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Bamboozled: an investigation into systematic regulatory failure in crypto-Ponzi investment schemes, and consumer detriment, in Uganda : a case study of Dunamiscoins Resources Limited

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Abstract

Financial services are key to Uganda's development. The financial sector is a major contributor to Uganda's public finances, driving the distribution of the country's vital public services. Regulators and other players such as commercial banks in the sector have a responsibility to espouse the highest values of scrupulousness, transparency and accountability to customers and everyone who may be affected by their actions and inactions. Financial regulators have an added responsibility to ensure that the users of the services they oversee are treated fairly and have sufficient information to make informed decisions. In Uganda, the last four years have instead seen pile-up of crypto-related scandals exacerbated by regulatory failure. There has been abdication of responsibility by legislators, a host of institutions established to regulate the market and other players in the market. Customers and investors who have pegged their livelihood and expectations of a secure financial future have been left at the hands of get-rich-quick schemes and frauds worsened by financial institutions bent on making a profit and regulators who are either reluctant or lack the necessary tools such as regulations to exercise their mandate. The rise in crypto-Ponzi schemes in Uganda has demonstrated the fragility and in some cases absence of a corporate and regulatory regime and the weakness of legal means of minimising risk and highlighting dangers of the schemes to the public. Bamboozled: An investigation into systematic regulatory failure in Crypto-Ponzi investment schemes, and consumer detriment, in Uganda provides an in-depth account of the upsurge of crypto related Ponzi schemes in Uganda and the actions of supervisors, regulators, and bankers with a particular focus on Dunamiscoins Resources Limited. Crypto-Ponzi schemes in the country have been ruinous for businesses, individuals, communities and the Ugandan state adding on the already devastating poverty statistics and suffering. This investigation uncovers the supervisory failure and brings urgent attention to the confusion and ineptitude upon which the crypto-Ponzi schemes thrive.