NAFUNA & CO. CLIENT GUIDES · GOLD & MINERALS · NO. 10

# Recovering Money After a Gold Scam in Uganda

*Police, Banks, Court Orders and Asset Preservation*


**PREPARED BY**

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# Introduction

> A fraud investigation establishes what happened. Recovery depends on what remains.

A buyer who has been defrauded usually reports the matter to the police and expects the money to come back. The expectation is understandable, and it joins two different processes. A criminal investigation asks whether an offence was committed and by whom. Recovery requires finding assets, establishing a legal right to them and obtaining an enforceable order for their return. A suspect can be arrested while the money stays out of reach; an account can be identified after it has been emptied; a judgment can be won against a company that owns nothing.

Recovery is a sequence, and each stage needs its own legal mechanism:

| STAGE | WHAT IT ACHIEVES |
|---|---|
| **Investigation** | Establishes what happened and who was responsible |
| **Tracing** | Establishes where the money went and what remains |
| **Preservation** | Protects the possibility of recovery while the claim is decided |
| **Judgment** | Establishes an enforceable liability |
| **Execution** | Converts that liability into payment |

Client Guide No. 09 explains how to prove a gold scam. This Guide explains how that proof is turned into recovery.

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SECTION 1

# The First Hours

Where money was sent electronically, the first hours can decide the outcome.

1. **Call your bank.**
Report the suspected fraud to the sending bank or payment provider at once, with the transaction reference, amount, date, beneficiary account and the reason for suspicion, and ask what recall, tracing and fraud-response procedures are available. For an international transfer, the sending bank can contact the receiving bank through banking channels.

2. **Preserve the record.**
Keep the payment instructions, bank confirmations, contract and every message that induced the transfer.

3. **Stop paying.**
Test any further demand independently before releasing another shilling or dollar.

4. **Take advice on preservation.**
If there is evidence that the money is about to be moved, an urgent court application may be needed (Section 6).

Three different things can be asked of a bank, and they should be kept apart:

| REQUEST | WHAT IT INVOLVES |
|---|---|
| **Trace** | Confirming where the transfer went |
| **Recall** | Asking, through banking procedures, for the money to be returned |
| **Preserve** | Restricting the funds, which ordinarily requires a lawful basis such as a court order |

A request for recall is a request, and its success depends on the payment method, the status of the transfer, the receiving bank's response and the applicable law. A bank's confirmation that the money reached the beneficiary says nothing about whether it is still there. A bank's refusal to reverse a payment leaves the buyer's legal rights against the recipient intact.

SECTION 2

## Where Is the Money?

For recovery, the decisive question is where the money went. It may still sit in the receiving account, or it may have been transferred onward, withdrawn in cash, converted into cryptocurrency, used to buy property, or sent out of Uganda. Each movement changes the remedy.

A tracing exercise follows the original payment to the recipient, then every later transfer, and any asset bought with the proceeds. Confidential banking records ordinarily require a legal basis to obtain, such as a court order for disclosure or a police investigation, and a lawyer can identify which records to seek and through which route.

The receiving account holder matters. A buyer may have negotiated with one person, contracted with a company and paid into the account of someone else, who may claim to be an agent, broker, trustee or intermediary. The questions are whether the recipient was party to the contract, whether the seller authorised the payment, whether the money was held for a purpose, and whether the recipient took part in the deception. Receipt alone does not prove participation, and it can still ground a civil claim for the return of money paid. Preserve every instruction explaining why the money was sent to that account; it may become the basis of the recipient's liability.

Tracing money into an asset is a step towards recovering it, and a proprietary claim to the asset depends on the facts, the legal basis of the claim and the rights of others.

NAFUNA & CO. PRINCIPLE

**Proving that money was taken establishes the loss. Tracing where it went identifies the source of recovery.**

SECTION 3

## The Police: What They Can and Cannot Achieve

Where the facts suggest a crime, the buyer may report to the Uganda Police Force. The complaint should identify the representations, the people involved, the payments and the circumstances indicating fraud, supported by the contract, the communications, payment confirmations, identification details, the licences and certificates supplied, and a chronology. Obtain the complaint reference and the name of the investigating officer or unit.

