



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

9 October 2026

Financial Intelligence Unit

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PRESS STATEMENT

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PRESS STATEMENT REGARDING YS SHARING TECHNOLOGY

The Vanuatu Financial Intelligence Unit (VFIU), in collaboration with relevant regulatory authorities, wishes to provide an update to members of the public regarding ongoing regulatory assessments concerning the activities of YS Sharing Technology. The purpose of this statement is to promote public awareness, encourage informed decision-making, and advise persons who may be considering participating in, or who have already participated in, the business activities being promoted by the entity.

The VFIU has conducted preliminary inquiries and reviews of information obtained during regulatory visits, promotional materials provided by the business, and information available from other relevant sources. Those inquiries have identified a number of regulatory, consumer protection, financial crime, and anti-money laundering concerns that warrant further investigation by relevant competent authorities.

At this stage, the VFIU and partner agencies have not made a final determination regarding the legality of all aspects of the business's operations. However, the information presently available raises significant concerns regarding the sustainability of the business model, the nature of the activities being conducted, and the potential risks posed to members of the public.

Financial and Economic Risk Assessment

Analysis of materials provided by the business indicates that participants are encouraged to contribute funds through various investment packages while being offered substantial returns over specified timeframes. Based on financial modelling using information available to the VFIU, if approximately 2,000 participants were enrolled in the programme and investment activity ceased or recruitment of new members significantly declined, direct investor losses could potentially range from approximately **USDT 4.3 million (approximately VT 509 million)** under a conservative participation scenario to approximately **USDT 23.19 million (approximately VT 2.74 billion)** under a broader participation scenario.

The same assessment indicates that the total financial exposure, including returns promoted to participants, could potentially range between approximately **USDT 47.5 million and**

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USDT 264.16 million. The higher estimate is equivalent to approximately **VT 31 billion** and represents the broader economic impact that may arise where promised returns cannot be met. The VFIU notes that the rate of returns promoted in the materials reviewed substantially exceeds ordinary commercial investment returns and, based on the information assessed, would require continuous inflows of new participant funds to remain sustainable. Financial modelling indicates that the advertised liabilities may exceed the total funds contributed by participants by more than tenfold.

Recruitment-Based Structure

The VFIU has also reviewed information suggesting that participants are encouraged to recruit additional members into the programme. Analysis of the recruitment structure indicates that the number of new participants required increases exponentially at each level. Under the model reviewed, most participants would be concentrated at the lowest levels of the recruitment structure and would therefore face the highest risk of financial loss should recruitment slow or cease.

The VFIU wishes to remind members of the public that schemes which rely primarily on ongoing recruitment of new participants rather than genuine economic activity may expose participants to substantial financial risk.

Regulatory and Compliance Concerns

Preliminary inquiries have identified several issues requiring further examination by competent authorities, including:

- Whether the nature of the activities being conducted is consistent with information registered with the Vanuatu Financial Services Commission.
- Whether the nature of the activities being conducted is consistent with the requirements under the Virtual Assets Services Providers Act administered by the Vanuatu Financial Services Commission.
- Whether the current business licence accurately reflects the location and nature of the business operations being conducted.
- Whether activities involving the collection of funds from members of the public constitute regulated financial activities requiring authorization or licensing.
- Whether activities involving the purchase, transfer, or exchange of USDT and other virtual assets fall within the scope of applicable virtual asset regulatory requirements.
- Whether the business has complied with obligations applicable under the AML & CTF Act where those activities constitute reporting entity services.

Information provided during the regulatory visit also indicated that the business does not operate a business bank account and that certain transactions may be facilitated through agents and members exchanging USDT for Vatu. These matters are being assessed by the relevant authorities.

International Business Representations

The VFIU is also examining representations made regarding overseas business relationships and related entities. Preliminary reviews of publicly available corporate records have identified matters requiring further verification, including the status of certain overseas

business registrations referred to in promotional materials. These matters remain subject to investigation and no final conclusions have been reached.

The VFIU is aware of publicly available reports and commentary concerning entities associated with the YS Global network in other jurisdictions. Such information is being reviewed as part of the broader assessment. The existence of such reports should not in itself be regarded as proof of wrongdoing but may constitute information relevant to ongoing regulatory examinations.

Ongoing Regulatory Action

Consistent with its statutory responsibilities, the VFIU has previously informed YS Sharing Technology that activities identified during the review may fall within reporting entity obligations under the AML & CTF Act and directed the business to cease conducting activities captured by the Act until the applicable registration and compliance requirements have been satisfied.

The matter is being coordinated between the:

- Vanuatu Financial Intelligence Unit (VFIU);
- Reserve Bank of Vanuatu (RBV);
- Vanuatu Financial Services Commission (VFSC);
- Department of Customs and Inland Revenue (DCIR); and
- Relevant licensing and law enforcement authorities.

