Republic of the Philippines
Department of Finance
Securities and Exchange Commission
COMMISSION EN BANC

In the Matter of:

CASA INFINI BUILDERS AND REALTY CO. LTD.; CASA INFINI REALTY MANAGEMENT CO. LTD.; RAY EDUCATION DIRECTORS CONSULTANCY SERVICES; RAY INTERNATIONAL PHILIPPINES CORPORATION DOING BUSINESS UNDER THE NAME/S AND STYLE/S OF RAY EDUCATION DIRECTIONS CONSULTANCY SERVICES, BE UNRIVALED PRODUCTIONS AND SINE CORDILLERA;
CASA INFINI PROPERTIES AND DEVELOPMENT CORP., JENNYLYN GALLETES DE LOS SANTOS FLORESCA, RAFFY PALANGDAN FLORESCA, JOVIELYN MALONZO MINA, JINKY DELOS SANTOS LONTOC, JACQUELINE COREL MELCHOR, PETER OMAWENG WASING, ERIC M. PINEDA, JERICK BAMBI SADERNAS, and KENJIE MILLAR,

Respondents,

SEC CDO Case No. 06-23-102
Promulgated on: 08 June 2023

ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT (EIPD),

Movant.

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CEASE AND DESIST ORDER

This resolves the ***Motion for Issuance of a Cease and Desist Order*** (the "Motion") dated 05 June 2023 filed on even date by the Enforcement and Investor Protection Department **(EIPD)**, praying that an Order be issued directing Respondents **CASA INFINI BUILDERS AND REALTY CO. LTD., CASA INFINI REALTY MANAGEMENT CO. LTD., RAY EDUCATION DIRECTIONS CONSULTANCY SERVICES, RAY INTERNATIONAL PHILIPPINES CORPORATION DOING BUSINESS UNDER THE NAME/S AND STYLE/S OF RAY EDUCATION DIRECTIONS CONSULTANCY SERVICES, BE UNRIVALED PRODUCTIONS AND SINE CORDILLERA, CASA INFINI PROPERTIES AND DEVELOPMENT CORP., JENNYLYN GALLETES DELOS SANTOS FLORESCA, RAFFY PALANGDAN FLORESCA, JOVIELYN MALONZO MINA, JINKY DELOS SANTOS LONTOC, JACQUELINE COREL MELCHOR, PETER OMAWENG WASING, ERIC M. PINEDA, JERICK BAMBI SADERNAS,** and **KENJIE MILLAR** (the "Respondents"), and their respective partners, officers, directors, representatives, salesmen, agents, uplines, recruiters, promoters, influencers, enablers, and any and all persons claiming and acting for and in behalf (the "Agents"), directing them to immediately cease and desist from further engaging in activities of offering for sale securities in the form of Investment Agreement of Real Estate Build and Lease Wholesale Deals, Agreement of Real Estate Build and Lease Deals, Real Estate Financial Literacy Educational Program Partnership Agreement with Amended Multiple Accounts, Real Estate Financial Literacy Educational Program Partnership Agreement, Contract Agreements, and any contract that would operate as a direct circumvention of these Order until the requisite registration statement is duly filed with and approved by the SEC, and the corresponding permit to offer/sell securities are issued.

The EIPD also prays that Respondents and the Agents be prohibited from transacting any and all business involving the funds in its depositary banks, and from transferring, disposing, or conveying in any other manner, any and all assets, properties, real or personal, 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 to forestall grave damage and prejudice to all concerned and to ensure the preservation of the assets for the benefit of the investors without authority from the Commission.[1]

[1] *Motion for Issuance of Cease and Desist Order* dated 05 June 2023.

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PARTIES

The EIPD is one of the Commission's operating departments tasked, among others, to investigate and institute administrative actions against persons and entities engaged in the sale and/or offer of unregistered securities without the requisite secondary license.[2]

CASA INFINI BUILDERS AND REALTY CO. LTD ("CI Builders and Realty") is a limited partnership with Articles of Partnership bearing Company Registration No. PL201631324 which was duly recorded with this Commission on 10 August 2016. Its principal place of business is located at GF3 Megatower Residences, Sandico St., corner Tecson St., Salud Mitra, Baguio City. Its primary purpose is "Real estate activities & other related activities, development, building transactions & construction."[3]

CASA INFINI REALTY MANAGEMENT CO. LTD ("CI Realty Management") is a limited partnership with Articles of Partnership Company bearing Registration No. PL201427024 which was duly recorded with the Commission on 30 April 2014. Its principal office is located at RM. 503, National Life Building, Upper Session Road, Baguio City. Its primary purpose is to engage in "Real estate activities."[4]

RAY EDUCATION DIRECTIONS CONSULTANCY SERVICES ("Ray Education") is a sole proprietorship registered with the Department of Trade and Industry (DTI) under Certificate No. 4010670 under the name of Jennylyn Galletes De Los Santos.[5]

RAY INTERNATIONAL PHILIPPINES CORPORATION doing business under the name/s and style/s of RAY EDUCATION DIRECTIONS CONSULTANCY SERVICES, BE UNRIVALED PRODUCTIONS and SINE CORDILLERA ("Ray International") is a domestic corporation duly organized and existing by virtue of the laws of the Republic of the Philippines having been issued a Certificate of Incorporation bearing Company Registration No. 2021050013587-01 on 11 May 2021. Its principal office is located at Lower Padre Burgos, Baguio City, Benguet, Cordillera Administrative Region (CAR), 2600. Its primary purpose is *"To create and deliver competent education and training programs, tv programmes, and projects that are internationally accepted*

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[2] Section 2-2(c)(1-c), Rule II, Part I of the 2016 SEC Rules.
[3] *Motion* (n1), Annex "A."
[4] *Ibid*, Annex "B"
[5] *Ibid*, Annex "C."

