



30 March 2020

SEC ISSUES CEASE AND DESIST ORDER AGAINST PAYASIAN

The Securities and Exchange Commission (SEC) has ordered Payasian Pte. Ltd. Corporation to stop enticing the public to invest supposedly in a cryptocurrency called Paya without the necessary license.

In an order issued on March 20, the Commission directed Payasian to “immediately cease and desist under pain of contempt from further engaging in, promoting and facilitating selling and/or offering for sale securities in the form of investment contracts and/or other activities/transactions.”

The SEC also prohibited Payasian from transacting any business involving funds in its depository banks, and from transferring, disposing, or conveying in any manner all related assets for the benefit of the investors.

The cease and desist order covers the corporation’s partners, operators, directors, officers, salesmen agents, representatives, promoters, and all persons, conduit entities and subsidiaries claiming and acting for and on its behalf.

Payasian registered as a corporation in August 2019. Its certificate of registration, however, did not include an authority for the corporation to sell or offer securities to the public, an activity that requires a secondary license from the SEC.

The Commission’s Markets and Securities Regulation Department and Corporate Governance and Finance Department certified that Payasian has not registered or applied for registration as issuer of securities and for a permit to sell securities.

Yet, evidence gathered by the Commission’s Enforcement and Investor Protection Department revealed that Payasian has engaged in the sale and offering of securities in the form of investment contracts without the requisite license.

The SEC issued an advisory as early as November 14, 2019 for the public to exercise caution in dealing with any individual or group soliciting investments for and on behalf of Payasian.

Under its investment scheme, Payasian enticed investors to buy Paya Coins and hold them for six months in order to receive 30% additional Paya Rewards. It also offered referral rewards.



Payasian offered “Sharer Packages” starting at P8,145 for 1,040 Paya tokens with a maximum commission of P500 a day. One may invest as much P5,800,058 to buy 740,749 Paya tokens and receive a maximum commission of P10,000 a day.

The SEC found Payasian’s investment scheme to have entailed the sale or offer for sale of securities in the form of investment contracts, as it actively enticed members of the public to invest their hard-earned money, with the expectation of receiving passive income from the pooling of investments and mining of Paya tokens, while earning active income from recruitment bonuses.

Moreover, the corporation’s acts of publishing and making actual presentations about the investment scheme online and of inviting investors have constituted a public offering, according to the Commission.

Under Section 8 of Republic Act No. 8799, or the Securities Regulation Code (SRC), securities such as investment contracts shall not be sold or offered for sale or distribution in the Philippines without a registration statement duly filed and approved by the SEC.

Accordingly, the SEC noted: “Without the registration statement duly filed with and approved by this Commission, Payasian’s act of selling/offering ‘Sharer Packages’ which are securities in the form of investment contracts constitutes a clear violation of Section 8 of the SRC. This warrants and justifies the immediate issuance of a cease and desist order.”

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