



UGANDA NATIONAL COMPUTER EMERGENCY RESPONSE TEAM (CERT.UG)

13/06/17

BEWARE – FRAUDULENT PYRAMID SCHEMES

The public attention is drawn to emerging fraudulent business models that depend on members recruiting new entrants in exchange for quick win payments. They are classified as fraudulent Pyramid Schemes since they rely on a continuous enrolment cycle of new members/ subscribers/ agents with the following characteristics:

- a) Members' rewards are pegged to only enrolling new entrants and/ or selling a product or service;
- b) The reward is in form of 'electronic money' that members exchange for cash equivalents during new member sign ups;
- c) They rely on only their websites as the medium of engagement with no known physical address;
- d) They post on their websites or marketing materials details of fake success stories; and
- e) They are creatively marketed to entice an unsuspecting individual to quickly sign up.

Such pyramid schemes are unsustainable due to their total reliance on recruitment of new members which leads to a very high risk of loss of finances. Examples of such fraudulent pyramid schemes where Ugandans have lost money include telexfree and adfast.

We caution the public to refrain from investing in such fraudulent pyramid schemes that present a 'get rich real quick' promise.

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