Republic of the Philippines
Department of Finance
Securities and Exchange Commission
PICC Secretariat Bldg., Roxas Blvd., Pasay City

COMMISSION EN BANC

In the Matter of:

ALABEL MAASIM MINING (ALMAMICO) CORP., ALABEL-MAASIM SMALL SCALE MINING COOPERATIVE and/or ALABEL-MAASIM CREDIT COOPERATIVE (ALAMCCO)

SEC CDO Case No. 06-19-053

ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT,
Movant.

x----------x

CEASE AND DESIST ORDER

Before the Commission *En Banc* is a Motion for the issuance of a Cease and Desist Order (Motion) filed by the Enforcement and Investor Protection Department (EIPD) of the Commission praying to enjoin **ALABEL MAASIM MINING (ALMAMICO) CORP., ALABEL-MAASIM SMALL SCALE MINING COOPERATIVE and/or ALABEL-MAASIM CREDIT COOPERATIVE (ALAMCCO)** and its officers, representatives, salesmen, agents and any and all persons claiming and acting for and its behalf, from any unauthorized public solicitation of investments and sale of securities in the form of investment contracts.

Per records of the Commission, **ALABEL MAASIM MINING (ALMAMICO) CORP.** (herein **ALMAMICO Corp.**) was issued a Certificate of Incorporation by the

SEC – OGC
CERTIFIED TRUE COPY OF
THE DOCUMENTS ON RECORD
PAGE 1 OF 12 PAGES
BY:

Commission on 25 March 2019, with Company Registration No. CS201951230. It is registered as a stock corporation.

The Certificate of Incorporation issued to **ALMAMICO Corp.** explicitly provides:

> "This Certificate grants juridical personality to the corporation **but does not authorize it to issue, sell or offer for sale securities to the public, such as but not limited to shares of stock, investment contracts,** debt instruments and virtual currencies without prior Registration Statement approved by the Securities and Exchange Commission; nor to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing/lending company, and time shares/club shares/membership certificate issuers or selling agents thereof; nor to operate a fiat money to virtual currency exchange. Neither does this Certificate constitute a permit to undertake activities for which other government agencies require a license or permit."

A perusal of the Articles of Incorporation (AOI) submitted by **ALMAMICO Corp.** to the Commission shows the following entries:

a) Its principal office address is located at Purok Maharlika, Poblacion (Alabel), Saranggani, Region XII, 9501;

b) That the number of directors who are also the incorporators is five (5);

c) The purpose of the corporation is:

> "To obtain, hold, explore, exploit, work, develop, lease and otherwise obtain concessions of the lands containing mines of silica, quarts, magnesium, chromite, nickel and other minerals; To lease, search for prospect, explore, extract for ores, chromites, minerals, magnesium, nickel and other precious and non-precious and mineral resources; To locate mining claims, grounds or lodes and record the same pursuant to the laws of the Philippines; and to bore drill, prospect and mine in such mining claims, ground or lodes for metals and minerals.
>
> **Provided that the corporation shall not solicit, accept or take investments from the public and neither shall it issue investment contracts."** (Emphasis supplied)

SEC – OGC
CERTIFIED TRUE COPY OF
THE DOCUMENTS ON RECORD
PAGE 2 OF 12 PAGES
BY:

d) The names, nationalities and addresses of its incorporators are as follows:

Name	Nationality	Residence
Jerson A. Cagang	Filipino	Capital Res. Bagacay, Alabel, Saranggani Region XII
Conrado N. Mancao	Filipino	5 Ibad St. Purok 1 New Society Apopong General Santos City, South Cotabato
Ailene D. Mancao	Filipino	5 Ibad St. Purok 1, New Society, Apopong General Santos City, South Cotabato
Fe P. Cagang	Filipino	Capital Res. Bagacay, Alabel, Sarangani
BJ Kevin D. Mancao	Filipino	5 Ibad St. Purok 1 New Society Apopong General Santos City, South Cotabato

Meanwhile, based on the records submitted with the EIPD by **ALABEL-MAASIM CREDIT COOPERATIVE (ALAMCCO)** [herein **ALAMCCO**], through its representative, Jerson A. Cagang, **ALAMCCO** is registered with the Cooperative Development Authority (CDA), with Registration No. 9520-1012000000044923, on 11 December 2018.

