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

IN THE MATTER OF:

F2M AGRI-FARM OPC, FARM TO MARKET TARLAC CITY - MAIN BRANCH, FARM TO MARKET, FARM TO MARKET *PAALAGA* SYSTEM, HOG RAISING BUSINESS, FARM2MARKET TUGUEGARAO BRANCH, FARM TO MARKET DAGUPAN, FARM2MARKET LA UNION BRANCH, FARM2MARKET LAGAWE, IFUGAO FARM2MARKET-SOLANO NUEVA VIZ. BRANCH, FARM TO MARKET TAYUG, FARM TO MARKET (F2M) LA TRINIDAD BENGUET, F2M AGRIVENTURE, and F2M DIGITAL RAISERS,

SEC CDO Case No. 08-24-114
Promulgated: 20 August 2024

ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT (EIPD),

Movant.

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

CEASE AND DESIST ORDER

This resolves the *Motion for Issuance of a Cease and Desist Order* dated 08 August 2024 (the "Motion") filed by the Enforcement and Investor Protection Department (EIPD) on 12 August 2024, praying that an Order be issued:

(i) directing Farm to Market Tarlac City-Main Branch ("F2M Tarlac City"), Farm to Market ("F2M"), Farm to Market Paalaga System ("F2M Paalaga System"), Hog Raising Business ("Hog Raising"), Farm2Market Tuguegarao Branch ("F2M Tuguegarao"), Farm to Market Dagupan ("F2M Dagupan"),

Farm2Market La Union Branch ("F2M La Union"), Farm2Market Lagawe, Ifugao ("F2M Lagawe"), Farm2Market-Solano Nueva Viz. Branch ("F2M Solano"), Farm to Market Tayug ("F2M Tayug"), Farm to Market La Trinidad Benguet ("F2M La Trinidad"), F2M Agriventure, F2M Digital Raisers, Kono Salinas ("Mr. Salinas"), Wonderboy Tumapang ("Mr. Tumapang") including its co-anchors, RPN DZBS 1368 KHZ Baguio-Radyo Ronda ("Baguio-Radyo Ronda"), Martin Augustin ("Mr. Augustin"), and F2M Agri-Farm OPC, its agents, representatives, salesmen, conduit entities, subsidiaries and any and all persons claiming and acting for and in their behalf, including its Farm to Market Branches and their respective managers in the following areas: (1) Branch Office: 3rd Floor, km. 5, La Trinidad Benguet; (2) Outlet Bet-ang Junction, Ampucao, Itogon, Benguet; (3) Outlet: Landing Tawangan Junction, Tinok, Ifugao; (4) Satellite Office: Basement, Beknan Building, Abatan, Buguias, Benguet; (5) Branch Office: Nuestro Building, Purok 7, National Highway, Sta. Rosa, Bayombong, Nueva Vizcaya; (6) Branch Office: C.M. Recto Street, Dubinan East, Santiago City, Isabela; (7) Branch Office: GNH Commercial Building, Bonifacio Street, Diffun, Quirino; (8) Branch Office: Baguio City and Bontoc Mountain Province; (9) Bangued Abra; (10) Lagawe, Ifugao; (11) Tabuk City, Kalinga and Tuguegarao City, Cagayan; (12) Aparri, Cagayan; (13) Baler, Aurora; (14) Caoayan City, Isabela; (15) Solano and Bambang, Nueva Vizcaya; (16) Alaminos City and Bolinao Pangasinan; (17) Tayug, Pangasinan; (18) Dagupan City and Urdaneta City; (19) Asingan, Pangasinan; (20) San Carlos City, Pangasinan and San Fernando City, La Union, (21) Luna, La Union; (22) Laoag City, Ilocos Norte; (23) Vigan City, Ilocos Sur; (24) Iba, Zambales and Tarlac City; (25) Gerona, Tarlac; (26) Bulacan; (27) Davao City; (28) Toledo City, General Santos City and Tagbilaran City, Bohol to immediately CEASE and DESIST from further engaging in the sale and/or offer of unregistered securities; and

(ii) prohibiting these entities and personalities from transacting any and all businesses involving the funds in their depository 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 entities and personalities 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.

