



## ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

### SEC ADVISORY

The Commission has received several information that individuals or group of persons representing **RU AFFILIATES** are enticing the public to invest in the said entity through online.

Based on the information communicated to the Commission, **RU AFFILIATES** sells a so-called "**IHX Factor**" worth One Thousand Five Hundred Ninety-Nine pesos (P1,599), an online training course consisting of 11 videos on how one could recruit or sponsor more downlines into his/her network marketing business, how one could sell products online effectively, and how one could promote his/her traditional business. For those who purchased the said training course, a so-called "**Top Secret System**" will be available for free. The said system will enable its users to promote the business online and execute the said entity's compensation plan.

**RU AFFILIATES** claims that the following compensation plan will make its members earn a million in a short period of time:

1. Direct Commission – the member will earn P1000 for every person he/she refers into the system;
2. Shared Commission – for every 3 referrals, the member will earn P200; and
3. Goodwill Commission – for every 3 referrals, the member's upline will earn P400, and his/her downline who is next in line for the commission will also earn P400.

A member may recruit by posting on his/her social media account or website, a referral link that redirects to the sign up page of **RU AFFILIATES** that is modified to link to his/her **RU AFFILIATES** account. An interested friend, follower, subscriber, etc., may click the said link, fill out the form and once submitted, a new account linked to the recruiting member's account is created. The new member must add funds to his/her account to purchase the **IHX Factor** online training course.

The public is hereby informed that **RU AFFILIATES** is not registered with the Commission either as a corporation or partnership. Further, it **is not authorized to solicit investments from the public** as it has not secured the necessary license or permit from the Commission as required under Sections 8 and 12 of the Securities Regulation Code (SRC).

Consequently, those who act as salesman, brokers, dealers or agents of **RU AFFILIATES** in selling or convincing people to invest in the investment scheme being

offered by **RU AFFILIATES** including solicitations or recruitment through the internet may likewise be prosecuted and held criminally liable under Section 28 of the Securities Regulation Code and penalized with a maximum fine of Five Million pesos (P5,000,000.00) or penalty of Twenty One (21) years imprisonment or both pursuant to Section 73 of the SRC.

Accordingly, those who invite or recruit other people to join or invest in this venture or offer contracts or securities to the public may be held liable or accordingly sanctioned or penalized in accordance with the Supreme Court decision in the case of SEC vs. Oudine Santos (G.R. No. 195542, March 19, 2014).

In view thereof, the public is hereby advised to exercise caution before investing in these kinds of activities and to take the necessary precaution in dealing with **RU AFFILIATES** or its representatives.

Should you have any information regarding the operation of the subject entity, please call the Enforcement and Investor Protection Department at telephone numbers 818-6047.

For guidance of the public.

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