A perusal of the Articles of Cooperation of **ALAMCCO** discloses the following entries:

a) Its principal office shall be located at Poblacion Alabel, Sarangani Province and its area of operation is province wide;

b) That the common bond of membership of the Cooperative is residential and the field of membership shall be open to all residence (sic) of Sarangani Province and General Santos City who are natural persons, Filipino citizens, of legal age, with the capacity to contract and possess all the qualifications and none of the disqualifications provided for in the By-laws and the Articles of Cooperation.

c) That the purposes for which the Cooperative is organized are to engage in money market placement, extend credit to members for livelihood and other income generating activities/ projects (IGA/P) to members:

SEC – OGC
CERTIFIED TRUE COPY OF
THE DOCUMENTS ON RECORD
PAGE 3 OF 12 PAGES
BY:

1. Encouraging thrift and savings mobilization among the members;
2. Generating funds and extending credit to the members for productive and provident purposes;
3. Encouraging and supporting members the systematic production, value addition and marketing activities;
4. Developing expertise and skills among its members;
5. Providing protection to the loans and funds of the members;
6. Promoting and advancing the economic and social status of members;
7. Coordinating and facilitating the activities of cooperatives;
8. Advocating for the cause of the cooperative movements;
9. Ensuring the viability of cooperatives through the utilization of new technologies; and
10. Encouraging and promoting self-help or self-employment as an engine for economic growth and poverty alleviation.

d) The number of Directors shall be seven (7), to wit:

1. Cagang, Jerson A.
2. Mancao, Conrado N.
3. Cereño, Tirso G.
4. Castillo, Juanito Jhon W.
5. Cereño, Benigno G.
6. Cagang, Albert A.
7. Cagang, Fe P.

e) The names and addresses of its cooperators are as follows:

Name	Postal Address
Bagan, Erenia N.	General Santos City
Bagan, Jerissa N.	General Santos City
Baybay, Jayson J.	Alabel, Sarangani Province
Cagang, Albert A.	Alabel, Sarangani Province
Cagang, Fe P.	Alabel, Sarangani Province
Cagang, Jerson A.	General Santos City
Cagang, Oliver A.	Alabel, Sarangani Province
Castillo, Juanito Jhon W.	Alabel, Sarangani Province
Cereño, Benigno Sr. G.	General Santos City
Cereño, Celsa D.	Maasim, Sarangani Province
Cereño, Christian D.	Maasim, Sarangani Province
Cereño, Gilbert D.	Maasim, Sarangani Province
Cereño, Lydia D.	Maasim, Sarangani Province

SEC – OGC
CERTIFIED TRUE COPY OF
THE DOCUMENTS ON RECORD
PAGE 4 OF 12 PAGES
BY:

Cereño, Mercedita R.	Maasim, Sarangani Province
Cereño, Peter Paul D.	General Santos, City
Cereño, Roshinie J.	Maasim, Sarangani Province
Cereño, Tirso C.	General Santos City
Legarde, Gualberto S.	General Santos City
Espiritu, Romelen C.	Alabel, Sarangani Province
Espurtuno , Porferio E.	Alabel, Sarangani Province
Floresa, Lucille C.	Alabel, Sarangani Province
Floresa, Reyrey S.	General Santos City
Legarde, Methy B.	General Santos City
Gomeri, Cynthia A.	General Santos City
Lantingan, Esrael D.	Alabel, Sarangani Province
Lim, Jesusa B.	Alabel, Sarangani Province
Mancao, Ailene D.	General Santos City
Mancao, BJ Kevin D.	General Santos City
Mancao, Conrado N.	General Santos City
Panal, Grace L.	Alabel, Sarangani Province
Pawan, Carl Vincent L.	General Santos City

According to the EIPD, sometime January 2019, an e-mail was received through the *SEC i-Message Mo*[1] facility asking for information about **ALMAMICO Cooperative** in Alabel, Sarangani Province and whether the said cooperative is authorized to solicit money/investment from the public with up to 35% interest.

