Republic of the Philippines
Department of Finance
Securities and Exchange Commission
PICC Secretariat Building, PICC Complex, Pasay City

In the matter of:

BLACK CELL TECHNOLOGY, INC.,
BLACK SANDS CAPITAL, INC.,
BLACK CELL TECHNOLOGY LIMITED,
and KROPS

SEC CDO Case No. 01-18-046

ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT,
Movant.
x----------x

CEASE AND DESIST ORDER

This resolves the *Motion for Issuance of Cease and Desist Order*[1] filed on 11 January 2018 by the Enforcement and Investor Protection Department (**EIPD**), enjoining **(1) BLACK CELL TECHNOLOGY, INC.** ("BLACK CELL"), **(2) BLACK SANDS CAPITAL, INC., (3) BLACK CELL TECHNOLOGY LIMITED** and **(4) KROPS**, their directors, officers, representatives, salesmen, agents and any and all persons, conduit, entities and subsidiaries claiming and acting for and in their behalf, to **CEASE AND DESIST** from engaging in activities of selling and/or offering for sale securities in the form of **KROPS Tokens and/or KropCoins**, or any others of the same nature, until the requisite registration statement is duly filed with and approved by the Commission and the corresponding license to offer/sell securities is issued.

The Commission's **ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT (EIPD)** alleges the following in its *Motion*:

1. Respondent **BLACK CELL** is a stock corporation registered with the Securities and Exchange Commission on August 19, 2015 under Company Registration No. **CS201516696**[2] with principal office address located at #20 Old Road Cut-Cot, Pulilan, Bulacan.[3]

2. As shown in its Articles of Incorporation, the primary purpose of respondent BLACK CELL is as follows:

> "To engage in the business of handling and managing of computer data; data processing, data storage, systems design and analysis, software package development, computer programming, data communication, microfilming, and related services, like contract programming, consultancy, hardware maintenance, and do any all things necessary and proper in the pursuance of the above objects, without engaging in the telecommunications business."[4]

3. The names and respective residences and nationalities of the incorporators and original directors of BLACK CELL as appearing in its Articles of Incorporation are as follows:[5]

---

[1] Dated 9 January 2018.
[2] Annex "A" of Motion - Certificate of Registration of BLACK CELL TECHNOLOGY, INC.
[3] Annex "B" of Motion– Articles of Incorporation of BLACK CELL TECHNOLOGY, INC.
[4] See Annex "B" of Motion
[5] Id.

NAMES	ADDRESS	NATIONALITY
1. Maricar R. Malaki	559 Nueve de Febrero St., Mandaluyong City, 1550	Filipino
2. Joseph H. Calata[6]	**Banga 1st, Plaridel Bulacan**	**Filipino**
3. Halmond Parker R. Ong	Unit 628 Valero Plaza, 124 Valero St., Salcedo Village, Makati City	Filipino
4. Jose Marie E. Fabella	1060-A Clamor Compound Bagumbong, Novaliches, Caloocan City	Filipino
5. Edmund M. Solilapsi	11 Illinois St., Cubao, Quezon City	Filipino

4. BLACK CELL's Directors and Officers as indicated in its GIS as of March 31, 2017 are as follows:[7]

NAMES	POSITIION
1. Joseph H. Calata	**Chairman/President/Director/ Incorporator**
2. Jose Marie E. Fabella	Corporate Secretary/Director/Incorporator
3. Halmond Parker R. Ong	Treasurer/Director/Incorporator
4. Maricar R. Malaki	Director/Incorporator
5. Edmund M. Solilapsi	Director/Incorporator
6. Rose Ann P. Gonzaga	Chief Financial Officer
7. Avan G. Pabilando	Assistant Corporate Secretary

5. Based on information published online on its website, the following are members of the so-called **KROPS** Team:[8]

NAMES	DESIGNATION
1. Joseph H. Calata	**Founder**
2. Chie Malaki	Business Growth Executive
3. Barty Espino IV	Global Expansion Sales Director
4. Richard Kennedy Domingo	Chief Technology Officer

