NAFUNA & CO. CLIENT GUIDES · GOLD & MINERALS · NO. 08

Common Gold Scams in Uganda

Warning Signs Foreign Buyers Should Know

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Introduction

> A genuine document may establish a genuine fact while being used to support a false transaction.

That sentence describes the gold frauds this Guide examines. Consider a typical offer. The supplier sends company registration documents, a Mineral Dealer's Licence, photographs of gold bars, assay certificates and evidence of earlier sales, and invites the buyer to Uganda to inspect the gold, meet the seller's people and witness an assay, sometimes at a genuine licensed refinery.

The documents look convincing, and the people sound knowledgeable. Later the buyer learns that the seller never owned the gold, that the material delivered was not the material inspected, that the export arrangements were unlawful, or that the money went to people with no right to receive it. Sometimes the gold never existed.

These schemes are reported regularly. The Ugandan press has carried, among others, the arrest of nine suspects for defrauding a Sudanese national of Shs600 million in a fake gold deal, a gold racket that took Shs900 million from a foreign envoy, and a security raid on an Entebbe garage connected with a fake-gold scheme.

A genuine company can take part in a fraudulent deal. A genuine licence can be misused. A genuine assay certificate can be attached to a different consignment. A real refinery can be named by an intermediary it has never authorised. The inquiry is therefore directed at the particular representation the buyer is asked to rely on, and at the evidence offered to support it.

THE FOURTEEN SCHEMES

1. The Licensed Dealer Who Has No Gold
2. The Genuine Company and the Unauthorised Representative
3. Gold That Exists Only in Photographs and Videos
4. The Assay Certificate That Proves the Wrong Gold
5. The Gold Switch
6. The Refinery Used to Create Confidence
7. The Fake Government Tax or Export Charge
8. The Endless Release Fee
9. The Third-Party Bank Account
10. The Cash-and-Carry Trap
11. The Broker Chain
12. The Trial Shipment That Builds Trust
13. The Advance for Gold Not Yet Available
14. The Urgent Opportunity

THE METHOD

How Gold Fraud Is Built: The Three Trails

A gold transaction raises five separate questions: who is offering the gold and with what authority; whether the gold exists and matches its description; who owns it and where it came from; what regulatory authority the dealing and export require; and how the money moves. A scheme can falsify any one of them while the others are genuine.

Nafuna & Co.'s methodology tests these questions along three evidential trails:

TRAIL	WHAT IT ESTABLISHES
The document trail	The parties, licences, contracts, invoices, permits and authorisations
The gold trail	The commodity's origin, ownership, identity, custody, testing and movement
The money trail	The basis of each payment, the person requesting it, the authorised recipient and the contractual consequences

In a genuine transaction the three trails describe one coherent deal. In a fraudulent one they diverge, and the point of divergence is usually where the false representation sits.

NAFUNA & CO. PRINCIPLE

Follow the documents, the gold and the money.

CATALOGUE

The Schemes

Each scheme is set out in the same way: how it works, the warning sign, and the check that exposes it.

1 The Licensed Dealer Who Has No Gold

HOW IT WORKS

The supplier holds a genuine Mineral Dealer's Licence. The purchaser confirms the licence and the company, and the supplier treats that confirmation as proof that it can deliver. A licence establishes permission to deal in minerals; it says nothing about whether the holder owns, holds or controls the particular gold offered.

WARNING SIGN

The licence is presented as proof that the gold exists or belongs to the supplier, while questions about the specific consignment go unanswered.

CHECK

Verify the licence and, separately, the consignment's lawful acquisition, present location, custody and the supplier's authority to sell it. Where the supplier says it acts for another owner, identify that owner and the supplier's authority. See Client Guide No. 02.

2 The Genuine Company and the Unauthorised Representative

HOW IT WORKS

A real company's name and documents are used by someone with no authority to act for it. The negotiator calls himself a director, manager, broker or agent and holds copies of the company's documents, licences, invoices and correspondence, which may all be genuine.

WARNING SIGN

The representative discourages direct contact with the licence holder and insists that negotiations and payments pass only through him.

