

What is the ruling on OneCoin? Is it permissible?

بِسْمِ اللَّهِ وَالْحَمْدُ لِلَّهِ وَالصَّلَاةُ وَالسَّلَامُ عَلَى رَسُولِ اللَّهِ

OneCoin (also known as OneLife) and its supporters/participants claim it is a legitimate cryptocurrency like Bitcoin. Let us explore and discuss the validity of their claim.

Please note: this document supersedes all previous versions. This is the first published version.

Caution: *videos referenced in the footnotes are only included to provide proof, but may sometimes contain impermissible content.*

Introduction

To determine whether it is permissible to participate in the OneCoin scheme, we will investigate:

- what OneCoin is
- whether OneCoin is a reputable and credible organisation or not
- the history of the founders and leaders
- the legal status of OneCoin
- its portrayal in the media
- how payments work
- whether the economic claims are valid
- the value of the educational packages
- if OneCoin is an actual cryptocurrency or not
- what the experts say regarding OneCoin

This will be followed by a summary of the findings and, thereafter, the Islamic ruling.

What is OneCoin?

OneCoin¹ (now part of OneLife) claims to be a cryptocurrency (explained later) which sells education packages.^{2 3} These come with “free” tokens which are claimed to be used to mine (create) coins (also explained later).

Members often recruit others to join the scheme to generate commissions and bonuses via a multi-level marketing (MLM) structure⁴, though it is also possible to “purchase” a package as an investment.

Is OneCoin a reputable and credible company?

Firstly, it is important to determine if OneCoin is an honest and reliable organisation. This is especially important when it’s involved with cryptocurrency as there are many fake “coins” in this field⁵. Let us look at a few examples of claims made by OneCoin:

- Claims that Ruja Ignatova (founder of OneCoin) appeared on Forbes magazine cover⁶ when in fact it was a **paid advert**^{7 8}

¹ <https://www.onecoin.eu/en/about>

² <https://www.onecoin.eu/en/faq>

³ <https://www.onelife.eu/en/oneacademy>

⁴ <https://www.onelife.eu/en/global-compensation-plan>

⁵ <http://www.badbitcoin.org/thebadlist/>

⁶ http://web.archive.org/web/20160312103515/https://www.onecoin.eu/news/details/forbes_interview

⁷ <http://behindmlm.com/companies/ruja-ignatovas-onecoin-forbes-cover-a-paid-advertisement/>

⁸ http://forbesbulgaria.bg/wp-content/uploads/2015/05/Cover_49.jpg

- Similar claim for Financial IT magazine cover^{9 10} which again was a **paid advert**^{11 12} - now no longer appears in the archive list of past issues¹³
- Claims of Ruja Ignatova being an invited speaker at The Economist's Fourth EU–Southeast Europe Summit, but they had **paid** to be a platinum sponsor¹⁴ (now redacted from The Economist's own site¹⁵)
- Claims of One World Foundation and SEVA Canada partnership^{16 17} - despite the charity severing all ties¹⁸; similar claims with other charities
- Promised merchants by end of 2015¹⁹ - no merchants to date
- Promised between 50,000 to 500,000 merchants when 30% of coins had been mined²⁰ - still no merchants despite going past 40%²¹ (Sept 2016) *Note: this was on the old blockchain (see later)*
- Further claims of up to 1 million merchants ready within 2 years²² - no merchants to date
- Published **fake** letter from auditor to prove legitimacy²³
- Claimed audits, but performed by an unknown company affiliated to OneCoin^{24 25}
- Claims of a UnionPay OneCoin card²⁶ which UnionPay denied in press release²⁷ - only a prepaid card
- Claims/promises of a MasterCard²⁸ prepaid card - MasterCard distanced itself from this and vehemently denied any authorisation²⁹
- Claims that Ruja Ignatova is "business woman of the year"³⁰ - a title which is **paid** for³¹
- Claims to "bank the unbanked"³², yet enforces a **contradictory** KYC³³ policy³⁴

⁹ <http://www.onecoin.wiki/?p=171&news=2258>

¹⁰ http://www.onecoinnorway.com/index.php?p=1_58_Dr-Ruja-Ignatova-on-the-cover-of-Financial-IT

¹¹ <http://behindmlm.com/companies/onecoin/ignatova-does-it-again-another-fake-magazine-cover/>

¹² https://financialit.net/sites/default/files/fit7_january.pdf (Jan 2016 edition)

¹³ <https://financialit.net/issues>

¹⁴ <http://web.archive.org/web/20160711001341/http://www.economist.com/events-conferences/emea/sofia-2015>

¹⁵ <http://www.economist.com/events-conferences/emea/sofia-2015>

¹⁶ <http://web.archive.org/web/20150624042306/http://www.oneworldfoundation.eu/events.html>

¹⁷ https://m.facebook.com/story.php?story_fbid=1451193855171776&id=1386739924950503&_rd=1

¹⁸ <http://behindmlm.com/companies/onecoin/seva-canada-returns-onecoin-donations-and-severs-ties/>

¹⁹ <http://i.imgur.com/UHlrh1M.jpg> (Dubai event, 2015)

²⁰ <http://onecoin-finland.webnode.fi/news/onecoinin-maajohtaja-tommi-vuorisen-mediatiedote/>

(Finnish)

²¹ <http://web.archive.org/web/20160817074537/https://www.onecoin.eu/en/> (Aug 2016;

802million/2.1billion = approx 40%; *note: old blockchain count*)

²² <https://www.businessforhome.org/2016/06/5000-attendees-at-the-onecoin-london-convention/>

²³ <http://web.archive.org/web/20151022075610/http://www.onecoinrevolution.info/letter-from-semper-fortis.html>

²⁴ <http://go4up.com/dl/4eca41d9c740ba/onecoininformation.zip>

²⁵ <http://www.bloomberg.com/Research/stocks/private/snapshot.asp?privcapId=261419004>

²⁶ <https://www.onecoin.eu/en/news/onecoin-to-issue-unionpay-cards>

²⁷ <http://www.unionpayintl.com/en/enaboutUpi/ennewsCenter/encompanyNews/3011997.shtml>

²⁸ https://www.facebook.com/permalink.php?story_fbid=403822849829038&id=359291070948883

²⁹ <https://www.youtube.com/watch?v=mF9cQNe3pS8> (German)

³⁰ <http://onecointrust.com/guidebooks/RujalgnatovaResearch.pdf>

³¹ <http://minchev.com/en/businesswoman.html>

³² http://www.onecoinnorway.com/index.php?p=1_56_Banking-the-unbanked

³³ https://en.wikipedia.org/wiki/Know_your_customer

³⁴ <https://www.onecoin.eu/en/compliance>

- A “legal opinion”³⁵ (with little to no information) was produced by a OneCoin Ltd company director, **not** an independent law firm³⁶
- Much of the previous material/presentations emphasised the 2.1 billion coin cap, how it “can never be changed”, “protected from inflation”, “only 2.1bn coins will ever be created”, etc.³⁷. This has now been increased manifold - to 120 billion (1st Oct 2016)³⁸
- By OneCoin’s own definition, it is an “illegal money game”^{39 40}
- Claims to be the “Bitcoin Killer”⁴¹, yet has so many disadvantages compared to Bitcoin, e.g. no users, no transparency, etc. More on this later.
- Claims Bitcoin started “before terrorist attacks and before September 11 [2001]”⁴² - *actually started 8 years later (2009)*⁴³
- KYC taking months to complete⁴⁴
- Stealing \$100Ks (OneCoin value) from affiliates⁴⁵; freezing accounts; confiscating coins
- Claims of operating in over 230 countries⁴⁶ - only 195-205⁴⁷ countries in the world

*Conclusion: from the above, it is clear that there is a pattern of misinformation and deception from the company to give itself an air of respectability and credibility. There is also evidence of behaviour not expected of a reputable company. True respectability is earned by building a good reputation, especially from **independent sources**, not by paying for ads in magazines/events.*

What do we know about OneCoin’s founders/leaders?