6. **BLACK SANDS CAPITAL INC.**,[9] is a stock corporation registered with the Commission under Company Registration No. CS201516697. BLACK CELL TECHNOLOGY, INC. is a subsidiary of BLACK SANDS CAPITAL, INC. which is listed as a majority stockholder holding 95% of its outstanding capital stock.[10] Its principal office address is at # 20 Old Road, Cut Cot, Pulilan, Bulacan. The names, nationalities and residences of the incorporators and first directors of said Corporation are as follows:[11]

NAMES	ADDRESS	NATIONALITY
1. Joseph H. Calata	**Banga 1st, Plaridel Bulacan**	**Filipino**
2. Halmond Parker R. Ong	Unit 628 Valero Plaza, 124 Valero St.,	Filipino

[6] The same Joseph H. Calata was **permanently disqualified by the Philippine Stock Exchange** from being a Director or Officer of any listed company. PSE Decision dated 3 December 2017. He is the Chairman, President, and CEO of Calata Corporation, which was delisited from the Philippine Stock Exchange for **non-disclosure of material information.**

[7] Annex "C" of Motion – GIS of BLACK CELL as of March 31, 2017.
[8] See page 31 of the BLACK CELL White Paper – Annex "H" of Motion.
[9] Annex "D" of Motion – Certificate of Incorporation of BLACK SANDS CAPITAL, INC.
[10] See page 4 of BLACK CELL's GIS.
[11] Annex "D-1" of Motion – Articles of Incorporation of BLACK SANDS CAPITAL, INC.

3. Jose Marie E. Fabella	1060-A Clamor Compound Bagumbong, Novaliches, Caloocan City	Filipino
4. Edmund M. Solilapsi	11 Illinois St., Cubao, Quezon City	Filipino
5. Jaime G. Manzano	1073 Clamor Compound, Bagumbong, Novaliches, Caloocan City	Filipino

7. After due verification and investigation, the EIPD found that **BLACK CELL TECHNOLOGY INC.** operates a website at https://www.mykrops.com/ as identified by DigiCert, Inc. as shown in the printed copy of the screenshot attached hereto as **Annex "E".**[12] EIPD downloaded and printed the pages found on the site advertising and describing the business of KROPS and publicly offering [KROPS'] tokenized shares.[13] The website is widely and publicly accessible online in the Philippines through computers and mobile phones and other similar gadgets through the worldwide web or more popularly known as the internet.

8. The BLACK CELL website boldly presents on its homepage[14] what it claims to be **"the World's First Agriculture Marketplace Crypto Equity ICO"**.[15] It also announces that **"Pre-Sale is now Live! 1.00 USD LESS 30% DISCOUNT! PRE-SALE TOKEN PRICE: 0.00105 ETH ($0.70 USD/token)"**[16]. It then makes the following disclosure: **"2,347,985.225461 tokens sold out of 6,400,000 pre-sale tokens"**[17].

9. **BLACK CELL TECHNOLOGY INC.** published through said website a "White Paper" that at the outset makes a legal disclaimer stating that Black Cell Technology Limited and KROPS and their respective officers, employees or agents shall not be liable for damages that may include but are not limited to lost profits, loss of revenue, third party loss whether foreseeable or otherwise, trading losses or damages that result from use or loss of the Krops tokens."[18] Attached hereto as **Annex "H"** is a printed downloaded copy of the "White Paper" as appearing online which is accessible through a link labelled White Paper on the homepage of the Black Cell website as described above which when clicked leads to the page containing the said White Paper.

