

FINANCIAL SERVICES COMMISSION

Public Forum The Role of the Investor in Investment Schemes

Terra Nova Hotel
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2007 November 26

Mr Brian Wynter
Executive Director, FSC

Opening Remarks

The presenters for this evening, Mr Wentworth Graham, Assistant General Manager of the Jamaica Stock Exchange, Mrs Karab Damdar, Technical Specialist in the Office of the Director General, Tax Administration, Mr George Roper, Deputy Executive Director of the FSC, special guests, ladies and gentlemen, members of the media, I wish you good evening. I take pleasure in addressing you at this another of the FSC's public forums aimed at educating you the investor.

The title of this Forum is **'The role of the investor in Investment Schemes'**. But first, a disclaimer. I will not be referring to Olint, Lewfam, Cash Plus or any of their principals or agents. This is because cases involving these entities and the FSC are currently before the courts and I am advised that it would not be appropriate for me to make any comment in reference to them.

Back to the theme: 'The role of the investor in Investment Schemes'. This theme is being used because we recognize a very important fact. There are at least two dozen extremely high-yielding unregistered investment schemes operating in

Jamaica right now. These schemes have found one of the easiest ways to separate hard-working people from their money. They use certain phrases with respect to themselves which are designed to convince investors that they are not require to be registered or licensed in accordance with the laws enacted for the protection of the public. They call themselves ‘investment clubs’, ‘partners’, ‘wealth builders’, ‘wealth creators’, ‘wealth partners’ and ‘foreign exchange traders’. Here is a list of some of them:

Name of Extremely High-Yielding Unregistered Investment Scheme	Brief Description of Investments Offered
4. Caribbean Real Estate Investment Fund (CAREIF)	Investment contracts related to real estate
5. World Wise Partners Limited	Investment contracts related to foreign exchange trading
6. Swiss Cash	
7. Higgins Warner Music and Entertainment	High return fixed income debt instruments
8. MayDaisy E Partner Plan Club	
9. F 1 Investments/F 1 Holdings	Investment contracts related to foreign exchange trading
10. A 3 Union	
11. Wealth Builder and Associates	Investment contracts related to foreign exchange trading
12. Right Vision E Partners Private Members Club	
13. Strategical Alliance Investment Company	
14. SGL Holdings	
15. Partner Financials	High return fixed income debt instruments
16. Kingdom Investments Unlimited International (KIUI)	Investment contracts related to foreign exchange trading
17. Image Consultants & Services	Investment contracts related to foreign exchange trading
18. Nipo Farms	
19. USIMO	Investment contracts related to foreign exchange trading

Common to all is that they are not licensed by the FSC and their investments are not registered by the FSC.

There are other commonalities among them. They have all found a very big financial secret and it has to do with how they all give extremely high returns starting from 10%, 12%, or at times 25% on investments per month or 120%, 144% or 300% per annum, which is the normal way to express investment returns. How these entities are able to take your money and sustain these high returns monthly is the best kept secret. The operators of the schemes know that by promising huge returns they will get your attention and your money with no, or very few, questions asked.

Not a single one of them, as far as we know, provides to their investors audited or unaudited financial reports or statements, in other words, their accounts. They refuse to disclose to you what they own and how much they owe. Not one of them provides a prospectus or information memorandum giving comprehensive and verifiable details of the investment and of the promoter's financial status or financial health. You have to wonder, if they are doing so terribly well, why is there such difficulty and reluctance to disclose information to investors as is provided for by law?

The Securities Act requires all persons conducting securities business or investment advice business in Jamaica to be licensed by the FSC to do so. The Act also requires that securities must be registered by the FSC before they can be issued to the public. We are here to remind you that extremely high-yielding unregistered investment schemes come in many guises but they all share a common goal, that of separating you from your money.

As regulators, we are especially concerned that Jamaican investors are not heeding the warnings that we have been giving but, instead, many have been

giving and are continuing to give their hard-earned cash to these schemes. Avoiding these schemes simply requires some research and common sense. Never invest in anything without getting the facts, and I mean all the facts. I am here to tell you that unless you have information that I do not have, the information currently in your possession about these schemes is so paltry as to be virtually useless to you. These investment schemes may have more to gain by taking your money than you know.

It is also important for you to understand very clearly that you cannot be protected from any charlatan, fraudster or other unscrupulous person who sets up one of these extremely high-yielding unregistered investment schemes if you decide to give him or her your hard-earned cash. By avoiding the scrutiny of the regulator set up under the Securities Act to police the investment sector, you make it impossible for us to do our job of helping to protect you.

Thank you.

Brian Wynter
Executive Director
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