As with any organisation, we need to know a little history about the founders to know if this is a genuine company:

- The founders (Ruja Ignatova, Sebastian Greenwood, etc.) have been involved in **failed scams** previously some of which are:
 - BigCoin^{48 49}
 - BNA⁵⁰
 - Unaico^{51 52 53 54 55 56}/SiteTalk^{57 58 59}

³⁵ <http://www.coin-blog.de/wp-content/uploads/sites/128/2015/11/Breidenbach-OneCoin-Kryptow%C3%A4hrung-legal.pdf>

³⁶ <http://behindmlm.com/companies/onecoin/onecoin-legal-opinion-authored-by-director-of-the-company/>

³⁷ <http://www.slideshare.net/Onecoinplus/onecoin-secrets-revealed-2015-54053389>

³⁸ <http://onecoinpartners.com/onecoin-news/new-onecoin-blockchain-120-billion-coins/>

³⁹ <http://image.slidesharecdn.com/onecoinofficialenmarch2015-150423073230-conversion-gate02/95/onecoin-or-one-coin-compensation-plan-4-1024.jpg?cb=1429844493>

⁴⁰ <http://www.slideshare.net/shaikhamin/one-coin-compensation-plan>

⁴¹ <http://grantcardonetv.com/video/thecoinprofit/the-bitcoin-killer-juha-parhiala/>

⁴² <https://www.youtube.com/watch?v=2BCj8EoyT2I#t=5m15s>

⁴³ <https://en.wikipedia.org/wiki/Bitcoin>

⁴⁴ Many complaints can be found on OneCoin Facebook page and elsewhere before being deleted

⁴⁵ <http://imgur.com/a/WaG7d> (screenshots of subsequently deleted content)

⁴⁶ <https://3.bp.blogspot.com/->

<fdYzEWmRUgs/V5YsuEBmrUI/AAAAAAAEJw/m5ZBG7buLUYCPeJkufKm3pkLCX0RbbUEgCLcB/s1600/OneAcademy.png> (screenshot; since corrected to 190+ countries)

⁴⁷ https://en.wikipedia.org/wiki/List_of_sovereign_states

⁴⁸ <https://youtu.be/T7L6AdMQEcM> (Ignatova giving a presentation on behalf of BigCoin)

⁴⁹ <http://bigcoin.co/>

⁵⁰ <http://behindmlm.com/companies/onecoin/bigcoin-bna-the-original-onecoin-ponzi-points/>

⁵¹

<http://web.archive.org/web/20160312141342/http://www.secp.gov.pk/Publicwarnings/activitiesUnaicoPublicWarning-July.jpg>

- Prosper Club⁶⁰
- Loopium^{61 62}, etc.
- Tom McMurray, leader (USA)⁶³, is a **serial scammer**⁶⁴ who has been **jailed for Ponzi fraud** and ordered to **pay \$7.5 million in restitution** to his victims⁶⁵
- OneCoin is **simply a clone of BigCoin/BNA**⁶⁶
- Ruja Ignatova pleaded **guilty** to and was **convicted** in Germany⁶⁷ (March 2016) for **24 counts of financial fraud, embezzlement** from her employees and suppliers, given a **14 months sentence** on probation and ordered to **pay restitution** to her victims^{68 69 70}
- Ruja Ignatova has recently purchased \$20 million of property in Bulgaria⁷²
- Ignatova has links to drug mafia through a host of shell companies^{73 74}
- OneCoin has been buying out **failed Ponzi/pyramid scams** such as Conligus^{75 76}, OPN (formerly Unaico), SiteTalk⁷⁷, Bonofa⁷⁸, BNG International, Univerteam⁷⁹ and WeShare⁸⁰

⁵² <http://www.dawn.com/news/715788>

⁵³ <http://www.dawn.com/news/1160623>

⁵⁴ <http://www.dawn.com/news/1148707>

⁵⁵ <http://www.pakistantoday.com.pk/2012/05/05/national/nab-starts-probe-into-unaico-ponzy-scheme/>

⁵⁶ <http://web.archive.org/web/20151028105519/https://www.fma.gv.at/en/consumers/investor-warnings/national-investor-warnings/detail-natwm/article/unaico-ltd-enigro-group.html>

⁵⁷ <https://www.youtube.com/watch?v=5Q89YJ-C9Pg>

⁵⁸ <http://www.realtid.se/svenskarna-bakom-unaico-och-sitetalk> (Swedish)

⁵⁹ <http://ha.ntga.gov.cn/default.php?mod=article&do=detail&tid=278480> (Chinese)

⁶⁰ <http://prosperinc.co/>

⁶¹ <http://web.archive.org/web/20121117004012/http://www.loopium.com/>

⁶² <https://www.linkedin.com/in/mrsebastiangreenwood>

⁶³ <https://www.onelifeevents.eu/en/events/uk-national-event>

⁶⁴ <http://amlmskeptic.blogspot.co.uk/2016/04/is-it-just-series-of-bad-judgment-or.html>

⁶⁵ <http://www.bizjournals.com/atlanta/stories/2005/10/10/daily23.html>

⁶⁶ <http://behindmlm.com/companies/onecoin/onecoin-literally-a-relaunch-of-bigcoin>

⁶⁷ <https://www.pdf-archive.com/2016/06/30/report/> (German)

⁶⁸ http://www.dkp-muenchen.de/index.php?option=com_content&view=article&id=623:allgaeu-krimi-um-das-gusswerk-waltenhofen&catid=35:kategorie-dkp-allgaeu&Itemid=44 (German)

⁶⁹ <http://www.all-in.de/nachrichten/lokales/Ueber-drei-Jahre-nach-der-Pleite-Bewaehrung-fuer-Ex-Chefin-des-Waltenhofener-Unternehmens-Gusswerk%3bart26090,2250751> (German)

⁷⁰ <http://www.ess.fi/uutiset/kotimaa/art2291676> (Finnish)

⁷¹ <http://www.savonsanomat.fi/kotimaa/Uuden-virtuaalivaluutan-taustatiimill%C3%A4-Wincapita-yhteyksi%C3%A4-ja-petostuomioita/813727> (Finnish)

⁷²

http://www.capital.bg/biznes/kompanii/2016/05/13/2759325_doktor_ruja_i_pazaruvaneto_na_imoti_ot_nishto/ (Bulgarian)

⁷³ <http://i.imgur.com/0lowjBr.png> (English translation)

⁷⁴

http://www.capital.bg/biznes/kompanii/2016/05/13/2759325_doktor_ruja_i_pazaruvaneto_na_imoti_ot_nishto/ (original article source; Bulgarian)

⁷⁵ <https://www.onelife.eu/en/news/onecoin-conligus-1year>

⁷⁶ <https://www.businessforhome.org/2015/02/conligus-freezing-commissions/>

⁷⁷ <https://www.businessforhome.org/2016/01/onecoin-welcomes-network-marketing-company-opn-sitetalk/>

⁷⁸ <https://www.youtube.com/watch?v=CGtcYRPtHvY>

⁷⁹ <https://www.businessforhome.org/2016/03/onecoin-completes-acquisition-of-univerteam/>

⁸⁰ <http://us9.campaign-archive2.com/?u=cf9659fd672fe664d487e7e1b&id=c5cc06fe8b> (Newsletter: 3 Oct, 2016)

Conclusion: the history of the founders/leaders is extremely concerning. While a criminal past is not necessarily indicative of future behaviour, yet when the latest scheme is based off a previous scam, we can only conclude that this is more of the same.

Is OneCoin legal?

