



ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

ADVISORY ON AIRBIT CLUB

The Securities and Exchange Commission has received information that individuals or group of persons representing **AIRBIT CLUB** and its marketing affiliate, **GO88 VENTURES, INC.**, are offering online investments to the public.

Per records of the Securities and Exchange Commission (“Commission”), **AIRBIT CLUB** 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.

On the other hand, **GO88 VENTURES** is registered with the Commission as a corporation with the primary purpose of engaging in other wholesale business. However, it has no registration/permit to offer or sell securities.

Based on information gathered by the Commission, **AIRBIT CLUB** and **GO88 VENTURES, INC.** entice the public to invest by offering online subscription packages which allegedly allow an investor to earn passive income through regular daily rewards, or active income through recruitment of downlines. The entire investment scheme is described in detail as follows:

1. The investor is required to create an AirBitClub account in their website: [https://www.bitbackoffice.com/sign_up/\(username of offeror\);](https://www.bitbackoffice.com/sign_up/(username of offeror);)
2. The investor will then be asked to choose from different subscription packages with the following corresponding benefits and entitlements:

| Regular Plans | Executive | Corporate | Pro |
|------------------|---|---|---|
| Subscription Fee | USD250.00 | USD500.00 | USD1,000.00 |
| Volume* (Points) | 200 | 400 | 900 |
| Cycles** | 2 Cycles of 75 Business Days each (1 Renewal Fee***) | 3 Cycles of 75 Business Days each (2 Renewal Fee | 4 Cycles of 75 Business Days each (3 Renewal Fee |

| | | | |
|--------------------|------------------------------------|------------------------------------|------------------------------------|
| | payment) | payments) | payments) |
| Total Profits Days | 150 Business Days of Daily Rewards | 225 Business Days of Daily Rewards | 300 Business Days of Daily Rewards |

| VIP Plan | Silver | Gold | Platinum |
|--------------------|---|---|---|
| Subscription Fee | USD15,000.00 | USD31,000.00 | USD63,000.00 |
| Volume* (Points) | 12,000 | 26,000 | 63,000 |
| Cycles** | 5 Cycles of 75 Business Days each (No Renewal Fee) | 6 Cycles of 75 Business Days each (No Renewal Fee) | 7 Cycles of 75 Business Days each (No Renewal Fee) |
| Total Profits Days | 375 Business Days of Daily Rewards | 450 Business Days of Daily Rewards | 525 Business Days of Daily Rewards |

*Volume pertains to the points earned and used for computing referral credits

**One (1) cycle pertains to a single cryptocurrency cloud-mining contract equivalent to seventy-five (75) business days where daily rewards may be earned. Business days excludes Saturdays and Sundays.

***The Renewal Fee is equivalent to thirty-five percent (35%) of the total aggregate rewards received during the previous mining contract;

3. The company claims that the subscription fee will be used by the company as follows:
 - a. Fifty percent (50%) of the fee will be shared to affiliates; and
 - b. The other fifty percent (50%) of the fee will be used to acquire cryptocurrency mining equipment and software;
4. After the investor selects the subscription package of his choice, he will then be asked to submit his information in the user verification page of the website;
5. The system will then create a bitcoin wallet for the investor and will show the amount of bitcoin that needs to be sent to complete the registration;
6. The investor will then be required to send the specified amount of bitcoins from his external bitcoin wallet, usually from Coins.ph, to his **AIRBIT CLUB** bitcoin wallet. The amount of bitcoin sent will then be reflected in his **AIRBIT CLUB** bitcoin wallet which shall then be debited to pay his subscription fee;
7. Upon completion of the registration and payment of the subscription fee, the investor will be given three (3) wallets in his **AIRBIT CLUB** account, to wit:
 - a. Cash Wallet – everytime bitcoins are sent from an external bitcoin wallet to **AIRBIT CLUB** bitcoin wallet, the amount is reflected in this wallet;

