



CAYMAN ISLANDS MONETARY AUTHORITY

Thursday, 12 June 2008

PUBLIC NOTICE

CIMA: 'IF IT SOUNDS TOO GOOD TO BE TRUE, IT PROBABLY IS'

The public is being cautioned about joining 'investment schemes' which lure investors with promises of high returns.

The Cayman Islands Monetary Authority (CIMA) is aware that these entities have been soliciting funds from the Caymanian public, offering participants large returns, well above normal market rates. CIMA is reminding the public that all persons conducting securities investment business, as defined by the Securities Investment Business Law (2004 Revision) must be licensed by, or registered with, CIMA.

In addition, CIMA recommends that all investors and potential investors ensure that they have full information about the entity, the investment product and the persons whom they have chosen to invest with or through.

The majority of the entities that the Authority is aware of appear to be based in or operating out of Jamaica.

These 'investment clubs' have become prevalent, but are unregulated. The Jamaica Financial Services Commission (FSC) has issued warnings and cease and desist orders against these ventures, urging the public to refrain from investing with or through them, or any other unregulated entities. More information on these can be found on the FSC website (www.fscjamaica.org).

The much-publicised demise of Cash Plus Limited in Jamaica is a prime example of how investors are often "left out in the cold financially" when these schemes fail. Earlier this month it was revealed in the Jamaican court that Cash Plus has no funds to repay investors.

The receivers appointed to handle the Cash Plus fall-out also said that monthly repayments that had been made to investors appeared to have come primarily from money deposited by other lenders. The receivers added that Cash Plus was not operating as a growing, financially viable and diversified conglomerate. In addition, Cash Plus had poorly-maintained accounting records, inadequate internal controls, inadequate financial planning and an unsustainable business model, including minimal revenue-generating activities.

CIMA therefore urges the public to be extremely cautious when dealing with these entities.