Investigations by regulators/official organisations is not usually a good sign:

- **Germany's** financial regulator BaFin is currently investigating OneCoin⁸¹
- **Sweden's** Gaming Board made a police report against OneCoin for breach of the Lotteries Act after calling it a **"pyramid scheme"**⁸²; **Swedish police** currently investigating OneCoin⁸³
- Investigated by **Finland's** National Bureau of Investigation at the request of the Police Board; police keeping tabs and called for utmost caution^{84 85 86 87}
- **Belgium's** Financial Services and Markets Authority (FSMA) warned against risks associated with OneCoin⁸⁸, though generic to all "virtual money"
- **Austria's** AK Consumer Protection organisation cautioned against OneCoin indicating that it's a **"pyramid scheme"** and gave a **fraud** warning^{89 90}
- The **Norwegian** Direct Selling Association warned against **fraud** and called it a **"pyramid scheme"**⁹¹
- The National Bank of **Hungary** issued a warning against OneCoin calling it a **"pyramid scheme"**^{92 93}
- Latvia's Financial and Capital Market Commission issued a warning saying that OneCoin is modelled on a **"pyramid scheme"**⁹⁴
- **Bulgaria's** Financial Supervision Commission warned of "a **high risk**"⁹⁵
- **Indian** Police called OneCoin a **"fraud company"**⁹⁶

⁸¹ <http://www.spiegel.de/spiegel/vorab/bafin-prueft-internetwaehrung-onecoin-a-1095657.html>

(German)

⁸² <http://www.lotteriinspektionen.se/sv/Press/Nyheter/OneCoins-verksamhet-polisanmalt-for-misstankt-brott-mot-lotterilagen/> (Swedish)

⁸³ <http://www.gp.se/nyheter/g%C3%B6teborg/polisen-utredet-onecoin-1.6048> (Swedish)

⁸⁴ <http://www.hs.fi/talous/a1429846410546> (Finnish)

⁸⁵

http://yle.fi/uutiset/osasto/news/finns_investing_millions_in_new_virtual_currency_police_keeping_tabs_on_case/8743590

⁸⁶ <http://www.hs.fi/talous/a1446613276082> (Finnish)

⁸⁷ https://www.poliisi.fi/keskusrikospoliisi/tiedotteet/1/0/krp_on_selvittanyt_onecoin-virtuaalirahaa_41044 (Finnish)

⁸⁸ http://www.fsma.be/en/Site/Repository/press/warnfsma/2016/07-08_onecoins.aspx

⁸⁹

https://stmk.arbeiterkammer.at/beratung/konsumentenschutz/achtung_falle/onecoin_betruagsverdacht.html (Austrian)

⁹⁰ <http://steiermark.orf.at/news/stories/2767892/> (Austrian)

⁹¹ <http://www.direktesalgsforbundet.no/vil-ikke-vaere-politi/> (Norwegian)

⁹² <http://www.mnb.hu/felugyelet/felugyeleti-keretrendszer/felugyeleti-hirek/hirek-ujdonsagok/sajtokozlemeny-ujabb-kockazatok-a-fizetesre-hasznalhato-virtualis-eszkozok-koreben> (Hungarian)

⁹³ <http://24.hu/fn/penzugy/2016/10/31/vigyazat-atveres-penzere-palyaznak-a-piramisjatekosok/>

(Hungarian)

⁹⁴ <http://www.fktk.lv/lv/klientu-aizsardziba/bridinajumi-par-nelicencetiem/5659-fktk-bridina-par-onecoin-sniegtajiem-pakalpojumiem.html> (Latvian)

⁹⁵ <http://www.fsc.bg/en/news/saobshtenie-onecoin-7727.html> (Bulgarian)

⁹⁶ <http://www.newindianexpress.com/cities/hyderabad/First-cryptocurrency-fraud-busted-kingpin-arrested-in-Bengaluru/2016/07/28/article3550570.ece>

- The Office of Competition and Consumer Protection in **Poland** have launched an official investigation into OneCoin⁹⁷
- **Vietnam** are investigating OneCoin⁹⁸
- The Financial Conduct Authority (FCA) in the **UK** issued a warning against OneCoin, stated the **City of London Police** are currently investigating OneCoin for **fraud** and advised potential victims to report to Action Fraud⁹⁹
- **Arrests** of investors and **seizure of 300 million yuan (over £30 million)**¹⁰⁰ in assets in **China** and investigation by authorities¹⁰¹; declared “**fraudulent**” by regulator¹⁰²
- Investors **arrested** in **Bangladesh**¹⁰³
- Declared **illegal** in **Colombia**¹⁰⁴
- Currently **illegal** in the **US** as OneCoin must register with the SEC¹⁰⁵ before they can operate in the US¹⁰⁶ which they have failed to do

OneCoin has released a few “legal opinions” from Germany¹⁰⁷, Sweden¹⁰⁸, Bulgaria¹⁰⁹, etc. The 2 from Germany were written in 2014 and 2015 before the investigation by BaFin (German regulator) and one of these was written by a OneCoin company director as discussed earlier. Additionally, these opinions are paid for, based on information provided by OneCoin, contain disclaimers (including non-disclosure to 3rd parties) and cannot override official investigations.

Conclusion: the sheer number of investigations and warnings for fraudulent activities across so many countries is huge cause for concern. Many investigations are ongoing while some have already reached the conclusion that it is a pyramid scheme.

⁹⁷ <http://sejm.gov.pl/Sejm8.nsf/InterpelacjaTresc.xsp?key=70AA9084> (Polish)

⁹⁸ <http://tuoitrenews.vn/business/37884/ponzilike-onecoin-trading-scheme-swindles-many-in-vietnam>

⁹⁹ <https://www.fca.org.uk/news/news-stories/beware-trading-virtual-currencies-onecoin>

¹⁰⁰ <http://www.zsnews.cn/news/2016/05/27/2865116.shtml> (Chinese)

¹⁰¹

<http://news.qq.com/%E7%B2%B5%E8%AD%A6%E6%8B%86%E8%A7%A3%E7%BD%AA%E7%8A%AF%E9%9B%86%E8%B3%87%E6%8B%9B%E6%95%B8-2043698.html> (Chinese)

¹⁰² <http://v.ku6.com/show/P8E-0i7rHG1IN3Y5y8P3sQ...html> (Chinese news report)

¹⁰³

<http://www.banglatribune.com/others/news/114555/%E0%A6%A1%E0%A6%BF%E0%A6%9C%E0%A6%BF%E0%A6%9F%E0%A6%BE%E0%A6%B2-%E0%A6%8F%E0%A6%AE%E0%A6%8F%E0%A6%B2%E0%A6%8F%E0%A6%AE-%E0%A6%AA%E0%A7%8D%E0%A6%B0%E0%A6%A4%E0%A6%BE%E0%A6%B0%E0%A6%A3%E0%A6%BE-%E0%A6%9A%E0%A6%95%E0%A7%8D%E0%A6%B0%E0%A7%87%E0%A6%B0-%E0%A7%A8-%E0%A6%B8%E0%A6%A6%E0%A6%B8%E0%A7%8D%E0%A6%AF-%E0%A6%97%E0%A7%8D%E0%A6%B0%E0%A7%87%E0%A6%AB%E0%A6%A4%E0%A6%BE%E0%A6%B0> (Bengali)

¹⁰⁴ <http://www.supersociedades.gov.co/noticias/Paginas/2016/Onecoin-Colombia-no-est%C3%A1-vigilada-por-la-Superintendencia-de-Sociedades.aspx> (Spanish)

¹⁰⁵ https://www.sec.gov/investor/alerts/ia_pyramid.htm

¹⁰⁶ <http://www.investopedia.com/ask/answers/08/unregistered-securities.asp>

¹⁰⁷ http://www.digitalcurrencyinfo.net/wp-content/uploads/2016/04/Germany_Legal_opinion-2015.pdf

¹⁰⁸ <https://www.yumpu.com/en/document/view/55776973/one-life-legal-opinion-wistrand-law-firm-sweden-july-2016>

¹⁰⁹ <https://www.pdf-archive.com/2016/10/25/onecoin-legal-opinion-bulgaria-november2015/>

How is OneCoin portrayed in the media?

