



November 27, 2018

SEC, PNP AGENTS ARREST INVESTMENT SCAMMERS

Operatives from the Securities and Exchange Commission's (SEC) Enforcement and Investor Protection Department (EIPD) and the Philippine National Police (PNP), recently arrested several persons caught in the act of engaging in illegal investment taking activities in an entrapment operation. Arrested were: Tan, Yan Chao (Hen Yanchao); Josephine Delgado Maranan; Milany Peligro Cabrera; Nanette Diaz Tongco; Joy Camille Andaya Pural; Anita Egana Armada; Virgilio S. Castillo; Denmark V. Salazar; Jacinto Lucio P. de Catalina; Jay Nasayao Moral; Gerald Lansangan Samson; and Venancio Gacus Mendoza. One other suspect was able to escape the arresting authorities but was later identified as Pastor Benny Cabrera.

On 24 November 2018 at the Peridot Restaurant, Holiday Inn, Pasig City, an investment-solicitation session was conducted by promoters touting for GDM FINANCE SARL, a Switzerland-based investment company. The promoters enticed the attendees to invest their money in GDM FINANCE SARL claiming that the money invested will be utilized to purchase or trade stocks particularly preferred shares in the New York Stock Exchange.

In said solicitation session, promoters trumpeted GDM FINANCE SARL guarantee of 2.5% to 4.5% weekly interest on a member's investment. It was even asserted thereat that GDM FINANCE SARL was not required to register its business in the Philippines pursuant to an "existing Philippines-European Free Trade Agreement".

GDM FINANCE SARL was likewise publicly soliciting investments online through Facebook.

The SEC-EIPD in its initial investigations, found that GDM FINANCE SARL had not been issued a Certificate of Authority to Operate as Lending Company or a Financing Company nor has it been issued any permit to sell securities, nor is it a registered issuer of mutual funds, exchange traded funds and proprietary/non-proprietary shares or membership certificates and timeshares and therefore not licensed to offer or sell securities to the public.

The unlawful public investment solicitation was perpetrated in the presence of undercover SEC-EIPD and PNP-Anti Cyber Crime Group operatives and sixty-four (64) other attendees/would-be investors.

The SEC reminds the public that the unlawful public offering of securities or solicitation of investments is punishable under Section 8.1 of the SRC. Likewise, those who act

as salesmen, brokers, dealers or agents in offering or selling securities without a license from the Commission will be prosecuted and held criminally liable under Section 28 of the SRC. Solicitation of investment without the necessary license is also prohibited under Section 26 of the SRC.

The maximum penalty that may imposed for such violations is a fine amounting to Five Million Pesos (P5,000,000.00) or imprisonment of twenty-one (21) years or both in the discretion of the court. Furthermore, for publicly offering investment online through Facebook without license from the SEC in violation of the SRC, a special law, R.A. 10175 otherwise known as the Cybercrime Prevention Act of 2012, was also violated.

Following the arrests, the SEC-EIPD filed criminal cases for violations of the above-cited laws. Eleven (11) of those arrested were likewise charged with the offense of Resisting Arrest while two (2) others were charged with Direct Assault under the Revised Penal Code.

The SEC once again issues its warning that those who act as salesmen, brokers, dealers or agents in offering or selling or convincing people to invest in the scheme being offered by GDM FINANCE SARL including doing solicitation or recruitment through popular social media platforms will be prosecuted and held criminally liable.

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