Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills, City of Mandaluyong

IN RE:

SEC CASE NO. 05-2821

HOLY SOULS MERCY,INC.
X----------X

CEASE AND DESIST ORDER

Pending consideration before the Commission is the Motion dated 24 January 2005 filed by the Compliance and Enforcement Department (CED for brevity) of this Commission for the issuance of a Cease and Desist Order against Holy Souls Mercy, Inc. (Holy Souls for brevity) enjoining respondent corporation from further offering and/or selling Group Accident Insurance and Mortuary Plans to the public and to its members until such time that it will be able to register its offering with the Non-Traditional Securities and Instruments Department (NTD) of this Commission.

The antecedent facts are as follows:

Holy Souls Mercy, Inc., is a duly registered corporation under Philippine laws with SEC Certificate of Registration No. CN200254308 issued by the Cagayan De Oro SEC-Extension Office with the primary purpose of promoting and providing affordable mutual program to active members in terms of mortuary assistance.

On 16 December 2003, Desiree Presillas of Agusan Canyon Camp, Philips, Manilo Fortich, Bukidnon filed a letter complaint dated 11 December 2003 with the Commission requesting NTD to conduct an investigation on the alleged offering and/or selling of mortuary plans to the public by respondent corporation without the requisite licenses from the Commission in violation of Sec. 16 of the Securities Regulation Code and Rules 3, 4, and 15 of the New Pre-Need Rules.

It if further alleged that as of February 24, 2004, respondent corporation had 2000 cardholders who were required to pay a lifetime membership of One Hundred (100.00) Pesos originally Fifty(50.00) Pesos only to entitle them to the automatic one (1) year accident insurance and an opportunity to avail of the corporation's Special Program 2000. One third (1/3) of the members have availed of the said program and are currently paying monthly dues to respondent corporation.

On August 13, 2004, twenty-four members/plan holders filed their joint-complaint dated August 10, 2004 seeking to enjoin respondent from further collecting contributions from its members in case its operations proved to be illegal.

On September 10, 2004, NTD issued a certification that respondent corporation is not or has not been issued a license or authorized by the Commission to operate as a Pre-Need Company or as a General Agent for any pre-need company.

The investigation report of Mr. Edwin Florida of the SEC-Cagayan De Oro City, as well as, the findings of the Compliance and Enforcement Department(CED) that respondent corporation "undoubtedly engaged in the offering and selling of pre-need plans without the requisite license from the Commission which, unless immediately restrained, will continue to defraud and cause irreparable injury and great damage to the general public" and that the "acts of respondent Corporation constitute serious misrepresentation as to what the corporation can do or is doing to the great prejudice or damage to the general public" clearly disclosed that respondent corporation offered securities or pre-need plans to the public without the necessary license or permit to operate as a Pre-Need Company or as a General Agent to sell pre-need plans.

The foregoing acts of the corporation necessitate the issuance of the order as prayed for to serve the best interest of and provide ample protection to the investing public.

PREMISES CONSIDERED, Holy Souls Mercy Inc. , its officers, directors, agents, representatives, conduits, assigns and any and all persons claiming and acting for and in behalf and under its authority are hereby ordered to immediately CEASE AND DESIST, under pain of contempt from further offering, soliciting, or otherwise offering or selling group accident insurance and mortuary plans to the public until the requisite application for registration is duly filed and approved by the SEC and corresponding permit to offer/sell pre-need plans is issued by the Commission.

The corporation is further directed to SHOW CAUSE, within five (5) day period stated hereunder, why the Cease and Desist Order should not be made permanent.

Pursuant to SEC Circular No. 4, Series of 2001, Holy Souls may file a formal request for lifting of this CDO 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 procedures.

Let a copy of this Order be furnished the NTD and the SEC-Cagayan De Oro Extension Office which also have jurisdiction over subject corporation for its information and appropriate action.

SO ORDERED

1 February 2005

Mandaluyong City, Philippines.

For: The Commission En Banc

VERNETTE G. UMALI-PACO
General Counsel