- Several negative media articles in **well-known national newspapers** such as Der Spiegel¹¹⁰ and The Mirror^{111 112} as well as Capital¹¹³ and Banker¹¹⁴, influential Bulgarian weekly independent business newspapers^{115 116}
- Numerous articles in **mainstream** (Finnish) media^{117 118 119 120 121 122 123 124 125} and investigative reporting in YLE, Finland's **national public-broadcasting** company (Finnish equivalent to the UK's BBC)^{126 127}
- Wide coverage in online cryptocurrency news sites such as Bitcoin.com¹²⁸, Coin Telegraph^{129 130}, The Merkle¹³¹, CoinDesk¹³², CryptoCoinsNews¹³³, Bitcoinist¹³⁴, NewsBTC¹³⁵, etc.
- More articles and news items can be found in the footnotes of this paper

Conclusion: there are many negative articles in the media across numerous countries which is not a good sign. One or two articles could be forgiven for being isolated examples of bad behaviour by staff,

¹¹⁰ <https://magazin.spiegel.de/SP/2016/17/144430297/index.html> (German)

¹¹¹ <http://www.mirror.co.uk/news/uk-news/who-wants-onecoin-millionaire-you-7346558>

¹¹² <http://www.mirror.co.uk/news/uk-news/seven-months-after-expose-crypto-8933566>

¹¹³

http://www.capital.bg/biznes/finansii/2015/09/04/2603688_doktor_ruja_i_praveneto_na_pari_ot_nishto/ (Bulgarian)

¹¹⁴ <http://www.banker.bg/finansov-dnevnik/read/opasni-strasti-s-onecoin> (Bulgarian)

¹¹⁵ [https://en.wikipedia.org/wiki/Capital_\(newspaper\)](https://en.wikipedia.org/wiki/Capital_(newspaper))

¹¹⁶ <http://www.worldpress.org/newspapers/EUROPE/bulgaria.cfm>

¹¹⁷ <http://www.aamulehti.fi/kotimaa/uusi-virtuaalivaluutta-lupaa-suuria-tuottoja-mukana-olevilla-petostuomioita-ja-wincapita-yhteyksia/> (Finnish)

¹¹⁸ <http://www.sss.fi/2016/08/uusi-virtuaalivaluutta-lupaa-suuria-mutta-herattaa-kysymyksia/> (Finnish)

¹¹⁹ <http://www.karjalainen.fi/uutiset/uutis-alueet/kotimaa/item/112732-uusi-virtuaalivaluutta-lupaa-suuria-mutta-herattaa-kysymyksia> (Finnish)

¹²⁰ <http://www.ess.fi/uutiset/kotimaa/art2291676> (Finnish)

¹²¹

<http://www.ts.fi/uutiset/kotimaa/2741104/Uusi+virtuaalivaluutta+lupaa+suuria+mutta+herattaa+kysymyksia> (Finnish)

¹²² <http://www.kainuunsanomat.fi/kainuun-sanomat/talous/uusi-virtuaalivaluutta-lupaa-suuria-mutta-herattaa-kysymyksia/> (Finnish)

¹²³ <http://www.kaleva.fi/uutiset/kotimaa/uusi-virtuaalivaluutta-lupaa-suuria-krp-kehottaa-varovaisuuteen/734974/> (Finnish)

¹²⁴ <http://www.talouselama.fi/uutiset/uusi-bittivaluutta-herattaa-kysymyksia-perustajalla-petostuomio-6571908> (Finnish)

¹²⁵ <http://kusetukset.blogspot.co.uk/2016/08/onecoin-receives-huge-media-coverage-in.html> (translation)

¹²⁶ <https://www.youtube.com/watch?v=B4u3DtZITAE>

¹²⁷ <https://svenska.yle.fi/artikel/2016/10/22/expert-arnar-kryptovalutan-onecoin> (Swedish)

¹²⁸ <https://news.bitcoin.com/beware-definitive-onecoin-ponzi/>

¹²⁹ <https://cointelegraph.com/news/one-coin-much-scam-onecoin-exposed-as-global-mlm-ponzi-scheme>

¹³⁰ <https://cointelegraph.com/news/keep-money-in-the-game-onecoin-moves-on-to-new-fantasy-blockchain>

¹³¹ <http://themerke.com/the-only-exchange-trading-onecoin-does-not-even-allow-signups/>

¹³² <http://www.coindesk.com/london-police-investigate-onecoin-cryptocurrency-scheme/>

¹³³ <https://www.cryptocoinsnews.com/uk-authority-warns-using-onecoin/>

¹³⁴ <http://bitcoinist.net/industry-report-onecoin-scam/>

¹³⁵ <http://www.newsbtc.com/2016/08/29/onecoin-posts-fake-semper-fortis-letter-gain-credibility/>

but when all the articles paint the entire OneCoin scheme in a negative light, it does not bode well for the legitimacy of OneCoin.

How do payments in/out work with OneCoin?

Payments, both incoming and outgoing, are very important for a company like OneCoin so that money can flow in and members are paid promptly.

- MasterCard card issuing merchant owner¹³⁶ **convicted** for drug smuggling¹³⁷ leading to suspension of MasterCard processing¹³⁸
- Exchange closed for maintenance for 15 days in March 2016¹³⁹
- Exchange closed again for weeks in October 2016
- Huge delays, denials¹⁴⁰ and restrictions when trying to withdraw
- Severe restrictions on coin transfers¹⁴¹ and sell limits¹⁴²
- Many bank accounts **frozen/closed down** in the last 12-18 months:
 - DSK Bank, Bulgaria under name *One Network Services Ltd.* (closed Oct 2015)¹⁴³
 - Noor Bank, Dubai [*Onecoin Limited*] (2015)¹⁴⁴
 - Capital Bank, Tbilisi, Georgia [*One Payments Limited*] (Dec 2015)¹⁴⁵
 - TD Bank, Canada (branch in FL, US) [*One LLC*] (Feb 2016)¹⁴⁶
 - Kreissparkasse Steinfurt, Germany [*International Marketing Services*] (Mar 2016)¹⁴⁷
 - Lloyds TSB, UK (Apr 2016)¹⁴⁸
 - Commerzbank, Germany [*IMS International Marketing Services*] (Jun 2016)¹⁴⁹
 - Deutsche Bank, Germany [*IMS International Marketing Services*] (Aug 2016)¹⁵⁰
 - Banca Monte Dei Paschi Di Siena, Italy [*Educamax Services SRL*] (Sep 2016 **within 24 hours**)¹⁵¹
 - China Construction Bank (Asia) Corporation Limited, Hong Kong [*Foshan Everbright Import & Export Company Limited*] (Oct 2016 **within 2 weeks**)¹⁵²
 - Hellenic Bank, Cyprus [*Eastern Project Investments Limited*] (Nov 2016 - **within 2 banking days**)¹⁵³
 - DBS Bank Ltd, Singapore [*International Marketing Services Pte. Ltd*] (Nov 2016)¹⁵⁴
 - DBS Bank Ltd, Singapore [*Vernada Trading Ltd*] (Nov 2016 **within a few days**)¹⁵⁵

¹³⁶ http://companydb.uk/09630600-buxton-enterprises-limited#.V9_ozPkrLZ7

¹³⁷ <http://www.thelawpages.com/court-cases/Martin-Henry-Beckett-17202-1.law>

¹³⁸ <https://freshpickeddeals.com/onecoin.eu/onecoin-news-1728882> (Newsletter: 25 Apr, 2016)

¹³⁹ <http://s27.postimg.org/uatig0pcz/image.png> (screenshot)

¹⁴⁰ <https://www.facebook.com/OneCoinOfficialPage/> (comments on posts before they get deleted)

¹⁴¹ <https://freshpickeddeals.com/onecoin.eu/onecoin-news-1797596> (Newsletter: 9 May, 2016)

¹⁴² <http://us9.campaign-archive2.com/?u=cf9659fd672fe664d487e7e1b&id=c7be0a929c> (Newsletter: 14 Nov, 2016)

¹⁴³ <http://www.saunakeskus.fi/useruploads/files/OneCoin%20english%203.pdf> (slide 18)

¹⁴⁴ <https://freshpickeddeals.com/onecoin.eu/onecoin-news-182733> (Newsletter: 7 Sep, 2015)

¹⁴⁵ <https://freshpickeddeals.com/onecoin.eu/onecoin-news-718344> (Newsletter: 16 Nov, 2015)

¹⁴⁶ <https://freshpickeddeals.com/onecoin.eu/onecoin-news-837299> (Newsletter: 8 Dec, 2015)

¹⁴⁷ <https://freshpickeddeals.com/onecoin.eu/onecoin-news-1622805> (Newsletter: 4 Apr, 2016)

¹⁴⁸ https://www.facebook.com/permalink.php?story_fbid=970332093060611&id=822713397822482

¹⁴⁹ <https://freshpickeddeals.com/onecoin.eu/onecoin-news-1927648> (Newsletter: 6 Jun, 2016)

¹⁵⁰ <https://freshpickeddeals.com/onecoin.eu/onelife-news-2356869> (Newsletter: 22 Aug, 2016)

¹⁵¹ <https://www.facebook.com/groups/OneCoinTeamDeutschland/permalink/1182198118510928/> (German)

¹⁵² http://truffacoin.com/sites/default/files/styles/img_zoom/public/immagini/hk3_0.jpg (screenshot)

¹⁵³ <http://behindmlm.com/companies/onecoin/onecoin-lose-cyprus-bank-account-bank-of-africa-remains/>

¹⁵⁴ <https://freshpickeddeals.com/onecoin.eu/onecoin-news-837299> (Newsletter: 8 Dec, 2015)

➤ **Update (14 Nov 2016): OneCoin lost its last remaining bank account:** Bank of Africa, Tanzania [IMS Marketing Tanzania Ltd] (Nov 2016)¹⁵⁶

- With all bank accounts shut down, OneCoin's ability to accept payments is severely hampered and members now have to pay recruiters directly instead of the company¹⁵⁷
- Opening shell companies with no mention of OneCoin or OneLife as shown above

Conclusion: the large number of bank closures in a short period of time without notice strongly suggests falling foul of money laundering regulations. Additionally, the use of multiple shell companies to avoid detection is seriously problematic. Furthermore, the complete shutdown of all bank accounts and paying distributors/recruiters directly for packages should set alarm bells ringing.

