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FOR IMMEDIATE RELEASE

LONGRICH BIOSCIENCE DECLARED AN ILLEGAL FINANCIAL SCHEME

1. In line with section 55A of the Banking Institutions Act, 1998 (Act No. 2 of 1998), as amended, the Bank of Namibia investigated the business model and activities of Longrich Bioscience ("Longrich"), in Namibia. This follows constant public queries seeking information on the legitimacy of the business activities of Longrich.
2. The outcome of the assessment carried out has revealed that business activities of Longrich contravene Section 55A of the Banking Institutions Act, which states that *"a person or banking institution may not conduct, permit or become involved in the conducting of, or the acceptance or obtaining of money, directly or indirectly from members of the public, as a regular feature of a business practice, with the prospect of any of such members receiving payments or other money related benefits directly or indirectly."*
3. Typically, illegal financial schemes put in place an elaborate recruitment drive where a person is offered a chance to join a group, program, team or scheme in which he/she needs to recruit new members to make money and not necessarily through the sales of products to consumers.
4. Considering the assessment made into the affairs of the scheme, the Bank hereby declares Longrich as an illegal financial scheme exhibiting undesirable practices in terms of the Act, because of the following discovered characteristics of the Longrich business model:
 - 4.1 As the core activity of Longrich, new members of the public are introduced to the business practice, whereby participants are encouraged to introduce three new members to the scheme to supposedly buy products and earn monetary rewards and progress in status. As a result, from level two upwards, the initiating member does not have to recruit new members, but he/she will benefit from the contribution of the new members subsequently joining under him/her.
 - 4.2 The sale of Longrich products is not mandatory. The marketing strategy focuses mainly on the recruitment of new members as the primary source of income, as opposed to the sale of Longrich products. As a result, the promoters of Longrich mainly focus on the recruitment of new members.
 - 4.3 Due to the fact that the business model relies on money paid in by new recruits, the business model is unsustainable and will result in participants, especially those at the

bottom of the scheme, losing their money. It is impossible for Longrich to deliver on the promised rewards and operate successfully without the regular inflow of joining fees obtained from newly recruited members.

- 4.4 Commission is not paid on products sold, but is based on the number of people directly recruited and those who subsequently join under their recruits. As more people join under the initiator, a participant moves up the hierarchy and earns more commission, which is payable every Friday to qualifying members.
5. Therefore, in view of the above stated reasons, the Bank hereby advises the public as follows:
- 5.1 The business practice of Longrich which requires people to recruit others with a promise of earning a commission contravenes section 55A of the Act. Promoters of Longrich have been directed to cease their operations immediately and failure to do so, the Bank will take further appropriate action against any promoters, as stipulated in the Act.
- 5.2 Members of the public are cautioned not to engage in business activities of Longrich and further those who have joined with the aim of earning profits through the recruitment of new members are urged to stop their membership with Longrich with immediate effect.
- 5.3 Should Longrich and its promoters wish to continue with the sale of Longrich products, then such products should be sold directly to customers. Products for sale should also be the primary source of income, which means, the commission should be paid based on the products sold and the business practice should be sustainable without the recruitment of new promoters in the manner described herein.
6. Any enquiry relating to the above communication should be addressed to the Bank of Namibia, at telephone: 061 283 5114, or email: info@bon.com.na.

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