- b. Commission Wallet – this wallet is maintained is for the reception of the following commissions:
 - i. Fast Start Direct Sponsorship Bonus;
 - ii. Forced Matrix Dynamic Compression Indirect Sponsorship Bonus;
 - iii. Binary Matching Bonus; and
 - iv. Forced Matrix Dynamic Compression Retirement Plan; and
 - c. Rewards wallet – for the reception of daily rewards from the program every qualified business day.
8. Based on the Department’s investigation, an investor can earn as follows:
- a. Passive Income
 - i. Daily Rewards – the daily rewards are profits earned from the bitcoin trading and mining conducted by AirBitClub. These daily rewards are projected as follows:
 - 1. Executive – USD0.50 to 3.00 per business day
 - 2. Corporate – USD2.00 to 6.00 per business day
 - 3. Pro – USD5.00 to 12.00 per business day
 - 4. Silver – USD60.00 to 90.00 per business day
 - 5. Gold – USD120.00 to 190.00 per business day
 - 6. Platinum – USD 240.00 to 380 per business day
 - b. Active Income
 - i. Fast Start Direct Sponsorship Bonus – an AirBitClub member who successfully recruits another individual (registration and payment of subscription fee) shall be entitled to receive twenty percent (20%) of the said fee.
 - ii. Forced Matrix Dynamic Compression Indirect Sponsorship Bonus – this represents the incentive earned by an AirBitClub member by recruiting three people either directly or indirectly under the following rules:
 - 1. The first level recruits pertain to investors directly recruited;
 - 2. The second level recruits pertain to the investors recruited by first level recruits
 - 3. The third level recruits pertain to the investors recruited by the second level recruits, and so on.
 - 4. Executive members are entitled to receive this bonus up to the fifth level (5th) recruits;
 - 5. Corporate members are entitled to receive this bonus up to his ninth (9th) level recruits: and

6. Pro members are entitled to receive this bonus up to his eighteenth (18th) level recruits.

| Levels | Member Entitled | Number of Recruits Required | Bonus Per Completed Level |
|---------------|---------------------------|------------------------------------|----------------------------------|
| 1 | Executive, Corporate, Pro | 3 | USD10.00 |
| 2 | Executive, Corporate, Pro | 9 | USD10.00 |
| 3 | Executive, Corporate, Pro | 27 | USD10.00 |
| 4 | Executive, Corporate, Pro | 81 | USD10.00 |
| 5 | Executive, Corporate, Pro | 243 | USD10.00 |
| 6 | Corporate, Pro | 729 | USD10.00 |
| 7 | Corporate, Pro | 2187 | USD10.00 |
| 8 | Corporate, Pro | 6561 | USD10.00 |
| 9 | Corporate, Pro | 19683 | USD10.00 |
| 10 | Pro | 59049 | USD10.00 |
| 11 | Pro | 177147 | USD10.00 |
| 12 | Pro | 531441 | USD10.00 |
| 13 | Pro | 1594323 | USD10.00 |
| 14 | Pro | 4782969 | USD10.00 |
| 15 | Pro | 14348907 | USD10.00 |
| 16 | Pro | 43046721 | USD10.00 |
| 17 | Pro | 129140163 | USD10.00 |
| 18 | Pro | 387420489 | USD10.00 |

iii. Binary Matching Bonus - this represents the incentive earned by an **AIRBIT CLUB** member by earning equal recruitment points on the left and right side of his recruitment pyramid. For every 200 points matched on both sides of the pyramid, the AirBitClub member is entitled to receive USD20.00.

iii. Forced Matrix Dynamic Compression Retirement Plan - this represents the incentive earned by an **AIRBIT CLUB** member by recruiting beyond the original eighteen levels (allocated for the Forced Matrix Dynamic Compression Indirect Sponsorship) an additional three people either directly or indirectly under the following rules:

1. The actual nineteenth (19th) level of recruits shall be treated as the first level recruits for the purpose of computing this incentive;

2. For Executive members:
 - a. completing the first to fifth level shall entitle the AirBitClub member to USD0.99 per level;
 - b. completing the sixth to ninth level shall entitle the AirBitClub member to USD0.27 per level;
 - c. completing the tenth to thirty-sixth level shall entitle the AirBitClub member to USD0.27 per level;
3. For Corporate members:
 - a. completing the first to ninth level shall entitle the AirBitClub member to USD1.80 per level;
 - b. completing the tenth to thirty-sixth level shall entitle the AirBitClub member to USD0.90 per level;
4. For Pro members:
 - a. completing the first to eighteenth level shall entitle the AirBitClub member to USD2.70 per level;
 - b. completing the nineteenth to thirty-sixth level shall entitle the AirBitClub member to USD1.26 per level;
 - c. completing the thirty-seventh to sixty-third level shall entitle the AirBitClub member to USD0.90 per level;
5. For Silver members:
 - a. completing the first to eighteenth level shall entitle the AirBitClub member to USD8.10 per level;
 - b. completing the nineteenth to thirty-sixth level shall entitle the AirBitClub member to USD3.78 per level;
 - c. completing the thirty-seventh to sixty-third level shall entitle the AirBitClub member to USD1.80 per level;
6. For Gold members:
 - a. completing the first to eighteenth level shall entitle the AirBitClub member to USD24.30 per level;
 - b. completing the nineteenth to thirty-sixth level shall entitle the AirBitClub member to USD11.34 per level;
 - c. completing the thirty-seventh to sixty-third level shall entitle the AirBitClub member to USD3.60 per level;
7. For Platinum members:
 - a. completing the first to eighteenth level shall entitle the AirBitClub member to USD48.60 per level;
 - b. completing the nineteenth to thirty-sixth level shall entitle the AirBitClub member to USD22.68 per level;
 - c. completing the thirty-seventh to sixty-third level shall entitle the AirBitClub member to USD7.20 per level;