Are OneCoin's economic claims valid?

It is important to verify economic claims to see if they're credible. We will look at 3 examples.

Example 1: The OneLife tablet

OneCoin proudly announced their OneLife tablet available for €550¹⁵⁸. However, the specs are outdated (by approx. 5 years) and similar tablets are available for under £50 online¹⁵⁹. The tablet is already *heavily overpriced*.

However, it was also possible to purchase the tablet using OneCoins (option now removed) - priced at 1,160 OneCoins¹⁶⁰. Using the value according to the xcoinx exchange at the time of sale (€6.23), that comes to **€7226.80 - an increase of over 1,300% (or over 14,000% above its true value)**!¹⁶¹

Conversely, it means that 1,160 OneCoins are actually only worth €550 even according to OneCoin themselves, i.e. they've just reduced the value of OneCoins to €0.47 each as opposed to the alleged value of €6.23. However, since the tablet itself is only worth approx. €50-60, that would further reduce the value tenfold to approx. **€0.05!**

Example 2: The finite, fixed cap becomes unfixed

OneCoin promised that the coin cap will always be fixed at 2.1 billion as explained earlier. However, on Oct 1st, 2016, they increased the cap by an enormous **5,714%** to 120 billion coins.

In any normal scenario, this would cause a huge decrease in value. This would mean that according to OneCoin themselves, with the current price (Sept. 2016) approx. \$7.79, the price should plummet to \$0.14. Even with the doubling of coins, that is effectively a **reduction in value of over 96%**. However, OneCoin have stated that the value will remain the same or even increase. OneCoin "do not expect a steep price movement"¹⁶² after raising the coin cap to 120 billion.

¹⁵⁵ <https://freshpickeddeals.com/onecoin.eu/onecoin-news-1443901> (Newsletter: 7 Mar, 2016)

¹⁵⁶ <http://us9.campaign-archive2.com/?u=cf9659fd672fe664d487e7e1b&id=c7be0a929c> (Newsletter: 14 Nov, 2016)

¹⁵⁷ *ibid.*

¹⁵⁸ <https://www.onelife.eu/en/onetablet>

¹⁵⁹ https://www.alibaba.com/product-detail/9-6inch-Android-Tablet-MTK6582-Quad_60399753135.html?spm=a2700.7724857.0.0.l43y2m

¹⁶⁰ <http://imgur.com/y8VELPK> (screenshot, 18 Jun, 2016)

¹⁶¹ <http://behindmlm.com/companies/onecoin/onecoin-charging-7236-eur-for-a-550-eur-tablet/>

¹⁶² <http://us9.campaign-archive2.com/?u=cf9659fd672fe664d487e7e1b&id=b9824cdd07> (Newsletter: 18 Jul, 2016)

Update (Oct. 2016): Not only was the cap increased, coins are now “generated” 50 times faster at 50,000 per minute, i.e. approx. €350,000 per minute or approx. 2.19 billion coins (over €15 billion value) - equivalent to more than the market cap of all cryptocurrencies combined every single month¹⁶³

Example 3: The Ultimate package

Recently, OneCoin introduced a new €118,000 Ultimate package with over 1.3 million tokens and, with the doubling on October 1st, adds up to over 2 million coins¹⁶⁴. The “value” is approximately €7 currently. So just by buying this Ultimate package with €118,000, it will be “worth” approx. €14 million even without any increase in value. There’s little to no mention of educational packages. Even if the value dropped to only €1, that would still mean over €2 million “value” for “investing” €118,000.

Update (Oct. 2016): OneCoin have released even more expensive packages costing €188,000 and €225,500!¹⁶⁵ These prices are unprecedented and by far the most expensive in the MLM industry.

Conclusion: the economic claims do not reflect reality. In the tablet example, OneCoins are valued far below the “official” value. Increasing supply and flooding the market with coins should cause hyperinflation¹⁶⁶ and drastically reduce the value. To maintain the value defies all known economic rules, therefore the alleged value of OneCoin is not based on supply and demand¹⁶⁷ and is not real.

Are the educational packages worth the money?

This is an important question to consider as some of the package prices are so expensive that they cost more than full medical, doctorate and law degrees anywhere in the world.

- The educational packages contain a huge proportion of **plagiarised content**^{168 169}
- They seem extremely **overpriced**¹⁷⁰ for the content provided - a similar or superior level of cryptocurrency expertise can be gained for free or minimal cost
- All the focus seems to be on the “profit” and “value” of the coins¹⁷¹ - little to no mention is made of the education in events, promotions, recruitment, etc.
- If we consider the question: “If the “free” tokens were removed from the packages, would members be happy?”, it’s obvious the true “value” is in the tokens/coins, **not** education
- Many members are from non-English speaking countries who cannot read English¹⁷²
- Many members own multiple packages at the same level, e.g. Tycoon
- The very expensive packages costing €118,000-225,500 have the same education as the much cheaper packages¹⁷³

¹⁶³ <https://cointelegraph.com/news/keep-money-in-the-game-onecoin-moves-on-to-new-fantasy-blockchain>

¹⁶⁴ <https://www.youtube.com/watch?v=MjyLThaxbLg>

¹⁶⁵ <https://www.onecoin.eu/tech/>

¹⁶⁶ <https://en.wikipedia.org/wiki/Hyperinflation>

¹⁶⁷ https://en.wikipedia.org/wiki/Supply_and_demand

¹⁶⁸ <https://drive.google.com/file/d/0B4CyzrtK43UvY09KY19XeXBQMG8/view>

¹⁶⁹ <http://pjarvinen.blogspot.co.uk/2015/05/onecoin-koulutusmateriaali-kopioitu.html> (Finnish; English summary)

¹⁷⁰ <http://www.oneacademy.eu/en/>

¹⁷¹

https://docs.google.com/presentation/d/13NGkRkmuYDzHXHN3OZhZGtv0fnp_QdaCButhGSS88Hk/

¹⁷² Only very recently added 3 additional languages (Newsletter: 10 Oct 2016): <http://us9.campaign-archive1.com/?u=cf9659fd672fe664d487e7e1b&id=cf7d8b266d>

¹⁷³ <https://www.onecoin.eu/tech/>

Conclusion: the heavily overpriced educational packages are not worth the price and seem to be included to avoid legislation. This means recruits are being misled about the value of the product.

Is OneCoin a cryptocurrency?

Before we consider whether OneCoin is cryptocurrency, let us define what a cryptocurrency is.

What is a cryptocurrency?

*We will only provide a brief, simplified explanation here. Other concepts relating to cryptocurrencies are beyond the scope of this paper. **It would be prudent for any person wishing to invest in cryptocurrencies (or otherwise participate in any scheme purporting to be one) to at least familiarise themselves with the basics before making that initial step.** Further information can be found in the links provided in the footnotes.*

A cryptocurrency is a virtual/digital currency which uses cryptography (encryption) to secure and verify transactions and to control the supply of new coins/units of currency.¹⁷⁴

They are fully **decentralized**, i.e. not in any one company or person's control. They also have a **finite supply** (i.e. fixed, never to increase) to eliminate inflation and mimic precious metals like gold.¹⁷⁵ Likewise, similar to gold, new coins are created by a process called "**mining**".

It uses a **blockchain** (a database of records which **cannot be altered**) which serves as a distributed public ledger of all transactions allowing **trustless** transactions which can be verified by anyone and **not** require a 3rd party audit.¹⁷⁶

Is OneCoin a cryptocurrency?

