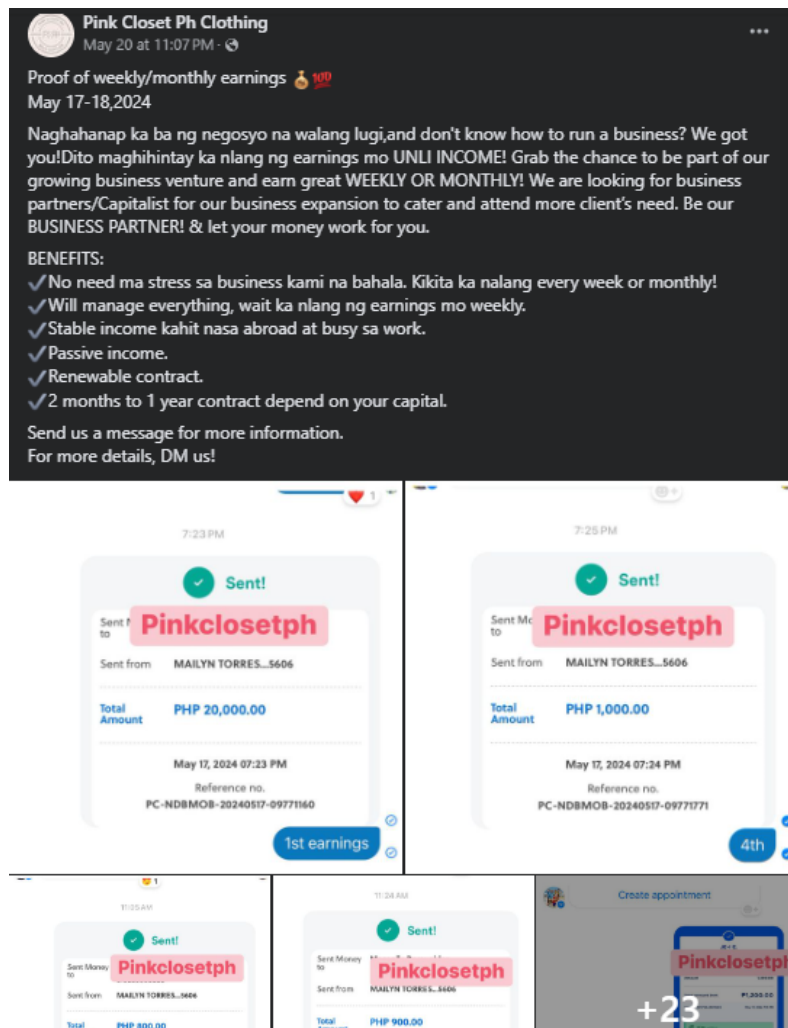


ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

SEC ADVISORY

Based on the information gathered by the Commission, **PINK CLOSET PH CLOTHING** markets itself as a clothing brand that sells clothes for cheap and at the same time invites the public to become its business partner/capitalist. **PINK CLOSET PH CLOTHING** promises passive income to be earned on a weekly or monthly basis through a contract with a lifespan of two (2) months to one (1) year depending on the prospective “business partner’s” capital. **PINK CLOSET PH CLOTHING** would further entice the public into parting with their money by regularly uploading screenshots of proof of earnings.





According to their posts, business partners/capitalists need only deposit a certain amount and to let their money work for them, guaranteeing them stable passive income.

Briefly, an *"investment contract"* exists when there is an investment or placement of money in a common enterprise with reasonable expectation of profits to be derived from the efforts of others, which is apparent on **PINK CLOSET PH CLOTHING's** scheme.

Therefore, **PINK CLOSET PH CLOTHING** must be duly registered with the Commission and that any person or entity intending to sell or offer investment contract are required to secure the necessary registration and/or license from the Commission as well.

Moreover, the business scheme being offered by **PINK CLOSET PH CLOTHING** shows indication of a "Ponzi Scheme" where moneys from new investors are used in paying "fake profits" to prior investors and is designed mainly to favor its top recruiters and prior risk takers and is detrimental to subsequent members in case of scarcity of new investors.



The offering and selling of securities in the form of investment contracts using the "Ponzi Scheme" which is fraudulent and unsustainable, is NOT a registrable security. The Commission will not issue a License to Sell Securities to the Public to persons or entities that are engaged in this business or scheme.

Finally, Republic Act No. 11765 or the Financial Products and Services Consumer Protection Act (FCPA) also prohibits investment fraud which is defined under the law as any form of deceptive solicitation of investments from the public which includes Ponzi Schemes and such other schemes involving the promise or offer of profits or returns sourced from the investments or contribution made by the investors themselves and the offering or selling of investment schemes to the public without a license or permit from the SEC.

However, as per our records, **PINK CLOSET PH CLOTHING** is **NOT** registered with the Commission as a corporation or partnership and is not authorized to solicit investments from the public, not having secured prior registration and/or license to sell securities or solicit investments as prescribed under Section 8 of the Securities Regulation Code (SRC).

In view thereof, the public is hereby advised **NOT INVEST** or to **STOP INVESTING** in the scheme being offered by **PINK CLOSET PH CLOTHING** or its representatives.

Those who act as salesmen, brokers, dealers or agents, representatives, promoters, recruiters, uplines, influencers, endorsers, abettors and enablers of **PINK CLOSET PH CLOTHING** in soliciting or convincing people to invest in the investment scheme being offered by the said entity including soliciting investments or recruiting investors through the internet may be held criminally liable under Section 11 of the FCPA and Section 28 of the SRC which are both penalized separately with a **maximum fine of Five Million Pesos (Php5,000,000.00) or imprisonment of Twenty One (21) years or both pursuant to Section 73 of the SRC** (*SEC vs. Oudine Santos, G.R. No. 195542, 19 March 2014*).

Further, those who invite or recruit others to join or invest in such venture or offer securities to the public may incur criminal liability, or otherwise be sanctioned or penalized accordingly as held by the Supreme Court in the case of *Securities and Exchange Commission v. Oudine Santos* (G.R. No. 195542, 19 March 2014).

Should you have any information regarding the operation of **PINK CLOSET PH CLOTHING** or any securities solicitation activity by any individual or group of individuals representing **PINK CLOSET PH CLOTHING**, please send your report to the Enforcement and Investor Protection Department at epd@sec.gov.ph.

For the guidance of the public.

City of Makati, 13 June 2024.