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and comparable while discovering and honing the individual's potentials that will give the person's worth as an individual, and as a professional."[6]

CASA INFINI PROPERTIES AND DEVELOPMENT CORP. ("CI Properties and Development") is a domestic corporation duly organized and existing by virtue of the laws of the Republic of the Philippines having been issued a Certificate of Incorporation bearing Company Registration No. 2022060056063-04 on 15 June 2022. Its principal office is located at 75 Bukawkawan Road, Brgy. Padre Burgos, Baguio City, Benguet, Cordillera Administrative Region (CAR), 2600. Its primary purpose is "*To purchase or otherwise acquire, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real property and while the owner or holder of any such real property, to receive, collect and dispose of the interest, dividends and income arising from such property, and to possess and exercise in receipt thereof all the rights, powers and privileges of ownership including all voting powers on any stock so owned.*"

The names of the Partners of **CI Builders and Realty** as it appears in its Articles of Partnership are:[7]

NAMES	ADDRESS	CAPITAL CONTRIBUTIONS
Jennylyn Galletes De Los Santos	#125 UCAB Tram Itogon Benguet	P 1,000,000.00
Raffy Palangdan	#203 Tuding Proper, Itogon Benguet	P 100,000.00

The names of the Partners of **CI Realty Management** as it appears in its Articles of Partnership are:[8]

NAMES	ADDRESS	CAPITAL CONTRIBUTIONS
Jennyln De Los Santos	RM. 503 National Life Building, Upper Session Road, Baguio City	P 30,000.00
Jean Edward Manuel	RM. 503 National Life Building, Upper Session Road, Baguio City	P 20,000.00

[6] *Ibid,* Paragraph 5.
[7] *Motion* (n1), Annex "A."
[8] *Ibid,* Annex "B."

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Ray Education is registered under the name of its owner, Jennylyn Galletes De Los Santos.

The names of the Incorporators of **Ray International** as it appears in the Articles of Incorporation are:[9]

NAMES	ADDRESS	AMOUNT OF SUBSCRIPTION AND PAID-UP CAPITAL (PHP)
Jennyln Galletes De Los Santos	Salud Mitra, Baguio City, Benguet, Cordillera Administrative Region (Car), 2600	385,000.00
Jinky Galletes Lontoc	Padre Burgos, Baguio City, Benguet, Cordillera Administrative Region (CAR), 2600	50,000.00
Justine Nicole De Los Santos Arenas	Padre Burgos, Baguio City, Benguet, Cordillera Administrative Region (CAR), 2600	25,000.00
Jamir Isaac De Los Santos	Padre Burgos, Baguio City, Benguet, Cordillera Administrative Region (CAR), 2600	25,000.00
Jacqueline Corel Melchor	Tuding, Purok Namnama, Itogon, Benguet, Cordillera Administrative Region (CAR), 2600	10,000.00
Elmer Obrero Diga	Magtanggol, Purok Centro, Science City of Muñoz, Nueva Ecija, Region III (Central Luzon), 3119	5,000.00

The names of the Incorporators of **CI Properties and Development** as it appears in the Articles of Incorporation are:

NAMES	ADDRESS	AMOUNT OF SUBSCRIPTION	AMOUNT PAID
Jennyln De Los Santos Floresca	76 Bokawkaw St., Padre Burgos, Baguio City, Benguet, Cordillera Administrative Region (CAR), 2600	76,500,000.00	19,125,000.00

[9] *Ibid,* Annex "D-3."

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Jacqueline Corel Melchor	75 Bokawkaw St., Padre Burgos, Baguio City, Benguet, Cordillera Administrative Region	500,000.00	125,000.00
Dexter Jaimee Delos Santos Tampoa	75 Bokawkaw St., Padre Burgos, Baguio City, Benguet, Cordillera Administrative Region	10,000,000.00	2,500,000.00
Jovielyn Malonzo Mina	75 Bokawkaw St., Padre Burgos, Baguio City, Benguet, Cordillera Administrative Region	1,000,000.00	250,000.00
Jinky Delos Santos Lontoc	75 Bokawkaw St., Padre Burgos, Baguio City, Benguet, Cordillera Administrative Region	1,000,000.00	250,000.00
Jamir Isaac Delos Santos	75 Bokawkaw St., Padre Burgos, Baguio City, Benguet, Cordillera Administrative Region	10,000,000.00	2,500,000.00
Justine Nichole D. Arenas	75 Bokawkaw St., Padre Burgos, Baguio City, Benguet, Cordillera Administrative Region	500,000.00	125,000.00
Jayden Daniel D. Arenas	75 Bokawkaw St., Padre Burgos, Baguio City, Benguet, Cordillera Administrative Region	500,000.00	125,000.00

RELEVANT FACTS

On 9 January 2023, the EIPD received from SEC Baguio Extension Office (SEC-Baguio), a *Petition for Revocation* dated 20 December 2022 (the "Petition") filed by Atty. Francis Rae Camtugan II, seeking the revocation of the Certificate of Registration of **CI Properties and Development,** on the alleged ground that **CI Properties and Development** and **CI Builders and Realty** are engaged in illegal activities.[10]

The Petition alleged that Respondent Jennylyn Galletes De Los Santos Floresca (Ms. De Los Santos) incorporated **CI Properties and Development** to justify her investment-solicitation/taking. **CI Properties and Development** and/or Ms. De Los Santos however does not have any license to sell/offers securities to the public. Furthermore, it was alleged in the Petition that Ms. De Los Santos is a common partner of **CI Builders and Realty,** a partnership that executed/sold one hundred

[10] *Ibid,* Petition for Revocation attached as Annex "F."

