

NEWS RELEASE

Paris, 26 February 2004

AMF issues a warning on unlawful financial promotion (SharkInvest) and opens a special section on its website

The French securities regulator, the Autorité des marchés financiers (AMF), is warning the public against the activities of SharkInvest HYIP (www.sharkinvest.com) and to its High Yield Investment Program (HYIP).

SharkInvest HYIP

This off-shore company, which describes itself as a "French-language investment club", proposes to manage investors' money by investing it in HYIPs on the "money market [and] the stock market". In addition, investors are required to promote the company's services to ten other potential subscribers.

The activity thus described could be interpreted as a portfolio management service, a regulated activity for which SharkInvest has no authorisation. Furthermore, the products in which investors' monies are to be invested have not been approved by the AMF for marketing in France. Consequently, promotion of and advertising for these products is prohibited in France.

The AMF therefore advises French investors to treat this offer with the utmost caution. The lack of authorisation and approval means it is impossible to ascertain whether the company or the investment it proposes can provide the usual guarantees needed to market financial products to French investors and savers.

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In general, the AMF reminds French investors and savers of the need to exercise the greatest care when confronted with high-yielding financial products, notably those offered over the Internet.

One of the most common techniques is to use the money provided by new entrants to pay the promised returns to the initial investors in the programme. Reassured by the quality of the product, these investors generally reinvest this income, allowing the company to recover some or all of the money it has paid out and thus to perpetuate the process. Eventually the company disappears, along with the investors' funds.

These financial products generally have some of the following characteristics:

- they are offered by foreign companies, usually based in tax havens;
- information is exchanged remotely (mail, fax, email), without personal contact;
- the investment appears riskless and/or has a guaranteed return;
- the product is reputedly legal and/or authorised by a financial regulator;
- satisfied investors provide testimonials or are ready to answer queries, but without personal contact;
- funds are transferred using on-line payment systems.

Persons who may be tempted to invest in financial products or investment media that are not authorised for marketing in France have no protection and that their means of redress are limited.

One of the AMF's missions is to protect savers and investors, particularly by warning them whenever it is aware of products that infringe laws or regulations (proposal of unauthorised products or financial promotion by unauthorised persons).

To enhance investor protection, the AMF has opened a special page on its website containing all the warnings it has issued.

As part of efforts to cooperate with members of the Committee of European Securities Regulators (CESR) on market supervision, the AMF is regularly informed by its counterparts of public warnings concerning unauthorised persons offering investment services or persons selling products that do not have regulatory approval.

The AMF has decided to pass on these messages to a wider audience by posting warnings from fellow CESR members on its website.

Titled "[Warnings issued by the AMF and other regulators](#)", the page is regularly updated.