CRYPTO PYRAMID SCHEME UNRAVELED: R4.5 MILLION ASSET FORFEITURE

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written by Luyanda Maema | March 26, 2025

The Durban Specialised Commercial Crimes Court shut down a crypto pyramid scheme by sentencing Mfundo Manci to 10 years direct imprisonment. Manci pleaded guilty on behalf of himself and his company, Crypto Mzansi Group (PTY) LTD, to several charges. These included fraud, Contravention of the Banks Act, Contravention of the Financial Advisory and Intermediary Service Act, and the Prevention of Organised Crime Act. He committed these offenses between June 2020 and April 2021.

Operating in Durban, and soliciting via social media platforms, Mfundo Manci encouraged investments by promising abnormally large returns on these investments, often in excess of 1 000 percent. On 22 August 2022, the Asset Forfeiture Unit of the NPA obtained a preservation order, freezing all Manci's bank accounts. Thereafter, on 30 August 2022, Nkosi J granted an application by the NPA preserving various accounts of Manci and the accounts of Crypto Mzansi Group recovering R4 547 820.47.

This is a win for growing enforcement efforts in digital asset fraud. However, it is an expensive reminder to be vigilant online. The crypto pyramid scheme highlights the importance of regulatory oversight in cryptocurrency transactions.

You can read more about the case here. Consider SABRIC's tips on how to spot a ponzi/pyramid scheme. To get more good, clear, precise advice, read one of our previous articles discussing the regulation of crypto-assets.