The police can investigate, interview witnesses, obtain records through lawful procedures and help identify people and property connected with the offence. An arrest, however, creates no debt payable to the buyer, a charge transfers no property, and even a conviction can leave the money untraced.

Any suggestion that a suspect should pay money to avoid arrest or prosecution should be treated with great caution. Criminal enforcement belongs to the institutions and procedures the law prescribes, and informal arrangements can compromise both the prosecution and the buyer's own position.

NAFUNA & CO. PRINCIPLE

**An arrest identifies a person subject to criminal process. Recovery requires an enforceable claim against identifiable assets.**

SECTION 4

## Compensation and Restitution in Criminal Proceedings

The criminal courts have powers to compensate victims and restore property, which can form part of a recovery strategy. Under the Magistrates Courts Act, Cap. 19:

| SECTION | POWER |
|---|---|
| **s. 196** | Where an offence has caused material loss that the victim could recover in a civil suit, the court may order the convicted person to pay fair and reasonable compensation, in addition to any other punishment |
| **s. 199** | Property taken from an accused person on arrest may be restored to the person entitled to it, or applied towards compensation |

| SECTION | POWER |
|---|---|
| s. 200 | Property stolen, obtained or received by offences under the relevant chapters of the Penal Code Act is to be restored to its owner on conviction, subject to protections for good-faith purchasers |

Two limits matter for a gold buyer. Section 200(2)(a) provides that goods obtained by a fraud that does not amount to stealing do not revest in the original owner merely because of the conviction. And all these powers depend on property or money actually being available: a compensation order against an offender with no assets is difficult to enforce, and orders are generally suspended until any appeal is decided. Criminal compensation should therefore be pursued alongside, and seldom instead of, civil remedies.

SECTION 5

## Civil Proceedings

A civil claim leads directly to an enforceable judgment for the money. The cause of action depends on the facts:

| SITUATION | POSSIBLE CLAIM |
|---|---|
| **The supplier took the money and failed to perform** | Breach of contract |
| **The contract was induced by a false statement of fact** | Fraudulent misrepresentation; rescission and damages |
| **The money was paid for a purpose that failed, or to someone with no right to keep it** | Restitution; money had and received |
| **A director, agent or recipient took part in the deception** | A claim against that person, where the law supports personal liability |

A company's debts do not automatically become those of its directors or shareholders. Personal liability needs its own legal foundation, such as personal participation in the fraud. A claim against a recipient who was not the contracting seller likewise needs separate analysis. The proceedings

should name the proper defendants and the relief sought against each, and the claim should be assessed against the defendants' apparent assets and the cost of enforcement from the start.

SECTION 6

## Preserving Assets Before Judgment

The greatest practical risk in fraud litigation is that assets disappear before the court decides the claim. The Civil Procedure Rules provide protective measures:

| MEASURE | BASIS | PURPOSE |
|---|---|---|
| **Arrest and attachment before judgment** | Order XL | Where the defendant, with intent to obstruct or delay execution, is about to dispose of or remove property, the court may require security or attach property pending judgment |
| **Temporary injunction** | Order XLI | Restrains the waste, alienation or disposal of property in dispute, or disposal intended to defraud creditors |
| **Freezing injunction** | The court's inherent powers | Restrains a defendant from dealing with assets where there is a real risk of dissipation |

Each requires evidence. An allegation of fraud does not by itself entitle a buyer to freeze a defendant's property; the applicant must establish the grounds the rule requires, identify the property, and show the threatened conduct. An applicant who seeks relief without notice to the other side must disclose all material facts, including those unfavourable to the application. Property belonging to a third party cannot be attached merely because that person is associated with the transaction.

Preservation protects the possibility of recovery. It does not decide the claim: the buyer still has to win the case, and then enforce the judgment. Preserved assets may also be subject to prior security, competing claims or limits on execution, so their ownership, value and encumbrances should be examined early.

SECTION 7

## Account Freezes: The Police, the FIA and the Courts

The Anti-Money Laundering Act, Cap. 118, gives the Financial Intelligence Authority and the investigating and prosecuting authorities powers to obtain information and to freeze, seize and

forfeit suspected proceeds of crime. Section 1 defines a freeze as temporarily prohibiting the transfer or movement of property "on the basis of an order issued by a court". Section 23(o) allows the Authority to halt financial activity where a suspicion has been reported to it.

