
15 October 2020

WARNING NOTICE: PYRAMID SCHEMES

The Financial Services Regulatory Authority (FSRA) of Saint Lucia along with the Eastern Caribbean Securities Regulatory Commission (ECSRC) wishes to advise the public of the operation of investment programmes in Saint Lucia that may be classified as pyramid schemes. These programmes promise a financial return after you pay an initial amount and recruit other persons to join the programme.

Identifying a Pyramid Scheme

A pyramid scheme is a type of investment scam that offers returns solely through the recruitment of other participants into the programme. The following are some of the red flags of a pyramid scheme:

1. Emphasis on recruiting new participants to join the programme; The programme requires individuals to make a financial contribution to start and requires recruitment of new members to ensure high payouts.
2. There is a promise of a high return or payout on the initial contribution over a short time; This high return is only possible through the recruitment of new participants.
3. No genuine product or service is offered; and
4. A complex structure that ensures that early contributors are paid first using the initial financial contributions of newer members. Members are encouraged to download applications, such as a telegram application, to track their progress as they move to different levels. The progressive levels feature symbolic titles such as: fire, air, earth and water.

When there are fewer or no new members, the scheme collapses and losses are incurred for individuals who joined the scheme late.

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, FSRA or other relevant government authority.

If you are aware of or have been the victim of a fraudulent investment scheme in Saint Lucia, we encourage you to contact local law enforcement authorities, the FSRA at email finsersup@gosl.gov.lc or the ECSRC at 'ecsrc@eccb-centralbank.org'.

About the FSRA

The Financial Services Regulatory Authority (FSRA) was established under section 3 of the Financial Services Regulatory Authority Act Cap. 12:23. The primary function of the FSRA is the maintaining of public confidence in the financial system operating in Saint Lucia, the promoting of public understanding and awareness of the financial system operating in Saint Lucia and the securing of the appropriate degree of protection for consumers. The FSRA regulates and supervises the insurance sector, money services businesses, the credit union sector and the international financial services sector.

About the ECSRC

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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