Acting on the said e-mails, the EIPD made an initial verification with the *SEC i-View*[2]*/i-Report* and found that ALMAMICO Cooperative is not registered with the Commission. An open source search to detect its presence in the internet/social media revealed that ALMAMICO Cooperative has and maintains a Facebook account which shows that ALMAMICO stands for **Alabel Maasim Small Scale Mining Cooperative** and that it has allegedly a CDA permit and is SEC registered. The Facebook account also shows the cooperative's registration as **ALABEL-MAASIM CREDIT COOPERATIVE (ALAMCCO)** with Registration No. 9520-1012000000044923, granted on 11 December 2018.

As a matter of course, the EIPD requested for Certifications/negative Certifications from the different departments of the Commission on whether the subject cooperative is registered with the Commission and has a secondary license to offer or solicit securities to the public.

On 21 January 2019, negative Certifications were issued by the Markets and Securities Regulation Department (MSRD) and the Corporate Governance and Finance Department (CGFD) of the Commission, stating that **ALMAMICO (ALABEL MAASIM**

[1] *i-Message Mo* is a web-based online application for lodging of questions, requests, complaints, issues, concerns, suggestions/opinions, tips/alerts, etc.
[2] The **SEC i-View** is an online pay-per-use facility that gives the public the convenience of getting copies of documents (Annual Financial Statement, General Information Sheet, and others) of SEC-registered companies.

SEC – OGC
CERTIFIED TRUE COPY OF
THE DOCUMENTS ON RECORD
PAGE 4 OF 10 PAGES
BY:

SMALL SCALE MINING COOPERATIVE) has not registered any securities and has not been issued permits to offer and sell securities to the public.

On 23 January 2019, the EIPD referred the matter to the Commission's Davao Extension Office (SEC-DEO) and the CDA for appropriate action.

Sometime February 2019, an e-mail was received through the *SEC i-Message Mo* facility that reported, *among others*, the operation and investment scheme of ALMAMICO (Alabel-Maasim Small Scale Mining Cooperative) in General Santos City and Sarangani Province. According to the e-mail sender, ALMAMICO claimed to be SEC and CDA registered and it "secures 35% interest per month to every amount invested by its members until forever or as long as the coop operates."

On 28 February 2019, the Company Registration and Monitoring Department of the Commission (CRMD) issued a negative Certification stating that records of the Commission do not show the registration of ALMAMICO (Alabel Maasim Small Scale Mining Cooperative) as a corporation or as a partnership and that it has not been issued a secondary license as a Lending Company, Broker and/or Dealer of Securities, Dealer in Government Securities, Investment Adviser of an Investment Company, Investment House and Transfer Agent.

On 08 April 2019, another e-mail was received through the *SEC i-Message Mo* facility that reported, *among others*, the Ponzi-like investment schemes being perpetrated in Koronadal City, South Cotabato, by KAPA and ALAMCCO or previously ALMAMICO. The e-mail mentioned that **ALAMCCO/ALMAMICO** promises 35% monthly return on investment, which is also supposedly compounded when you "lock-in" your investment for a period of time - up until a year. The e-mail also stated that the base of operations of **ALAMCCO** is in Sarangani, particularly in Alabel, and that ALAMCCO stands for Alabel Maasim Credit Cooperative.

On April 25, 2019, the EIPD received the report of the SEC-DEO narrating that volume of people is seen in the premises of **ALMAMICO** in General Santos City. The SEC-DEO also attached documents pertaining to ALMAMICO taken from the Facebook pages of ALMAMICO/ALAMCCO Digos City, ALMAMICO/ALAMMCO Alabel, ALMAMICO Cooperative ADMIN and ALMAMICO Mindanao, which showed, *among others*, the following:

1. ALAMCCO NEW MINIMUM AND MAXIMUM INVESTMENT, to wit:

	150,000.00	**200,000.00**	**300,000.00**	**400,000.00**	**500,000.00**
1.	202,500.00	270,000.00	405,000.00	540,000.00	675,000.00