Where gold-fraud proceeds sit in an identifiable account, a freeze in the course of a criminal investigation can preserve them. Nafuna & Co. has handled several matters in which accounts were frozen through court orders and police investigations.

The Authority is a public body acting for statutory purposes. It does not collect debts for private claimants, and reporting a transaction to it does not mean that an account will be frozen or that money will be paid to the complainant. Its powers are also subject to judicial control, as *BMS General Trading Limited v Financial Intelligence Authority and Attorney General*, Miscellaneous Cause No. 25 of 2026, [2026] UGHCCD 107 (High Court, Civil Division, Teko J, 8 April 2026) shows:

| POINT | WHAT THE COURT DECIDED |
|---|---|
| **Administrative freeze** | The Authority froze USD 221,000 without a court order and kept the freeze in place for an inordinate period. That was illegal, procedurally improper and irrational. |
| **Judicial oversight** | An initial freeze may be justified, but the Authority must act with dispatch to obtain a court order bringing it under judicial oversight. |
| **Court-ordered freeze** | A separate freezing order over the same funds, made by the Anti-Corruption Division, remained valid. One High Court judge cannot set aside another's order; the route is review by the same court, discharge for non-disclosure, or appeal. The funds stayed frozen. |
| **Damages** | Judicial review does not award damages; a claim for loss lies in an ordinary suit or a constitutional petition. |

Two lessons follow for a buyer. A freeze resting on a court order is far more robust than an administrative instruction. And a freeze needs a lawful foundation and the correct procedure: a complaint or a demand letter will not immobilise funds, while a properly grounded application through the investigating authorities or the courts may.

SECTION 8

## Money Sent Out of Uganda

Gold fraud proceeds are often moved abroad soon after receipt. Cross-border recovery raises questions of jurisdiction, recognition of judgments, access to foreign bank records and international cooperation.

A Ugandan judgment may need to be recognised or registered in the country where the assets are before they can be reached, under that country's law. Proceedings may alternatively be available in the other country itself. Judgments from abroad are registered in Uganda under the Reciprocal Enforcement of Judgments Act and related legislation, where the foreign country is covered. Where criminal proceeds are involved, the authorities may use mutual legal assistance, which operates between states and is separate from the buyer's private right to recover.

The strategy should start from where the assets are. A judgment from a court that cannot reach them may be difficult to convert into payment.

SECTION 9

## When the Supplier Has No Assets

A valid claim against a company with nothing in it is an enforcement problem. The investigation should look at the company's assets, its contracts, its beneficial owners and the individuals who acted for it; at whether directors, agents or others personally took part in actionable wrongdoing; and at whether third parties received the money in circumstances that support a claim against them. A realistic assessment weighs the strength of the claim and the assets against which it can be enforced together.

SECTION 10

## Enforcing a Judgment

A judgment is the beginning of enforcement. Under section 38 of the Civil Procedure Act, Cap. 282, the court may order execution of a decree by:

- delivery of specific property
- attachment and sale, or sale without attachment, of property
- attachment of debts, including money held by a third party for the debtor
- arrest and detention of the debtor
- appointment of a receiver; or
- any other manner the nature of the relief requires

The method depends on the judgment and the assets found, and execution must respect prior rights and the exemptions the law provides. The question that matters from the first day is whether the judgment can be converted into payment.

SECTION 11

## Settlement and Negotiated Repayment

Where the person responsible admits liability and can pay, a negotiated repayment may recover money faster than litigation. A settlement should be written to protect the buyer: it should name the debtor, admit the obligation, state the amount, the schedule and the consequences of default, and where possible be backed by security whose value and enforceability have been checked. Negotiations should not be allowed to run past limitation periods, compromise evidence or give the other side time to move assets.

A promise to refund is worth only what the person making it can and will pay, or what the buyer can enforce.

