



ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

(Warning to the Public)

SEC ADVISORY

The Commission has received information that individuals or group of persons representing various unregistered online investment entities are enticing the public to invest their money in high-earning investment products. Based on an investigation conducted by the Department, the following unregistered entities have been soliciting investments from the public:

- 1) **NewG**
- 2) **Smart Capital**
- 3) **Gener8X**
- 4) **Paid2Prosper**
- 5) **CMT (Coins and Mining Trading)**
- 6) **PSO (PSOPOWER Apps)**
- 7) **TradeConnect**
- 8) **IronTrading (Team Bangon)**
- 9) **ExpertTrading**
- 10) **OneCash**
- 11) **Lucky Coins**
- 12) **Miner's Investment Group**
- 13) **Digital Coin Trading**
- 14) **All Pal for All Seasons**

The scheme employed by the above-mentioned unregistered entities may be described as follows:

1. They offer their investment contracts in their corresponding Facebook pages or secret FaceBook groups and chatroom;
2. They offer unrealistic return on investments ranging from 10% to 200% per month;
3. They require their interested investors to pay their initial investments by depositing their money to a specific bank account, Coins.Ph account, GCash, through a money remittance company and through face-to-face payments with one of the entity's agents;
4. The investor shall then send through private message a copy of the proof of deposit to the offeror who shall send his confirmation after validation;
5. They usually deliver payouts through the above-mentioned methods; and
6. They usually claim that they invest their funds in **bitcoin** and other **cryptocurrencies** to justify their earning capacity.

The public is hereby warned that such investment schemes, whether with the use of money or cryptocurrencies, are considered as securities subject to the regulatory authority of this Commission. The recruitment of investor members under the guise of sponsoring a person into the system is likewise considered a form of investment solicitation or a sale of securities. The offering or sale of securities to the public without a permit or license from the Commission is a violation of Section 8.1 of the Securities Regulation Code (SRC).

The public is hereby informed that the above-mentioned online entities are not registered with the Commission as corporation or partnership and are not authorized to solicit investments from the public, not having secured prior registration and/or license to solicit investments as prescribed under Section 8 of the Securities Regulation Code (SRC).

Those who act as salesmen, brokers, dealers or agents of these unregistered investment entities in selling or convincing people to invest in the these schemes being offered by them 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 maximum fine of Five Million Pesos (P5,000,000.00) or imprisonment of Twenty One (21) years 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 investment contracts or securities to the public may be held criminally 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).

Warning on Internet-Based Ponzi Schemes

The public is likewise warned of the rampant internet-based bitcoin and cryptocurrency Ponzi schemes characterized by the following:

1. Their entities are not SEC-registered;
2. Their investment offers are not SEC-registered;
3. They claim having investments in cryptocurrencies to earn profits;
4. They offer or guarantee a huge profit in a very short period;
5. They often utilize a binary network (i.e. upline and downline) to earn commissions;
6. They operate without paper trails (i.e. contracts, receipts);
7. They promise little or no financial risk;
8. They impose provisions for a lock-up period where an investor cannot touch the investment (i.e. 60 days);
9. They assure pay-off of investments in a short time;
10. They use high-pressure methods to convince investors to reinvest their earnings;
11. Information about their principal office, address, founders, directors or officers are unknown; and
12. Their orientation seminars are conducted informally.

This investment scheme ordinarily collapses as fast as they are created while leaving its investors behind and unable to recoup their investments.

Thus, any person who, directly or indirectly, in connection with the purchase or sale of any securities, (1) employ any device, scheme, or artifice to defraud, (2) obtain money or

property by means of any untrue statement of a material fact of any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (3) engage in any act, transaction, practice or course of business which operates or would operate as a fraud or deceit upon any person shall likewise be prosecuted and held criminally liable under Section 26 of the Securities Regulation Code and penalized accordingly pursuant to Section 73 of the SRC.

Lastly, the names of all those involved will be reported to the Bureau of Internal Revenue (BIR) so that the appropriate penalties and/or taxes be correspondingly assessed. In view thereof, the public is hereby advised to exercise prudence before investing in these kinds of activities and to take the necessary precaution in dealing with these unregistered investment entities.

Should you have any information regarding the operation of the subject entities and other similar schemes, please coordinate with the Enforcement and Investor Protection Department at telephone numbers 818-6047 or email us at epd@sec.gov.ph.

For the guidance of the public.