



### Cyber Tips

How to stay safe on line.

Cybercriminals have become quite savvy in their attempts to lure people in and get you to click on a link or open an attachment. **Read more >>**

### Cyber Security facts and fiction -Part 3

New ransom-ware, Locky, is up and about, crawling the Internet for the next prey. It is brilliant. It's persistent. And it won't go without taking some of your money.>>



# Forensics & Cyber Security Newsletter

Your source of forensics, security and fraud insights

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## Student of the Month

*I came to know about CFE back in 2011 and I resolved that I would become a CFE. My consistent reviews on the CFE global website later revealed that there was a recognized Uganda chapter. This landed me into contact with IFIS in 2015.*

*The experience at IFIS was more than just a relief; the lecture content is tailored to Ugandan scenarios, yet with global relevance making it easy to tussle it out with actual CFE Exam. The facilitators are well informed, and our very own from Uganda. Studying CFE drew me closure to realities of fraud as subject. The fact is, I now look at fraud related issues from a completely different angle. IFIS helped me fulfill my long standing dream, at affordable rates and within flexible study schedules. I encourage everyone to enroll for the several available courses. The experience is real.*

**Martin Nahabwe, CFE, CPA.**



Users of computers need computer training

## Why the ever increasing fraud challenges in Uganda- Part3- Rationalization

This issue focuses on the third leg of the Fraud Triangle: **Rationalisation**

Rationalization is the third leg of the fraud triangle and is considered a necessary component of crime before it takes place. It is part of the motivation for the crime. Because most fraudsters do not view themselves as criminals, they must justify their misdeeds before they commit them. The rationalization is necessary so that the perpetrator can make his illegal behavior intelligible to himself and maintain his concept as a trusted person. After the criminal act has taken place, the rationalization will often be abandoned. Research has

shown that most occupation fraud perpetrators are first time offenders, someone with a non sharable problem will look for a way of solving it. For example, an employee (cashier) with a sick child will pick some money from the drawer to treat the child with a thought of I will pay back. But if he gets other problems and keeps taking the money out of the drawer without being noticed, will reach a point at which there is no any possibility of repaying the stolen

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funds. In most frauds, the borrowing excuse is the most frequently used.

Apart from borrowing, the other rationalizations perpetrators use include:

- I have worked so hard for this company and I deserve it
- I am part of the owners / top management so I can't be stealing what is mine
- I am embezzling to keep my family from shame, disgrace and poverty
- Mine is a case of "necessity" my employers are creating us financially
- The employers are dishonest towards others and deserve to be fleeced
- I can't pay back because it would lead to detection of other thefts

We have had instances where our leaders have come up publicly to justify corruption and bribery calling it facilitation, bailouts or entertainment. As we move from generation to generation, the continuous rationalization of crime and failure to consistently punish the perpetrators is likely to increase the crime rate in Uganda. We also need to note that failure to punish or punishing selectively will result into rationalization.

For instance, tax frauds are likely to increase in Uganda since most taxpayers feel that their money is not being properly used. The perception of unfairness on the side of tax collection comes in as tax exemptions and holidays for some companies. On the side of use of tax money, unfairness comes in when some individuals are privy to particular services and others are not. The ones who feel unfairly treated will rationalize their tax evasion.

## Ponzi & Pyramids in Uganda, Part 3



Networking marketing functions on the idea that you sell products to people who in turn sell to other people.

### Do it your self

#### a)Product fronts

These are subdivided into financial instruments, multilevel marketing and speculations.

b)Financial Instruments include stocks, currency exchanges, loan scams and investment pools. Stock market encourages the impression that all a person has to do is put down their money and wait for the returns. The main example was the Telexfree. Financial instruments are especially effective fronts because most people don't understand how legitimate financial operations take place. When investments analysts are set a -fluttering by derivatives of future contracts, and hedge funds are betting that the market will rise at the same time they are betting it will fall, how is an average investor supposed to understand his options?

#### b)Multilevel marketing (MLM)

Is the most common pyramid scheme in Uganda. These organizations supply nutrition supplements, household goods, cosmetics, television antennas etc. one of the industry's monster money-makers is a string of "training materials" designed to pump the sales force into even higher feats of huckstership. The market for any of the product outside those owned by national brands is extremely small. Cashing on a submarket requires an excess of savvy finance and luck which most MLM companies lack in

spades.

Given that their marketing is in levels, after a few levels, they run out of people who are willing to be part, and most of their products are not saleable. Most people end up consuming their own stock of products that they were supposed to sell. Multilevel marketing usually emphasizes recruitments of new members, as those who have recruited go high up the level of hierarchy, and products are supplied to these with a promise that these will be resold to earn them money.

As a general rule, any organization that recruits distributors into a pyramid-style compensation plan, offers big payoffs for recruiting, and spends more time trumpeting its distributor levels than its product line is probably illegal. There are many examples of these types in Uganda, but most of them are legal.

#### c)Speculations:

Speculation is any investment proposition that include franchise offerings and business opportunities in general, work at home promotions, and investments in areas like real estate or mineral rights. Work at home promotions are the favorite tools. With the increasing use of technology, this is a popular front since most people are setting up business from their homes. A few early dividend payments, as per the Ponzi playbook, are often enough to overcome client's hesitation and provoke more sizeable investment.