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eighty-one (181) investment contracts amounting to P167,187,888.00, more or less. These investment contracts offered a guaranteed return ranging from 3.2 to 3.8% per month for investments in the amount of P100,000.00 up to P6,050,000.00. It was also alleged that **CI Builders and Realty** granted a referral fee of 1 to 2% to potential investors who will bring in another partner to avail of the Real Estate Build and Sell Agreement.[11] The *Petition* also alleged that Ms. De Los Santos is the wife of Mr. Raffy Palangdan Floresca (Mr. Floresca), who is deeply involved in another ponzi scheme being conducted by "Horizon Players Club," where so-called contracts of loan were executed between Mr. Floresca and Mr. Hector Aldwin Pantollana (Mr. Pantollana).[12]

In its *Motion,* the EIPD pointed out that "Horizon Players Club," Mr. Pantollana, Mr. Floresca and Ms. De Los Santos are all subject of the Cease and Desist Order dated 16 March 2023 issued by the Commission.[13]

On 18 March 2023, the EIPD investigating team conducted an onsite investigation by attending the **CI Builders and Realty's** Real Estea Talk Seminar at Orchard Hotel, Legarda Road, Baguio City, which was conducted by Ms. De Los Santos and was attended by more or less 100 individuals. Ms. De Los Santos was reported to have stated that the "*the ultimate goal here is to partner with us*" by availing any or all of the following programs:

a. Be a Real Estate Agent to earn commission from referrals;
b. Property Saver or Buyer-Investor;
c. Passive Investor as a Partner Financier.

The *Motion* submitted in evidence the photographs of Ms. De Los Santos conducting the said seminar and presenting the investment scheme of the entity[14] to wit:

I. Property Saver or Buyer-Investor

Project	Reservation Fee (Php)	Monthly Amortization (Php)	Guaranteed Income (Php)

[11] *Ibid,* Par. 2.10.
[12] *Ibid,* Par. 2.11.
[13] *Motion*(n1), Par. 55.
[14] Paragraphs 13 and 14.

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Saleng Spa Parking Lot Project Investment	25,000.00	30,762.67 for 20 months	33,121.67 for 20 months
Saleng Spa Acquisition Project Investment	100,000.00	58,000.00 for 21 months	61,022.91 for 24 months
Lot Development Project	-	19,500.00 for 21 months	23,850.00 for 20 months

II. Passive Investor as a Partner Financier

Amount of Investment (PhP)	**Monthly Return (PhP)**	**Total Income in 12 Months (Php)**
300,000.00	9,000.00	108,000.00
500,000.00	15,000.00	180,000.00
1,000,000.00	30,000.00	340,000.00
3,000,000.00	90,000.00	1,080,000.00
5,000,000.00	150,000.00	1,800,000.00
10,000,000.00	300,000.00	3,600,000.00

Additionally, the *Motion* alleged that to become a "Property-saver" or "Buyer-investor" and/or real estate partner, prospective investors are required to attend the "Real Estea Talk" seminar, which the investigating team participated in. Consequent thereto, the investigating team was able to confirm that, **Ray Education, Ray International, and CI Properties and Development** (hereinafter collectively referred to as **"Ray Casa"**), and **CI Builders and Realty,** through Ms. De Los Santos, presented and offered to the prospective investors their so-called "real estate programs" where the money invested will be placed or paid either thru: 1) Company's Cashier; 2) officer duly authorized by the Company; or 3) bank deposit or bank transfer under any of the following banks[15]:

[15] *Ibid,* a photograph of the presentation of the bank account details during the seminar was attached under Par. 16.

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Account Name	Bank	Account Number
No name was provided	Gcash	0917-192-7626
Casa Infini Builders and Realty Co. Ltd	BDO Branch Upper Session Road, Baguio City	00547-069-967
	Security Bank Branch SBC Building, Abanao St. Corner Shagem St. Baguio City	000000-755-6192
Jennlyn G. Delos Santos	BDO Branch Upper Session Road, Baguio City	00567-0011-0355
Ray Education Directions Consultancy Services	BDO Branch Upper Session Road, Baguio City	00547-049-6466
	Security Bank Branch SBC Building, Abanao St. Corner Shagem St. Baguio City	Digits cannot be clearly ascertained by the investigating team

In the course of its investigation, the EIPD was able to get information which confirmed that the modus operandi of the Respondents essentially involves the selling and/or offering of unregistered securities to the public in the form of investment contracts, in the guise of home acquisition or real estate or financial literacy programs. **CI Builders and Realty** and **Ray Casa**, through Ms. De Los Santos openly offer/sell to the public the (i) "Property saver or Buyer investor" program or the (ii) "Passive investor" or "Partner-financier" program.

