



17 June 2020

## **SEC FIRES NEW WARNING AGAINST BITCOIN REVOLUTION**

The Securities and Exchange Commission (SEC) has issued another warning against Bitcoin Revolution, which presents itself as a cryptocurrency trading program purportedly endorsed by government officials, businessmen and celebrities.

In an advisory dated June 16, the Commission urged the public to avoid or stop investing in schemes offered by Bitcoin Revolution or any other entities engaged in digital asset trading and promising ridiculous rates of return with little or no risk.

The SEC issued the warning after finding that Bitcoin Revolution continues to solicit investments from the public using the domain “the-bitcoinrevolution.com” without the necessary license.

Under the scheme, investors could supposedly earn as much as \$1,000 from a minimum investment of \$250 within a day, a 300% return on investment per day or a total of 9,000% per month.

Bitcoin Revolution also claims that some of its traders managed to become millionaires in less than two months by simply investing in its scheme that purportedly offers a unique automated trading system or platform with a success rate of as high as 99% per transaction.

The scheme involves the offering and sale of securities, in the form of investment contracts, because investors need not exert any effort other than to invest or place money in Bitcoin Revolution in order to derive income, according to the SEC.

As such, the investment contracts must have been duly registered with the Commission while Bitcoin Revolution and its agents must have secured the corresponding license to offer securities for sale to the public, as required under Republic Act No. 8799, or The Securities Regulation Code.

Aside from the missing registration and licenses, the quick and unrealistically high return promised by Bitcoin Revolution presents a red flag for a Ponzi scheme, an investment scam where investors are paid using funds contributed by the succeeding investors, according to the SEC.

The SEC has flagged the unauthorized activities of Bitcoin Revolution before in an advisory dated March 30, 2020.



Bitcoin Revolution remains unregistered with and unauthorized to solicit and accept investments or placements from the public nor to issue investment contracts and other forms of securities, the Commission emphasized.

The group also continues to manage its digital exchange platform without the proper registration with the SEC, in violation of the prohibition on the use of unregistered exchange under The Securities Regulation Code.

In addition, Bitcoin Revolution still does not appear in the list of entities registered with the Bangko Sentral ng Pilipinas in accordance with BSP Circular No. 944, Series of 2017, which provides for the Guidelines for Virtual Currency Exchanges.

### **Fake endorsements**

An unregulated entity with unknown operators, Bitcoin Revolution is notorious for using fake endorsements from the likes of Senator Manny Pacquiao, former Senator and House Speaker Manny Villar, and television host Boy Abunda.

Only recently, the Department of Finance (DOF) alerted the public about false and fraudulent information about the Secretary of Finance supposedly promoting Bitcoin Revolution.

The DOF also took note of similar investment schemes fraudulently using the names of key Treasury and Finance officials in other countries to encourage potential investors to buy into their programs.

On May 19, the DOF issued a similar warning against another cryptocurrency scam, which alleged in an article that the government created a platform called Bitcoin Lifestyle and that the President was urging Filipinos to support it.

The SEC has been advising the public to take caution when presented with investment opportunities in cryptocurrencies and other new technologies, which unscrupulous individuals and groups have used to disguise their predatory investment schemes.

“The public must be mindful that cryptocurrencies are very volatile and the process of digital asset trading is highly speculative and involves a higher degree of risk and that the operations of such unregulated entities engaged in digital asset trading are completely unaccountable,” the SEC noted.

“Nevertheless, the Commission assures the public that it continuously monitors and oversees such entities and their activities in a way that it sees as proper in order to prevent the proliferation of scams and/or any other unauthorized or illegal schemes in the country.”



## Strict penalties

The SEC warned all individuals and groups engaged in fraud of the strict penalties awaiting them for violating the laws, rules and regulations it enforces.

Those who act as salesmen, brokers, dealers or agents of fraudulent investment schemes, for instance, may face a maximum fine of P5 million or imprisonment of 21 years or both under The Securities Regulation Code.

Those who invite or recruit others to join or invest in such ventures may likewise incur criminal liability or be sanctioned or penalized in accordance with the Supreme Court's decision in the case of SEC vs. Oudine Santos (G.R. No. 195542, 19 March 2014).

Moreover, Republic Act No. 11469, or the Bayanihan to Heal As One Act, penalizes those participating in cyber incidents that make use or take advantage of the COVID-19 crisis to prey on the public through scams, phishing, fraudulent emails, or other similar acts with two-month imprisonment or a maximum fine of P1 million or both.

"[T]he above laws are not aimed to hinder or pose significant risk to businesses and cryptocurrency projects but are intended for the protection of both the registered entities and the investing public from any anomalies and/or irregularities which tend to result from any unlawful or unauthorized operations," the SEC noted.

The Commission encourages the public to visit the SEC website to see the [advisories](#) it issues regularly and to report unauthorized investment solicitation activities to the SEC Enforcement and Investor Protection Department through email at [epd@sec.gov.ph](mailto:epd@sec.gov.ph).

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