ADVISORY

SEC WARNING ON "ADVANCE FEE LOAN SCAMS and MONEY MULING"

The public is hereby warned that persons or groups of persons claiming to represent or be affiliated with lending or financing companies registered with the Commission, have been found to be victimizing the public through a scheme called **advance fee loan scam,** wherein **victims are required to pay a certain amount in exchange for the release of a loan**. Victims are drawn into paying the amount asked as they are promised that the advance payment will be returned as part of the loaned amount.

However, upon payment, the loan will not be released, and more reasons will be given to the victim to get more funds in exchange for the release of the amount loaned.

The Commission hereby informs the public that **registered lending and financing companies do not require advance fees, payments or proof of capacity to pay by giving an advance payment.** Any fees imposed by lending or financing companies in the processing of loan applications are deducted from the amount loaned, and what the applicant will receive is net of the amount loaned. Applicants are not required to make an advance payment, for whatever reason, as a condition for the release of the loan.

The public is hereby strongly advised **NOT TO TRANSACT** with any persons claiming to represent a registered lending or financing company that requires them to pay out cash in exchange for the approval or release of their loans.

Claims that advance payment is required by the SEC prior to the release of a loan are false and contrary to law. The public is advised **NOT TO BELIEVE** these scammers as the **Commission will not require the public to make an advance payment as a condition for the release of a loan.**

Persons found guilty of engaging in these kinds of scams are liable for violation of **Article 315, or swindling (estafa), of the Revised Penal Code of the Philippines and the Lending Company Registration Act and Financing Company Act.**

Persons who encounter this type of scam should **NOT MAKE ANY PAYMENT** but **IMMEDIATELY REPORT THE INCIDENT** to the Philippine National Police (PNP), National Bureau of Investigation (NBI) and the SEC.

The public, especially those who have bank accounts, e-wallets like GCash, and online financial platforms like Maya, Palawan Express and similar financial platforms, is further warned to exercise extreme caution and **NOT TO DIVULGE OR LEND** said accounts to other people or entities as they may be used as **"mule accounts"** or for **"money muling activities"** in financial scams, including advance fee loan scams, Ponzi Schemes, illegal investment-taking schemes, money laundering activities, and other illegal activities.

"**Mule accounts**" or "**money muling activities,**" such as allowing bank accounts, e-wallets and other online financial platforms to be used by other persons or entities for the purpose of obtaining, receiving, depositing, transferring, or withdrawing proceeds that are derived from crimes, offenses, or social engineering schemes, are prohibited under **Republic Act No. 12010, or the Anti-Financial Account Scamming Act (AFASA).**

Anyone caught as "money mules" or found to be engaging in "money muling activities" may face **imprisonment of up to fourteen (14) years or a fine of up to Five Million Pesos (Php5,000,000.00), or both at the discretion of the court.**

The public may send information or reports on persons or entities engaged in the above-mentioned scheme to the **Enforcement and Investor Protection Department (EIPD)** at email at epd@sec.gov.ph and the Financing and Lending Companies Department at https://imessage.sec.gov.ph/.

Makati City, May 21, 2025