In summary, the entire Forced Matrix Dynamic Compression Retirement Plan can be simplified as follows:

| Plan | Executive | Corporate | Pro | Silver | Gold | Platinum |
|-------------|------------------|------------------|------------|---------------|-------------|-----------------|
| 1 | USD0.99 | USD1.80 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 2 | USD0.99 | USD1.80 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 3 | USD0.99 | USD1.80 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 4 | USD0.99 | USD1.80 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 5 | USD0.99 | USD1.80 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 6 | USD0.27 | USD1.80 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 7 | USD0.27 | USD1.80 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 8 | USD0.27 | USD1.80 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 9 | USD0.27 | USD1.80 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 10 | USD0.27 | USD0.90 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 11 | USD0.27 | USD0.90 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 12 | USD0.27 | USD0.90 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 13 | USD0.27 | USD0.90 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 14 | USD0.27 | USD0.90 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 15 | USD0.27 | USD0.90 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 16 | USD0.27 | USD0.90 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 17 | USD0.27 | USD0.90 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 18 | USD0.27 | USD0.90 | USD2.70 | USD8.10 | USD24.30 | USD48.60 |
| 19 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 20 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 21 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 22 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 23 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 24 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 25 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 26 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 27 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 28 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 29 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 30 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 31 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 32 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 33 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 34 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 35 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 36 | | USD0.90 | USD1.26 | USD3.78 | USD11.34 | USD22.68 |
| 37 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 38 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 39 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 40 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 41 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |

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|----|--|--|---------|---------|---------|---------|
| 42 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 43 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 44 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 45 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 46 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 47 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 48 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 49 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 50 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 51 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 52 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 53 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 54 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 55 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 56 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 57 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 58 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 59 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 60 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 61 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 62 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |
| 63 | | | USD0.90 | USD1.80 | USD3.60 | USD7.20 |

Under the SRC’s Amended Implementing Rules and Regulations of 2015, specifically Rule 26.3.5, par. 4, an **investment contract** has been defined as a contract, transaction or scheme (collectively "contract"), whereby a person invests his money in a common enterprise and is led to expect profits primarily from the efforts of others.

Applying the *Howey Test*, as discussed by the Honorable Supreme Court in *Power Homes Unlimited vs. SEC* (G.R. No. 164182, February 26, 2008), **AIRBIT CLUB** subscriptions are investment contracts because the following requisites concur:

1. Investment of Money

As a rule, the term “investment of money” is not limited to cash contributions but includes investment in the form of ‘goods and services’ or some other ‘exchange of value’. **AIRBIT CLUB** subscriptions, though purchased using cryptocurrencies, are considered as funded with the collective term “money”;

2. In a Common Enterprise

AIRBIT CLUB investors who subscribe to investment packages are deemed investing in a common enterprise who commits to allegedly engage in cryptocurrency mining and divide the profits with all the subscribers using the above-illustrated approach.

3. With the Expectation of Profits

The sole motivating force in purchasing **AIRBIT CLUB** subscriptions is the promise of profits as detailed above. Under these subscription contracts, an investor is entitled to receive passive income from daily rewards and active income from recruitment rewards.

4. Primarily from the Efforts of Others

An **AIRBIT CLUB** subscriber need not exert any effort other than to pay the subscription fees in the form of Bitcoin. His sole participation is to contribute funds so that it may be used as trading capital by the company.

Undoubtedly, **an AIRBIT CLUB subscription, being a CLOUD-MINING CONTRACT as described in the Commission's 10 April 2018 Advisory captioned "ADVISORY ON CLOUD-MINING CONTRACTS", is an investment contract falling within the purview of the term "securities" as defined by law.**

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 **AIRBIT CLUB, GO88 VENTURES, INC.** 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.

4 September 2018.