

حلال نوپيار هوو جوئي



تو حلال نوپيار هوو جوئي يه ضرور خيال راکھجو، کوئي بهي حرام نوپيار نر هوئي، Business مايم کر همننا حرام سي کرئي تو گھنوا چهو Profit تھائي چھ، کي نهين Profit نے نا کھي دو، حلال ما گھني برکة تھاسے، تو گھنو خيال راکھو جوئي، سونر حلال انے سونر حرام چھ .

(الداعي الاجل سيدنا محمد برهان الدين رضى)
(المجلس الخامس - ۱۴۲۵)



DIRECTOR'S MESSAGE

Sustainable business growth: A path to long term Generational Wealth

In today's hyper connected world where Social-Media often dominates how we define success, many of our youth and businesspeople often fall into the trap of trying to achieve wealth and success overnight through either over-leveraging their businesses, extending too much credit to customers or participating in multi-level marketing (Ponzi) schemes leading to significant losses.

Sustainable business growth refers to a strategy that prioritizes long-term success rather than short-term gains. This approach emphasizes stability, resilience, and ethical practices, ensuring that a business can thrive over time while adapting to changing market conditions and consumer demands.

Sustainable growth involves prudent financial

management that avoids over-leveraging and encourages reinvestment in the business. Companies that prioritize long-term planning often focus on building reserves, investing in technology, and improving operational efficiency. This not only protects them during economic downturns but also positions them to capitalize on new opportunities as they arise.

Moreover, a commitment to innovation is essential for sustainable growth. Businesses must continually adapt their products, services, and processes to meet evolving market demands and technological advancements.

At Al-Fazal, we want to be your partner in helping accelerate your business growth in a sustainable and ethical manner so as to achieve long-term success.

Mu. Taher Sk. Zueb Ezzi

PONZI SCHEME — A Critical Analysis

We always hear about Ponzi scheme, Pyramid scheme, etc. but what exactly are these schemes and how does it work? Let's do a tour of this scheme, in order to get alerted and avert from such schemes.

...contd pg 2



The biggest risk is not taking any risk;
In a world that is changing quickly,
the only strategy that is guaranteed to fail is not taking risks.

What is Ponzi Scheme?

Formerly known as “Rob Peter to Pay Paul”, this type of fraud has come to be called Ponzi scheme – **“A Ponzi scheme is an Investment Scam in which early investors are paid by money taken from later investors to create an illusion of big profits”**. In actual effect there is no investment. Rather, the scam artist concentrates on attracting more investors. A growing number of victims is needed to pay out the supposed profits being distributed to earlier investors. When the flow of new investment slows, the scam artist doesn't have enough money to pay out those supposed profits. That's when the Ponzi scheme collapses.

**A Ponzi
scheme is like a pizza.
The first few slices are great,
but eventually, you're left with
nothing but an empty
box.**

Origin

Ponzi scheme is not something new. It has its origin in 1920, when an Italian named Charles Ponzi became a millionaire by promoting a non-existing investment opportunity, from a mere pre-paid Postage coupon.

Following in his footsteps, in 1980 Bernie Madoff ran the biggest ever Ponzi scheme in the history. He falsified trading reports to show his clients were earning profits on investments that never existed. His scheme got exposed in 2008 during the global financial crisis, when investors began to withdraw funds from Madoff's firm. By the time it fell apart, Madoff Ponzi scheme had collectively cost over 13,000 investors somewhere between \$65 billion and \$74 billion. He was arrested and sentenced to 150 years in prison. It's suspected that his scheme lasted over 20 years.

How do you identify a Ponzi Scheme?

Whenever, any investment scheme comes in the market, try to identify the existence of the following points in it:

- i. A guaranteed profit of high return with little risk.
- ii. A consistent flow of returns regardless of market conditions.
- iii. Investments are not registered with any Regulatory Authority.
- iv. Sellers are not licensed to sell investment products.
- v. Investment strategies that are 'secret' or described as too complex to explain.
- vi. Failures to provide documentation for their investment.
- vii. Difficulties withdrawing money. Ponzi scheme perpetrators sometimes try to prevent participants from cashing out by offering even higher returns for staying put.



The secret of getting ahead is getting started.

How does a Ponzi Scheme work?

