
21 July 2020

WARNING NOTICE: COVID-19 RELATED SCAMS

The Eastern Caribbean Securities Regulatory Commission (ECSRC) advises the public in the member countries of the Eastern Caribbean Currency Union (ECCU) to be aware of fraudulent investment offerings that are being circulated via the internet and other channels.

These scams are currently being promoted using the COVID-19 pandemic as a cover to target unsuspecting or vulnerable individuals in times of economic stagnation and downturns. They include: Pyramid Schemes, Unauthorised Forex Trading, false COVID-19 related investments and Work From Home and Personal Finance Scams.

Pyramid Schemes

A Pyramid Scheme is a fraudulent investment offering that profits almost solely through the recruitment of other participants into the programme. The ECSRC warns the public to be on the alert for the following red flags of a Pyramid Scheme:

1. Emphasis on recruiting new participants to join the scheme;
2. Promise of a high return over a short time;
3. No genuine product or service is offered; and
4. Complex commission structure.

Unauthorised Foreign Exchange Market (Forex) Trading

Unauthorised Forex Trading Scams offer the chance to trade in foreign exchange, contracts for difference, binary options, crypto-assets and other commodities. These scams offer very high returns and guaranteed profits either through managed accounts where the firm makes trades on the investor's behalf or by trading using the firm's trading platform.

The ECSRC also warns of other types of financial scams which all seek to capitalise on the unprecedented anxiety caused by the COVID 19 pandemic, such as:

- **Work-From-Home Scams:** fraudsters seek to take advantage of individuals seeking alternative sources of financing due to COVID 19 related measures.

- **Personal Finance Scams:** using the fear of current economic conditions, fraudsters target individuals by posing as a financial institution requesting sensitive personal or financial information.

All of these schemes are usually operated in violation of the law by evading legal requirements such as obtaining the necessary licences or authorisations to raise funds from the public for collective investment purposes.

How to Protect Yourself

1. Be suspicious of persons who contact you to invest quickly or promise high returns on your investment.
2. Consider seeking financial advice or guidance before you invest.
3. Ensure that any individual or firm with which you conduct business is licensed or authorised by the ECSRC or other relevant government authority.

The ECSRC will continue to take the necessary measures to prevent securities fraud in the Eastern Caribbean Securities Market, therefore, if you are aware of or have been the victim of a fraudulent scheme in the ECCU, we encourage you to contact the ECSRC via email at ecsrc@eccb-centralbank.org or the law enforcement authorities in your country.

The ECSRC is the regulator of securities business in the ECCU. The member countries of the ECCU are Anguilla, Antigua and Barbuda, The Commonwealth of Dominica, Grenada, Montserrat, Saint Christopher (St Kitts) and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. The securities industry in the ECCU is governed by uniform securities legislation, the Securities Act 2001 and its amendments and Regulations to the Act. The primary functions of the Commission are to maintain the integrity of the Eastern Caribbean Securities Market; protect investors; promote market efficiency; and facilitate market development.

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