SEC – OGC
CERTIFIED TRUE COPY OF
THE DOCUMENTS ON RECORD
PAGE 6 OF 12 PAGES
BY:

2.	273,375.00	364,500.00	546,750.00	729,000.00	911,250.00
3.	369,056.25	492,075.00	738,112.50	984,150.00	1,230,187.50
4.	498,225.94	664,301.25	996,451.88	1,328,602.50	1,660,753.13
5.	672,605.02	896,806.69	1,345,210.03	1,793,613.38	2,242,016.72
6.	908,016.77	1,210,689.03	1,816,033.54	2,421,378.06	
7.	1,225,822.64	1,634,430.19	2,451,645.28		
8.	1,654,860.57	2,206,480.75			
9.	2,234,061.76				

2. Various members/investors offering the investments provided by ALMAMICO.

3. That "Almamico Mindanao" posted the following:

"xxx xxx xxx

Ang pinanghahawakan lang po ng bawat member ng Almamico ay yung credibility ng cooperative na magbigay ng 35% monthly interest sa "LAHAT" ng member dahil mayroong stable source of income at patuloy na lumalawak na mga Mining Operations and Construction projects. Ilang taon na po ang mining operations ng Almamico, and napakaraming member na po ang nabigyan natin ng pag chance na magbago ang buhay.

Napakaraming mahihirap nating kapatid ang nairaos ang buhay nila sa tulong ng Almamico.

Xxx xxx xxx"

On 30 April 2019, an ADVISORY was posted at the SEC website against ALMAMICO (Alabel-Maasim Small Scale Mining Cooperative)/ALAMCCO (Alabel-Maasim Credit Cooperative), which warns the public that the said entity/ies is **NEITHER** registered as a corporation NOR as a partnership and that it has not been authorized to solicit investments which require a secondary license as provided under Section 8.1 of the Securities Regulation Code (SRC).

On 31 May 2019, the EIPD received a Petition to Lift Recall or Correct Erroneous Advisory against ALAMCCO, through its representative, Jerson A. Cagang. In the said Petition to Lift Advisory of ALAMCCO (and its attachments), the following were established:

1. That on 25 March 2019, a corporation named **ALABEL MAASIM MINING**

SEC – OGC
CERTIFIED TRUE COPY OF
THE DOCUMENTS ON RECORD
PAGE 7 OF 12 PAGES
BY:

(ALMAMICO) CORP., was issued a Certificate of Incorporation by the Commission with Company Registration No. CS201951230 as a stock corporation.

2. That all the Incorporators of ALMAMICO Corp. and some of the Cooperators of ALAMCCO are the same;

3. That three of the Incorporators of ALMAMICO Corp. are members of the board of directors of ALAMCCO; and

4. That the principal address of ALMAMICO Corp. and ALAMCCO are the same.

On 03 June 2019, negative Certifications were issued by the Markets and Securities Regulation Department (MSRD) and the Corporate Governance and Finance Department (CGFD) of the Commission, stating that **ALABEL MAASIM MINING (ALMAMICO) CORP.** has not registered any securities and has not been issued a license to offer and sell securities.

After careful evaluation of the allegations and the evidence presented by the EIPD, we find sufficient basis to grant the prayer for issuance of a Cease and Desist Order.

The EIPD has adduced substantial evidence that **ALABEL MAASIM MINING (ALMAMICO) CORP., ALABEL-MAASIM SMALL SCALE MINING COOPERATIVE and/or ALABEL-MAASIM CREDIT COOPERATIVE (ALAMCCO)** are one and the same and that these entities are engaged in offering or selling to the public securities in the form of investment contracts without the necessary license from the Commission.

In a plethora of cases, it has been stated that an "investment contract" is a transaction, contract, or scheme whereby a person: (1) makes an investment of money; (2) In a commons enterprise; (3) with the expectation of profits; and (4) to be derived solely form the effort of others.[3] This definition has been adopted by the Supreme Court of the Philippines which succinctly stated that an investment contract in our jurisdiction, to be a security subject to regulation by the Commission, must be proved to be (1) an investment of money; (2) in a common enterprise; (3) with expectation of profits; and (4) primarily from the efforts of others.[4]

---

[3] Securities and Exchange Commission v. W.J. Howey Co, 328 U.S> 293, 66 S. Ct. 1100, 90 L.Ed. 1224, 163 A.L.R.