Mr. A promises a 10% return on a \$1,000 investment to his friend Mr. B. B gives A \$1,000 with the expectation that he'll be paid \$1,100 in one year. Next, A promises 10% returns to his friend Ms. C. C gives A \$2,000. With \$3,000 now on hand, A pays B his \$1,100. He spends the rest of the money, confident that he can persuade someone else to give him money before C's money is due to be repaid.

Are Ponzi schemes illegal?

Yes, a Ponzi scheme is illegal for two main reasons:

- i. The first is that the perpetrator is deceiving investors into backing a venture that doesn't exist. That is, it provides no goods or services other than being the focal point of the fraud.
- ii. The second is that the criminal has to make their fake enterprise look legitimate in order not to get caught. This usually involves forging and falsifying documents that a business must submit to government agencies. And that's definitely a crime.

Conclusion

The fraudsters who operate these Ponzi schemes are so clever that they can even fool the best of investor gurus, such as the DC Polar Ponzi scheme, that did in Warren Buffet's Berkshire Hathaway Insurance Corporation, the Sherwin-Williams paint company and many other big investors.

Ponzi perpetrators will probably always exist, but their success depends on finding clients willing to invest in their schemes however, If YOU become a better informed and educated investor, the less likely chance, that YOU will become victims of financial con artists.

In short, there are no short-cuts to become Richie-Rich overnight.

EAC BUSINESS HIGHLIGHTS

1. Construction industry receives a major boost in Tanzania as government signs an agreement with Amsons group to invest US\$ 320 million for the expansion of Mbeya Cement Plant and construction of new cement plant in Tanga. Both Mbeya and Tanga would be producing 5,000 tonnes of clinker each daily. The expansion is expected to be completed within the next two years and once operational, it will significantly reduce cement prices due to increased supply, providing relief to citizens and construction stakeholders.



2. Ugandan government and Turkish construction firm signed a contract to build a 272-kilometer section of railway, in a bid to boost regional trade. The project is part of a planned 1,700 km electric rail line and the segment would complete in 4 years at a cost of US\$ 3 billion.

3. New vehicle purchases dip for third year on tough economy. Kenyans have cut the purchase of new vehicles for the third year running because of the deterrent cost of borrowing and the lagged effect of higher taxation amidst pay slips. New vehicle dealers and assemblers such as Isuzu East Africa, CFAO Motors Kenya, and Simba Corporation posted a 8.58 % drop in sales for nine months ended September 2024.

EAC BUSINESS HIGHLIGHTS

4. 89 % of Tea Remains unsold as Scrapping of Minimum Price Fails to Boost Sales in Kenya. Data from the Mombasa auction shows that of the 8.97 million kgs of the old tea offered for sale, only 923,910 kilos were sold, meaning 89.7 % of the offering was rejected by buyers.

5. Uganda joins BRICS (Brazil, Russia, India, China, and South Africa) as one of 13 new partner nations in a move set to reshape its international trade and investment prospects. By aligning with the BRICS alliance, Uganda is positioning itself to benefit from deeper economic ties with some of the world's largest emerging markets. Other nations joining include Algeria, Indonesia, Turkey, Nigeria, and Vietnam.




Insights into Real Estate market

PROPERTY PRICE INDEX

Property Market Stagnates in period Q3 of 2024 by Economic uncertainty and Civic unrest.

- Property sales prices were stagnant quarter-on-quarter, with an overall growth of 0.7% in the 3rd quarter of 2024.
- Apartments reported negative price movements in many of the city suburbs and Nairobi's satellite town, in large part due to the increase of supply currently.
- The rental property market witnessed price corrections of 0.6% on average over the 3rd quarter of 2024, after sustained gains in the last quarter of 2023, and first quarter of 2024.

Sale Prices
↑ 0.7%

Rent Prices
↓ 0.6%

LAND PRICE INDEX

Rising Land Prices Driven by Developer Push for High Density Housing Projects

- Land prices in Nairobi's suburbs rose by 1.6% in the 3rd qtr of 2024, marginally lower compared to the 2nd qtr growth of 1.8%.
- Positive price movement showed resilience of land as an asset in a period of economic difficulties, characterised by high interest rates and uncertain political environment.
- In satellite towns, average price of an acre of land rose by 3% in Q3, higher than the increase of 2.24% during the previous period.

Nbo Suburb Land Prices
↑ 1.6%

Satellite Town Land Prices
↑ 3.0%

What is the definition of an accountant?
Someone who solves a problem, you did not know you had in a way you don't understand.