Under the "Property saver or Buyer investor" program, investments made by the public are used to finance the real properties claimed to be owned, managed, operated by **CI Builders and Realty**, which guarantees the income to be sourced from: 1) the supposed future development of **CI Builders and Realty**'s real property; and 2) based on the alleged appreciation on the value of the said properties as self-projected and appraised by Ms. De Los Santos[16], as follows:

[16] *Motion* (n1), Par. 19(a).

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Project	Reservation Fee (Php)	Monthly Amortization (Php)	Guaranteed Income (Php)
Saleng Spa Parking Lot Project Investment	25,000.00	30,762.67 for 20 months	33,121.67 for 20 months
Saleng Spa Acquisition Project Investment	100,000.00	58,000.00 for 21 months	61,022.91 for 24 months
Lot Development Project	-	19,500.00 for 21 months	23,850.00 for 20 months

On the other hand, under the "Passive investor" or "Partner-financier" program, investors will enter into an investment arrangement called "real estate development plan or programs"[17] and will be required to invest an amount ranging from Php300,000.00 up to Php10,000,000. The said investment shall earn a guaranteed passive income ranging from 3% to 4.8% monthly for a period of 8-months, 12-months or 20 months, or as stipulated in the contract[18]

Moreover, the EIPD Investigation Team was able to confirm that Ms. De Los Santos claimed that **CI Builders and Realty** and **Ray Casa** already have 600+ investors[19], and made the following statements to entice the attendees to invest, to wit:

> "You are not really participating in the projects, so **you earn monthly 3% to 4.8% monthly... yan ang income mo... for 12 months. walang palya, walang drama**...waley tayong mga drama dito... wala palya tayo dito kasi **we have a failproof system... failproof system**... so nakita ko na lahat ng basis... na cover ko na lahat ng basis na mag-fafail... so na-check out ko na lahat yun...kaya **fail proof tayo... okay... kaya walang palya... walang drama."**
> Xxx
>
> xxx"**pag buyer investor, parang passive yan, mag-iintay ka lang ng 20 months bago makuha yung pension**... so after 20 months, pension ka na tapos **tumaas yung pera**... ganun lang utak niyo sa buyer-investor

[17] Real Estate Financial Literacy Program and to learn how to buy a property without cashout.
[18] *Motion* (n1), Par. 19(b).
[19] *Ibid*, Par. 44.

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para hindi kayo na iistress... sa mga numbers... **19,500 tapos after 21 months you will receive 23,850.00**." (Emphasis supplied)[20]

The investigators also presented evidence showing that Respondents Jovielyn Malonzo Mina, Jinky Delos Santos Lontoc, Jacqueline Corel Melchor, Peter Omaweng Wasing, Eric M. Pineda, Jerick Bambi Sadernas and Kenjie Millar are part of the modus operandi of respondents inasmuch as they were actively enticing participants to invest and bring in their money.[21]

The *Motion* also presented evidence showing that regardless of the program availed of, a partnership or contract agreement[22] with CI

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[20] *Ibid,* Par.29.
[21] *Ibid,* Par. 36.
[22] The following provisions of the *Agreement, Affidavit of Undertaking,* and *Terms and Conditions* were purposely included to entice the public to part with their hard-earned money with CI Builders and its cohorts, to wit

(a) The *Agreement*:

> III. "The PARTNER understand clearly that the agreement availed of may take the indicated number of months, **for the profit or return of the consideration** from the signing of this document be fully realized;
>
> IV. The PARTNER **will receive its profit or return of consideration in installment basis through corporate checks cycle cash flow** as applicable in the real estate slot/project, as provided for in the contract.
>
> V. The **PARTNER receives corporate checks** properly scheduled and dated **from the PROPERTY MANAGER/OWNER** upon the signing of this document."(Emphasis supplied)

(b) The *Affidavit of Undertaking:*

> 1. The PARTNER hereby avails of the (Name of the Real Estate Program) with (the number of active account);
>
> 2. A table which shows the following: a) Real Estate Program & Consideration & % Income; b) Date of Entry; c) **Monthly Income & # of mos. To receive/amortization amount & months**; d) **Start of Income month/payment month**; e) End Income month; f) Decision **Month/Start of Income & amount**; g) Reinvest/refund month/end of income; and h) remarks;
>
> 3. The words **"passive"**; Total Earnings to Date and **Total Passive Investment.** (Emphasis supplied)

(c) The *Terms and Conditions*

> "4. Partner's Benefits:
>
> 4.1. I am entitled to **maximum of one (1%) to two (2%) maximum referral fee** from introducing another partners to avail of the Real Estate Build and Sell Agreement subject to the PROPERTY OWNER/MANAGER. The percentage is determined by longevity of partnership. Six (6) months and above partnership enables the maximum referral.
>
> 4.2. I can also **receive five (5%) to thirty-five (35%) share** dependent on the project that I have brought to the PROPERTY MANAGER/~~OWNER subject to the~~ existing policies.

