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## **SEC WARNS AGAINST FORSAGE, OTHER SCHEMES**

The Securities and Exchange Commission (SEC) has warned the public against individuals and groups engaged in unauthorized activities such as investment-taking in the guise of cryptocurrency trading and online selling.

In separate advisories issued on June 30, the Commission encouraged the public to exercise caution in dealing with Forsage, RCashOnline and The Saint John of Jerusalem Knights of Malta Foundation of the Philippines, Inc.

Forsage, which is headed by Lado Okhotnikov, is not duly registered with the SEC and lacks the necessary license to solicit, accept or take investments from the public or issue investment contracts and other forms of securities.

RCashOnline, which claims to represent Royale Business, is likewise not registered as a corporation or a partnership. It neither possesses a secondary license to solicit investments from the public.

Meanwhile, the certificate of registration of Saint John of Jerusalem Knights of Malta Foundation has been revoked as early as February 3, 2003 for noncompliance with its reportorial requirements.

Accordingly, the SEC warned the public against placing money in Forsage and RCashOnline, and joining in any scheme operated by The Saint John of Jerusalem Knights of Malta Foundation.

A maximum fine of P5 million or imprisonment of 21 years or both await those who act as salesmen, brokers, dealers or agents of entities engaged in unauthorized investment schemes, for violation of Republic Act No. 8799, or The Securities Regulation Code Securities Regulation Code, among others.

Republic Act No. 11469, or the Bayanihan to Heal As One Act, also punishes those participating in cyber incidents that make use or take advantage of the current crisis arising from the COVID-19 outbreak to prey on the public through scams, phishing, fraudulent emails, or other similar acts.

### **Forsage**

Forsage touts a Crowdfunding International Platform or a Smart Contract Crypto Earning Program based on the Ethereum (ETH) blockchain technology, which



supposedly provides long-term active and passive income to investors through a crowdfunding referral system.

As posted online, Forsage offers two commission payout systems or compensation plans called Forsage X3 and Forsage X4 for a minimum investment of 0.05 ETH, or at least P600, and a maximum of 51.2 ETH, or almost P600,000. Each program has 12 income slots that the investor may activate.

Under Forsage X3, for instance, an investor needs three referrals to complete the cycle. The first two referrals' membership fees shall be paid to the referring member's account while the third referral's membership fee shall be considered as a "re-entry fee" and awarded to the referring member's sponsor or upline.

Basically, the active income generated from the compensation plans depends on the number of referrals and/or membership fees gathered while passive income is acquired through spillovers.

Accordingly, Forsage's so-called smart contract is synonymous to an investment contract, where 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.

An investment contract is a security and, therefore, must be duly registered with and approved by the SEC before it could be sold or offered for sale to the public, pursuant to Section 8 of The Securities Regulation Code.

Aside from lacking the necessary licenses, Forsage's compensation plan resembles a Ponzi scheme, where investors are paid using the contribution of new investors, according to the SEC.

The Commission also noted that Forsage does not appear in the list of virtual currency exchanges registered with the Bangko Sentral ng Pilipinas.

## **RCashOnline**

RCashOnline, meanwhile, offers business packages, which include Royale products for resale, starting at P18,660 for one account and going as high as P130,620 for seven accounts with insurance worth P1 million.

The scheme of RCashOnline relies heavily on recruiting members in exchange for high monetary rewards rather than on selling products.

The Commission also noted that RCashOnline employs the same schemes and is being managed by the same persons or group operating OnlineBiz and ELITE Entrep Blue Print, which have been the subjects of previous advisories.



## **The Saint John**

The Saint John of Jerusalem Knights of Malta Foundation, on the other hand, invites members to join its programs for free.

The group promises members P5,000 worth of grocery items every month and offers 21-year-old male agriculture students and graduates all-expenses-paid training with \$1,000 allowance in Israel for six months, in exchange for personal information.

The group also claims that it will soon purchase a 100 hectares of land for future housing/ agricultural projects.

The SEC warned that any matter entered into by a corporation whose registration has been revoked, other than for the purpose of liquidation, is void.

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

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