# Personal development



## Why obtaining loans may not be such a good idea

As soon as I completed my studies, I was lucky to find employment within the same month, which came with it a stable salary. Before long, there were many sales people from many banks convincing us to take up salary loans on a selling point of unsecure credit. I looked forward to finishing my probation and my confirmation into permanent employment so as to access this unsecured loan. And like they promised, there was no hassle, no moving up and down to the bank, searching for requirements, etc. All the movement was done for me by the sales person up to the time of signing for the loan, I only went to the bank to sign the loan agreement, and within 24 hours, the money was on my account. Having such large amount of money on my account was exciting.

I purchased a plot of land, which I told myself I would be building slowly. The repayments were not so much at the beginning or I thought so, until I got a statement at the end of 6 months and I realized the loan principal hadn't reduced at all. The repayment was for 5 years and I thought to myself since the monthly deductions were relatively small I would manage properly. I got to realize that all along I was just paying back interest.

You will realize that your loan principal does not reduce every time the central bank increases its rate. The commercial banks will immediately raise their lending rates and the interest payable just increases. You need to note that, the monthly installments remain the same but the proportion of interest paid is more. Commercial banks can only increase the interest rates on existing loans but will rarely reduce the rate once it goes down. The marketing point they have is to convince the existing client to top up on the loan so that the loan is considered as a new one and taken at a lower rate.

### Facts about loans you need to know

- The monthly repayment usually contain two components- Interest and Principal
- The interest component is usually higher than the principal component in the earlier repayments
- The longer the repayment period, the more interest you pay on the loan

Avoid loans as much as possible especially if you are taking them for consumption purposes. For businesses to fully benefit from loans, proper accountability mechanisms

have to be in place. Five years down the road, I haven't made any developments on the plot I bought since all my earnings have been going to settle the loan. My colleagues who got the same amount and invested in business are far better because their money was earning while mine was tied up land. I was just lucky that the land I bought was genuine but the market value has not changed significantly.

Don't just make a decision because it is convenient, weigh the options available and choose the best option that will improve your life. You may invest in land if you are using personal savings and have no time to run a business. Otherwise if land was that very profitable, banks would have finished all of it by now! Success

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Big money speculations often base their high flown claims in the ground beneath our feet, with minerals like gold and oil being regarded as the ultimate commodity. People end up buying plots of land and even in water with anticipation of mining the minerals and reaping big. Any commercial environment that thrives on speculation is ripe for Ponzi fraud. All the name Ponzi means is that a few marks get paid, that is, some lucky players do make the money. However, speculations frauds don't always start out as cons, but when the rollercoaster dips, many speculators find it too tempting to hang on and ride, they figure they can phoney their way through crisis and pick up again later.



*Big money speculations often base their high flown claims in the ground beneath our feet*

# Cyber security facts and fiction, Part 3



**Issue:** A new ransom-ware, Locky, is up and about, crawling the Internet for the next prey. It is brilliant. It's persistent. And it won't go without taking some of your money.

Locky virus encrypts your computer files (rendering them unreadable). It then demands a ransom from you [the victim] to your files back. OR to get the decryption key.

**Fact:** The attack vector is simple and the usual approach: If you are a target, you will receive an email with a subject line that goes like: "ATTN: Invoice J-98223146". A word document is attached. Sometimes the file is a .zip file, which has a word or excel document. You may be wondering how would hackers get your email address? Whenever you download software or register on-line on sites that are not legit, you leave your email. It may be harvested and used for such purposes. It is critical you become careful where you leave your email. Once you click on the email in the attachment, a new document will open which looks unclear. The document will ask you to "enable Macros." If you click enable, that will

be your end. As you enable the macros, in the background, Locky will install in your computer and all your documents will be encrypted. After which, a message will appear asking for a ransom so as to get your files back. That could be a cool US\$500 plus!!!

**Fiction:** No one is 100% secure. Locky is very genius. You may delete the email on the first attempt. However, on the second attempt, you may end up accidentally installing it.

**Fix:** Train all your staff. Keep your anti-virus definitions up to date. Do not use predictable email nomenclature. Ask your staff to avoid using company emails to register on any website online. Do not give average users Admin accounts. And do not connect critical servers to the Internet

## Cyber Tips

### 5. Protect Your Identity

When visiting web sites, it's important to know what information is being collected, by whom and how it will be used. Web sites track visitors as they navigate through cyberspace, therefore, data may be collected about you as a result of many of your online activities. Please keep in mind most legitimate web sites include a privacy statement. The privacy statement is usually located at the bottom of the home page and details the type of personally identifiable information the site collects about its visitors, how the information is used - including with whom it may be shared and how users can control the information that is gathered.

### 6. Dispose of Information Properly

Before discarding your computer or portable storage devices, you need to be sure that the data contained on the device has been erased or "wiped." Read/writable media (including your hard drive) should be "wiped" using Department of Defense (DOD) compliant software.

**To be continued....**

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