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Builders and Realty as represented by Ms. De Los Santos[23], apparently to give the unauthorized investment scheme a semblance of legitimacy.[24]

The EIPD further substantiated the allegations and findings relating to the unauthorized investment-taking activities of the Respondents by providing photographs of the events that occurred during the Real Estea Talk Seminar at Orchard Hotel[25] that was conducted on 18 March 2023. Evidentiary photos reveal a gathering by more or less 100 individual potential investors[26], Ms De Los Santos presenting the "Property saver or Buyer investor" program or the "Passive investor" or "Partner-financier" program before the said potential investors[27], including the computation of the profits that an investor is guaranteed to earn under the programs[28]. There is also on record, evidence showing the presentation of the bank accounts wherein potential investors may deposit their investments.[29]

Moreover, the EIPD also secured confirmation, and was able to substantiate the fact that Respondents actively advertise and promote their unauthorized investment-taking activities through the radio program of Kap. Peter Wasing and in various Facebook pages.[30]

In support of its allegation that Respondents are selling/offering unregistered securities without the requisite license from the Commission, the EIPD presented in evidence the Certifications issued by the Company Registration and Monitoring Department (CRMD), the Corporate Governance and Finance Department (CGFD), the Markets and Securities Regulation Department (MSRD).

Relative thereto, the CRMD confirmed that while **CI Realty Management**, **CI Properties and Development**, and **Ray International** are registered with the Commission with SEC Company Registration Numbers PL201427024, 2022060056063-04, 2021050013587-01, respectively[31]; and that **CI Builders and Realty** is a registered partnership with the Commission with SEC Registration Number PL201631324[32], they have not been issued a secondary license

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4.3. Other **benefits and privileges** as applicable depending on the Project Participation." (Emphasis supplied)

[23] *Ibid,* Par. 20.
[24] *Ibid,* Par. 28.
[25] Blossom Hall, Basement 2 of the Orchard Hotel.
[26] *Motion* (n1), Par. 11.
[27] *Ibid,* Par. 12.
[28] *Ibid,* Par. 14 and 15.
[29] *Ibid,* Par. 16.
[30] *Ibid,* Par. 33
[31] *Ibid,* Annexes "N," "P,"and "Q."
[32] The term expired on 10 August 2021

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to solicit investments from the public as prescribed under Sections 8 and 12 of the Securities Regulation Code. The foregoing finds affirmation in the Negative Certifications issued by the MSRD[33] and CGFD[34] on Respondents **CI Realty Management**, **CI Properties and Development**, Ray **International** and **CI Builders and Realty.**

The CRMD also confirmed that Ms De Los Santos, Mr. Floresca, Jovielyn Malonzo Mina, Jinky Delos Santos Lontoc, Jacqueline Corel Melchor, Peter Omaweng Wasing, Eric M. Pineda, Jerick Bambi Sadernas, And Kenjie Millar have not been issued Certificates of Registration as registered Associated Person, Compliance Officer, Salesman and/or Certified Investment Solicitor or a Broker Dealer.[35]

The EIPD emphasized in the Motion that the urgency of issuing the Cease and Desist Order is highlighted by the fact that the group of Ms De Los Santos will conduct another seminar at Orchard Hotel, Baguio City on 10 June 2023 at 9:30 A.M. as evidenced by an advertisement stating: "Real Estea Talk, Wear Your Profession," "Avail Your Property without Cash Out and Earn Monthly from Your Partnership with Us," "Bring at least 300K or 25K Property Reservation," with a website address "www.realtybaguio.com"[36].

Hence, the instant *Motion.*

ISSUE

Whether the allegations and the evidence submitted by the EIPD in support thereof warrant the issuance of a CDO.

RULING

The Commission finds merit in the *Motion* and hereby grants the same.

The EIPD was able to establish by substantial evidence that **CI Builders and Realty, CI Realty Management**, **CI Properties and Development, Ray International**, **Ray Education**, Ms De Los Santos, Mr Floresca, Jovielyn Malonzo Mina, Jinky Delos Santos Lontoc, Jacqueline Corel Melchor, Peter Omaweng Wasing, Eric M. Pineda, Jerick Bambi Sadernas, and Kenjie Millar are offering and/or selling unregistered

[33] *Ibid,* Annexes "U," and "V."
[34] *Ibid,* Annexes "S," and "T."
[35] *Ibid,* Annex "O."
[36] *Ibid,* Par. 59.

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securities to the public in the form of investment contract without the requisite license from the Commission.

Section 3 of the SRC, defines "securities" as follows:

> Sec. 3. Definition of Terms. – 3.1. "Securities" are shares participation or interest 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. It includes:
>
> > i. Shares of stocks, bonds, debentures, notes, evidences of indebtedness, asset-backed securities;
> >
> > ii. Investment contracts, certificates of interest or participation in a profit sharing agreement, certificates of deposit for a future subscription. (Underscoring supplied)

An investment contract is defined as follows:

> "An investment contract is a contract, transaction or scheme whereby a person invests his money in a common enterprise and is led to expect profits primarily through the efforts of others. It is presumed to exist when a person seeks to use the money or property of other persons on the promise of profits.
>
> A common enterprise is deemed created when two (2) or more investors "pool" their resources, creating a common enterprise, even if the promoter receives nothing more than a broker's commission." (Emphasis and underscoring supplied)

In *SEC v. Howey Co.*, the US Supreme Court defined an investment contract as a contract or scheme for the placing of capital or laying out of money in a way intended to secure income or profit from its employment.[37] Investment contracts have been used and adopted in various situations where individuals were led to invest money in a common enterprise with the expectation that they would earn a profit through the efforts of the promoter or of someone other than themselves.[38]

This concept of an investment contract has since been used in the Philippines in the landmark case of *Power Homes Unlimited Corp. v. Securities and Exchange Commission*[39] where the Supreme Court held that an investment contract in our jurisdiction, to be a security subject

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[37] 328 U.S. 293 (1946)

[38] *Ibid.* Although the definition as stated in the Howey Case qualified that the earning of profit was expected to be solely through the efforts of another party, Rule 26.3 of the 2015 IRR of the SRC replaced the qualifier with *"primarily"*, acknowledging that an investment contract may still be present where the individual who placed the money exerted a small amount of effort in an attempt to earn the profits.

