41.765	41.405	0.360	0.027	
Income	\$179,992	\$242,996	−\$63,004	−0.069	
No education	0.048	0.040	0.008	0.039	
Incomplete elementary	0.215	0.159	0.055	0.142	
Complete elementary	0.211	0.171	0.040	0.102	
Incomplete high school	0.200	0.166	0.033	0.086	
Complete high school	0.223	0.295	−0.072	−0.165	
Secondary/post education	0.104	0.168	−0.064	−0.189	
Cohabitation	0.280	0.248	0.032	0.072	
Married	0.307	0.333	−0.026	−0.057	
Widowed	0.029	0.027	0.002	0.015	
Single/divorced	0.384	0.391	−0.008	−0.016	
Household size	3.947	3.723	0.224	0.132	
Proportion of kids	0.128	0.126	0.002	0.011	
Household head's years of education	6.333	6.377	−0.045	−0.021	
Household's per capita income	\$124,556	\$166,102	−\$41,546	−0.047	
SISBEN score	18.348	21.212	−2.864	−0.240	

Table 5: Treatment and control groups, descriptive statistics (continued)

VARIABLES	Mean control	Mean treatment	Difference	Imbens statistic	Significance Imbens
<i>Invested in DRFE & DMG</i>					
Male	0.502	0.490	0.011	0.023	
Age	39.755	40.114	−0.359	−0.025	
Income	\$113,774	\$120,852	−\$7,078	−0.025	
No education	0.076	0.090	−0.014	−0.050	
Incomplete elementary	0.336	0.288	0.047	0.103	
Complete elementary	0.205	0.221	−0.017	−0.041	
Incomplete high school	0.138	0.134	0.004	0.010	
Complete high school	0.174	0.213	−0.039	−0.100	
Secondary/post education	0.057	0.053	0.013	0.078	
Cohabitation	0.246	0.255	−0.009	−0.021	
Married	0.332	0.327	0.005	0.011	
Widowed	0.026	0.028	−0.002	−0.013	
Single/divorced	0.397	0.391	0.006	0.012	
Household size	4.190	3.997	0.193	0.101	
Proportion of kids	0.145	0.149	−0.004	−0.023	
Household head's years of education	4.711	4.644	0.067	0.048	
Household's per capita income	\$76,675	\$80,887	−\$4,212	−0.029	
SISBEN score	14.676	14.453	0.223	0.023	