Republic of the Philippines
Department of Finance
Securities and Exchange Commission

In the matter of:
PALAWAN ENTRE-BUSINESS COMPANY, ALEXIS M. VALLE AND JOSEPH G. CHAVEZ

SEC CDO Case No. 11-16-038

ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT,
Movant.
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CEASE AND DESIST ORDER

This resolves the *Motion for Issuance of Cease and Desist Order*[1] (**Motion**) filed on 29 November 2016 by the Enforcement and Investor Protection Department (**EIPD**) praying that PALAWAN ENTRE-BUSINESS COMPANY (**PALECO**) and its representatives/agents be enjoined from selling and/or offering for sale securities in the form of investment contracts until the requisite registration statement is duly filed with, and approved by, the Commission and the corresponding license to offer/sell is issued.

PALECO is a partnership, formed by Alexis M. Valle (**Valle**) and Joseph G. Chavez (**Chavez**), registered with the Commission on 12 May 2016 under Company Registration No. PG201609364.[2] Its principal office is located at Kusay Inn Building, Brgy. Sta. Monica, Sta. Monica Highway, Puerto Princesa City, Palawan. Its primary purpose, as stated in its Articles of Partnership, is:

> "To engage in the business of buying, selling, marketing, supplying, distributing, trading of goods such as construction supplies and materials, beauty products and other related products on wholesale/retail basis. Provided that the retailing activity of this company shall not tantamount to pyramiding, multi-level marketing nor in networking; without acting as an investment adviser or fund manager of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, and time shares/club shares/membership certificates issuer or selling agents thereof, provided that it shall not act as stock broker or dealer in securities not solicit, take, accept and/or issue investments and/or investment contracts from public investors."[3]

The EIPD, on 07 July 2016, received an email[4] from a certain John Vincent Usman reporting PALECO's investment-taking activities in Palawan. Then, on 11 July 2016, EIPD received a letter from Rosenda G. Fortunado, Provincial Director

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[1] Dated 11 November 2016.
[2] Annex "A" of the Motion.
[3] Id., Annex "B".
[4] Id., Annex "C".

of the Department of Trade and Industry of Palawan (DTI-Palawan), reporting again of PALECO's investment-taking activities. DTI-Palawan presented print-outs of PALECO's power point presentation[5] in support of its report. Essentially, the reports reveal that for a minimum investment of Php 3,500 for 1 account, the investor will earn Php 10,000 within 90 working days. Specifically, the DTI report shows that for each package[6] or accounts, there is a corresponding "Guaranteed Profits Program", to wit:

PACKAGE	*SPONSOR REWARDS*	*SPONSORS ROYALTY (50%)*	*TOTAL PROFIT & SHARES (90 working days)*
PHP 3,500	PHP 500	PHP 250	PHP 10,000
PHP 10,500	PHP 1,500	PHP 750	PHP 30,000
PHP 24,500	PHP 3,500	PHP 1,750	PHP 70,000
PHP 52,500	PHP 7,500	PHP 3,750	PHP 150,000
PHP 108,500	PHP 15,500	PHP 7,750	PHP 310,000
PHP 217,000	PHP 31,000	PHP 15,500	PHP 620,000

It was also stated in the DTI report that for a certain number of accounts, there are product packages to be given, to wit:

Number of Accounts	*Products Package*
1[7] (Php 3,500.00)	2 bottles ct.-oil (30 ml); 10 kilos rice
3[8] (Php 10,500.00)	1 ct-oil 250 ml; 1 maxi 99 shampoo; 1 Jergens lotion; 1 Biozip Power soap; 10 kilos rice
7[9] (Php 24,500.00)	2 ct-oil 30 ml; 30 kilos rice; 1 sedap noodles; 1 maggi kari; 1 peanut butter small; 1 ionic soap; 1 alkaline drops; 1 organic wonder rub
15[10] (Php 52,500.00)	1 ct-oil 250 ml; 4 ct-oil 30 ml.; 40 kilos rice; 1 Jergens Lotion; 1 Biozip Powder; 1 alkaline drops; 1 organic wonder rub; 1 peanut butter; 1 10-in-1 coffee
31[11] (Php 108,500.00)	50 kilos rice; 1 ionic soap; 1 alkaline drops; 1 10-in-1 coffee; 1 choco; 2 organic wonder rub; 2 sedap noodles; 2 Maggie Kari; 4 Biozip powder soap; 1 peanut butter big
62[12] (Php 217,000.00)	100 kilos rice; 1 ct-oil 250 ml; 1 ct-oil 30 ml; 1 muscle relaxant; 1 ampalaya capsule; 1 gluta milk; 1 fruit enzyme; 1 shower cream; 1 Jergens lotion; 1 Hygiene; 1 gluta 60's; 1 Barako Coffee

This prompted the EIPD to conduct an investigation on PALECO's operations. The EIPD secured *Certifications*[13] from the Commission's: (1) Company Registration and Monitoring Department (CRMD) stating that PALECO