10. The White Paper makes reference to **KROPS** which is described therein as a startup company, a mobile application owned by **Black Cell Technology Limited**, which it refers to as a company incorporated and registered under Companies Registry of Hongkong Special Administrative Region with registration number 2475885.[19]

11. **Black Cell Technology Limited** states in its White Paper that KROPS, as a startup company, is founded by a young Filipino businessman and agriculture expert Joseph H. Calata describing it as "the largest agricultural hub that brings you the future of global agriculture, a marketplace for agricultural products that connects buyers to sellers that are within close proximity".[20]

12. **Black Cell Technology Limited** likewise [represents] in its White Paper that [KROPS, a trailblazing agricultural hub that brings together sellers and buyers of the Philippines' agricultural products and eventually and potentially that of the whole world, is offering its tokenized shares].[21]

13. **Black Cell Technology Limited** [represents] that this is an initial coin offering (ICO) and that there is no market that exists for KROPS tokens also referred to as KropCoins.[22] *An ICO or initial coin offering is an unregulated means by which funds are raised for a new cryptocurrency venture. An ICO is designed to bypass rigorous and regulated capital-raising processes required by venture*

---

[12] Annex "E" of Motion – Screenshot of a page on the website identified by a digital certificate issued by DigiCert as Black Cell Technology, Inc.
[13] Annex "F" of Motion - Affidavit of Atty. E. Valle of the Investigation and Prosecution Division of EIPD.
[14] Annex "G" of Motion - Screenshot of BLACK CELL homepage
[15] Annex "G-1" of Motion
[16] Annex "G-2" of Motion
[17] Annex "G-3" of Motion
[18] See page 4 of the White Paper – Annex "H" of Motion
[19] Id. at 7
[20] Id.
[21] Id. at 6
[22] Id. at 13

capitalists or banks. In an ICO campaign, a percentage of the cryptocurrency is sold to early backers of the project in exchange for legal tender or other cryptocurrencies, often Bitcoin or Ethereum.[23]

14. Apparently, the value of KropCoins is sought to be generated or driven through the establishment of a technology based agricultural marketplace which **Black Cell Technology Limited** intends to put up and which will make use of KropCoins as medium of exchange.

15. The White Paper [states] that KROPS' primary value driver is its market share or the value of its transactions it can capture on its marketplace. This will be highly dependent on the extent to which it can establish the active user base and promote repeat transactions.[24]

16. Apart from offering tokenized shares in [KROPS, the technology based business that the company seeks to establish, **Black Cell Technology Limited** undertakes to redeem tokens in exchange for its own equity shares].

17. **Black Cell Technology Limited**] is being claimed to be the owner of KROPS as a mobile application and startup company, it nonetheless claims in its White Paper that KROPS was founded by Mr. Joseph Calata himself.[25]

18. In order to be able to buy KROPS tokens, [**Black Cell Technology Limited**] requires the use of cryptocurrency and the use of currently available technology used in the storage, sending and receipt of cryptocurrency through the creation of what is known as an Ether wallet. Ether wallet is currently available online technology that functions as an online wallet for Ether tokens. Ether coins (ETH) can be bought online in US dollars from such exchanges as Coinbase using either a credit card or a bank account. The link describing the process of buying KropCoins is found in the **BLACK CELL TECHNOLOGY INC.** website as described above.

The foregoing considered, we now resolve the case on the merits based on the allegations contained in the motion and the evidence presented.

The Motion is impressed with merit.

There is ***substantial evidence*** that **(1) BLACK CELL TECHNOLOGY, INC., (2) BLACK SANDS CAPITAL, INC., (3) BLACK CELL TECHNOLOGY LIMITED,** and **(4) KROPS** are selling or offering **securities** in the form of **KROPS Tokens and/or KropCoins**, to the public, in the Philippines, without the necessary license from the Commission.

KROP TOKENS AND/OR KROPCOINS ARE SECURITIES

Securities are defined in **Section 3.1 of the SRC**, viz:

> ***Section 3. Definition of terms.*** –
> **3.1 "Securities** are shares, participation or interests in a corporation or in a commercial enterprise or profit making venture and evidenced by a certificate, contract, instrument, whether written or electronic in character.

Furthermore, **Section 3.1(g) of the SRC** contains **reserved power** conferred upon the Commission by the legislature to address future contingencies and circumstances,

---

[23] https://en.wikipedia.org/wiki/Cryptocurrency
[24] See Annex "H" (White Paper), page 32
[25] Id. at 7

considering that the securities space is a fast evolving sphere and scammers are becoming more and more sophisticated and elaborate in their nefarious schemes, viz:

> Other instruments as may in the future be determined by the Commission.