- **Can't make payments** with OneCoin - further delayed to 2018^{177 178}
- **No users** at all despite claiming "usability"¹⁷⁹ - without purchases, there are **no users**
- OneCoin **not found** on any independent exchange or market at all, e.g. Coin Market Cap - despite listing over 700 coins including totally worthless ones¹⁸⁰
- xcoinx, the only exchange which lists OneCoin, is actually owned by OneCoin/OneLife
- xcoinx (before Oct 2016) is clearly **fake, plagiarised**¹⁸¹ and edited from CoinMarketCap¹⁸²
- xcoinx FAQ **plagiarised**¹⁸³ direct from BitStamp¹⁸⁴
- xcoinx was "coming soon" since 1 Oct, 2016 coinciding with "new" blockchain¹⁸⁵
- **Update (Nov 2016):** OneCoin has now transferred internal exchange to xcoinx^{186 187}; no option to register; can only login with existing OneCoin/OneLife account

¹⁷⁴ <https://en.wikipedia.org/wiki/Cryptocurrency>

¹⁷⁵ <https://www.cryptocoinsnews.com/cryptocurrency/>

¹⁷⁶ [https://en.wikipedia.org/wiki/Blockchain_\(database\)](https://en.wikipedia.org/wiki/Blockchain_(database))

¹⁷⁷ <http://i.imgur.com/ErJ8rk2.jpg> (screenshot; question)

¹⁷⁸ <http://i.imgur.com/j4LgGVp.jpg> (screenshot; answer by OneCoin support)

¹⁷⁹ <https://www.onecoin.eu/en/>

¹⁸⁰ <https://coinmarketcap.com/all/views/all/>

¹⁸¹ <http://web.archive.org/web/20160511213327/http://xcoinx.com/> (May, 2016)

¹⁸² <https://coinmarketcap.com/>

¹⁸³ <http://web.archive.org/web/20160316023121/http://xcoinx.com/faq>

¹⁸⁴ <https://www.bitstamp.net/article/relaunch-faq/>

¹⁸⁵ <http://web.archive.org/web/20161021054733/http://www.xcoinx.com/> (Oct 2016)

¹⁸⁶ <http://xcoinx.com>

- Very strict restrictions on coin transfers (only to upline/downline and max of 5-40 coins)¹⁸⁸, selling and withdrawals with delays¹⁸⁹ and many request denials¹⁹⁰
- Self-defined value¹⁹¹
- Centralised¹⁹²
- Claims to be “Unique, Safe, Global & With No Risk of Inflation”¹⁹³ and “Unlike money issued by governments, there is a finite number of OneCoins, ensuring they cannot be affected by inflation”¹⁹⁴ - yet they increased the cap by over 57 times¹⁹⁵
- Claimed (Sep 2016): “finite number of 120 billion coins”¹⁹⁶ when in Sep 2016, the “finite” cap was 2.1 billion, thus the claim of “finite” is misleading or false
- **Absence of crucial information to determine legitimacy:**
 - no academic white paper
 - no peer review
 - no known Chief Technology Officer (CTO)
 - no known developers
 - no proof of mining
 - no sign of the computational power required for the purported number of transactions per second
 - no searchable public blockchain
 - no member transactions in blockchain
 - no public trading
 - no basic wallet system to send coins without restrictions
- Closed (not open) source code (assuming it exists) despite claims of transparency¹⁹⁷

The OneCoin Blockchain

- (Old) “Blockchain”¹⁹⁸ proven **fake**^{199 200 201} - it was a cheap stock video to mimic mining²⁰²
- **Update (Oct. 2016): New blockchain²⁰³ is the same Shutterstock video on loop which can be purchased for between £14-54^{204 205 206}**

¹⁸⁷ <http://us9.campaign-archive1.com/?u=cf9659fd672fe664d487e7e1b&id=26edd8bd70> (Newsletter: 7 Nov, 2016)

¹⁸⁸ <http://us9.campaign-archive1.com/?u=cf9659fd672fe664d487e7e1b&id=df7a54bca4> (Newsletter: 9 May 2016)

¹⁸⁹ <http://us9.campaign-archive2.com/?u=cf9659fd672fe664d487e7e1b&id=e3437a95d9> (Newsletter: 24 Oct 2016)

¹⁹⁰ <https://www.coinhako.com/blog/scam-alert-july-2016/>

¹⁹¹ as discussed earlier when reviewing economic claims

¹⁹² <https://www.onecoin.eu/en/>

¹⁹³ <https://www.onecoin.eu/en/cryptocurrency>

¹⁹⁴ <https://www.onecoin.eu/en/about>

¹⁹⁵ see economic claims example 2

¹⁹⁶ <http://web.archive.org/web/20160928171838/https://www.onecoin.eu/en/about> (28 Sep, 2016)

¹⁹⁷ <https://www.onecoin.eu/en/about>

¹⁹⁸ <https://3.bp.blogspot.com/->

[UEXH6vKWYFM/VOXrlomgGhI/AAAAAADJc/lllk95YQEDg/s1600/oc%2Bblockchain.jpg](https://www.redd.it.com/r/Bitcoin/comments/4smxzo/onecoin_retiring_their_old_blockchain_and/d5blg2w)

¹⁹⁹ <https://medium.com/@BlockByBlock/why-onecoin-is-one-big-scam-555064d4f308>

²⁰⁰

https://www.redd.it.com/r/Bitcoin/comments/4smxzo/onecoin_retiring_their_old_blockchain_and/d5blg2w

²⁰¹ <http://mrpoth.tumblr.com/post/145011384021/technical-proof-why-onecoin-is-a-scam>

²⁰² <http://www.shutterstock.com/video/clip-1089709-stock-footage-computer-program.html>

²⁰³ <https://www.youtube.com/watch?v=4cLoZ75le8w>

²⁰⁴ <http://www.shutterstock.com/video/clip-1089709-stock-footage-computer-program.html>



- OneCoin “retired its old blockchain” and launched a new one on 1 Oct 2016 so “they can make more OneCoins” because they “need more coins to grow” and “there are no more coins for the merchants and for Latin America and India”^{207 208} With 8 decimal places available, there’s no need for more coins^{209 210} and it should **not** be possible to modify a blockchain, i.e. **it’s no longer a blockchain if it can be modified**²¹¹
- Claims to be able to handle “more transactions than credit card providers”²¹² which would mean handling more than an average of 2000 transactions per second (tps) and up to 56,000 tps for Visa alone²¹³
- Claimed monthly audits of the blockchain from Semper Fortis - only 1-2 done with no technical information and a disclaimer that it is only to be used internally and not suitable for 3rd parties, e.g. for promotion²¹⁴
- Claims to be “the first cryptocurrency auditing its blockchain by an independent [sic] auditor on a monthly basis”²¹⁵, but a public blockchain has no need to be audited
- Proudly states that it’s the “first cryptocurrency to store KYC documents on its blockchain”²¹⁶ except that it makes no sense and it also raises a huge security issue, especially when the “blockchain” will eventually go public (when 80% coins are “mined”)²¹⁷
- Blockchain broken since mid-October 2016 - stuck on 863,570,000 coins²¹⁸

Conclusion: there’s no blockchain. Without a blockchain, there’s no cryptocurrency.