CHECK

Establish the legal identity of the contracting party and the individual's authority from corporate records and documents of agency, and confirm it through company contacts obtained independently. A company email address or business card is relevant and far from conclusive.

3 Gold That Exists Only in Photographs and Videos

HOW IT WORKS

The supplier sends images of bars, nuggets, sealed packages, scales or a refinery floor. The images may be authentic and still unconnected with the transaction: a consignment sold long ago, or one belonging to someone else.

WARNING SIGN

Heavy reliance on photographs and videos, with no way of confirming the particular consignment independently.

CHECK

Establish the identity, location, custody and ownership of the material through an agreed inspection and custody procedure.

4 The Assay Certificate That Proves the Wrong Gold

HOW IT WORKS

A genuine assay report is presented for a sample that belongs to another person or an earlier consignment. Alternatively, an authentic report is altered, or a certificate is fabricated in the name of a real facility.

WARNING SIGN

The supplier cannot show that the certificate relates to the gold being offered.

CHECK

Confirm the report with the issuing facility through independently obtained contacts, and agree sampling, sealing, custody and discrepancy procedures before testing. See Client Guide No. 03.

Purity is not provenance.

5 The Gold Switch

HOW IT WORKS

The purchaser inspects genuine gold and witnesses a test. The material delivered is different. Substitution happens when custody changes after inspection, packages are exchanged, seals are broken, or the buyer leaves the gold in someone else's control.

WARNING SIGN

The seller insists on removing the tested material from independent custody before payment or delivery, without an agreed verification procedure.

CHECK

Document continuous custody and identification from sampling to delivery, and write those arrangements into the transaction documents.

6 The Refinery Used to Create Confidence

HOW IT WORKS

Meetings are held at a refinery or assay facility, and the purchaser takes the setting as proof of legitimacy. A refinery tests and processes gold; it does not establish the seller's title or guarantee the purchaser's deal, and it may know nothing of what intermediaries are saying in its name.

WARNING SIGN

An intermediary claims the refinery has approved or guaranteed the transaction but cannot produce confirmation from the facility itself.

CHECK

Confirm directly with the facility its identity, authorisations, actual role and the services it has agreed to provide.

7 The Fake Government Tax or Export Charge

HOW IT WORKS

The purchaser receives a demand for a tax, royalty, permit fee or customs charge on official-looking paper. The charge may be invented, overstated, attributed to the wrong person, or redirected to a private account.

WARNING SIGN

A government payment must be made immediately, to a private account.

CHECK

Establish the governing law, the prescribed amount, the competent authority, the person liable and the official payment channel, all through official sources. Some charges are published: the Ministry of Energy and Mineral Development's Public Notice of February 2026 sets the export fee on refined gold at USD 200 per kilogram, paid through the Uganda Revenue Authority. See Client Guide No. 04.

NAFUNA & CO. PRINCIPLE

Do not verify a government charge through the person asking you to pay it.

8 The Endless Release Fee

HOW IT WORKS

After the purchaser has paid, the gold is said to be ready but for one final charge. Each payment is followed by another: customs clearance, storage, insurance, security, certification, release documents. The money already paid becomes the lever for the next demand.

WARNING SIGN

New demands keep arising after earlier payments were described as final.

CHECK

Reconstruct the full payment history and test every new demand on its own evidence before paying anything further.

NAFUNA & CO. PRINCIPLE

Previous expenditure does not verify the next payment.

9 The Third-Party Bank Account

HOW IT WORKS

The purchaser is asked to pay a director, broker, associated company or another individual. Some such arrangements are legitimate; others divert the money, or leave the purchaser unable to show that it ever paid the seller.

WARNING SIGN

Bank details change shortly before payment, especially to a beneficiary unconnected with the contracting party.

CHECK

Confirm the beneficiary and its authority to receive the payment through independent channels, and document the arrangement. See Client Guide No. 05.

