



ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

SEC ADVISORY

Based on the information gathered by the Commission, the entities operating under the names, **MUNICS NATION, INC.**, and **MUNICS BANK (MUNICS)**, operated by **MANXING CLOUD GROUP**, is engaged in investment-taking activities not authorized by the Commission.

Primarily, **MUNICS** is operating in Malaysia via *Monospace*, but, findings also show that its investment offerings extend throughout Asia including the Philippines with the use of social media websites.

As posted online, **MUNICS** provides a number of investment packages with corresponding high returns, tagged as deposit plans. These includes the *Gold*, *Platinum*, and *Global plans*. To illustrate:

What is MUNICS BANK Fixed Deposit Plan?

MUNICS BANK Fixed Deposit Plan is a financial plan that accept deposit of USDA. It is for those looking for safe investment with high returns and with the flexibility of a negotiable instrument like Cryptocurrency.

This is for investors looking for:

- A long term investment or savings
- With **USDA** a Stable Cryptocurrency that is flexible to be traded in fiat or cryptocurrencies
- High Interest Rates offered to maximize your profits with **5% to 10% MONTHLY** interest rate with monthly withdrawal (minimum withdrawal : 200 USDA)

GOLD 500 - 4,999 USDA 5% Monthly
PLATINUM 5,000 - 9,999 USDA 7% Monthly
GLOBAL 10,000 USDA 10% Monthly

0 - 27 DAYS Withdrawal Fee of 5%
28 - 60 DAYS Withdrawal Fee of 1%
60 DAYS Withdrawal Fee 0%

Based on the forgoing, investors are offered Five to Ten Percent (5-10%) interest per month or a total of Sixty to One Hundred Twenty Percent (60-120%) interest annually depending on the chosen package.

Referral and ranking bonuses including dividends are also given as active bonuses to its investors.

MUNICS claims that its investment packages are safe since **MUNICS** is dealing with a stable cryptocurrency which can be traded flexibly to any fiat money or other cryptocurrencies.

MUNICS likewise states that the investment pool solicited from the public shall be used as funds in their alleged *cryptocurrency* and *Blockchain Technology* ventures.

Thus, profits distributed to investors seem to result from the development of **MUNICS** business enterprise with the use of their monies.

Accordingly, the scheme of **MUNICS** involves the offering and sale of securities, in the form of investment contracts, to the public because their investors need not exert any effort other than to invest or place money in the said company in order to earn so that the latter may use it as trading capital or to pay profits or returns to earlier investors.

Briefly, an “*investment contract*” exists when there is an investment or placement of money in a common enterprise with a reasonable expectation of profits to be derived from the efforts of others.

Hence, Section 8 of the Securities Regulation Code (SRC) requires that all offers and sales of securities, including those involving digital assets, must be duly registered with the Commission and that the concerned corporation and/or its agents have appropriate registration and/or license to sell such securities to the public.

Per record of the Commission, **MUNICS** or its operator, **MANXING CLOUD GROUP** are **NOT REGISTERED** as a corporation or partnership.

Likewise, these entities are **NOT AUTHORIZED** to solicit, accept or take investments/placements from the public nor to issue investment contracts and other forms of securities defined under Section 3 of the Securities Regulation Code (SRC) because they do not have a secondary license from the Commission to solicit investments or other securities from the public for whatever purpose as provided under Sections 8 and 28 of the SRC.

Also, **MUNICS** and the **MANXING CLOUD GROUP** **DO NOT APPEAR** among the registered banks, exchanges or companies engaged in digital assets with the Bangko Sentral ng Pilipinas (BSP) in accordance with the **GUIDELINES FOR VIRTUAL CURRENCY EXCHANGES (BSP CIRCULAR NO. 944)** which requires all entities engaged in Virtual Currencies in the Philippines to obtain a Certificate of Registration to operate as remittance and transfer company pursuant to the BSP rules and regulations.

Further Investigation also suggests that their names are **NOT INCLUDED** among the approved, listed, and/or reporting institutions dealing with digital currencies declared with the Bank Negara Malaysia (BNM).

It must be emphasized that any unauthorized dealings involving digital assets lacks consumer protection because these are not covered by prudential and market conduct requirements applicable to licensed and authorized activities.

Nevertheless, the Commission is constantly monitoring and overseeing cryptocurrency and other digital asset transactions in a way that it sees as appropriate in order to ensure the stability of the country's financial sector.

The **public is advised to exercise extreme caution** in dealing with any individuals or group of persons acting or soliciting investments for and on behalf of **MUNICS** or any entities engaged in similar digital banking, exchange, and investment solicitation activities.

The public must be wary that such dealings may be **Ponzi schemes** guised as investment contracts that promises ridiculous rates of return with little or no risk.

Consequently, those who act as salesmen, brokers, dealers or agents of **MUNICS** in selling or convincing people to invest in the investment scheme being offered by these entities including solicitations and recruitment through the internet may likewise be prosecuted and held criminally liable under Section 28 of the SRC 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.

Also, those who invite or recruit others to join or invest in such venture or offer investment contracts or securities to the public may incur criminally liability, or otherwise be sanctioned or penalized accordingly as held by the Supreme Court in the case of *Securities and Exchange Commission vs. Oudine Santos* (G.R. No. 195542, 19 March 2014).

The names of all those involved will also be reported to the Bureau of Internal Revenue (BIR) so that the appropriate penalties and/or taxes be correspondingly assessed.

Should you have any information regarding any investment solicitation activity by any individual or group of individuals representing **MUNICS**, please call the Enforcement and Investor Protection Department (EIPD) at telephone number (02) 8818-6047 or send your report to the EIPD at epd@sec.gov.ph.

For the guidance of the public.

Pasay City, 10 March 2020.