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

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to regulation by the Commission, must be proved to be attended by the following elements: (1) an investment of money; (2) in a common enterprise; (3) with expectation of profits, (4) primarily from efforts of others. Under this definition, whenever an investor relinquishes control over his or her funds and submits their control to another for the purpose of deriving profits from them, he or she is in fact investing in a security.[40]

Applying the foregoing to the instant case, this Commission finds and so holds that Respondents are engaged in the unauthorized sale and/or offer of unregistered securities in the form of investment contract, considering that all the elements of the Howey Test are present, thus:

First, there is an investment of money when an investor commits money to an enterprise or venture in a manner that subjects himself to financial loss.[41] In the instant case, Ms. De Los Santos, by her own admission, claimed that **CI Builders and Realty** and **Ray Casa** already have over 600 investors, which necessarily means that more than 600 persons have already made an actual investment of money in **CI Builders and Realty** and **Ray Casa.**

Second, a common enterprise is deemed created when two (2) or more investors "pool" their resources. Thus, joint participation by investors in the same investment enterprise, achieved by pooling the invested funds for a common purpose, is required in order to satisfy the common enterprise element.[42] In the instant case, the EIPD was able to show that the investment scheme of **CI Builders and Realty** and **Ray Casa** involves the pooling of amounts poured in by its investors which are actually utilized to satisfy and pay the guaranteed returns of its existing investors. This is the common enterprise that is being sustained by the investments received by **CI Builders and Realty** and **Ray Casa** from the public.[43]

Third, profit is either through capital appreciation resulting from the development of the initial investment, or participation in earnings resulting from the use of investors' funds. In both cases, investors are "attracted primarily by the prospects of a return on their investment."[44] In the instant case, there is an expectation of

[40] Investment Co. Institute v. Camp, 274 F. Supp. 624 (D. D.C. 1967).
[41] SEC v. International Mining Exchange, Inc., 515 F. Supp. 1062.
[42] Wasnowic v. Chicago Bd. of Trade 352 F Supp 1066.
[43] *Ibid,* Par. 20.
[44] Power Homes Unlimited Corporation v. Securities and Exchange Commission.

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profit on the part of investors as Respondents promised guaranteed returns of 3%-4.8% per month[45], a fact that is affirmed in the provisions of the *Agreements*, *Affidavit of Undertaking* and *Terms and Conditions* that the EIPD was able to obtain.[46]

Fourth, investors expected to earn their guaranteed profits primarily from the efforts of others *i.e.* investors of Respondents are not required to perform any act other than the mere deposit of their money with the Respondents. This element is evidently present by the name of one of the programs offered by the Respondents, i.e. "Passive-Investor Program" as it characterizes that guaranteed profits are derived primarily from the efforts of others. As stated openly by Ms. De Los Santos in the 18 March 2023 Seminar, investors are not really participating in the project while earning 3-4% monthly, in a passive manner[47].

Moreover, the act of the Respondents in publicly offering its unauthorized investment scheme through business presentations conducted in public events such as its seminars and Facebook posts, inviting and enticing investors to part with their hard-earned money where they are promised to receive guaranteed returns, constitutes public offering of securities as defined Rule 3.1.17 of the 2015 IRR of the SRC, thus:

> "Public offering is any 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:

> "Public offering is any 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:

> > 3.1.17.1. Publication in any newspaper, magazine or printed reading material which is distributed within the Philippines;
>
> > 3.1.17.2. Presentation in any public or commercial place;
>
> > 3.1.17.3. Advertisement or announcement on radio, television, telephone, electronic communications,

[45] *Motion* (n1), Par.29.
[46] *Ibid*, Par. 28.
[47] *Ibid*, Par. 29.

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information communication technology or any other forms of communication; or

3.1.17.4. 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." (Emphasis Supplied)

Section 8.1 of the SRC categorically provides that 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, thus:

"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 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." (Emphasis and underscoring supplied)

In connection thereto, Section 12.1 of the SRC states that all securities required to be registered under Subsection 8.1 shall be registered through the filing by the issuer in the main office of the Commission, of a sworn registration statement with respect to such securities, in such form and containing such information and documents as the Commission shall prescribe. In the same case of *Power Homes Unlimited v. Securities and Exchange Commission,*[48] the Supreme Court ruled that:

"As an investment contract that is security under R.A. No. 8799, it must be registered with public respondent SEC, otherwise the SEC cannot protect the investing public from fraudulent securities. The strict regulation of securities is founded on the premise that the capital markets depend on the investing public's level of confidence in the system."

Relative thereto, Section 64 of the SRC provides that:

"Section 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

[48] Note 28, *Supra.*

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investing public."