10 The Cash-and-Carry Trap

HOW IT WORKS

The purchaser is invited to pay in Uganda and carry the gold out personally through Entebbe International Airport. Ownership and possession pass; export authority does not. Under section 150 of the Mining and Minerals Act, 2022, exporting minerals without an export permit is an offence, and gold brought to the airport for export without meeting its export conditions is liable to seizure under the East African Community Customs Management Act, 2004 (as amended).

WARNING SIGN

Assurances that gold can travel as ordinary personal luggage, or that "our contact at the airport" will clear it.

CHECK

Before paying, confirm the exporter, the export permit and the required documents, including proof of refining to 99.9%. See Client Guide No. 07.

11 The Broker Chain

HOW IT WORKS

One person introduces the buyer, another claims to represent the seller, a third controls access to the gold, a fourth arranges the assay or export papers. Direct contact with the owner is said to be forbidden by custom.

WARNING SIGN

Every important question is passed to another intermediary, and no identifiable party accepts responsibility for delivery or repayment.

CHECK

Identify the contracting seller, the actual owner if different, each intermediary's authority and the basis of any commission, and make sure someone with assets is bound to perform.

12 The Trial Shipment That Builds Trust

HOW IT WORKS

A small first purchase is delivered as promised. Confidence established, a much larger payment is requested for the next consignment, which never arrives.

WARNING SIGN

The earlier successful delivery is used to discourage verification of a substantially larger transaction.

CHECK

Apply independent due diligence to each consignment. A completed trial qualifies a supplier for consideration; the next consignment still needs its own verification.

13 The Advance for Gold Not Yet Available

HOW IT WORKS

The supplier asks for money to buy from miners, aggregate material, pay for refining or arrange transport, while describing the gold as available now. The purchaser who thinks it is buying identified gold is in fact financing the supplier's future purchases, usually unsecured.

WARNING SIGN

Gold described as immediately available, alongside a request for money to acquire or produce it.

CHECK

Determine whether the transaction concerns existing, identified gold or financing for future delivery, and structure the use of funds, security, delivery conditions and repayment accordingly.

14 The Urgent Opportunity

HOW IT WORKS

The price is unusually good, another buyer is waiting, and the offer will lapse unless payment is made today. Urgency can be genuine; in a scam its purpose is to prevent verification.

WARNING SIGN

The supplier says that independent legal or technical verification will cost the purchaser the deal.

CHECK

Make payment conditional on defined legal and commercial conditions. A transaction that cannot survive ordinary scrutiny has answered the question for the purchaser.

NAFUNA & CO. PRINCIPLE

Urgency does not displace verification.

LEGAL CHARACTER

Fraud, Misrepresentation or Breach of Contract?

A failed gold transaction is not automatically a crime. A supplier may break a genuine contract through financial difficulty, regulatory obstacles or simple inability to perform. A representation may be innocent or negligent. The evidence determines the legal character of what happened, and that character determines the remedy:

CHARACTER	WHAT IT INVOLVES	TYPICAL RESPONSE
Breach of contract	A genuine agreement that one party fails to perform	Civil claim for repayment or damages
Misrepresentation	A false statement of fact that induced the contract	Civil claim; rescission of the contract; damages
Criminal fraud	A deliberate deception with intent to defraud	Criminal complaint, alongside civil recovery

The Penal Code Act, Cap. 128, contains the offences most often engaged by gold scams:

SECTION	OFFENCE	MAXIMUM PENALTY
s. 284	Definition of a false pretence: a representation of past or present fact that is false and known to be false	—
s. 285	Obtaining anything capable of being stolen by a false pretence, with intent to defraud	Five years' imprisonment
s. 287	Cheating: obtaining property by a fraudulent trick or device	Three years' imprisonment
s. 289	Conspiracy to defraud	Three years' imprisonment
s. 319	Definition of forgery: making a false document with intent to defraud or deceive	—
s. 324	General punishment for forgery	Three years' imprisonment, unless another provision applies
s. 328	Uttering a false document	As for forging the document

A criminal investigation and the recovery of money are separate processes. A prosecution may proceed without returning the buyer's funds, and a civil claim may succeed whether or not anyone is prosecuted. A proper assessment identifies the representations made, the knowledge and conduct of each party, the payments that followed and the evidence available.

