



**SECURITIES COMMISSION OF THE BAHAMAS**

**PUBLIC NOTICE**

**No. 3 of 2022**

**22 March 2022**

**RE: FINANCIAL SCHEMES ARE UNLAWFUL**

This **NOTICE** is issued by the Securities Commission of The Bahamas (“the Commission”) pursuant to its authority under the Financial and Corporate Service Providers Act, 2020 (“the Act”).

The Commission has, for some time, received complaints about programs or schemes touted as bona fide investments or legitimate financial solutions and being offered to the public. The Commission informs that these programs or schemes are illegal under the Act and should therefore be avoided.

The public is hereby advised that the Act defines a **financial scheme** as –

any scheme in which:

- (a) a business is structured in such a way that the returns an investor or client earns is directly tied to the number of persons they recruit to join the scheme;
- (b) the amount or size of the income any one person earns while participating in the scheme depends on the persons rank in the scheme, which rank is related to when the person joins the scheme;
- (c) the amount or size of the income any one person earns while participating in the scheme is directly tied to or depends on the person’s success in recruiting other persons to join the scheme;
- (d) persons are required to first purchase a financial product or financial training offered by the scheme before they can participate in and earn income from the scheme, and neither the product nor training can be offered for resale to the general public;
- (e) persons are required to pay an advance fee, either as a lump sum or by instalments, in order to receive a larger financial return which is solely based on the number of persons recruited to the scheme;
- (f) persons are offered an opportunity to work remotely for compensation but participation depends on the payment of a fee or purchase of financial training products or material;
- (g) persons are promised or paid a commission if they facilitate the transfer of funds to a third party utilizing their bank account;

- (h) part of the marketing or promotion of the scheme involves assertions or statements guaranteeing or promising that participation in the scheme will result in returns which far exceed the returns offered in the investment market;
- (i) any aggregate public scheme that requires contributions to a pool investment, and guarantees or promises a larger payout based on the number of persons recruited; or
- (j) any other arrangement or scheme which may be prescribed by the Commission in rules.

Any person soliciting such activity, in or from The Bahamas is committing an offence and must immediately cease and desist, as to otherwise continue will render that person liable to criminal prosecution under section 46(2) of the Act, which states:

***Any person who -***

- (a) launches or establishes, promotes, markets or advertises any financial scheme; or***
- (b) invites or recruits any other person to join or participate in any financial scheme,***

***commits an offence and is liable on summary conviction to a fine not exceeding one hundred thousand dollars.***

Therefore, the public is strongly discouraged from becoming part of, or continuing to participate in, any financial scheme, as outlined above. Any entity or individual whose activity is defined above, and any person presently doing business with such entity or individual, should immediately discontinue as the activity is unlawful.

Listings of the Commission's registrants and licensees authorized to engage in securities, investment funds, and financial and corporate service business, in or from The Bahamas can be found on the Commission's website at <https://www.scb.gov.bs/regisrtrant-licensee-search/>.

Further, anyone who has a complaint and/or information concerning **financial schemes** should contact:

Gawaine Ward  
Senior Manager  
Enforcement Department  
Securities Commission of The Bahamas  
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