SECTION 12

## Beware the Recovery Scam

A buyer who has lost money is a target for a second fraud. Someone claims to be a police officer, official, investigator, lawyer or recovery agent who can release the funds, for a recovery fee, clearance charge, court fee or administrative expense. Offers to unfreeze accounts, or to have an official arrange repayment privately, belong in the same category.

Verify the identity, authority and professional standing of anyone offering to recover money. Verify any government or court charge through the official procedure. A genuine advocate's fees are governed by a written engagement that states the services to be provided.

NAFUNA & CO. PRINCIPLE

**A previous fraud creates a claim for investigation and recovery. It does not establish the legitimacy of the next person promising to recover the money.**

SECTION 13

## Is Recovery Worth Pursuing?

A recovery claim should be judged on its legal merits and on whether it can be enforced. The considerations are the amount lost; who and where the defendants are; the evidence; where the assets are and what they are worth; and the likely cost of each stage: investigation, bank correspondence, tracing, urgent applications, the main proceedings and execution.

A legally strong claim may be commercially unattractive if the people responsible have nothing. Prompt action may justify substantial expenditure where significant funds remain traceable. No responsible adviser can guarantee recovery because the fraud is well documented; an honest assessment identifies the available remedies, the gaps in the evidence and the risks to enforcement.

CHECKLIST

## Recovery Checklist

A buyer who has lost money in a suspected Ugandan gold scam should establish:

| | |
|---|---|
| 01 | The exact amount paid, the currency, the date and the payment method. |
| 02 | The beneficiary and the receiving bank or payment provider. |
| 03 | Whether a bank recall or fraud report has been made. |
| 04 | The representations and documents that induced payment. |
| 05 | The identity and legal role of each person involved. |
| 06 | Whether the money can still be traced, and whether assets can be identified. |
| 07 | Whether the facts support a criminal complaint, a civil claim or both. |
| 08 | Whether there is evidence for urgent preservation of assets. |
| 09 | Whether the money or the defendants are outside Uganda. |
| 10 | The likely cost, time and prospects of enforcement. |

Keep the original records, and take advice before any step that could compromise the evidence or the prospects of recovery.

## How Nafuna & Co. Can Assist

Within the scope of a given engagement, Nafuna & Co. Advocates and Legal Consultants can examine the transaction record, identify the parties responsible, prepare criminal complaints, correspond with banks, conduct asset-tracing inquiries, bring civil proceedings and applications for interim relief, negotiate recovery, enforce judgments, and coordinate with counsel or authorities in other countries.

The first assessment establishes the legal basis of the claim, the evidence available, where recoverable assets may be, and the most appropriate course of action. The firm's services and engagement procedure are set out in _____.

NAFUNA & CO. PRINCIPLE

**The purpose of a recovery strategy is to connect an enforceable legal claim with assets capable of satisfying it.**

### RELATED NAFUNA & CO. CLIENT GUIDES

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| No. 09 | How to Prove a Gold Scam in Uganda: The Evidence You Need |
| Next | Forthcoming: You Reported a Gold Scam to the Police: What Should Happen Next? |

## AUTHORITIES

- Magistrates Courts Act, Cap. 19, sections 196, 199 and 200
- Civil Procedure Act, Cap. 282, section 38
- Civil Procedure Rules, Order XL (arrest and attachment before judgment) and Order XLI (temporary injunctions)
- Anti-Money Laundering Act, Cap. 118, sections 1 and 23(o)
- Reciprocal Enforcement of Judgments Act
- *BMS General Trading Limited v Financial Intelligence Authority and Attorney General*, Miscellaneous Cause No. 25 of 2026, [2026] UGHCCD 107 (High Court, Civil Division, Teko J, 8 April 2026)

## IMPORTANT NOTICE

This Client Guide provides general legal information concerning remedies after suspected fraud in a Ugandan gold transaction. It does not constitute legal advice concerning any particular transaction, criminal complaint, bank transfer, asset or court proceeding.

The availability of recovery, compensation, restitution, freezing, attachment and enforcement depends upon the applicable law, the evidence, jurisdiction and procedure. Reporting suspected fraud does not guarantee recovery, and an order preserving assets does not establish the claimant's entitlement to them.

Submission of documents to Nafuna & Co. does not constitute independent verification or establish a professional engagement.

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