



## ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

### ADVISORY ON CRYPTO EXPERT, INC.

The Securities and Exchange Commission has received information that individuals or group of persons representing **CRYPTO EXPERT, INC.**, doing business as **CRYPTOEXPERT TRADING** or **CRYPTOEXPERT: MUTUAL FUNDS AND TRADING EXPERT** (Hereafter "**CRYPTOEXPERT**") are offering online investments to the public.

Based on information gathered by the Commission, **CRYPTOEXPERT** claims that they are registered with the Securities and Exchange Commission (Hereafter "Commission") as a corporation. Moreover, **CRYPTOEXPERT** promoters are constantly posting a copy of their Certificate of Incorporation allegedly issued by the Commission on 18 June 2018.

Per records of the Commission, **CRYPTO EXPERT, INC.** is **not registered as a corporation or partnership and is not authorized to solicit investments from the public** as the above-mentioned entity did not secure prior registration and/or license to solicit investment from the Commission as prescribed under Section 8 of the Securities Regulation Code.

The said corporation also entices the public to invest by promising unreasonably high returns amounting to twenty-five percent (25%) return on investment guaranteed every week. They claim that the money solicited from investors are used to fund the trading activities of the corporation. After profits are earned, payouts are then distributed to all the investors on a weekly basis. To further entice people to invest, non-monetary rewards such as cellphones, laptops and appliances are given as incentives to investors.

The public is hereby warned that such investment schemes 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 or platform 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).

Since this scheme involves the sale of securities to the public, the SRC requires that the securities offered are duly registered and that the appropriate license and/or permit to sell securities to the public are issued to the corporation and/or its agents, pursuant to the provisions of Section 8 of the SRC.

Those who act as salesmen, brokers, dealers or agents of these companies in selling or convincing people to invest in the investment scheme being offered by these cryptocurrency mining companies including solicitations and 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 of imprisonment or both pursuant to Section 73 of the SRC.**

Likewise, any person who causes the simulation or counterfeiting of a public document in a manner so as to give it the appearance of a true and genuine instrument misleading others to errors as to its authenticity shall be prosecuted and held criminally liable under Article 171 of the Revised Penal Code and **penalized with a maximum penalty of six (6) years of imprisonment in addition to the above-mentioned penalty under 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).

Furthermore, 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 **NOT TO INVEST** in these kinds of nefarious activities and to take the necessary precaution in dealing with **CRYPTO EXPERT, INC.** or its representatives.

Information as to whether securities are registered or not may be sought from the SEC's Corporate Governance and Finance Department, or Market and Securities Regulation Department through telephone numbers 818-6103 and 818-5703 respectively.

The Commission urges anyone who has information as to the identities of the officers, members, brokers and representatives of **CRYPTOEXPERT**, as well as the whereabouts of the people involved in this scheme, to report the same to the Commission so that appropriate action can be taken. The Commission also urges anyone who has knowledge or information about any business transaction involving these securities or investment opportunities to report such activity so that appropriate actions could be taken through the Enforcement and Investor Protection Department at (02)818-6337 or (02)818-6047 or email us at [epd@sec.gov.ph](mailto:epd@sec.gov.ph).

For the guidance of the public.

24 July 2018.