PARTIES

Movant EIPD is one of the Commission's operating departments tasked, among others, to investigate *motu proprio* or upon complaint or referral, violations of laws, rules, and regulations administered, implemented, or issued by the Commission, and to seek the issuance of a Cease and Desist Order whenever warranted by the circumstance.[1]

The F2M Agri-Farm OPC ("F2M OPC") is a registered One Person Corporation having been issued a Certificate of Incorporation bearing Company Registration No. 2023030089159-01. Its principal office is located at Unit 3A, E&J Bldg., 1031 JP Rizal, Conception Uno, Marikina.

F2M Tarlac City, F2M, Hog Raising, F2M Paalaga System, F2M Tuguegarao, F2M Dagupan, F2M La Union, F2M Lagawe, F2M Solano, and F2M Tayug are not registered with the Commission as corporations, partnerships or OPC[2] and do not have a secondary license or authority to solicit investment or offer securities.[3]

The Farm to Market entities, branches, officers and agents shall be collectively referred to in this Order as the "F2M Entities".

RELEVANT FACTS

The filing of the instant Motion came about as a consequence of the investigation reports[4] which the EIPD received from the Commission's Tarlac Extension Office ("Tarlac EO") and Baguio Extension Office ("Baguio EO") relating to the alleged unauthorized investment-taking activities of F2M Entities.

Based on the said investigation reports, F2M Entities are inviting the public, using their Facebook accounts, to invest in the F2M 3 Months Paalaga System (the "*Paalaga* System") by buying a piglet for Php5,000.00 each, and receiving a guaranteed return of Pesos: Two Thousand Six Hundred (PhP2,600.00)[5] for every piglet bought after three

---

[1] SEC Office Order No. 512, Series of 2013.
[2] *Motion*, par. 1.
[3] *Motion*, par. 2.
[4] Annex "A" of the *Motion*.
[5] After deducting the 5% Service Charge

(3) months. In their Facebook pages, the F2M Entities actively market and advertise the *Paalaga* System as one which is "*Guaranteed to support you from START to FINISH*", using the "Farm to Market" banner.[6] To entice the investing public to part with their hard-earned money, the F2M Entities showcased a table which provides for the compensation scheme of the *Paalaga* System, including the net amount that an investor will receive after three (3) months depending on the number of piglets purchased, thus:

Farm to Market Tarlac City - Main Branch
March 2 at 7:25 PM ·

Gusto mo bang kumita sa pamamagitan ng PAALAGA SYSTEM NG FARM TO MARKET?

Ang 5,000php mo ay magiging 7,600php sa loob lamang ng 3 buwan!

Paano?
Bumili ng biik sa FARM TO MARKET sa halagang 5,000php ang isa at ipaalaga ito sa FARM TO MARKET

Si FARM TO MARKET na ang bahala sa LAHAT.
Magalaga, magpakain ,hanggang sa maibenta ito sa Market

Ano pang hinihintay mo?
Halina at makipag partner na sa amin dito sa FARM TO MARKET PAALAGA SYSTEM

MORE BIIK
MORE KITA

Para sa mga karagdagang impormasyon mag message lamang sa aming page o sa ating branch manager Ferrari February (+63 966 378 2391)

O kaya naman ay magtungo sa aming office
2nd Floor, Villa Leticia Subdivision Commercial Bldg., Matatalaib, Tarlac (infront of Iglesia ni Cristo)



F2M 3 MONTHS PAALAGA SYSTEM

No. of Piglets	1	3	5	7	10	20
Cost Per Piglet	5,000	5,000	5,000	5,000	5,000	5,000
Total Cost	5,000	15,000	25,000	35,000	50,000	100,000
EarningPer Piglet	3,000	3,000	3,000	3,000	3,000	3,000
Total Earning	3,000	9,000	15,000	21,000	30,000	60,000
OVER-ALL TOTAL	8,000	24,000	40,000	56,000	80,000	160,000
Less : 5% Service Charge	400	1,200	2,000	2,800	4,000	8,000
NET Amount to be received after 3 months (CAPITAL and EARNINGS)	7,600	22,800	38,000	53,200	76,000	152,000

Under the said compensation scheme, an investment of PhP100,000.00 for twenty (20) piglets for example will have a yield of PhP52,000.00 or 52% of the amount invested within a period of three (3)

[6] *Motion.* See Annex "A"

months. All that is needed from investors is to deposit their investment, the amount of which is dependent on the number of piglets that they want to purchase.[7]

The investigation reports also revealed and confirmed that the sole incorporator/stockholder/director of the F2M OPC is Mr. Augustin.[8] The records also showed that Mr. Salinas was F2M OPC's authorized representative in the registration process with the Commission, although his name appeared as the registered owner of F2M Agricultural Farm based on the Certificate of Business Registration issued by the Department of Trade and Industry.[9] Salinas is also the operator/endorser of the Farm to Market appearing in the Facebook Page of F2M Tarlac.[10]

On the basis of the information provided in the investigation reports, the EIPD conducted an independent investigation to determine whether the activities of the F2M Entities constitute a violation of the Securities Regulation Code (SRC), the Revised Corporation Code (RCC) and/or other laws, rules and regulations administered and/or implemented by the Commission.

Specifically, the EIPD conducted a surveillance operation at the principal F2M OPC in Marikina on 12 April 2024, where it was able to confirm that the address provided in its AOI is a sham as it is not holding office or conducting any business therein.[11] The EIPD likewise secured a confirmation from the Bureau of Internal Revenue that Mr. Agustin has not yet been issued a Tax Identification Number (TIN)[12], which means that the TIN which he provided to the Commission when he applied for the registration of F2M OPC was false.

Moreover, using the DTI Business Name Registration System (BNRS), the EIPD was able to verify that the following F2M Entities are not registered with the DTI: the Farm to Market branches in Tarlac City, Dagupan, La Union, Lagawe, Ifugao, Solano Nueva Vizcaya, and Tayug.[13]

The online search on the Facebook Pages of the F2M Entities (specifically F2M Tuguegarao Branch, F2M Dagupan, F2M La Union Branch, F2M Lagawe, F2M Solano and F2M Tayug) which was carried out

---

[7] *Ibid.*
[8] *Id.* par 9.
[9] *Id. See* Annex "C".
[10] *Id.* par. 10.
[11] *Id.* Annex "J".
[12] *Id.* Annex "H" and "I"
[13] *Id.* par. 7. See also Annex "B" to "B-9"

by the EIPD confirmed that they are all actively marketing and soliciting investments from the public using the *Paalaga System,* thus:





To substantiate its allegation that F2M entities are engaged in the offer/sale of unregistered securities without the requisite license from the Commission, the EIPD submitted in evidence the Certifications issued by the Commission's Markets and Securities Regulation Department (MSRD)[14] and Corporate Governance and Finance Department (CGFD)[15], which both attested that F2M OPC and the F2M Entities have not registered securities under Sections 8 and 12 of the SRC; have not filed an application for the registration of, and/or a license to sell securities; have not been issued any license to sell securities; and are not registered issuers of mutual funds, exchange traded funds and proprietary/non-proprietary shares or membership certificates and timeshares under Sections 8 and 12 of the SRC.

On the other hand, the Certification issued by the Company Registration and Monitoring Department (CRMD) affirmed that F2M OPC has not been issued a secondary license as a broker and/or dealer of

[14] Ibid., Pars. 7-8 and Annex "C"
[15] Ibid., Pars. 7-8 and Annex "D"

securities, dealer in government securities, investment adviser of an investment company, investment house and transfer agent and has not filed nor has any pending application for a secondary license.[16]

The CRMD also issued a Certification stating that Farm to Market Tarlac City-Main Branch, Farm to Market, Hog Raising Business and Farm to Market Paalaga System, Farm2Market Tuguegarao Branch, Farm to Market Dagupan, Farm 2 Market La Union Branch, Farm2Market Lagawe, Ifugao, Farm2Market-Solano Nueva Viz. Branch and Farm to Market Tayug are not registered as corporation, partnership or OPC.[17]

On 16 April 2024, the Commission issued an *Advisory* informing the public that F2M OPC and F2M Entities are offering and/or soliciting investments from the public without the requisite license. The Advisory warned the public to exercise caution in dealing with any individual or group of persons soliciting investments for and on behalf of these F2M entities, and not to invest or stop investing with the latter.[18]

Despite the issuance of an *Advisory*, the EIPD continued to receive reports from the public on F2M Entities sustained investment-taking and solicitation activities through the *Paalaga System.* In this regard, the Baguio EO, through a report[19], confirmed that the F2M Office in La Trinidad, Benguet continue to be operational, and even launched a website that features its business operations and Youtube videos, to entice the public to invest in its *Paalaga System.*[20] The website features Mr. Tumapang, a media personality of RPN DZBS 1368 KHZ who is actively promoting the unauthorized investment scheme of F2M OPC and F2M Entities.

Hence, the instant *Motion.*

ISSUE

Whether the allegations and the evidence presented by the EIPD in support of its *Motion* warrant the issuance of a CDO against F2M OPC and F2M Entities.

---

[16] Annex "L" of the *Motion.*
[17] Annexes "M" & "N" of the *Motion.*
[18] SEC *Advisory* dated 16 April 2024.
[19] *Memorandum* dated 17 July 2024
[20] *Motion*, par. 24.

RULING

The Commission finds the *Motion* meritorious and hereby grants the same.

The EIPD was able to establish by substantial evidence that F2M OPC, the F2M Entities and their conduits are offering and/or selling unregistered securities to the public in the form of investment contracts without the requisite license from the Commission. The EIPD was likewise able to establish that F2M OPC, the F2M Entities and their conduits are themselves bereft of any license to sell securities.

Section 3.1 of the SRC defines securities as follows:

> "SEC. 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. It includes:
>
> x x x
>
> **(b) Investment contracts,** certificates of interest or participation in a profit-sharing agreement, certificates of deposit for a future subscription; xxx."

At the outset, emphasis should be made on the fact that just like the securities acts of other jurisdictions, specifically the United States of America, the SRC adopted a very broad definition of securities[21], which is intended to be liberally construed in order to achieve the main purpose of its enactment: regulation of the issuance and sale of securities and prevention of fraud.

Rule 26.3.5 of the 2015 Implementing Rules and Regulations of the SRC (the "SRC-IRR") defines an investment contract as follows:

> "An **investment contract** means a **contract, transaction or scheme (collectively "contract") whereby a person invests his money in a common enterprise and is led to expect profits primarily from the efforts of others.** An investment contract is **presumed to exist whenever a person seeks to use the money or property of others on the promise of profits.**
>
> A **common enterprise** is **deemed created when two (2) or more investors "pool" their resources, creating a common enterprise**,

[21] "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." (Section 3.1 of the SRC)

> even if the promoter receives nothing more than a broker's commission." (Emphasis and underscoring supplied)

The concept of an investment contract in the Philippines is of American origin. It traces its roots from the US Supreme Court case *Securities and Exchange Commission v. W.J. Howey Co.*[22] where the Court stated that an investment contract is a transaction, contract, or scheme whereby a person (1) makes an investment of money, (2) in a common enterprise, (3) with the expectation of profits, (4) to be derived solely from the efforts of others. 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.[23]

Cognizant of the fact borne by the sad experiences of people around the globe who have been duped by scamsters and con artists, the Philippine Supreme Court, adopting the doctrine in the United States (US) case of *SEC v. W.J. Howey Co.,* held in *Power Homes Unlimited Corporation vs Securities and Exchange Commission*[24] (Power Homes Case), that while as a general rule, the four (4) elements must be shown to exist, the term "investment contract" embodies a flexible principle that is intended to cover schemes devised by persons who seek to use the money of others on the promise of profits, thus:

> "It behooves us to trace the history of the concept of an investment contract under R.A. No. 8799. Our definition of an investment contract traces its roots from the 1946 United States (US) case of *SEC v. W.J. Howey Co.* In this case, the US Supreme Court was confronted with the issue of whether the Howey transaction constituted an "investment contract" under the Securities Act's definition of "security." The US Supreme Court, recognizing that the term "investment contract" was not defined by the Act or illumined by any legislative report, held that "Congress was using a term whose meaning had been crystallized" under the state's "blue sky" laws in existence prior to the adoption of the Securities Act. Thus, it ruled that the use of the catch-all term "investment contract" indicated a congressional intent to cover a wide range of investment transactions. It established a test to determine whether a transaction falls within the scope of an "investment contract." Known as the Howey Test, it requires a transaction, contract, or scheme whereby a person (1) makes an investment of money, (2) in a common enterprise, (3) with the expectation of profits, (4) to be derived solely from the efforts of others. Although the proponents must establish all four elements, **the**

[22] 328 U.S, 293, 66 S. Ct. 1100,90 L. Ed. 1244, 163 A.L.R. 1043 (1946)
[23] *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.
[24] G.R. No. 164182, February 26, 2008

> **US Supreme Court stressed that the Howey Test "embodies a flexible rather than a static principle, one that is capable of adaptation to meet the countless and variable schemes devised by those who seek the use of the money of others on the promise of profits**." Needless to state, any investment contract covered by the Howey Test must be registered under the Securities Act, regardless of whether its issuer was engaged in fraudulent practices." (Emphasis supplied)

Moreover, in the *US case of SEC v. Joiner Leasing Corp.*[25], the US Supreme Court emphasized that it is not the nature of the assets behind a particular instrument which defines whether the same should be considered a security. What is controlling is the attribution given in commerce based on the terms thereof, to wit:

> "In applying acts of this general purpose, the courts have not been guided by the nature of the assets back of a particular document or offering. **The test, rather, is what character the instrument is given in commerce by the terms of the offer, the plan of distribution, and the economic inducements held out to the prospect. In the enforcement of an act such as this, it is not inappropriate that promoters' offerings be judged as being what they were represented to be**." (Emphasis supplied)

Under the foregoing legal precepts, an investment contract is considered to exist once it is determined that the proponent is offering to the purchasers an opportunity to contribute money and to share in the profits of the operations. In this regard, the importance of a "common enterprise" managed by the proponent in furtherance of the business, comes into play considering that purchasers who are normally untrained in finance, merely rely on the proponent's knowledge and expertise in carrying out the grand investment scheme. The Power Homes Case thus emphasized the mandatory nature of having an investment contract registered with the Commission prior to its offer/sale for the protection of the public, thus:

> "**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." (Emphasis supplied)

Applying the foregoing parameters to the instant case, the Commission finds and so holds that the *Paalaga System* of F2M OPC, the F2M Entities and their cohorts involves the offer/sale of unregistered

---

[25] 320 U.S. 344 (1943) [https://supreme.justia.com/cases/federal/us/320/344/]

securities in the form of investment contract by entities that have no license to sell securities. All the elements of the Howey Test are present in this case, to wit:

> ***First***, the *Paalaga System* is clearly a scheme that requires an investment of money which makes a potential investor commit or give his money to an enterprise or venture in a manner that subjects himself to financial loss.[26] Specifically, the *Paalaga System* requires the public to invest money by buying such number of piglets that are consistent with their risk appetite. The Facebook post of F2M Entities below which was submitted in evidence affirms this, to wit:



> Considering that what is sought is the issuance of a CDO which has for its purpose the protection of the investing public, it is not required that investors are actually defrauded, it being sufficient that the scheme requires the public to invest money in the target entity.

> ***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. The *Paalaga System* involves the pooling of investors' money which F2M OPC, F2M Entities and their cohorts use to pay off the guaranteed returns to existing

---

[26] SEC v. International Mining Exchange, Inc., 515 F. Supp. 1062.

investors, sans the hogs. In other words, similar to previous investment scams which this Commission has foiled, F2M OPC, F2M Entities and their cohorts are making it appear to the public that they are buying piglets when there are in fact none. The *Paalaga System* essentially involves the solicitation and collection of investments which the perpetrators pool and manage by paying-off a portion thereof to pay the guaranteed returns. This is the common enterprise that is being sustained by the investments received from the public who believes that their investments yield lucrative returns generated from the piglets allegedly raised by F2M OPC and F2M Entities. The receipt by existing investors of the guaranteed returns sends a false message to the public that the *Paalaga System* is legitimate and sustainable, resulting in more investors being duped.

At this juncture, it readily becomes clear that the Paalaga System is essentially a ponzi scheme, an investment fraud which pays the existing investors of F2M OPC and the F2M Entities with the investments collected from new investors who are lured to part with their hard-earned money under a promise of high returns.

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. In the instant case, the *Paalaga System* guarantees a quarterly income of at least 50% of the amount invested. This is the main consideration and reason why the investing public is lured into investing its hard-earned money.

Lastly, investors expected to earn their guaranteed profits primarily from the efforts of others *i.e.* investors are not required to perform any act other than to entrust their investments to F2M OPC, F2M Entities and/or their cohorts and wait for the maturity date to arrive which will enable them to get the promised payout. In the instant case, the guaranteed profits are derived primarily from the efforts of F2M OPC, F2M Entities and/or their cohorts who carry out extensive marketing activities and the payment of the guaranteed returns to early investors to ensure the coming-in of new investors. The advertising materials of F2M OPC and F2M Entities in fact promises a "no stress", "hassle free"

piggery business "at the comfort of your home" and assured that: "Farm to Market *na ang bahala sa lahat".*

Furthermore, the Commission also holds that F2M OPC, F2M Entities and their cohorts are engaged in the unauthorized offering of unregistered securities inasmuch as they are using the internet/social media platforms i.e. Facebook accounts, Youtube and radio broadcasting to advertise and market their unauthorized investment-taking scheme. This constitutes public offering under Rule 3.1.17 of the SRC IRCC, to wit:

> "3.1.17. **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:
>
> x x x
>
> 3.1.17.3. Advertisement or announcement on radio, television, telephone, **electronic communications, information communication technology or any other forms of communication;** xxx." (Emphasis supplied)

Section 8.1 of the SRC prohibits the sale, offer or distribution of securities within the Philippines if the same is not registered with the Commission in the form of an approved Registration Statement and a Permit to Offer/Sell issued in favor of the application, to wit:

> *"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." (Emphasis supplied)

The Negative Certifications issued by the MSRD, CGFD, and CRMD all confirmed the finding that the F2M entities, its agents and representatives are engaged in the unauthorized sale/offer of securities considering that they have no license to carry out such activities.

Considering that F2M OPC, F2M Entities and their cohorts have not secured the registration of any securities, and have no license to offer, sell or deal with the same, this Commission is duty-bound to immediately stop their unauthorized investment-taking activities for the protection of the investing public. The immediate issuance of the instant CDO becomes a necessary imperative.

Section 64.1 of the SRC provides that the Commission may issue a CDO without the necessity of conducting a hearing if, to its mind, the act or practice will operate as a fraud on investors or is otherwise likely to cause grave or irreparable injury or prejudice to the investing public, thus:

> "*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.**" (Emphasis supplied)

Under the afore-quoted provision, there are two (2) essential requisites that must be complied with for a CDO to be validly issued, to wit:

1) There must be a conduct of a proper investigation or verification; and

2) 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.[27]

In the instant case, We find that the foregoing requisites were complied with. The EIPD conducted an independent investigation and presented substantial evidence to support the allegations in its *Motion e.g.* Reports from Tarlac EO, Baguio EO, Certifications from the Commission's CRMD, MSRD and CGFD, screenshots of Facebook posts showing the compensation scheme and marketing/advertising materials, the BIR Certification, the DTI BNRS system screenshots, and the Youtube video of Mr. Tumapang, among others.

Anent the second requirement, this Commission is convinced that based on the evidence presented, the unauthorized investment-taking activities of F2M OPC, F2M Entities and their cohorts operate as a fraud on investors, or is likely to cause grave or irreparable injury or prejudice to the investing public, if not restrained. F2M OPC, F2M Entities and their cohorts' act of selling/offering unregistered securities in the form of investment contract constitutes fraud which should be promptly restrained for the protection of the investing public. This finds support in

---

[27] *Securities and Exchange Commission vs. Performance Foreign Exchange Corporation* (G.R. No. 154131, July 20, 2006)

the case of ***SEC v. CJH Development Corp.***,[28] where 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 a 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 supplied)

Finally, this Commission equally finds that the *Paalaga System* constitutes as financial fraud under Republic Act No. 11765, otherwise known as the Financial Products and Services Consumer Protection Act (FCPA), inasmuch it involves the sale/offer of unregistered securities by unlicensed persons/entities who promise high return of investments which will clearly be sourced from the investments or contributions made by the investors themselves. This fact further bolsters the need to immediately issue the instant CDO considering that financial fraud constitutes a crime under the FCPA.

WHEREFORE, premises considered, **Farm to Market Tarlac City-Main Branch, Farm to Market, Farm to Market Paalaga System, Hog Raising Business, Farm2Market Tuguegarao Branch, Farm to Market Dagupan, Farm2Market La Union Branch, Farm2Market Lagawe, Ifugao, Farm2Market-Solano Nueva Viz. Branch, Farm to Market Tayug, Farm to Market La Trinidad Benguet, F2M Agriventure, F2M Digital Raisers, Kono Salinas, Wonderboy Tumapang** including its co-anchors, **RPN DZBS 1368 KHZ Baguio-Radyo Ronda**, **Martin Augustin**, **F2M Agri-Farm OPC**, its agents, representatives, salesmen, conduit entities, subsidiaries and any and all persons claiming and acting for and in their behalf, including the **Farm to Market Branches and their respective managers** in the following areas: **(1) Branch Office: 3rd Floor, km. 5, La Trinidad Benguet; (2)**

---

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

Outlet Bet-ang Junction, Ampucao, Itogon, Benguet; (3) Outlet: Landing Tawangan Junction, Tinok, Ifugao; (4) Satellite Office: Basement, Beknan Building, Abatan, Buguias, Benguet; (5) Branch Office: Nuestro Building, Purok 7, National Highway, Sta. Rosa, Bayombong, Nueva Vizcaya; (6) Branch Office: C.M. Recto Street, Dubinan East, Santiago City, Isabela; (7) Branch Office: GNH Commercial Building, Bonifacio Street, Diffun, Quirino; (8) Branch Office: Baguio City and Bontoc Mountain Province; (9) Bangued Abra; (10) Lagawe, Ifugao; (11) Tabuk City, Kalinga and Tuguegarao City, Cagayan; (12) Aparri, Cagayan; (13) Baler, Aurora; (14) Caoayan City, Isabela; (15) Solano and Bambang, Nueva Vizcaya; (16) Alaminos City and Bolinao Pangasinan; (17) Tayug, Pangasinan; (18) Dagupan City and Urdaneta City; (19) Asingan, Pangasinan; (20) San Carlos City, Pangasinan and San Fernando City, La Union, (21) Luna, La Union; (22) Laoag City, Ilocos Norte; (23) Vigan City, Ilocos Sur; (24) Iba, Zambales and Tarlac City; (25) Gerona, Tarlac; (26) Bulacan; (27) Davao City; (28) Toledo City, General Santos City and Tagbilaran City, Bohol to immediately CEASE and DESIST from further engaging in the sale and/or offer of unregistered securities under *Benson Ocmija* are hereby ordered to IMMEDIATELY CEASE AND DESIST from further engaging in activities of selling and/or offering for sale of unregistered securities in the form of investment contracts and/or other activities/transaction relative thereto, until the requisite registration and registration statements are duly filed with and approved by the Commission, and the corresponding license and/or permit to offer/sell securities are issued.