Let us now compare OneCoin with a real cryptocurrency:

²⁰⁵ <https://cointelegraph.com/news/keep-money-in-the-game-onecoin-moves-on-to-new-fantasy-blockchain>

²⁰⁶ <https://www.facebook.com/photo.php?fbid=246015062467602&set=a.107251469677296.1073741828.100011773291154>

²⁰⁷ https://www.youtube.com/watch?v=638_Jpp2Rq8 (Coin Rush Global Event, London, June ‘16)

²⁰⁸ <http://us9.campaign-archive2.com/?u=cf9659fd672fe664d487e7e1b&id=c5cc06fe8b> (Newsletter: 3 Oct 2016)

²⁰⁹ <http://bravenewcoin.com/news/problems-with-big-numbers-in-crypto-how-bitcoin-dodged-a-bullet/>

²¹⁰ <http://bravenewcoin.com/news/big-numbers-dont-mean-big-money/>

²¹¹ [https://en.wikipedia.org/wiki/Blockchain_\(database\)](https://en.wikipedia.org/wiki/Blockchain_(database))

²¹² <https://www.onecoin.eu/en/blockchain>

²¹³ <https://usa.visa.com/dam/VCOM/download/corporate/media/visa-fact-sheet-Jun2015.pdf>

²¹⁴

https://kryptomania.zendesk.com/hc/de/article_attachments/201920261/AuditReport_June2015.pdf

²¹⁵ <https://www.onecoin.eu/en/cryptocurrency>

²¹⁶ <https://www.onecoin.eu/en/blockchain>

²¹⁷ <http://www.slideshare.net/Onecoinplus/onecoin-secrets-revealed-2015-54053389>

²¹⁸ <https://www.onecoin.eu/tech/> (retrieved 16 Nov 2016)

| Real Cryptocurrencies | OneCoin |
|--|---|
| Decentralized | Centralized; under control of OneCoin |
| Finite supply | Supposed to be finite but increased by 5714% |
| Blockchain (distributed ledger) | No blockchain; Shutterstock video |
| Blockchain cannot be altered | "Moved" to new "blockchain" |
| Can be verified by anyone | Cannot be verified as it is closed/private |
| No 3rd party audit required; users audit | Claims to be first to be audited by 3rd party |
| Open source | Closed source; no proof it exists |
| Mining | No proof of mining |
| User owns private keys | Owned and operated by OneCoin |
| User controls coins | OneCoin can confiscate coins |
| Wallet | No public wallet |
| Public exchange | Private, internal exchange with restrictions |

*Conclusion: for a cryptocurrency to be legitimate, it needs to provide clear information, otherwise it cannot be trusted. From the above comparison, we can see that OneCoin is **not a legitimate cryptocurrency**.*

What the experts say

Referring to experts in a field is crucial (as their opinion can be worth more than a thousand voices) and even more so in an industry in its infancy like cryptocurrency. Some examples (*only a sample provided for the sake of brevity*):

- Bruce Fenton, ex-director of Bitcoin Foundation, declared OneCoin a "**scam**" in an interview²¹⁹ and also drafted a letter²²⁰ to be signed by "*a group of leading technical developers, business people, adopters, investors and others active in the field of blockchain technology and cryptocurrency*"²²¹
- Andreas Antonopoulos (technologist, expert and author of the 2 best-selling books on cryptocurrency²²²) calls it a "**pyramid**"²²³/**"ponzi"**²²⁴ **scheme** and "**one big scam**"²²⁵
- Roger Ver, early Bitcoin investor and CEO of Bitcoin.com, calls it a "**scam**"²²⁶

²¹⁹ <https://cointelegraph.com/news/bruce-fenton-onecoin-has-no-value-when-it-collapses-regulators-will-blame-all-cryptocurrencies>

²²⁰ <https://github.com/BruceFenton/letter-crypto/blob/master/Draft.md>

²²¹ <https://news.bitcoin.com/bruce-fenton-letter-onecoin/>

²²² <https://twitter.com/aantonop/status/799364048823418880>

²²³ <https://twitter.com/aantonop/status/767732286112559105>

²²⁴ <https://twitter.com/aantonop/status/803632462890823680>

²²⁵ <https://twitter.com/aantonop/status/760237222322855937>

- Bob Summerwill, Ethereum developer, calls it a “**pure scam**”²²⁷
- Swedish Bitcoin Foundation labels it “a **fraud**” and “**pyramid scheme**”²²⁸
- Piotr Piasecki, Advisor for the Crypto Currency Certification Consortium, labels it a “**Ponzi scheme**”²²⁹
- Estonian Cryptocurrency Association calls it a **scam**²³⁰
- Both onecoin.eu and xcoinx.com appear on the BadBitcoin BadList²³¹
- Digiconomist gave a “**Really Bad**” fraud risk assessment rating²³²
- Petteri Järvinen, computer scientist (MSc.), asks some “open questions”²³³ and calls it a **scam/pyramid scheme**²³⁴

Conclusion: it is not possible to find a single, reputable, independent expert in cryptocurrency who endorses and is willing to testify on behalf of OneCoin. On the other hand, experts (who have heard of OneCoin) are unanimous in declaring it as a Ponzi/pyramid scheme and not a cryptocurrency. This is significant as it conclusively proves that OneCoin is a fraudulent scheme.

Summary of findings

The above research has demonstrated an **astonishing level of fraud and deception, broken promises, hidden lies, the founders'/leaders' bad history, bad behaviour, incompetence, economic untruths and evidence that OneCoin is NOT a real cryptocurrency.** With no cryptocurrency value and the education worth a fraction of the cost of the packages, there is no actual (or very little) value in the product being sold. Also noteworthy is that the education does not match the unanimous opinion of experts. Had the education been valid, members would reach the same conclusion. That they do not means that the education is invalid and not fit for purpose; therefore we are only left with recruitment without a product, i.e. a pyramid²³⁵ or Ponzi²³⁶ scheme. After establishing these facts, we can now move onto looking at the Islamic ruling.

Islamic ruling

Fraud, deception, lying, cheating and scamming are condemned in Islam. This also involves **unlawfully consuming people's wealth.** A single verse and Hadeeth shall suffice:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالِكُمْ بَيْنَكُمْ بِالْبَاطِلِ

“O you who have believed! Do not consume one another's wealth unjustly”²³⁷

عَنْ أَبِي هُرَيْرَةَ، . أَنَّ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ مَرَّ عَلَى صَبْرَةَ طَعَامٍ فَأَدْخَلَ يَدَهُ فِيهَا فَتَأَلَّتْ أَصَابِعُهُ بَلَدًا فَقَالَ " مَا هَذَا يَا صَاحِبَ الطَّعَامِ " . قَالَ أَصَابَتْهُ السَّمَاءُ يَا رَسُولَ اللَّهِ . قَالَ " أَفَلَا جَعَلْتَهُ فَوْقَ الطَّعَامِ كَمَا يَرَاهُ النَّاسُ مِنْ عَشْنٍ فَلَيْسَ مِنِّي "

“It is narrated on the authority of Abu Hurairah that the Messenger of Allah (ﷺ) passed by a pile of food. He put his hand in it and his fingers were moistened. He said: ‘O owner of the food! what is this?’

²²⁶ <https://twitter.com/rogerkver/status/782606840282492929>

²²⁷ https://www.reddit.com/r/ethereum/comments/4wp0br/ethereum_dev_onecoin_is_a_pure_scam/

²²⁸ <http://www.bitcoinforeningen.se/blogg/varning-for-onecoin> (Swedish)

²²⁹ <http://bravenewcoin.com/news/how-not-to-blockchain-a-look-at-onecoin/>

²³⁰ <http://www.estoniantrader.com/onecoin-scam/>

²³¹ <http://www.badbitcoin.org/thebadlist/>

²³² <http://digiconomist.net/fraud-risk-assessment-onecoin>

²³³ <http://pjarvinen.blogspot.co.uk/2016/06/onecoin-open-questions.html>

²³⁴ <http://www.iltasanomat.fi/kotimaa/art-2000001028225.html> (Finnish)

²³⁵ https://en.wikipedia.org/wiki/Pyramid_scheme

²³⁶ https://en.wikipedia.org/wiki/Ponzi_scheme

²³⁷ an-Nisa' 4:29

He replied: 'It was rained upon, O Messenger of Allah'. He said: 'Why did you not place it on top of the food so that the people could see it? He who deceives is not of me (is not my follower)'.²³⁸

Let us now compare what happened in the incident mentioned in the Hadeeth with OneCoin:

| Hadeeth | OneCoin/OneLife |
|---|--|
| Possible lack of knowledge; seller perhaps didn't know it was deception | Many participants may not be aware, but the founders know |
| Relatively minor loss to the buyer | Huge losses; defrauding millions of people out of potentially billions of pounds |
| Simple buy/sell | Elaborate fraud/scam |
| No intention to deceive; it happened to rain | Clear intention to deceive from the founders/leaders; created with the express intention of running a scam |
| Nothing wrong with the terms and conditions | The terms may be "Shari'ah-compliant", but the product has no value |
| Restricted to single person at a time | "Investors" become recruiters themselves to continue the fraud perpetually |
| Experts will know what to look for | Relatively few experts/people with knowledge in cryptocurrency |
| Those not experts could easily figure it out by placing hand inside | A niche, technical subject, though the rest of the fraud is clear when explained |
| Still some benefit; receive less when dry | No benefit (losses instead) especially for those who come later |
| Didn't lie; omitted key information | Plethora of examples of clear lies, deception, cheating and key information omitted too |

As can be seen above, if the simple act of not informing (or showing) customers about the defect is fraud and deception, OneCoin is **far worse**.