The afore-quoted provision embodies the two (2) essential requirements that must be met prior to the issuance of a cease and desist order: **first**, there must be a conduct of a proper investigation or verification; and **second**, there must be a finding that 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.[49]

As to the first requirement, the records show that a proper investigation was conducted by the EIPD as evidenced by its report and the various documents and photographs gathered and submitted in support of its *Motion* showing Respondents unauthorized and fraudulent investment-taking activities. The EIPD Investigation Team was able to properly verify and corroborate the allegations in the *Petition for Revocation* filed by Atty. Francis Rae Camtugan II. The EIPD also presented the following evidence in support of its *Motion*:

> (1) Negative certifications issued by the CRMD, CGFD, and the MSRD to the effect that: **CI Realty Management, CI Properties and Development**, and **Ray International** are registered with the Commission, while **CI Builders and Realty's** term of existence has expired. However, respondent entities have not filed nor have any pending application for registration/permit to sell securities; and (b) have not been issued any license to offer and/or sell securities to the public and are not registered issuers of mutual funds, exchange of traded funds, and proprietary/non-proprietary shares or membership certificates or timeshares;

The second requirement is also present as it is evident from the records that the supposed profits expected by the investors are non-existent. This is evidenced by the ocular inspection conducted by the EIPD Investigation Team as to the claim made by Respondent Jennilyn that the Saleng Villas, the flagship project of the Respondents, as of 28 April 2023, is "8.5% from structural finish on all six builts." The inspection revealed that no existing structures were found in the locations of the projects, except for the roof sheets used as perimeter fences.[50] Furthermore, the EIPD Investigation Team found that some of

[49] Securities and Exchange Commission vs. Performance Foreign Exchange Corporation, G.R. No. 154131, July 20, 2006.
[50] *Motion* (n1), Par. 42.

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the projects of the Respondents appear to be "listings" or a project which belongs to another real estate developer.[51]

Furthermore, the *Terms and Conditions* employed by the Respondents entitling the so-called Partners to maximum of 1-2% referral fee from introducing another partner[52] has the characteristics of a Ponzi scheme as it promises exorbitant returns with little or no risk to investors as exemplified in the case of *People of the Philippines v. Palmy Tibayan and Rico Z. Puerto*,[53] 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, 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." (Emphasis supplied)

Moreover, the promise or offer of profits or returns which are sourced from the investments or contributions made by the investors themselves and the offering or selling of investment schemes to the public without a license or permit from the Commission amounts to investment fraud pursuant to Section 3(f) of R.A. No. 11765 or the Financial Products and Services Consumer Protection Act (FCPA) [54] and constitute a violation of the same law under Section 11 thereof and Rule 11, Section 1 and 2 Paragraph (i) and (iii) the SEC FCPA Implementing

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[51] *Ibid,* Par. 43.

[52] *Ibid,* Par. 28 (c).

[53] G.R. Nos. 209655-60, January 14, 2015.

[54] "Section 3. Definition of Terms. - As used in this Act:

> (f) Investment fraud refers to any form if deceptive solicitation of investments from the public. This includes Ponzi schemes and such other schemes involving the promise or offer of profits or returns which are sourced from the investments or contributions made by the investors themselves, boiling room operations, and the offering or selling of investment schemes to the public without a license or permit from the SEC, unless such offering or selling involves exempt securities or are considered as exempt transactions as provided for under existing laws;

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Rules and Regulations.[55]

Finally, the Respondents unauthorized investment-taking activities warrant the prompt issuance of a cease and desist order as it operates as a fraud to the public which, if unrestrained, will likely cause grave or irreparable injury or prejudice to the investing public. In *Securities and Exchange Commission v. CJH Development Corp.*[56] the Supreme Court categorically held that:

> "The law is clear on the point that a cease and desist order may be issued by the SEC motu proprio, it being unnecessary that it results from a verified complaint from an aggrieved party. A prior hearing is also not required whenever the Commission finds it appropriate to issue a cease and desist order that aims to curtail fraud or grave or irreparable injury to investors. There is good reason for this provision, as any delay in the restraint of acts that yield such results can only generate further injury to the public that the SEC is obliged to protect."
>
> "The act of selling unregistered securities would necessarily operate as a fraud on investors as it deceives the investing public by making it appear that respondents have authority to deal on such securities. Section 8.1 of the SRC clearly states that 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 SEC and that prior to such sale, information on the securities, in such form and with such substance as the SEC may prescribe, shall be made available to each prospective buyer." (Emphasis and underscoring supplied)

WHEREFORE, premises considered, **CASA INFINI BUILDERS AND REALTY CO. LTD., CASA INFINI REALTY MANAGEMENT CO. LTD., RAY EDUCATION DIRECTORS CONSULTANCY SERVICES, RAY INTERNATIONAL PHILIPPINES CORPORATION DOING BUSINESS UNDER THE NAME/S AND STYLE/S OF RAY EDUCATION**

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[55] Section 11. Investment Fraud. - It shall be unlawful for any person or persons to commit investment fraud as defined in this Act. Any person who commits investment fraud shall be subject to the penalties under Section 73 of Republic Act No. 8799 and the administrative sanctions under Section 16 of this Act.

"Rule 11 –Investment Fraud

Section. 1.Investment Fraud.– It shall be unlawful for any person or persons to commit investment fraud as defined in the FCPA and the SEC FCPA IRR. Any person who commits investment fraud shall be subject to the penalties prescribed under Section 73 of the SRC and to the administrative sanction provided under Section 16 of the FCPA.