Here, the **securities** are the **KROPS Tokens and/or KropCoins**, which are *interests* in a *profit-making venture* (KROPS), evidenced by *instruments* in *electronic form*.

Moreover, the **KROPS Tokens and/or KropCoins** satisfy the four (4) elements of the ***Howey Test*** as laid down in the case of Power Homes Unlimited Corporation v. SEC,[26] viz:

(1) Investment of Money –
Respondents claim that the KROPS Tokens and/or KropCoins are being sold at **US$0.70/token Pre-Sale Price** (at 30% discount from the regular price of US$1.00/token). "Money" in the ***Howey Test*** refers to any ***valuable consideration***, as was highlighted in the Decentralized Autonomous Organization (DAO) Report of the U.S. SEC dated July 25, 2017.

(2) Common Enterprise –
Respondents state that KROPS as a technology-based "startup company" described as "a trailblazing agricultural hub that brings together sellers and buyers of the Philippines' agricultural products and eventually and potentially that of the whole world." The so-called "company" is not a registered corporation. Rather, it may be treated as an unincorporated ***profit-making venture***. It is evident from the alleged "**2,347,985.225461 tokens sold**" that there are multiple investors.

(3) Expectation of Profit –
Respondents claim that "KROPS' primary **value driver** is its market share or the value of its transactions it can capture on its marketplace. This will be highly dependent on the extent to which it can establish the active user base and promote repeat transactions." Investors are led to expect that their investment in KROPS Tokens and/or KropCoins will appreciate.

(4) Primarily from the Efforts of Others –
The increase in value of the KROPS Tokens and/or KropCoins, and even the KROPS profit-making venture as a whole, does not depend primarily on the efforts of the investor. Investors need not participate in the envisioned agricultural marketplace, e.g. as buyer or seller.

Incidentally, the Supreme Court has stated that:

> [I]n case of **laws patterned after or adopted from those of the United States**, decisions of United States courts construing similar laws are entitled to great weight.[27]

In this light, the ***Howey Test***—which has been used extensively to identify whether various investment contracts are securities—was recently used by the U.S. SEC to determine that an **Initial Coin Offering (ICO)**[28] was an offering of securities,[29] viz:

---

[26] **G.R. No. 164182**, 26 February 2008.

[27] Rafael A. Morales, The Philippine Securities Regulation Code Annotated (2005), p. 356 (citing **CAROLINA INDUSTRIES, INC. vs. CMS STOCK BROKERAGE, INC.**, G.R. No. L-46908, May 17, 1980).

[28] As defined by INVESTOPEDIA: "*Initial Coin Offering (ICO)* – an unregulated means by which funds are raised for a new cryptocurrency venture. An Initial Coin Offering (ICO) is used by startups to bypass the rigorous and regulated capital-raising process required by venture capitalists or banks. In an ICO campaign, a percentage of

> Determining whether a transaction involves a security does not turn on labelling xxx but instead requires an assessment of "the ***economic realities*** underlying a transaction."[30]

It bears mentioning that the Commission is duty-bound to exercise caution with regard to ICOs due to its obligations as a member of the International Organization of Securities Commissions (IOSCO). In **18 January 2018**, IOSCO released a **Policy Statement** that ICO's raise "investor protection concerns," viz:

> Initial Coin Offerings (ICOs, also known as token sales or coin sales), typically involve the creation of digital tokens – using distributed ledger technology – and their sale to investors by auction or through subscription, in return for a crypto-currency such as Bitcoin or Ether (or more rarely for government-backed or official fiat currency (such as the US Dollar or the Euro). These offerings are not standardized, and their legal and regulatory status is likely to depend on the circumstances of the individual ICO.
>
> There are clear risks associated with these offerings. ICOs are highly-speculative investments in which investors are putting their entire invested capital at risk. While some operators are providing legitimate investment opportunities to fund projects or businesses, the increased targeting of ICOs to retail investors through online distribution channels by parties often located outside an investor's home jurisdiction--which may not be subject to regulation or may be operating illegally in violation of existing laws--raises investor protection concerns. There have also been instances of fraud, and as a result, investors are reminded to be very careful in deciding whether to invest in ICOs.