CHECKLIST

Ten Warning Signs to Investigate

1. Company registration or a mineral licence is offered as proof of owning gold.
2. The seller cannot establish the provenance or present custody of the consignment.
3. The buyer is discouraged from contacting the company, refinery or authority directly.

4	An assay certificate cannot be linked to the material offered.
5	The payment recipient differs from the contracting party without a documented explanation.
6	Government charges are demanded through unofficial channels.
7	New fees arise after earlier payments were described as final.
8	Personal export through Entebbe Airport is promised without verified export arrangements.
9	Numerous intermediaries are involved, and their authority and responsibilities remain unclear.
10	The buyer is pressed to pay before reasonable independent verification is complete.

Each sign is a reason to investigate; on its own, none establishes wrongdoing. The objective is to resolve material uncertainties while the buyer still controls the funds.

AFTER THE EVENT

If You Suspect a Gold Scam

1. **Preserve the evidence.**
   Keep the original contracts, invoices, payment instructions, bank records, licences, assay reports and communications, and preserve electronic records in their original form.
2. **Build a chronology.**
   Record the persons involved, the representations made, the documents supplied, the payments requested and made, and what happened next.
3. **Contact your bank at once.**
   Ask about recall, fraud-reporting and preservation procedures; their usefulness depends on speed.
4. **Stop paying.**
   Test any further demand independently, including offers from people who claim they can recover lost money for a fee.

5 **Take advice before confronting the supplier.**
Communications with the suspected fraudster can compromise evidence or recovery.

Depending on the evidence, the next steps may include formal demands, complaints to the police and regulators, civil proceedings and applications to preserve assets.

How Nafuna & Co. Can Assist

Within the scope of a given engagement, Nafuna & Co. Advocates and Legal Consultants can assist international buyers with independent verification of licences and corporate records; investigation of supplier identity, authority and representations; review of provenance, ownership and custody documentation; coordination of independent assay and refinery verification; examination of payment instructions and purported government charges; Sale and Purchase Agreements and payment safeguards; assessment of suspected fraud and preservation of evidence; and advice on civil recovery, criminal complaints and regulatory remedies.

Where a buyer has already suffered loss, the firm can review the evidence and advise on the appropriate steps under Ugandan law. The firm's services and engagement procedure are set out in _____.

NAFUNA & CO. PRINCIPLE

Verification should precede reliance.

RELATED NAFUNA & CO. CLIENT GUIDES

- No. 01 Buying Gold in Uganda: A Legal Due-Diligence Guide for Foreign Buyers
- No. 02 How to Verify a Ugandan Mineral Dealer's Licence
- No. 03 Ten Documents to Request Before Travelling to Uganda to Buy Gold
- No. 04 Before You Pay: Payment Safeguards in a Ugandan Gold Transaction
- No. 05 The Seller Wants You to Pay Someone Else: Third-Party Accounts in Ugandan Gold Transactions
- No. 06 Is This Gold Deal Legal? When a Gold Transaction Is Illegal Under Ugandan Law

IMPORTANT NOTICE

This Client Guide provides general information concerning fraud risks and due-diligence safeguards in Ugandan gold transactions. It does not constitute legal advice concerning any particular supplier, consignment, payment demand or transaction.

The presence of a warning sign does not establish that any person has committed an offence. Criminal and civil liability depend upon the applicable law and the evidence. Statutory references are to the Penal Code Act, Cap. 128, the Mining and Minerals Act, 2022 and the East African Community Customs Management Act, 2004 (as amended).

Nafuna & Co. does not authenticate a supplier, mineral licence, gold consignment, assay certificate or transaction merely because documents have been submitted to the firm. Any transaction-specific opinion is subject to the scope of a formal engagement and the results of independent verification.

Reported cases cited in the Introduction: Daily Monitor, “Nine arrested for conning Sudanese national Shs600m in fake gold deal”; Daily Monitor, “Gold racket steals Shs900 million from envoy”; NTV Uganda, “Security forces raid Entebbe garage over fake gold scheme”.

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