These authorities are assessing matters within their respective mandates, including licensing requirements, business registration obligations, financial services regulation, virtual asset activities, tax compliance, and AML/CFT obligations.

Advice to the Public

The VFIU strongly encourages members of the public to exercise caution before investing funds in any business or scheme that:

- Guarantees unusually high returns;
- Promotes recruitment of new members as a source of earnings;
- Relies on cryptocurrency transactions that are difficult to independently verify;
- Does not maintain transparent banking arrangements;
- Is unable to clearly demonstrate the legitimate source of returns being paid to participants; or
- Appears to operate without the appropriate regulatory approvals.

Persons who have invested funds with YS Sharing Technology should retain all records relating to their participation, including contracts, receipts, wallet addresses, transaction records, promotional materials, and communications with agents or representatives, as these documents may assist authorities in assessing the matter.

Key Reasons Higher-Level Members Promote the Scheme

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Members at higher levels of a pyramid scheme actively promote and support the scam because their financial survival and profits depend entirely on continuous expansion beneath them.

- **Financial Dependency:** Higher-level members receive a cut of the money paid in by every new recruit brought in by the lower levels. If recruitment slows down, their payouts stop.
- **Protecting Their Investment:** To reach a higher tier, these members typically had to invest significant personal money or time. Promoting the scheme is an attempt to recover their initial costs and lock in a profit before the structure collapses.
- **Illusion of Legitimacy:** Top members and directors often project an image of wealth, luxury, and success (renting fancy cars, wearing expensive clothes, or showing fake earnings) to make the lower tiers believe the system works, encouraging them to recruit more people.
- **Shifting the Blame:** When lower-level members start losing money, higher-ups often claim it is due to a "lack of hard work" or "poor personal mindset" rather than the mathematical impossibility of the business model.
- **Self-Preservation and Fear of Liability:** Since they are profiting off the losses of others, higher-level members are often deeply implicated in the fraud. Promoting the illusion that it is a "real business" is a way to maintain the scheme and delay exposure or legal action.

Additional Consumer Warning and Regulatory Compliance Information

The VFIU wishes to remind members of the public that it has previously issued public warnings through the media regarding investment schemes, pyramid-style schemes, and other arrangements that may expose participants to significant financial losses. Members of the public are encouraged to consider previous schemes that have operated in Vanuatu where participants collectively suffered substantial losses, with some cases resulting in losses of up to VT 40 million.

The VFIU notes that YS Sharing Technology has not complied with notices and correspondence issued by the VFIU requiring the entity to complete registration requirements and provide information necessary to assess compliance with the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) framework, including the provision of an AML/CTF procedures manual and related compliance documentation. The entity has also not completed all regulatory forms requested by the competent authorities.

The VFIU further advises that operating activities that fall within the scope of the AML & CTF Act without the required registration, or failing to establish and maintain AML/CTF policies, procedures, systems, and controls, may constitute breaches of the Act. Depending on

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the circumstances and nature of non-compliance, penalties may include substantial financial sanctions, which may amount to fines of up to VT 250 million.

In addition, information provided to the authorities by the owner of YS Sharing Technology indicates that the business does not maintain operational business accounts or investment accounts with any domestic banking institution. This raises significant concerns from both a consumer protection and AML/CTF perspective. The absence of domestic banking arrangements may reduce transparency regarding the movement, custody, and safeguarding of customer funds, increase risks associated with the tracing of transactions, and limit the protections ordinarily available to consumers when dealing with regulated financial institutions.

The VFIU therefore urges members of the public to exercise extreme caution before investing funds or participating in any arrangement that promises unusually high returns, relies on the recruitment of new participants, or operates outside established regulatory and banking safeguards. Persons considering any investment should undertake appropriate due diligence and verify that the operators are properly registered and compliant with all applicable laws and regulatory requirements.

Important Note

The above matters are the subject of ongoing assessment and engagement by the relevant competent authorities. Any determination regarding statutory breaches, enforcement action, or penalties will be made in accordance with the applicable laws of Vanuatu and the facts established through the relevant regulatory processes.

Conclusion

The VFIU and relevant authorities remain committed to protecting the integrity of Vanuatu's financial system and safeguarding the public from potential financial crime risks. While investigations remain ongoing and no final determinations have been made, the information currently available indicates the presence of significant financial, regulatory, consumer protection, and AML/CFT risk indicators warranting continued scrutiny by the relevant authorities.

Members of the public are therefore advised to exercise appropriate caution and conduct thorough due diligence before transferring funds or participating in any investment programme associated with YS Sharing Technology.


Teddy Garae Lulumele
Director FIU

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