

# Obelisk declared a multiplication scheme

The National Consumer Commission (NCC) has declared Obelisk a multiplication scheme after about 4,000 participants, from eight WhatsApp groups, lost R112m in an alleged scheme selling bitcoin mining machines.



Image source: raw pixel – [123RF.com](https://www.123RF.com)

This comes after the NCC received complaints from consumers alleging that the promoters of Obelisk have financially swindled them.

According to a statement released on Friday, the complainants allege that close friends and relatives, who persuaded them to purchase a “bitcoin mining machine” from Obelisk to generate daily income, recruited them.

These machines, according to the participants, cost between R340 and R450,000.

“Participants were recruited on social media platforms, such as Facebook, where they were required to make a minimal investment. Upon joining, and making an initial investment, they were added to different Obelisk WhatsApp groups.

“Some participants received minimal returns to lure them into making more investments.”



## Global iPhone crypto scam escalates to new heights, research finds

14 Oct 2021



The members, according to the NCC, allege that the problem started when they invested bigger amounts and were unable to make any withdrawals.

“When confronting the operators about the inability to make withdrawals, they were blocked from the system and removed from the WhatsApp group.”

According to the NCC's preliminary findings, Obelisk is a multiplication scheme.

The Consumer Protection Act (CPA) states that a multiplication scheme is an arrangement where a person offers, promises, or guarantees any participant an effective annual interest rate that is at least 20% above the repo rate as of the date of investment.

The scheme, according to the NCC, is operated by non-South African citizens, who are using South African bank accounts and either South African or non-South African cellphone numbers.

"These bank accounts were opened by South Africans who handed them to the perpetrators; the same is done regarding the South African cellphone numbers."

To date, the NCC said it received 25 complaints from participants who lost a total of R750,000.

"While the exact amount lost by participants in this scheme is unknown, the NCC's preliminary investigation indicates that there were about 4,000 participants from eight WhatsApp groups and the participants lost about R112m."



### YouTube comments become new tool for scammers

6 Jul 2022



---

Multiplication schemes are prohibited in terms of the CPA, which provides that a person must not directly or indirectly promote, join, enter, or participate in a multiplication scheme.

"This implies that the operators of Obelisk and those South Africans, who invested in either Obelisk or opened bank accounts or cellphone numbers, engaged in illegal activities."

The Global State of Scams Report 2022, published by the Global Anti-Scam Alliance (GASA), estimates that in 2021 alone, South Africa lost about R1.8bn due to scams.

NCC Acting Commissioner, Thezi Mabuza, said the pyramid and multiplication schemes increased sharply since 2020, owing to the advent of the Covid-19 pandemic, accelerated levels of unemployment, and people looking at making quick cash in the shortest time possible.

"We implore members of the public to spare themselves from heartache and suffering by not joining these deceptive schemes.

"History is replete with many examples of these schemes that inevitably collapsed, often leaving a trail of financial distress,

broken trust, friendships, and even broken families.”

For more, visit: <https://www.bizcommunity.com>