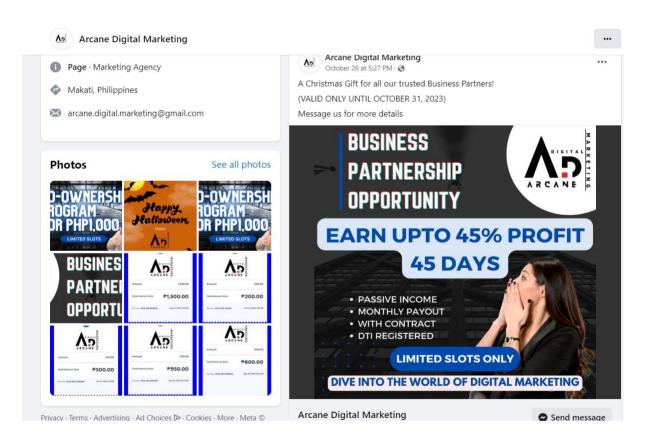


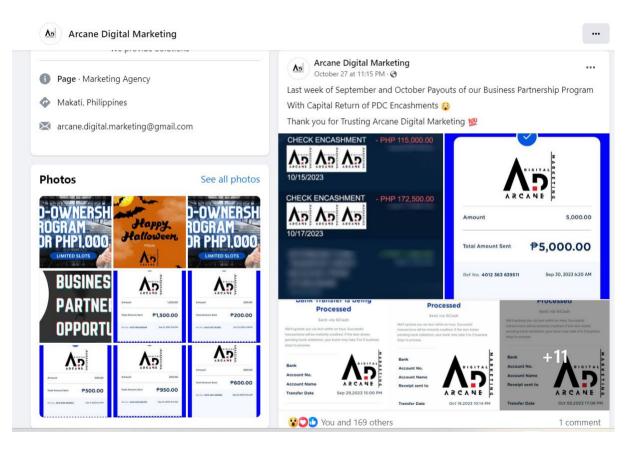
## ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

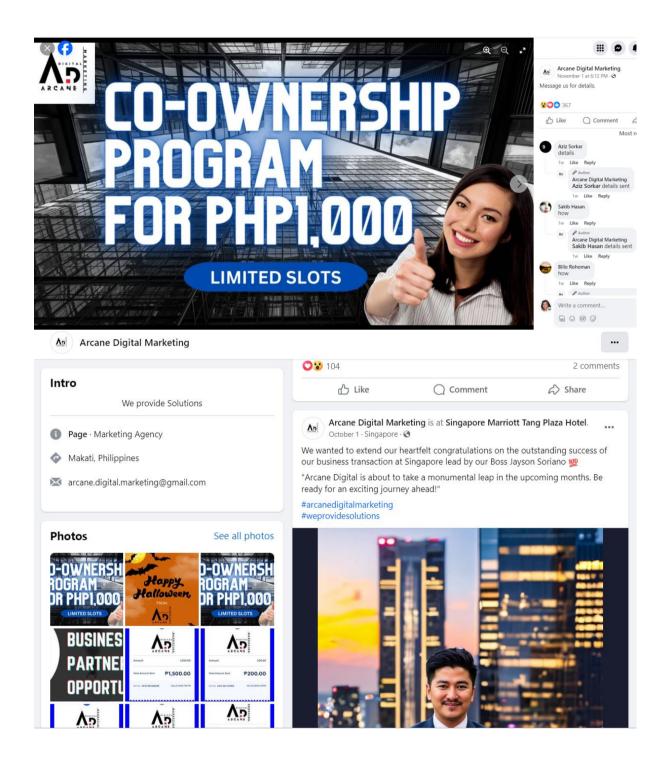
## SEC ADVISORY

Based on information gathered by the Commission, an online platform under the name **ARCANE DIGITAL MARKETING** is found to be engaged in investment-taking activities in the Philippines **WITHOUT AUTHORITY** from the Commission. To show:









Based on the information gathered from open sources, **ARCANE DIGITAL MARKETING** is an online social media platform enticing the public to invest a *minimum amount* of **Php1,000.00** for a business partnership opportunity which can earn up from **12%** up to **45 %** profit in 45 days. Applying the *Howey Test*,<sup>1</sup> ARCANE DIGITAL MARKETING's socalled online co-partnership opportunity investment packages being offered before the public partakes of the nature of securities in the form of an investment contract. Their activities involving the offer and sale of securities to the public where their investors need not exert any effort other than to invest or place money in its scheme in order to earn profit should be registered with the Commission.

**ARCANE DIGITAL MARKETING** is **NOT** registered with the Commission as a corporation or partnership. **FURTHER IT IS NOT AUTHORIZED** to solicit investment/placements from the public nor to issue investment contracts and other forms of securities since it has not secured prior registration and/or license from the Commission as prescribed under Secs. 8 and 12 of the Securities Regulation Code and any person or entity intending to offer and sell its investment contracts are required to secure the necessary registration and/or license from the Commission as well.

Hence, the public is strongly advised **NOT TO INVEST** or **STOP INVESTING** in any scheme offered by **ARCANE DIGITAL MARKETING** or such other entities similarly engaged in the offering and sale of investment contracts without prior registration with the Commission.

The public is again reminded that investing in such an unregulated entity lacks investor protection because it is not covered by prudential and market conduct requirements applicable to licensed and authorized operations.

Accordingly, the Commission warns all unscrupulous individuals and/or entities that strict penalties are imposed for violations of the Securities Regulation Code, the Revised Corporation Code, Financial Products and Services Consumer Protection Act (FCPA) and such other rules and regulation enforced by the Commission.

Those who act as salesmen, brokers, dealers or agents, representatives, promoters, recruiters, uplines, influencers, endorsers, abettors and enablers of such unauthorized entities like the operators of the Facebook Page or other similar social media of **ARCANE DIGITAL MARKETING** in selling or convincing people to invest in their CO-PARTNERSHIP INVESTMENT program offered including solicitations and recruitment through the internet may likewise be <u>criminally</u> prosecuted and penalized for violation of Section 11 of the FCPA and Section 28 of the SRC which are both penalized separately with

<sup>&</sup>lt;sup>1</sup> *Power Homes Unlimited vs. SEC* (G.R. No. 164182, February 26, 2008).

## <u>a maximum fine of Five Million pesos (P5,000,000.00) or a penalty of Twenty-one (21) years of imprisonment or both pursuant to Sections 28 and 73 of the SRC.</u>

In the same manner, those who invite or recruit others to join or invest in such venture or offer investment contracts or securities to the public similar to and the operators of the **ARCANE DIGITAL MARKETING** may incur criminally liability, or otherwise be sanctioned or penalized accordingly as held by the Supreme Court in the case of *SEC 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 assessed correspondingly.

Should you have any information regarding any investment solicitation activity by any individual or group of individuals representing **ARCANE DIGITAL MARKETING**, please send your report to the EIPD at epd@sec.gov.ph.

For the guidance of the public.

Makati City, 16 November 2023.