Participating in the OneCoin scheme involves **fraud and deception** which is **impermissible**:

لا يحل كتمان العيب في مبيع أو ثمن ؛ لأن العيش حرام
 (قَوْلُهُ ؛ لِأَنَّ الْعَيْشَ حَرَامٌ) ذَكَرَ فِي الْبَحْرِ أَوْ الْبَابِ بَعْدَ ذَلِكَ عَنِ الْبِرَائِدِيِّ عَنْ الْقَتَاوِيِّ : إِذَا بَاعَ سَلْعَةً مَعِيْبَةً ، عَلَيْهِ الْبَيَانُ وَإِنْ لَمْ يُبَيِّنْ قَالَ بَعْضُ مَشَائِخِنَا
 يَفْسُقُ وَتَرَدُّ شَهَادَتُهُ ، قَالَ الصَّدْرُ لَا نَأْخُذُ بِهِ . ١٠ هـ . قَالَ فِي النَّهْرِ : أَيُّ لَا نَأْخُذُ بِكَوْنِهِ يَفْسُقُ بِمُجَرَّدِ هَذَا ؛ لِأَنَّهُ صَغِيرَةٌ . ١١ هـ
 قُلْتُ : وَفِيهِ نَظَرٌ ؛ لِأَنَّ الْعَيْشَ مِنْ أَكْلِ أَمْوَالِ النَّاسِ بِالْبَاطِلِ فَكَيْفَ يَكُونُ صَغِيرَةً ، بَلِ الظَّاهِرُ فِي تَغْلِيلِ كَلَامِ الصَّدْرِ أَنَّ فِعْلَ ذَلِكَ مَرَّةً بِلَا إِعْلَانٍ لَا يَصِيرُ
 بِهِ مَرْدُودَ الشَّهَادَةِ ، وَإِنْ كَانَ كَبِيرَةً كَمَا فِي شَرْبِ الْمُسْكِرِ²³⁹

²³⁸ Sahih Muslim 102, Jami` at-Tirmidhi 1315, Sunan Abi Dawud 3452, Sunan Ibn Majah 2309

²³⁹ مَطْلَبٌ فِي جُمْلَةٍ مَا يَسْتَفْتَى بِهِ الْحَيَّازُ ، كِتَابُ الْبَيْعِ ، بَابُ خِيَارِ الْعَيْبِ ، رَدُّ الْمُخْتَارِ عَلَى الدَّرِّ الْمُخْتَارِ

One question to consider is whether it is permissible to agree to a contract despite it being fraudulent:

بَابُ الْبَيْعِ الْفَاسِدِ أُخْرَهُ عَنِ الصَّحِيحِ لِكُونِهِ عَقْدًا مُخَالَفًا لِلدِّينِ كَمَا أُوضِحَهُ فِي الْفَتْحِ ، وَسَيَأْتِي أَنَّهُ مُعْصِيَةٌ يَجِبُ رَفْعُهَا ، وَسَيَأْتِي فِي بَابِ الرِّبَا أَنَّ كُلَّ عَقْدٍ فَاسِدٍ فَهُوَ رِبَا ، يَعْني إِذَا كَانَ فَسَادُهُ بِالشَّرْطِ الْفَاسِدِ²⁴⁰

If an invalid condition results in **riba (interest/usury)** based on an imbalance of benefit/value, then fraud is even more so. Furthermore, the lack of value in the product/scheme further establishes the element of interest.

OneCoin, without tangible products or a cryptocurrency, will eventually collapse once investor funds run out. We are **forbidden** from “spending wastefully”²⁴¹ and “squandering wealth”²⁴² Likewise, it is **impermissible** to cause harm to oneself or to others²⁴³:

لَا ضَرَرَ وَلَا ضِرَارَ

It is possible to simply “invest” and hope the value rises, so that the coins can be sold at a later date. However, as proven above, there is no likelihood of that happening as the value is not dictated by the market and is artificial. To earn a profit, affiliates will recruit others, therefore they will be **causing harm to others** too.

Due to the MLM nature of the company, those who have been recruited recruit others, thus the harm is perpetual and can continue indefinitely:

...كُلُّ الْمُسْلِمِ عَلَى الْمُسْلِمِ حَرَامٌ دَمُهُ وَمَالُهُ وَعَرْضُهُ

“Everything of a Muslim is sacred to a Muslim: his blood, **his wealth** and his honour”²⁴⁴

القَاعِدَةُ الْخَامِسَةُ الضَّرْرُ يُزَالُ

وَفَسْرُهُ فِي الْمَغْرِبِ بِأَنَّهُ لَا يَضُرُّ الرَّجُلَ أَخَاهُ ابْتِدَاءً وَلَا جَزَاءً (انْتَهَى) .

وَذَكَرَهُ أَصْحَابُنَا رَحِمَهُمُ اللَّهُ فِي كِتَابِ الْعَصَبِ وَالشُّفْعَةِ وَغَيْرِهِمَا ، وَبَيَّنَّتْ عَلَيَّ هَذِهِ الْقَاعِدَةُ كَثِيرٌ مِنْ أَبْوَابِ الْفِقْهِ .

فَمِنْ ذَلِكَ : الرُّدُّ بِالْعَيْبِ وَجَمِيعِ أَنْوَاعِ الْخِيَارَاتِ²⁴⁵

Based on the fact that it is unknown whether there will be anyone left to recruit (the only realistic means of earning money), it could be argued that the OneCoin scheme contains elements of *maysir/qimar* (gambling/chance), *gharar* (uncertainty), *jahalah* (ignorance) and, additionally, assisting in sin/evil. We will not explore these aspects in this paper as what has been discussed above is sufficient to reach a conclusion.

Conclusion

The OneCoin scheme contains **fraud and deception** leading to **unlawful consumption of wealth** which is **impermissible**. If potential recruits were made aware of the truth, they would be very unlikely to participate (except for the greedy and ignorant). Even if we ignore that aspect, we cannot escape the fact that when it collapses, it will cause **harm to oneself and to one's wealth** which is **impermissible**. Additionally, by recruiting others, one causes **harm to others**

²⁴⁰ رد المختار على الدر المختار: كتاب البيوع, بَابُ الْبَيْعِ الْفَاسِدِ

²⁴¹ al-Isra' 17:26-27

²⁴² Sahih Muslim 593, 1715, Sahih al-Bukhari 2408, 1477

²⁴³ Muwatta 2/746, Sunan ibn Majah 2340/1, Dar Qutni 4/228

²⁴⁴ Sahih Muslim 2564, Sunan Abi Dawud 4882, Jami` at-Tirmidhi 1927, Sunan Ibn Majah 3933

²⁴⁵ الأشباه والنظائر على مذاهب أبي حنيفة النعمان: الفَرْقُ الْأَوَّلُ قَوْلٌ فِي الْقَوَاعِدِ الْكُلِّيَّةِ, القاعدة الخامسة الضرر يزال

which is also **impermissible** and this can continue indefinitely until collapse. This is further exacerbated by additional elements of **interest, excessive uncertainty and gambling**. We should not associate ourselves with such disreputable companies which cause harm.

Final conclusion: it is *impermissible* to participate in this scheme.

And Allah knows best

(Abu Yousuf) M. Suhail Patel, Bolton, UK

16 November 2016 / 16 Safar 1438

Approved and endorsed by

Mufti Amjad Mohammed, Principal of [Markaz al-Ifta](#), [The Olive Foundation](#) & [IRTIS](#), Bradford, UK

Mufti Faisal Niazi al-Mahmudi, [fatwa.ca](#), [Qafila.org](#), Principal of [ilmHub](#), Montreal, Canada

Shaykh Yusuf Shabbir, [www.nawadir.org](#), Hadith Lecturer, Jaame Masjid, Blackburn, UK

Please note: further endorsements are pending and will be added as and when received, insha Allah

Acknowledgements

I would like to express my gratitude to all those who kindly offered their constructive comments, valuable feedback and guidance.