Similarly, what is involved here is a sale to the public of digital KROPS Tokens and/or KropCoins (representing *interest* in KROPS), in exchange for a crypto-currency, Ether. As noted by IOSCO, these are highly speculative. As part of IOSCO, however, the Commission is duty-bound to do what is necessary to protect the investing public.

What is involved here is an ICO, which is essentially the same as a **public offering** of securities. A public offering of securities is subject to strict disclosure rules, which includes the disclosure of **pending cases** against the founder/offeror/promoter, which would put the investing public on guard. The Commission, mandated to protect investors must fulfill this duty in the case of KROPS. On that note, the investing public should be wary of an ICO where the issuer has pending criminal and administrative cases, e.g. for violation of disclosure rules imposed by the Commission.

Therefore, the **KROPS Tokens and/or KropCoins**, under both Section 3.1 SRC and the Howey Test, are clearly **"securities"** within the regulatory power of the Commission.

BLACK CELL, ET. AL. ARE OFFERING SECURITIES FOR SALE

As a general rule, securities cannot be sold or offered for sale within the Philippines without a Registration Statement duly filed with and approved by the Commission pursuant to Sections 8 and 12 of the Securities Regulation Code (SRC).

The registration of securities is provided in **Section 8.1 of the SRC**, viz:

---

the cryptocurrency is sold to early backers of the project in exchange for legal tender or other cryptocurrencies." https://www.investopedia.com/terms/i/initial-coin-offering-ico.asp

[29] *See* In the matter of Munchee Inc., Administrative Proceeding of the U.S. Securities and Exchange Commission, December 11, 2017.

[30] Id.

> ***Sec. 8. Requirement of Registration of Securities.*** –
> **8.1** Securities shall not be sold or offered for sale or distribution within the Philippines, without a **registration statement** duly filed with and approved by the Commission. Prior to such sale, information on the securities, in such form and with such substance as the Commission may prescribe, shall be made available to each prospective purchaser.

In this regard, **Rule 3.1.17 of the 2015 Implementing Rules and Regulations of the SRC** defines "Public Offering" as:

> [A]ny offering of securities to the public or to anyone, whether solicited or unsolicited.
>
> Any solicitation or presentation of securities for sale through any of the following **modes** shall be presumed to be a public offering:
>
> 1. Publication in any newspaper, magazine or printed reading material which is distributed within the Philippines;
>
> 2. Presentation in any public or commercial place;
>
> 3. Advertisement or announcement on radio, television, telephone, electronic communications, information communication technology or other forms of communication; or
>
> 4. Distribution and/or making available flyers, brochures or any offering material in a public or commercial place or to prospective purchasers through the postal system, information communication technology and other means of information distribution.

Here, BLACK CELL is offering for sale the KROPS Token and/or KropCoins via its website at https://www.mykrops.com/. This constitutes a **public offering** as defined under SRC Rule 3.1.17, and is subject to the strict registration requirements under **Sections 8 and 12 of the SRC** before being offered or sold to the public.

On its website, BLACK CELL also states that there is an **ongoing pre-sale** of KROPS Token and/or KropCoins at a pre-sale price of 1 USD less a 30% discount or a pre-sale token price of 0.00105 ETH (Ether) (US$0.70/token) with more than 2 million pre-sale tokens already sold of the 6,400,000 tokens being offered to the public.

In **January 2018**, certifications were issued by the Commission's **Markets and Securities Regulation Department (MSRD),**[31] **Corporate Governance and Finance Department (CGFD)**[32] **and Company Registration and Monitoring Departments (CRMD)**[33] stating that BLACK CELL does not possess the requisite secondary license to sell or offer to sell securities to the public. The **CRMD further certifies**[34] that BLACK CELL is not licensed to employ brokers, dealers, salesmen, or associated person.

