



15 June 2022

SEC HUNTS DOWN DECENTRA INVESTMENT SCAM

The Securities and Exchange Commission (SEC) has taken down another investment scam promising fast and guaranteed returns from cryptocurrencies in an entrapment operation that resulted in the arrest of 19 individuals.

In a joint operation on June 11, the combined forces of the SEC Enforcement and Investor Protection Department (EIPD) and Philippine National Police Anti-Cybercrime Group (PNP-ACG) arrested the officers of Decentra while in the act of soliciting investments from the public without the requisite license during a seminar or business presentation in a hotel in Quezon City.

The SEC, through a mission order dated June 10, authorized and deputized a team of the PNP-ACG personnel, together with the EIPD, to conduct the joint entrapment operation, after receiving an email tip on Decentra's unauthorized investment solicitation activities.

The Decentra officers – identified as Arnel Laxa, Michael Anderson, Arnold Black, Rodolfo A. Asadan, Roberto A Betinol, Fritzie Abalde, Nely Carvajal, Wyndell Español, Jenny A Tampulan, Alice Fabroa, Lawrence Ruiz, Kieth Reñola, Mary Joy Mendoza, Joy Esclamado, Rose Marie Razon, Analiza Narvaez, Warpath Chu, Teodorick Acuña, and Fe Paglingayen – were arrested for violations of Sections 8.1, 26.3, and 28 of Republic Act No. 8799, or the Securities Regulation Code (SRC), for publicly offering securities without a license from the SEC.

Criminal cases against the Decentra officers, two of whom were identified as foreign nationals, were subsequently filed before the Department of Justice on June 12.

Decentra was found to be offering several investment packages online, with an initial membership fee of 99.95 Tether (USDT). Tether is a stable cryptocurrency hosted on the Ethereum and Bitcoin blockchains, which was originally designed to always be worth US\$1, maintaining US\$1 in reserves for each tether issued.

Investors are also required to pay 34.95 USDT per month, or 349.95 USDT per year, in order to access reward opportunities on Decentra's platform. Members are promised returns of up to 120% of their initial investment, depending on the package they availed and the number of recruits they invite into the system.

Overall, a member could supposedly earn a profit of US\$100,000, or P5 million per day, on an investment of US\$50,000.



In an advisory dated June 13, the EIPD noted that Decentra was not registered with the Commission as a corporation, partnership, or one person corporation. Accordingly, it did not have the secondary license for the solicitation of investments, as required under the SRC.

The EIPD also found that Decentra was headed by former members of Crowd1 Asia Pacific, Inc., whose certificate of incorporation was revoked by the SEC on September 9, 2020, over its illegal solicitation of investments from the public.

“In view thereof, the public is hereby advised to exercise self-restraint from investing their hard-earned money in such high-yield, high-risk investment scheme and to take the necessary precaution in dealing with individuals representing the above-named entity and not to invest or stop investing in said entity,” the EIPD advised the public.

The Commission continues to combat the spread of investment scams in the country by actively going after perpetrators of unauthorized investment schemes and implementing investor education programs to improve financial literacy.

This year, the SEC has already issued 55 advisories against groups and individuals found to be soliciting investments from the public without the necessary license from the Commission.

In addition, the SEC has issued cease and desist orders against several groups including RGS World Marketing and the Astrazion Group for their fraudulent investment schemes.

Currently, 364 individuals are actively prosecuted in 56 cases pending before various regional trial courts for violations of the SRC. The SEC has secured 18 convictions against 20 individuals meted with a total imprisonment of 572 years and a total fine of P25 million.

END