



NATIONAL CONSUMER COMMISSION

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MEDIA STATEMENT

FOR IMMEDIATE RELEASE

DATE: 29 March 2021

TO: ALL MEDIA HOUSES

UP MONEY FINED ONE MILLION RANDS AND DECLARED A PYRAMID SCHEME

The National Consumer Tribunal (NCT) fined Up Money (PTY) Ltd an administrative fine of One Million Rands (R1M) for conducting a pyramid scheme, subsequently, contravening Section 43 (2) of the Consumer Protection Act (CPA).

The NCC referred Up Money to the Tribunal following its investigation into allegations that Up Money is a pyramid scheme. The CPA describes a pyramid scheme as *an arrangement, agreement, practice or scheme if participants receive compensation derived from their respective recruitment of other persons as participants, rather than the sale of any goods or services.*

The Deputy Minister for the Department of Trade, Industry and Competition (dtic), Ms Nomalungelo Gina says the department welcomes the decision by the Tribunal and sends a strong message to South Africans from promoting, joining or participating in any pyramid schemes. “While Up Money promoted their scheme as a “stokvel” to lure participants during the pandemic, the Tribunal confirmed that it is not a stokvel but, a pyramid scheme, as their operation fits the description of a pyramid scheme as

provided under Section 43 of the CPA. Up Money's business model was unsustainable as it relied heavily on new participants feeding into the scheme" said Ms Gina.

South Africans are reminded to be careful not to contravene the CPA while trying to explore other sources of income as they lose money in the process. Acting National Consumer Commissioner Ms Thezi Mabuza says "pyramid schemes are prohibited in South Africa. Pyramid schemes continue to mushroom on a daily basis especially on social media platforms and consumers continue to lose their hard-earned money.

"We want to reiterate to consumers that all involved; the directors, the promoters (the ones advertised and recruited on social media and other platforms) and all those who joined Up Money, broke the law. We want to send a strong message to operators of schemes, arrangements or practices like Up Money that as the consumer protector in the space, we will not tolerate the contravention of the Act" said Mabuza.

Mabuza continued "The NCC is pleading with all South Africans as responsible citizens and members of communities that, they should be honest in their dealings. If people are recruited into prohibited/illegal activities, thought should be given to the relationships that may be severed, trust that may never be restored, but mostly the economic hardships that others would suffer and may not be able to recover from in this lifetime."

Up Money is given 20 working days to pay the fine. The NCC reiterates its commitment to better ensure the realisation of the purpose of the Act by taking reasonable and practical measures to promote the purpose of the CPA while ensuring that prohibited conduct is prosecuted.

Ends

Issued by the National Consumer Commission

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