[4] Power Homes Unlimited Corporation v. Securities and Exchange Commission, G.R. No. 164182, February 26, 2008.

CERTIFIED TRUE COPY OF
THE DOCUMENTS ON RECORD
PAGE 8 OF 12 PAGES
BY:

As aptly elucidated by the EIPD, it was able to show that the investment scheme of ALMAMICO and ALAMCCO falls within the ambit of an investment contract. The investment scheme of respondents ALMAMICO and ALAMCCO is actually an investment contract because of its essential features, as follows:

(1) The member-investor **enters into a contract.** There is a placement of money where for a certain sum as stated in the emails received by the Commission, the members-investors were promised thirty-five (35%) interest per month.

(2) **The money invested is placed in a common enterprise and the investor-member expects to derive profits.**

(3) Finally, the member-investor **expects to earn profits from the entrepreneurial and managerial efforts of others.** The member/ investor need not do anything but go to the office of ALMAMICO or ALAMCCO and receive their monthly profits. The member/investor just have to invest money.

The above illustration is further proven by the fact that the member-investors from Alabel and Digos City were lured to invest sums of money in consideration of the promise of huge profits.

Having established that the investments being offered by ALMAMICO/ALAMCCO is an investment contract, the provisions of Section 8.1 of the SRC should be complied with before said securities could be offered or sold to the public.

Thus, ALMAMICO/ALAMCCO has engaged in the offering or selling of such securities to the general public sans the necessary license or permit as attested by the MSRD and CGFD of this Commission.

Worse, the investment scheme of ALMAMICO/ALAMCCO has the characteristics of a **Ponzi Scheme** as it promises an exorbitant rate of return with little or no risk at all to investors as exemplified in the case of *People vs. Palmy Tibayan and Rico Z. Puerto* (*G.R. Nos. 209655-60, January 14, 2015)* where the Supreme Court held that:

> "To be sure, a Ponzi scheme is a type of investment fraud that involves the payment of purported returns to existing investors from funds contributed by new investors. ***Its organizers often solicit new investors by promising to invest funds in opportunities claimed to generate high returns with little or no risk.*** In many Ponzi schemes,

SEC – OGC
CERTIFIED TRUE COPY OF
THE DOCUMENTS ON RECORD
PAGE 9 OF 12 PAGES
BY:

> the ***perpetrators focus on attracting new money to make promised payments to earlier-stage investors to create the false appearance that investors are profiting from a legitimate business***. It is not an investment strategy but a gullibility scheme, which works only as long as there is an ever increasing number of new investors joining the scheme. It is difficult to sustain the scheme over a long period of time because the operator needs an ever larger pool of later investors to continue paying the promised profits to early investors. The idea behind this type of swindle is that the "con-man" collects his money from his second or third round of investors and then absconds before anyone else shows up to collect. Necessarily, Ponzi schemes only last weeks, or months at the most." (Underscoring added for emphasis)

Likewise, the EIPD adduced sufficient evidence to support its allegations that ALMAMICO and/or ALAMCCO are engaged in offering for sale of securities to the public through indiscriminate or random offering online via videos promoting its investment scheme to potential investors without prior registration. Thus, Section 64 of the Securities Regulation Code would apply, to wit:

> "Sec. 64. **Cease and Desist Order**. – 64.1. The Commission, after proper investigation or verification, *motu proprio* or upon verified complaint by any aggrieved party, may issue a cease and desist order without the necessity of a prior hearing if in its judgment the act or practice, unless restrained, will operate as a fraud on investors or is otherwise likely to cause grave or irreparable injury or prejudice to the investing public."

