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RWANDA

BLOCKCHAIN TANZANIA COMMUNITY

## **JOINT PRESS STATEMENT ON CRYPTOCURRENCIES AND PONZI SCHEMES IN EAST AFRICA**

Several ponzi schemes have emerged in East Africa purporting to be cryptocurrency businesses. Similar to other ponzis, these schemes are fraudulent investment scams that are cheating society due to lack of knowledge, and are distorting the meaning and opportunity of cryptocurrencies and blockchain technology.

As industry bodies that understand the technology and the opportunities enabled by cryptocurrencies, the Blockchain Associations in East Africa hereby issue this joint statement today, Monday 16<sup>th</sup> Dec 2019, as a guide to the general public to explain cryptocurrencies, and how to distinguish them from ponzi schemes.

<b>What is a cryptocurrency?</b>	A cryptocurrency is a digital asset that enables for direct peer-to-peer (P2P) exchange of value, and uses cryptography to guarantee its security, hence the “crypto” prefix. Cryptocurrencies and other crypto assets are developed using blockchain technology.
<b>What is a cryptocurrency used for?</b>	There are today thousands of cryptocurrencies since the first one called Bitcoin was created in 2009. Each of these are being used for specific purposes including trade, software development, investment etc, with these purposes coded into their design. Some called stable coins are pegged to hard assets or national currencies; these are useful for everyday business transactions, and ideal for deepening financial inclusion.
<b>Are they legal, and are they regulated?</b>	Legality varies per jurisdiction, with countries like Japan and US accepting, regulating and taxing cryptocurrencies, while China is issuing its own national digital currency. Various Central Banks are keenly studying cryptocurrencies and considering how to optimize their unique benefits while putting in place measures to mitigate their risks.
<b>What are Ponzi schemes, and how can they be recognized?</b>	Ponzi schemes are fraudulent investment scams promising high returns with little risk, and generating money for old investors by acquiring new ones. Ponzis are similar and may use dollars, shillings, francs or even cryptocurrencies, as a medium of exchange. Some characteristics of ponzis include high returns and little risk, lack of proper paper work or minimum investor qualification, and a network marketing devoid of product.
<b>How can the public distinguish a cryptocurrency from a ponzi scheme?</b>	<p>There are several ponzi schemes masquerading as cryptocurrency businesses, that are preying on ignorance, and luring the public with the false promises of high returns. These are not crypto businesses, but are scams, many of whose leaders have already been arrested. Legitimate crypto businesses do not require multi-level marketing, are built on blockchains, have white papers and use coins that can be publicly exchanged.</p> <p>We implore the public to educate themselves on cryptocurrencies, to remain vigilant against scams, and to join the fight against ponzis. A website with ‘Scam Alerts’ will be launched soon through which the public can report scams, and refer to for guidance.</p>

We the undersigned remain committed to guiding the public on blockchain technology, and its applications

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