



**Republic of Vanuatu
Office of the Attorney General**

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Financial Intelligence Unit

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PRESS STATEMENT

UNREGULATED INVESTMENT SCHEMES

This press release is to raise awareness on 'Unregulated Investment schemes' that are currently operating in Vanuatu by offering investment returns for their members contribution and are collecting, storing and managing funds on behalf of their members.

Pursuant to section 2(r)(ix) of the Anti-Money Laundering and Counter-Terrorism Financing Act 13 of 2014 ("AML&CTF Act"), these services are defined as business of safekeeping and administration of cash or liquid securities on behalf of other persons and as such are captured as 'Reporting Entities'.

As required under Section 9(2) of the AML&CTF Act, a reporting entity must not provide a service or establish a business relationship with a customer unless it is registered on the 'FIU Register of Reporting Entities'.

This office has been aware of an investment scheme known as the Vanuatu People's Investment and Equity Fund ('VPIEF') which has been collecting cash from its members and safekeeping and managing the funds on behalf of its members. While VPIEF has maintained its ongoing operations, its investment services are not sufficiently regulated thus its investment plans may not have adequate regulatory oversight from the government. Therefore, there exist a very high risk of investment fraud, money laundering, misrepresentation of the value of member's investments and diversion of funds for purposes which differ from the original investment plan.

The VFIU is currently liaising with VPIEF to better understand its activity and to assess any ML/TF risk that the investment and its members may be exposed to. The VFIU requested the above-mentioned business to adhere to the requirements under the AML&CTF Act to safe

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guard the investments of its members and to ensure that its operations align with the said Act.

Further, to ensure protection of the public, it is recommended that potential and existing members seek confirmation on the registration/licensing of the business, confirmation on its organizational structure and management, receive and understand the business' written prospectus, check the process of raising and addressing member complaints, confirmation of regular audit reports and ability of members to withdraw membership funds.

VPIEF has been duly informed not to provide a service or establish business relationships with its members until an approval for registration on the FIU register is issued by this office. Consequently, VPIEF has been instructed to cease collection of funds from members or the general public and to halt all investment activities until it satisfies the registration requirements under the AML & CTF Act.

The VFU has a national role of regulating and supervising entities against money laundering, terrorist financing and other financial crimes in Vanuatu and also to safeguard the public against unregulated investment schemes.

The requirements under the AML&CTF Act are necessary to safeguard and protect the members investments and interests in the business.


Teddy Garae Lulumele
Director FIU



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