The Commission is duty-bound to protect the interest of the investing public. Thus, it is necessary that a Cease and Desist Order be issued to enjoin ALMAMICO and/or ALAMCCO from further offering and selling investments and/or selling or offering for sale securities to the public without the necessary license or permit which will operate as a fraud on investors or is likely to cause grave or irreparable injury or prejudice to the investing public.[5]

Hence, the selling or offering for sale of securities by **ALABEL MAASIM MINING (ALMAMICO) CORP., ALABEL-MAASIM SMALL SCALE MINING COOPERATIVE and/or ALABEL-MAASIM CREDIT COOPERATIVE (ALAMCCO)** should be immediately restrained to prevent any further grave injury or prejudice to the investing public. Likewise, it is imperative that a Cease and Desist Order be issued as the continued public offering and sale of such securities without the required license from the Commission makes the public offering and selling a continuing illegal act.

---

[5] Under Rule 3.1.17.4 of the 2015 SRC Rules, any offering, solicitation and presentation of securities for sale to the public through information communication technology, such as the internet, shall be presumed to be a public offering.

SEC – OGC
CERTIFIED TRUE COPY OF
THE DOCUMENTS ON RECORD
PAGE 10 OF 12 PAGES
BY:

WHEREFORE, premises considered, **ALABEL MAASIM MINING (ALMAMICO) CORP., ALABEL-MAASIM SMALL SCALE MINING COOPERATIVE and/or ALABEL-MAASIM CREDIT COOPERATIVE (ALAMCCO)**, their partners, officers, directors, cooperators, agents, representatives, and conduits, assigns and ANY PERSON CLAIMING AND ACTING FOR AND ON THEIR BEHALF are hereby ordered to **IMMEDIATELY CEASE AND DESIST UNDER PAIN OF CONTEMPT,** from engaging in activities of selling and/or offering for sale of securities in the form of investment contracts.

Furthermore, the subject entities and individuals are directed to CEASE from promoting its investment scheme through the internet and/or delete or remove immediately the promotional presentation of such investment scheme from its website and social media accounts.

Moreover, to forestall grave damage and prejudice to all concerned and to ensure the preservation of the assets for the benefit of the investors, respondents or any of their representatives, or any person/s acting for and on their behalf, and such other persons directing or controlling the activities of such corporation and cooperative, officers, representatives, and agents, are all ENJOINED from a) transacting any and all business involving the funds in its depository banks, and b) from transferring, disposing or conveying in any other manner any and all assets, properties, real or personal, and including bank deposits, if any, of which the named persons herein may have any interest, claim or participation whatsoever, whether directly or indirectly, under their custody, immediately upon receipt of this Order, until further orders from this Commission.

The Enforcement and Investor Protection Department is hereby directed to: (1) serve this Order to ALMAMICO and ALAMCCO, its President, General Manager, Corporate Secretary, Treasurer, In-House Counsel or partners; and (2) post copies of the Order at the entrance of the main office and/or branches, if any, of ALMAMICO and ALAMCCO.

Let a copy of this Order be also posted in the Commission's website, published in a national newspaper of general circulation and furnished to the Company Registration and Monitoring Department, the Corporate Governance and Finance Department and the Economic Research and Information Department for their information and appropriate action.

The EIDP is further directed to submit a compliance report, by way of a pleading, to the Commission *En Banc* within five (5) days from receipt of this Cease and Desist Order.

SEC – OGC
CERTIFIED TRUE COPY OF
THE DOCUMENTS ON RECORD
PAGE 11 OF 12 PAGES
BY:

In accordance with the provisions of Sec. 64.3 of SRC and Sec. 4-3 of the 2016 Rules of Procedure of the Commission, the parties subject of this Cease and Desist Order may file a request for the lifting thereof within the five (5) days from receipt hereof.

FAIL NOT UNDER PENALTY OF LAW

SO ORDERED.

Pasay City, Philippines, 04 June 2019.

EMILIO B. AQUINO
Chairperson

ANTONIETA F. IBE
Commissioner

EPHYRO LUIS B. AMATONG*
Commissioner

KELVIN LESTER K. LEE
Commissioner

JAVEY PAUL D. FRANCISCO
Commissioner

*On Leave

SEC – OGC
CERTIFIED TRUE COPY OF
THE DOCUMENTS ON RECORD
PAGE 12 OF 12 PAGES
BY: