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Republic of the Philippines
OFFICE OF THE GENERAL COUNSEL
SECURITIES & EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills, Mandaluyong City

In the Matter of :

CED Case No. 03-2760
For: Issuance of Cease and Desist Order

CITICAPITAL INC.
x----------x

CEASE AND DESIST ORDER

Pending consideration before the Commission is the Motion dated March 22, 2004, filed by the Compliance and Enforcement Department (hereinafter, "CED") of this Commission, for the issuance of a Cease and Desist Order against Citicapital Inc. (hereinafter, "Citicapital"), enjoining respondent corporation to cease and desist from offering, soliciting or otherwise selling securities in violation of Section 8.1 of R.A. 8799 or the Securities Regulation Code (SRC).

The factual background are as follows:

Citicapital is a duly registered corporation with SEC Registration Number ASO-93-03782 issued on May 18, 1993. On November 5, 2002, Citicapital filed a registration statement (RS) with the Corporation Finance Department (CFD) of this Commission. Pending the approval of the RS, or in December 2002, Citicapital sold its preferred shares to its five (5) majority stockholders, each with 11,500 shares. In January 2003, the said stockholders resold their preferred shares to more than nineteen (19) persons. The CED conducted an audit investigation on respondent corporation. The audit yielded a schedule of investors which was voluntarily provided the SEC auditors by respondent corporation. Citicapital also admitted that they sold preferred shares to more than nineteen persons.

On August 11, 2003, the CED sent a Deficiency Notice to Citicapital assessing them a fine of One Million Four Hundred Ten Thousand Pesos (P1,410,000.00), which to date, has not yet been complied with.

On February 2, 2004, the SEC, after due notice and hearing, rejected the registration statement of citicapital due to its failure to comply with the requirements of SRC Rules 8 and 12.

The continued offering and sale of said securities by the respondent without the requisite registration and permit may cause grave and irreparable injury and prejudice to the public. Thus, this must be restrained if only to protect the innocent investing public.

PREMISES CONSIDERED, Citicapital, its officers, directors, agents, representatives, conduits, assigns and any and all persons claiming and acting for and in its behalf and under its authority are hereby ordered **to immediately CEASE AND DESIST**, under pain of contempt, from further offering, soliciting or otherwise selling securities to the public until the requisite registration statement is duly filed and approved by the SEC and the corresponding permit to offer/sell securities is issued and **to SHOW CAUSE** within a non-extendible period of five (5) days from receipt hereof, why the Cease and Desist Order should not be made permanent.

Pursuant to SEC Circular No. 4, series of 2001, Citicapital may file a formal request for the lifting of this Cease and Desist Order within a non-extendible period of five (5) days from receipt hereof, stating therein whether the corporation is willing to enter into a settlement offer and would opt for summary procedure.

Let a copy of this Order be furnished the Corporate Finance Department which also has jurisdiction over subject corporation for its information and appropriate action.

SO ORDERED.

30 March 2004.

Mandaluyong City, Philippines.

For the Commission En Banc:

VERNETTE UMALI-PACO
General Counsel