

FSCA issues public warning against United African Stokvel

The Financial Sector Conduct Authority (FSCA) warns the public to be cautious when conducting any financial services related business with United African Stokvel (United African). The FSCA suspects United African of conducting unauthorised business and breaching certain financial sector laws. United African is not authorised to provide any financial products or financial services.

United African has made claims on social media that it has applied for a financial services provider license. The FSCA records that it has not received such application. The social media pages of United African indicate that it is a digital stokvel that invests clients' funds in property and telecommunications. It claims that the returns from these investments are used to pay client returns. There are various complaints from clients stating that although they were promised returns, they have not received them. The FSCA wishes to advise that to provide investment products and other financial services requires authorisation by the FSCA.

On 15 June 2023, the FSCA successfully conducted a search and seizure operation at the premises of United African, in terms of the Financial Sector Regulation Act of 2017 (FSR Act). The search and seizure operation was part of an ongoing investigation by the FSCA into the business activities of United African. The investigation was initiated after the FSCA received a whistle-blower's report.

The FSCA will now examine the evidence, interview the parties involved and complete the investigation. Clients of United African are encouraged to contact the FSCA's Business Centre through the following link <https://www.fsca.co.za/Pages/Contact-Us.aspx>.

On conclusion of the investigation, the FSCA may take the appropriate regulatory action, report the matter to the South African Police Services, as well as support the Prosecuting Authority in their responsibilities, if required.

Members of the public should always check that an entity or individual is authorised by the FSCA to provide financial products and services, including for giving recommendations about how to invest. It is also important to know what category of advice the person is registered to provide, as there are instances where companies or people are registered to provide basic advice for a low-

risk product and then offer advice on far more complex and risky products. Getting poor financial advice can bring severe harm to investors.

Customers who wish to use the financial services of an institution or person can check this before any purchase or investment is made, by one of the following:

- 1) **Toll-free number:** 0800 110 443
- 2) Online search for authorised financial institution **by license category:**
<https://www.fsca.co.za/Regulated%20Entities/Pages/List-Regulated-Entities-Persons.aspx>
- 3) Online search for a financial institution that is an **authorised FSP in terms of the FAIS Act:**
https://www.fsca.co.za/Fais/Search_FSP.htm

ENDS

Enquiries: Financial Sector Conduct Authority
Email address: fscacommunications@fsca.co.za
Telephone: 0800 203 722

Executive Committee:

Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat