

Your source of forensics, security and fraud insights



- Cyber Security facts and fiction- Part 1 2
- Discover the facts on Ponzi's and Pyramids 3
- Personal strategy- be the irreplaceable member of your company 3
- How to stay safe on line- Cyber tips 4



# Why the ever increasing fraud challenges in Uganda

After witnessing the most expensive election, our economy has been left very thirsty with most government departments requesting for supplementary budgets many months remaining to the end of the financial year..

Judging from the way people are borrowing money mainly for consumption, the end result is a financial dilemma which unfortunately is usually solved by committing financial crime. In this case, we are likely to have more public funds being misappropriated, more robberies and other crimes mainly geared towards survival.

## What exactly causes fraud?

Donald Cressey, through his research found out that there are three interrelated

elements that enable someone to commit fraud; the motive that drives him to commit the fraud, the opportunity that enables him to commit the fraud and the ability to rationalize his behavior.

This issue focuses on the **motive/ pressure**.

Our economy has been largely monetized and more than 80% of our population buys most of the basic needs- shelter (renting) and food. Our economy also largely depend on agriculture, but research has shown that during the campaigns period, a few farmers tilled their land. In addition, the climate has been bad for the most part of the year, and this is likely to increase the food prices. Our markets are currently selling mostly imported fresh fruits and vegetables. And most of all, salaries of most public servants have not been increased. Of course not forgetting

To page 4

Trusted persons become trust violators when they conceive of themselves as having a financial problem which is non-shareable, are aware this problem can be secretly resolved by violation of the position of financial trust.

# Access



## Cyber Facts

# Cyber security facts and fiction, issue 1

**Issue:** A lawyer in Uganda is said to be threatening Facebook for meta-data and user registration details of one TVO; who has made several allegations on his Facebook page.

**Fact:** What to know who posts what on Facebook? It's not that easy. And Facebook won't give you the details, as doing so could be in contradiction with their privacy policy, at compliance level and kill their business at a strategy level. People post too much private details on their pages with a 'psychological contract' that the cloud host (Facebook) with respect their privacy. Globally even when national security is at risk, large cloud providers have rejected US government subpoenas or court orders for ESI (electronically

stored information) production for legal purposes. You remember what happened to Blackberry when they gave in to such requests. Now Apple & US Government are in a tug of war. How this ends will set a precedence. The fact is, each country should have their own capabilities to monitor traffic of users in their countries.

**Fiction:** You cannot find out who posted what on Facebook or any other social network. That is a lie. It depends. Electronic records leave a lot of trail, which cyber investigators

use to track down the suspect. Unless of course, the suspect is very careful and cover their tracks. Our earlier case we solved was an abusive image posted on Facebook. Of course our court order to Facebook fell on deaf ears. It was ignored. However, we downloaded the image and did image forensics on it, examining the metadata -- including geo-location of where it was shot, camera type, etc and had a suspect profile. Note that, using proxies, pseudo-names and other cyber 'tracks killing strategies' work, only if one (suspect) is very sober all the time. Something too tough to do given that it is easier to find out the truth than hide lies. Too easy to reveal one's identity, than hide it. That is a law of nature. And computers and mobile devices respect it well. To be continued. ■



## Student of the Month

Patrick Kibirige, CFE

Patrick is working with the Office of Auditor General (OAG). He currently acquired his Certified Fraud Examiner qualification after attending classes at IFIS. "I have gained alot of experience though this course which

has simplified my work as an Auditor. CFE changes the way you approach an assignment, data collection and analysis. It is practical. IFIS has been instrumental in this achievement and I recommend to those looking to advance their career in this area to 'join and become different'". The advantage of having the best interact with you is priceless. ■



## Do it Yourself

# Ponzi & Pyramids in Uganda

## What is a Ponzi scheme?

A ponzi is generally defined as an illegal business practice in which new investors' money is used to make payments to earlier investors. The investment is typically presented with the promise or uncommonly high returns. In accounting terms, money

paid to Ponzi investors, described as income, is actually distribution of capital.

Redflags include:

- Investment sounds too good to

be true

- Promises of low-risk or high rewards
- History of consistent returns is peddled
- High-pressure sales tactics.
- Pressure to reinvest
- Complex trading strategies
- Lack of transparency or access- there is a lot of secrecy
- Lack of segregation of duties

Pyramids generate revenues by continually recruiting new members. These operations might offer merchandise or services for sale, but the only significant revenues come from recruitment. New members contribution sustains the operations

So can we identify companies in Uganda that are running these schemes? Have you been convinced to buy expensive items that work miraculously? List the company that operate so. ■



## Personal Strategy

# Be the irreplaceable member of your company

Imagine that you've brought together the brightest people in your department to solve a problem. You have high hopes for the group, so you feel frustrated when people can't come to a decision.

Group leaders and team members can contribute to a positive and negative group dynamic, the best you can do is attain the very best that everyone looks at you. Have certifications and qualifications that will not only make you valuable at work but also improve your condition.

To be on the top of this game, avoid the following;

1. Weak leadership: look, there is no room for mediocracy, hence if your team lacks a strong leader, a more

dominant member of the group often takes charge which leads to a lack of direction, infighting, or a focus on the wrong priorities.

2. Excessive deference to authority: this can happen when people want to be seen to agree with a leader, and therefore hold back from expressing their own opinions.

3. Blocking: this happens when team members behave in a way that disrupts the flow of information in the group. As the leader and one that wants to keep on top of your game, note the following characters in your group and diagnose them accordingly,

- The aggressor: this person often disagrees with others, or is

To page 4





## Continuation from page 1

that our brothers and sisters had to sell off some of their properties or borrow money to fund their candidacy in the elections, many of whom lost. Financial institutions are already suffering with non-performing loans and are likely to be cautious on giving out unsecured loans.

With most ends of earning unflexible, the pressure to make ends meet will result into people being unfaithful. We need to note that most of us have egos and are unlikely going to ask friends and families for money, so the problem will become unsharable and hence the only way to solve it is by committing an offense.

There are so many things around us that will obviously create a pressure for wanting to have money, but in this case, the need will be for survival. Frauds will definitely be on the increase.

In the next issue, we look at the second leg of the fraud triangle: **Opportunity.**



## Personal Strategy. From Page 3

inappropriately outspoken.

- The negator: this group member is often critical of others' ideas.
- The withdrawer: this person doesn't participate in the discussion.
- The recognition seeker: this group member is boastful, or dominates the session.
- The joker: this person introduces humor at inappropriate times.

4. Groupthink : this happens when people place a desire for consensus above their desire to reach the right decision hence not exploring alternative solutions.

5. You are not made to be a free rider: here, these people take it easy, and leave their colleagues to do all the work. This is known as "social loafing."

6. Evaluation apprehension: - This happens when people feel that they are being judged excessively harshly by other group members, and they hold back their opinions as a result. ■



## Protect your Self

## This month's Cyber Tips



### 1. Think Before You Click

Always think before you click on links or images in an email, instant message, or on web sites. Be cautious when you receive an attachment from unknown sources. Even if you know and trust the sender of the email, instant message, web site, or a friend's social networking page, it is still prudent to use caution when navigating pages and clicking on links or images.

### 2. Use Hard to Guess Passwords

Developing good password practices will help keep your personal information and identity more secure. Passwords should have at least eight characters and include uppercase and lowercase letters, numerals and symbols. **To be continued....**

### Let's keep in touch

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