

FSCA Press Release

9 November 2023

FSCA updates on BHI Trust matter

Following the media release issued by the FSCA on 27 October 2023, the FSCA has received further media enquiries regarding the BHI Trust matter. These enquiries include requests for details of the FSCA's investigation, its findings, and parties involved. Consequently, the FSCA has decided to issue this media release to address the matter comprehensively, rather than addressing individual press enquiries.

At this stage, the FSCA wishes to confirm that it has expanded the scope of its investigation, in respect of the financial sectors laws and parties involved. The FSCA also confirms that it is looking into authorised financial services providers that may have advised or assisted their clients to invest in BHI Trust products. The main focus of this part of the investigation is to determine whether these providers acted with due care and diligence and considered suitability and risk when advising their clients. It is also not permissible for financial services providers to recommend financial products to clients that are not issued by licensed entities.

However, FSCA's decision to extend the investigation should not be understood to convey that any regulated entity has contravened the law. If there are material developments in the matter, the FSCA will update the public.

The FSCA has also expanded its investigation to include the activities of the BHI Trust and Mr Craig Warriner (Mr Warriner), and other persons connected to the BHI Trust, and is liaising with the criminal prosecuting authorities regarding its investigation. The FSCA reiterates that it is only empowered by law to investigate contraventions of financial sector laws, and not to look into matters such as Common Law fraud.

While the investigation is receiving urgent attention, the FSCA is not in a position to specify the duration of the expanded investigation, the identities of additional parties being investigated, or what further contraventions may be uncovered. Subject to the FSCA's information sharing obligations, the FSCA is also unable to comment on any findings or

Executive Committee:

Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

possible intended regulatory actions that may arise from the investigation, as it is ongoing and subject to due process and confidentiality constraints.

Furthermore, the FSCA cannot comment on whether investors will be able to recover any of their funds. However, it has come to the FSCA's attention that the BHI Trust has been provisionally sequestered on 25 October 2023 in the High Court Gauteng Division under case number 2023-109069.

There have been reports claiming that the BHI Trust was "backed by" and "registered with the FSCA". The FSCA would like to clarify that neither the BHI Trust nor Mr Warriner were licenced with the FSCA in any manner.

The FSCA reiterates that it warns the public on an ongoing basis about the risks and dangers of conducting financial services business with entities that are not suitably authorised. Conducting unregistered business is a criminal offence. When investors buy financial products and services from entities that are not licensed as financial institutions, they do so at their own risk, and they do not enjoy the protection and risk mitigation measures associated with appropriately licenced and authorised entities. Licensed financial institutions are subject to strict laws and oversight by the regulator to ensure that they are well governed and treat their customers fairly.

The FSCA once again advises members of the public to exercise due diligence and always verify whether an entity or individual is suitably authorised by the FSCA to provide specific financial product or service before making any purchase or investment. Verification can be done through one of the following:

- 1) Toll-free number: 0800 110 443
- 2) Online search for authorised financial institution by license category:
<https://www.fsca.co.za/Regulated%20Entities/Pages/List-Regulated-Entities-Prsons.aspx>
- 3) Online search for a financial institution that is an authorised FSP in terms of the FAIS Act: https://www.fsca.co.za/Fais/Search_FSP.htm

Executive Committee:

Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

ENDS

Enquiries: Financial Sector Conduct Authority

Email address: Communications@fsca.co.za

Telephone: 012 422 2842