Finally, the Commission hereby **PROHIBITS Farm to Market Tarlac City-Main Branch, Farm to Market, Farm to Market Paalaga System, Hog Raising Business, Farm2Market Tuguegarao Branch, Farm to Market Dagupan, Farm2Market La Union Branch, Farm2Market Lagawe, Ifugao, Farm2Market-Solano Nueva Viz. Branch, Farm to Market Tayug, Farm to Market La Trinidad Benguet, F2M Agriventure, F2M Digital Raisers, Kono Salinas, Wonderboy Tumapang** including its co-anchors, **RPN DZBS 1368 KHZ Baguio-Radyo Ronda**, **Martin Augustin**, **F2M Agri-Farm OPC**, its agents, representatives, salesmen, conduit entities, subsidiaries and any and all persons claiming and acting for and in their behalf, including the **Farm to Market Branches and their respective managers** in the following areas: **(1) Branch Office: 3rd Floor, km. 5, La Trinidad Benguet; (2) Outlet Bet-ang Junction, Ampucao, Itogon, Benguet; (3) Outlet: Landing Tawangan Junction, Tinok, Ifugao; (4) Satellite Office: Basement, Beknan Building, Abatan, Buguias, Benguet; (5) Branch Office: Nuestro Building, Purok 7, National Highway, Sta. Rosa, Bayombong, Nueva Vizcaya; (6) Branch Office: C.M. Recto Street,**

Dubinan East, Santiago City, Isabela; (7) Branch Office: GNH Commercial Building, Bonifacio Street, Diffun, Quirino; (8) Branch Office: Baguio City and Bontoc Mountain Province; (9) Bangued Abra; (10) Lagawe, Ifugao; (11) Tabuk City, Kalinga and Tuguegarao City, Cagayan; (12) Aparri, Cagayan; (13) Baler, Aurora; (14) Caoayan City, Isabela; (15) Solano and Bambang, Nueva Vizcaya; (16) Alaminos City and Bolinao Pangasinan; (17) Tayug, Pangasinan; (18) Dagupan City and Urdaneta City; (19) Asingan, Pangasinan; (20) San Carlos City, Pangasinan and San Fernando City, La Union, (21) Luna, La Union; (22) Laoag City, Ilocos Norte; (23) Vigan City, Ilocos Sur; (24) Iba, Zambales and Tarlac City; (25) Gerona, Tarlac; (26) Bulacan; (27) Davao City; (28) Toledo City, General Santos City and Tagbilaran City, Bohol to immediately CEASE and DESIST from further engaging in the sale and/or offer of unregistered securities from transacting any and all business involving fund in its depository 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.

The EIPD is hereby DIRECTED to:

1) Serve this Cease and Desist Order upon F2M Agri-Farm OPC; and

2) Cause the posting of this Cease and Desist Order in the Commission's website.

The EIPD is **FURTHER DIRECTED** to submit a formal compliance report, by way of a pleading, to the Commission En Banc within ten (10) days from receipt of this Order.

Let a copy of this Order be furnished to the Company Registration and Monitoring Department, Markets and Securities Regulation 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, the Department of Information and Communications Technology, and the relevant local government unit(s) for their information and appropriate action.

In accordance with the provisions of Section 64.3 of the SRC and Part II, Rule IV, Section 4-3 of the 2016 Rules of Procedure of the SEC, the Respondent may file a verified ***Motion to Lift the CDO to the Commission En Banc thru the Office of the General Counsel, within five (5) days from receipt of this Order.***

FAIL NOT UNDER PENALTY OF LAW.

SO ORDERED.

Makati City, Philippines.

EMILIO B. AQUINO*
Chairperson

JAVEY PAUL D. FRANCISCO
Commissioner

KARLO S. BELLO
Commissioner

MCHILL BRYANT T. FERNANDEZ
Commissioner

ROGELIO V. QUEVEDO
Commissioner

*On Official Business