

FINANCIAL SERVICES COMMISSION

List of Frequently asked Questions on Unregistered Investment Schemes

1. What does the Cease and Desist Order issued on Cash Plus Limited (Cash Plus) mean?

A Cease and Desist Order is one of the enforcement actions that the FSC is authorized to take whenever an entity or individual breaks the laws or regulations for which the FSC has oversight.

The Cease and Desist Order requires the entity and or the individuals who breach the law, to immediately stop any activities that were conducted in contravention of the law. In this instance, Cash Plus, Carlos Hill and Kahlil Harris were instructed not to conduct any further securities business without a license from the FSC.

2. How long will the Cease and Desist Order remain in effect?

The Cease and Desist Order will remain in effect until Cash Plus is registered or licensed by the FSC or if it is modified or lifted by the Court or the FSC.

Once the Cease and Desist Order is issued, the business or individual may ask the Court or the FSC to stay the order. If this is not done, the business or individual must immediately stop committing the breach.

3. Can Cash Plus make any disbursements to its clients while the Cease and Desist Order is in effect?

No. On January 23,2008, the court lifted the stay on the CDO.. This means that, the Cease and Desist Orders issued by the FSC on Cash Plus, Carlos Hill and Kahlil Harris are now in full effect and Cash Plus Limited should not accept new funds or make any payouts on existing accounts unless and until it is registered by the FSC.

4. What will happen to persons who have invested funds with Cash Plus?

Unless Cash Plus obtains relief from the full effect of the Cease and Desist Order from the FSC or registers with the FSC, Cash Plus cannot make payments to investors or engage in other activities comprising securities business.

Is income earned from unregistered schemes taxable?

Yes. For further clarification on this issue, you may contact the Tax Audit and Assessment Department.

5. Why do these schemes have to be registered if they are trading in foreign exchange?

The FSC is concerned with unregistered schemes who offer securities to the public without being licensed or registered. While the FSC is not concerned with FX trading in and of itself, the making of arrangements to trade on other persons' behalf is an activity that could fall within the Securities Act. If you give your money to someone so that they can make a profit for you, you may have purchased a security in the form of an investment contract. This arrangement would make it necessary for the person to whom you gave your money, to be licensed or registered with the FSC.

6. What is a security or what are securities?

Securities are financial assets. They are usually in the form of a document which evidences that you own a part of a business or that someone owes you money. If a person takes your money and offers to invest it for you, with the promise of giving you a return on the sum invested then you may have purchased a security. It does not matter how your money is eventually invested. It could be pooled with other investors' monies and used in foreign currency trading, real estate, land development, real estate, phone cards distribution, telecommunications, hotels, casino gambling or food services. Examples of securities are stocks, shares, bonds, promissory notes, debentures and investment contracts etc.

7. Is foreign currency a security?

The Securities Act lists the instruments that are securities. While foreign currency is not listed as a security, it should be noted that persons who trade in foreign currency on other persons' behalf, could be issuing securities.

8. Why did the FSC act against OLINT if foreign currency is not a security?

Based on its investigations, the FSC concluded that the "Customer Agreement/Private Club Member Agreement" between OLINT and its investors are investment contracts which fall within the definition of a security contained in the Securities Act. The Supreme Court has agreed with the FSC in the OLINT judgment issued on December 24, 2007.

9. What became of Swiss Cash?

Swiss Cash was never registered by the FSC and so it never filed information with us. We are aware that the authorities in Malaysia have instituted court proceedings against Swiss Cash and its operators. The court documents refer to investigations that were carried out on Swiss Cash which revealed that Swiss Cash was a fraudulent scheme. These court documents are available for viewing on the front page of the FSC's website: www.fscjamaica.org then selecting the link on alternative investment schemes.

10. A number of the schemes have gone off-shore and they say they are registered overseas. Does that mean they can do business here?

No, they cannot do securities business in Jamaica without being licensed and registered in Jamaica. Anyone soliciting securities business from Jamaican investors in Jamaica should only do so after being properly licensed or registered.

It doesn't matter that you may be licensed in another country, once you are doing business in Jamaica you have to be licensed under our laws.

11. Is a cease and desist order a sudden thing that is issued to a company?

Not in all instances. It sometimes follows a course of investigations, discussions and meetings.

12. Worldwide say that they are in negotiations with the FSC for registration. Is this so?

The FSC's registration process does not require pre-negotiation with the FSC. The process requires that the entity seeking to register its securities provides the FSC with a completed registration statement and its offering circular.

If a company is seeking to be licensed as a dealer then that company must complete and submit to the FSC the relevant application form along with its audited financial statements and evidence that the following individuals are fit and proper persons, namely:

- a. The shareholders holding voting rights of 10% or more;
- b. Members of the company's, board of directors;
- c. Other officers of the company such as its senior management; and
- d. The persons who will be performing the functions of dealer representatives on behalf of the company.

13. What does it mean to be Fit and Proper?

The law requires that only fit and proper persons should be allowed to own and run licensed financial institutions. The regulators then must assess persons seeking to be licensed to determine whether they are fit and proper. The objective of the FSC's fit and proper assessment is to ensure that persons who deal with other people's money are honest, competent, of sound judgment, diligent and suitably qualified to do so. Some of the things that the FSC considers to determine this are their former business practices, employment record and if they have a committed certain crimes in the past.

14. What will happen to Worldwide or other unregistered entities in light of the Cease and Desist Order on Cash Plus?

The FSC cannot say what may happen to these other unregistered schemes. However, all entities who are engaged in securities business without being licensed or registered to do so by the FSC are exposed to possible enforcement action.

15. Why is the FSC preventing Cash Plus from operating the business?

After investigating Cash Plus' operations, the FSC concluded that Cash Plus was breaking the law by carrying on securities business without licensing or registration.

Part of the FSC's mandate is to ensure that persons who make investment products available to the public are registered or licensed to conduct such business. The FSC has certain powers that allow it to carry out its mandate to ensure that persons comply with the securities laws. One such power is to direct persons to stop committing breaches of the laws. The FSC exercises this power to protect investors against the increased risks of investing with an unregulated entity.

16. Why is the FSC trying to stop 'poor people' from making a living?

The FSC does not want 'poor people' to stop making money. The FSC wants to ensure that 'poor people' can make informed decisions on where to invest their money safely.

17. Will the FSC take similar actions with respect to other unregistered investment schemes as it took with Cash Plus?

Companies and persons, who operate outside of the requirements of the Securities Acts and regulations, are exposed to the possibility of enforcement action being taken against them by the FSC.

Unregistered investment schemes which offer securities to the public may be committing breaches of the following:

- (a) carrying on a securities business without a license as required by section 7 of the Securities Act;
- (b) offering securities to the public without first applying to the FSC to be registered in respect to those securities as is required by section 26 of the Securities Act

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18. Does the government have a compensation scheme for investors of Cash Plus?

No.

19. Is there a list of licensed dealers that the FSC can recommend?

The FSC does not make recommendations as to the licensed dealer with whom you should invest your money. A list of all FSC's licensed dealers are posted on our website at www.fscjamaica.org.

For further information, please call the FSC at (876) 906-3010-2 or email inquiry@fscjamaica.org