



ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

ADVISORY ON PAYSBOOK E-COMMERCE SYSTEM CO. LTD AND INDIGEN COINS

The Securities and Exchange Commission has received information that individuals or group of persons representing **PAYSBOOK E-COMMERCE SYSTEM CO. LTD** (Hereafter "**PAYSBOOK**"), through its founder, **ARJAY GALLENERO**, is offering online investments as well as its own cryptocurrency called "**INDIGEN COINS**" to the public.

Per records of the Securities and Exchange Commission ("Commission"), **PAYSBOOK** is registered in the Commission's database as a partnership with the primary purpose of engaging in the business of providing other information technology and computer services. However, the said partnership 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.

Based on information gathered by the Commission, **PAYSBOOK** entices the public to invest by selling online account activation codes for participation in its platform to allegedly earn by simply logging in and out of the website and recruiting other individuals to join the investment scheme. The entire investment scheme is described in detail as follows:

1. The investor is required to create a **PAYSBOOK** account in their website:
[https://paysbook.co/auth/register?id=\(username of offeror\);](https://paysbook.co/auth/register?id=(username of offeror);)
2. The investor will then be brought to a registration page where he will be asked to fill in his First Name, Last Name, Username, E-mail Address, Password and Mobile Number;
3. By simply accomplishing the registration process, an investor earns Php300.00. To fully maximize profits, an activation code needs to be purchased from an upline or recruiter by paying a one-time fee of PhP1,000.00;
4. After an activation code is purchased and entered into the system, a **PAYSBOOK** account owner can earn the following:

- a. Sign-in Reward – as explained earlier, an investor who opens an account earns PhP300.00 by simply signing-up on the PAYSBOOK platform;
- b. Log-in Reward – pertains to the reward earned amounting to PhP50.00 for simply logging-in to the platform. An investor is limited to two logins per day for up to six days to earn a total potential log-in reward of PhP600.00;
- c. Log-out Reward - pertains to the reward earned amounting to PhP50.00 for simply logging-out from the platform. An investor is limited to two logouts per day for up to six days to earn a total potential log-out reward of PhP600.00;
- d. Posting Reward – **INDIGEN COINS** are earned for every post, comment, share or like to the investor’s **PAYSBOOK** social media account. An investor shall earn 0.025 **INDIGEN COIN** for every like, share or comment made and 0.050 **INDIGEN COIN** for every post made in social media;
- e. Direct Commission – The investor is entitled to a direct commission amounting to PhP100.00 for every person who is recruited, whether directly or indirectly through his downlines, and who subsequently activates his account for maximum of fifteen (15) recruits or account activations or a maximum commission of PhP1,500.00;
- f. Matching Commission – The investor is entitled to a matching commission amounting to PhP100.00 for every pair recruited, whether directly or indirectly through his downlines, and activated on the left and right side of his recruitment pyramid for up to forty (40) pairs matched per day or a maximum commission of PhP4,000.00 per day;
- g. Leveling Commission – The investor is entitled to a levelling commission amounting to PhP400.00 for filling every level or layer of his recruitment pyramid with downlines, recruited either directly or indirectly through his downlines, for up to the tenth level or layer or a maximum of PhP40,000.00 for all levels or layers;

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 said 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.

Likewise, 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.**

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 exercise caution before investing in these kinds of activities and to take the necessary precaution in dealing with **PAYSBOOK E-COMMERCE SYSTEM CO. LTD** or its representatives.

Information as to whether these 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 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.

For the guidance of the public.

24 July 2018.