Section 2. Investment fraud may refer to any form of deceptive solicitation of investments from the public. Deceptive solicitation of investments includes, but is not limited to, any of the following:

i. Ponzi schemes and such other schemes involving the promise or offer of profits or returns which are sourced from the investments or contributions made by the investors themselves;

ii. Boiler room operations;

iii. Offering or selling of investment schemes to the public without a license or permit from the Commission, unless such offering or selling involves exempt securities or are considered as exempt transactions as provided for under existing laws; or

iv. All other similar or analogous schemes."

[56] G.R. No. 210316, November 28, 2016.

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DIRECTIONS CONSULTANCY SERVICES, BE UNRIVALED PRODUCTIONS AND SINE CORDILLERA, CASA INFINI PROPERTIES AND DEVELOPMENT CORP., JENNYLYN GALLETES DE LOS SANTOS FLORESCA, RAFFY PALANGDAN FLORESCA, JOVIELYN MALONZO MINA, JINKY DELOS SANTOS LONTOC, JACQUELINE COREL MELCHOR, PETER OMAWENG WASING, ERIC M. PINEDA, JERICK BAMBI SADERNAS, and KENJIE MILLAR, representatives, salesmen, solicitors, agents, uplines, enablers and influencers, and any and all persons claiming and acting for and in their behalf, are hereby directed to **IMMEDIATELY CEASE AND DESIST** from further engaging in, promoting and facilitating selling and/or offering for sale securities in the form of investment contracts and/or other activities/transactions, until the requisite registration statements are duly filed with and approved by the Commission, and the corresponding license and/or permit to offer/sell securities are issued.

CASA INFINI BUILDERS AND REALTY CO. LTD., CASA INFINI REALTY MANAGEMENT CO. LTD., RAY EDUCATION DIRECTORS CONSULTANCY SERVICES, RAY INTERNATIONAL PHILIPPINES CORPORATION DOING BUSINESS UNDER THE NAME/S AND STYLE/S OF RAY EDUCATION DIRECTIONS CONSULTANCY SERVICES, BE UNRIVALED PRODUCTIONS AND SINE CORDILLERA, CASA INFINI PROPERTIES AND DEVELOPMENT CORP., JENNYLYN GALLETES DE LOS SANTOS FLORESCA, RAFFY PALANGDAN FLORESCA, JOVIELYN MALONZO MINA, JINKY DELOS SANTOS LONTOC, JACQUELINE COREL MELCHOR, PETER OMAWENG WASING, ERIC M. PINEDA, JERICK BAMBI SADERNAS, and KENJIE MILLAR, representatives, salesmen, solicitors, agents, uplines, enablers and influencers, and any and all persons claiming and acting for and in their behalf, are likewise directed to **CEASE** their internet presence relating to the transactions and investment scheme covered by this *Cease and Desist Order.* 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 on their behalf.

Finally, the Commission hereby **PROHIBITS CASA INFINI BUILDERS AND REALTY CO. LTD., CASA INFINI REALTY MANAGEMENT CO. LTD., RAY EDUCATION DIRECTORS CONSULTANCY SERVICES, RAY INTERNATIONAL PHILIPPINES CORPORATION DOING BUSINESS UNDER THE NAME/S AND STYLE/S OF RAY EDUCATION DIRECTIONS CONSULTANCY SERVICES, BE UNRIVALED PRODUCTIONS AND SINE CORDILLERA, CASA INFINI PROPERTIES AND DEVELOPMENT CORP., JENNYLYN GALLETES DE LOS SANTOS FLORESCA, RAFFY PALANGDAN**

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FLORESCA, JOVIELYN MALONZO MINA, JINKY DELOS SANTOS LONTOC, JACQUELINE COREL MELCHOR, PETER OMAWENG WASING, ERIC M. PINEDA, JERICK BAMBI SADERNAS, and KENJIE MILLAR, their partners, operators, directors, officers, salesmen agents, representatives, promoters, and all persons, conduit entities and subsidiaries claiming and acting for and on its behalf from transacting any business involving the funds covered by this CDO in its depository banks, and from transferring, disposing, or conveying in any manner, all assets, properties, real or personal, including but not limited to bank deposits, of which the named persons herein may have any interest, claim or participation whatsoever, directly or indirectly, under its/their custody, to ensure the preservation of the assets for the benefit of the investors.

Let a copy of this Cease and Desist Order be (a) posted in the Commission's website; and (b) be furnished to the Company Registration and Monitoring Department, Corporate Governance and Finance Department, and the Information and Communications Technology Department of this Commission, the Bangko Sentral ng Pilipinas, the Department of Trade and Industry, the National Privacy Commission, and the Department of Information and Communications Technology, for their information and appropriate action.

In accordance with the provisions of Section 64.3 of the SRC and Section 4-3 of the 2016 Rules of Procedure of the Commission, the parties subject of this CDO may file a verified motion to lift the CDO within five (5) days from receipt thereof. The Motion to Lift the CDO must be filed to the Commission En Banc through the Office of the General Counsel.

FAIL NOT UNDER PENALTY OF LAW.

SO ORDERED.

Makati City, Philippines.

EMILIO B. AQUINO
Chairperson

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JAVEY PAUL D. FRANCISCO
Commissioner

KELVIN LESTER K. LEE
Commissioner

KARLO S. BELLO
Commissioner

MCJILL BRYANT T. FERNANDEZ
Commissioner

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