As to whether **the sale is "in the Philippines,"** there are several telling facts: (1) the KROPS website is accessible in the Philippines; (2) the KROPS officers, whose photos are on the

---

[31] Annex "I" of Motion
[32] Annex "J" of Motion
[33] Annex "K" of Motion
[34] Id.

website, are mostly Filipinos with addresses in the Philippines; (3) BLACK CELL and BLACK SAND are domestic corporations; (4) KROPS' website domain was applied for by a Filipino, domiciled in the Philippines, who represented herself as an officer of KROPS; (5) the KROPS addresses and telephone numbers listed in the website are based in the Philippines; and (6) and the selling efforts are being performed by agents—including "information providers"—with addresses in the Philippines.

Most telling of all, Joseph H. Calata[35] publicly announced,[36] on the occasion of Calata Corporation's delisiting from the Philippine Stock Exchange for **non-disclosure of material information**, that instead of stocks he would offer crypto-currency instead to his shareholders; and majority, if not all, of the shareholders of Calata Corporation are Filipinos, residing in the Philippines.

Therefore, the **unregistered public offering** of KROPS Token and/or KropCoins on the BLACK CELL website is in violation of Sections 8 and 12 of the SRC.

LIABILITY OF PARTICIPANTS IN THE OFFER OR SALE

In the case of ***Securities and Exchange Commission vs. Oudine Santos,***[37] the Supreme Court held that even "information providers" may be held liable for "solicitation" in relation to the selling or offering for sale of unregistered securities, viz:

> **Solicitation** is the act of seeking or asking for business or information; it is not a commitment to an agreement.
>
> Santos, by the very nature of her function as what she now unaffectedly calls an **information provider**, brought about the sale of securities made by PIPC Corporation and/or PIPC-BVI to certain individuals, specifically private complainants Sy and Lorenzo by **providing information on the investment products** of PIPC Corporation and/or PIPC- BVI **with the end in view** of PIPC Corporation **closing a sale**.
>
> While Santos was not a signatory to the contracts on Sy's or Lorenzo's investments, Santos procured the sale of these unregistered securities to the two (2) complainants by **providing information** on the investment products being offered for sale by PIPC Corporation and/or PIPC-BVI and convincing them to invest therein.
>
> No matter Santos' strenuous objections, it is apparent that **she connected the probable investors**, Sy and Lorenzo, to PIPC Corporation and/or PIPC-BVI, **acting as an ostensible agent** of the latter on the viability of PIPC Corporation as an investment company. At each point of Sy's and Lorenzo's investment, Santos' participation thereon, even if not shown strictly on paper, was prima facie established.[38]

This ruling applies to the present or future agents of (1) BLACK CELL TECHNOLOGY, INC., (2) BLACK CELL TECHNOLOGY LIMITED, (3) BLACK SANDS CAPITAL, INC., and (4) KROPS in the unregistered public offering and sale of KROPS Tokens or KropCoins.

---

[35] **Permanently disqualified by the Philippine Stock Exchange** from being a Director or Officer of any listed company, PSE Decision dated 3 December 2017.

[36] http://news.abs-cbn.com/business/10/30/17/calata-plans-to-take-firm-to-cryptocurrency-exchange-amid-reports-of-pse-delisting

[37] G.R. No. 195542, March 19, 2014.

[38] Id.

Neither can respondents engage a ***broker***, ***dealer***, ***salesman,*** or ***associated person***, in violation of **Section 28.1 of the SRC,** which clearly provides that "no person shall engage in the business of buying or selling securities in the Philippines as a broker or dealer, or act as salesmen, or an associated person or any broker or dealer unless registered to act as such with the Commission."

CDO IS URGENT AND MAY BE ISSUED EX PARTE

Section 64.1 of the SRC provides that the Cease and Desist Order may be issued without necessity of a prior hearing if it, viz:

> **SEC. 64.** ***Cease and Desist Order.*** **–**
> **64.1.** The Commission, after proper investigation or verification, motu propio, or upon verified complaint by any aggrieved party, may issue a cease and desist order **without 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 SRC is explicit that, as a general rule, securities should be registered with the Commission before being offered or sold to the public in order to protect the investing public from worthless securities, which, if unchecked, **is likely to cause grave and irreparable damage** and injury to the investors and the public in general.

The continued public offering and sale of the **KROPS Tokens and/or KropCoins** without the required license from the Commission makes the public offering and selling a **continuing illegal act** which makes it imperative and necessary that a Cease and Desist Order be immediately issued.

WHEREFORE, premises considered, **(1) BLACK CELL TECHNOLOGY, INC., (2) BLACK SANDS CAPITAL, INC., (3) BLACK CELL TECHNOLOGY LIMITED,** and **(4) KROPS**, their partners, officers, directors, agents, representatives, conduits, assigns, AND ANY AND ALL PERSONS CLAIMING AND ACTING FOR AND IN THEIR BEHALF are hereby ordered to **IMMEDIATELY CEASE AND DESIST,**[39] **UNDER PAIN OF CONTEMPT**, from engaging in activities of selling and/or offering for sale securities in the form of **KROPS Tokens and/or KropCoins** or any others of the same nature as discussed in this *Order*, until the requisite registration statement is duly filed with and approved by the Commission and the corresponding to offer/sell is issued.

Respondents are directed to **cease its internet presence** relating to above-stated investment activities.

The Commission will institute the appropriate **administrative** and **criminal** action against any persons or entities found to act as solicitors, information providers, salesmen, agents, brokers, dealers or the like for and in behalf of the subject corporations.

The **EIPD** is hereby **DIRECTED** to:

> [A] Serve this *Order* to **(1) BLACK CELL TECHNOLOGY, INC., (2) BLACK SANDS CAPITAL, INC., (3) BLACK CELL TECHNOLOGY LIMITED,** and **(4)**

---

[39] **Section 64.1 of the SRC** – The Commission, after proper investigation or verification, *motu propio,* 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 fraud on investors or is otherwise likely to cause grave or irreparable injury or prejudice to the investing public.

KROPS, their President, General Manager, Corporate Secretary, Treasurer, In-House Counsel or partners; and

[B] Post copies of the *Order* at the entrance of the main office and/or branches, if any, of **(1) BLACK CELL TECHNOLOGY, INC., (2) BLACK SANDS CAPITAL, INC., (3) BLACK CELL TECHNOLOGY LIMITED,** and **(4) KROPS.**

The **EIPD** is further directed to submit a **Compliance Report** to the Commission En Banc **within five (5) days** from receipt of this *Cease and Desist Order.*

In accordance with the provisions of **Section 64.3[40] of the SRC** and **Section 4-3 of the 2016 Rules of Procedure** of the Commission, the respondents may file a **Motion to Lift the CDO within five (5) days** from receipt of this *Cease and Desist Order.*

Let a copy of this *Order* be published on the Commission's **website**, also in a **newspaper** of general circulation, copy furnished the **CRMD** and the Information and Communication Technology Department (**ICTD**) for appropriate action.

FAIL NOT UNDER PENALTY OF LAW.

SO ORDERED.

Pasay City, Philippines; 23 January 2018.

TERESITA J. HERBOSA
Chairperson

ANTONIETA F. IBE
Commissioner

EPHYRO LUIS B. AMATONG
Commissioner

BLAS JAMES G. VITERBO
Commissioner

EMILIO B. AQUINO
Commissioner

---

[40] **Section 64.3 of the SRC** – Any person against whom a cease and desist order was issued may, within five (5) days from receipt of the order, file a formal request for a lifting thereof. Said request shall be set for hearing by the Commission not later than fifteen (15) days from its filing and the resolution thereof shall be made not later than ten (10) days from the termination of the hearing. If the Commission fails to resolve the request within the time herein prescribed, the cease and desist order shall automatically be lifted.