[5] Id., Annexes "D-1" to "D-16".
[6] Id., Annex "D-15".
[7] Id., Annex "D-7".
[8] Id., Annex "D-8".
[9] Id., Annex "D-9".
[10] Id., Annex "D-10".
[11] Id., Annex "D-11".
[12] Id., Annex "D-12".
[13] Id., Annexes "E", "F" and "G".

has not been issued a secondary license as a Broker and/or Dealer of Securities, Dealer in Government Securities, Investment Adviser of an Investment Company, Investment House and Transfer Agent nor is there any pending application for the said secondary licenses; (2) Markets and Securities Regulation Department (MSRD) stating that PALECO has not registered any securities pursuant to Section 8 and 12 of the Securities Regulation Code (SRC) nor did the Commission issue to PALECO a Permit to Sell securities, and (3) Corporate Governance and Finance Department (CGFD) stating that PALECO has not registered issuer of mutual funds including exchange traded funds, membership certificates, time shares and registered but unlisted equity securities under Section 17.2 (a) of the SRC and therefore is not licensed to offer or sell such securities to the public.

An EIPD Team went to Puerto Princesa City, Palawan on 12 August 2016 to further verify and investigate PALECO's operations. The EIPD Team was able to obtain sworn affidavits of investor-complainants of PALECO, to wit: Brigilda P. Riego, Rozalina O. Abella, Yolanda Salunson, Marian R. Tuscano, Beverly D. Bongcales, Salvador A. Bungcales, Mario R. Bengano, Rhodora B. Moreno, Freda F. Macatangay, and Jean Marie P. Pastellero.

In their statements, all claim that PALECO promised them that for every investment of Php 3,500.00 for one account, they would receive a pay-out of Php 10,000.00 within a given period. They also aver that they were given products packages that correspond to the number of accounts they invested. All of the complainants presented to the EIPD Team their receipts, cash vouchers, application forms and other documents to prove that they invested in PALECO.

Brigilda P. Riego states that, on 16 May 2016, she invested Php 3,500.00 in PALECO, which promised a return of Php 10,000.00 within 60 days. When, the period given arrived, she was able to receive her pay-out of Php 10,000.00. However, her husband and her son, who also invested in PALECO were not able to receive the promised return.[14] She presented PALECO's Entrepenuer Application Forms of her investors.[15]

Rozalina O. Abella avers that, on 13, 14 & 17 June 2016, she invested the amount of Php 59,500.00 for 17 accounts with a promised return of investment amounting to Php 170,000.00 to be paid on 23, 24 & 27 July 2016. When the due date arrived, she was not able to receive the promised return.[16] She presented also presented PALECO's Entrepenuer Application Forms of her investors.[17]

Yolanda Salunson asserts that, on 23-27 May and 19 June 2016, she invested the amount of Php 68,000.00 equivalent to 20 accounts for a promised return of investment amounting to Php 200,000.00 to be paid on 23-27 July and 05 September 2016. However, as to date, she likewise did not receive the

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[14] Id., Annex "I".
[15] Id. Annexes "I-3" to "I-16".
[16] Id., Annex "J".
[17] Id. Attachments of Annex "J".

promised returns.[18] She presented PALECO's cash vouchers and Entrepenuer Application Forms of her investors.[19]

Marian R. Tuscano states that she was promised that for an investment of Php 35,000.00, the promised return will be Php 100,000.00 within 60 days. Thus, she and other investors placed the amount to Php 287,000.00 with a promised return of investment amounting to Php 820,000.00. However, she and her investors were not able to receive any return of their investment.[20] She presented PALECO's cash vouchers and Entrepenuer Application Forms of her investors.[21]

Beverly D. Bongcales states that she was promised that for an investment of Php 35,000.00, the promised return will be Php 100,000.00 within 40, 45 and 60 days. Hence, she, together with other investors, placed the amount of Php 150,500.00 with a promised return of Php 430,000.00. However, she and her investors were not able to receive any return of his investment.[22] She presented PALECO's cash vouchers and Entrepenuer Application Forms of her investors.[23]

Salvador A. Bungcales declared that he was promised that for an investment of Php 35,000.00, the promised return will be Php 100,000.00 within 40, 45 and 60 days. Thus, he and other investors placed the amount of Php 164,500.00 with a promised return of Php 470,000.00. However, he and his investors did not received the promised returns.[24] He presented PALECO's cash vouchers and Entrepenuer Application Forms of his investors.[25]

Mario R. Bengano claims that, on 22 July 2016, he invested the amount of Php 24,500.00 for 7 accounts with a promised return of Php 70,000.00 to be paid on 22 July 2016. However, as to date he likewise did not receive the promised returns.[26] He presented his Entrepenuer Application Form.[27]

Rhodora B. Moreno states that, on 15 & 18 June 2016, she, together with other investors, placed in PALECO the amount of Php 154,000.00 for 44 accounts with a promised return of Php 400,000.00 to be paid on 25 & 29 July 2016. However, they did not received the promised return on the due date.[28] She presented identification cards, PALECO's cash vouchers and Entrepenuer Application Forms of her investors.[29]

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[18] Id., Annex "K".
[19] Id. Attachments of Annex "K".
[20] Id., Annex "L".
[21] Id. Attachments of Annex "L".
[22] Id., Annex "M".
[23] Id. Attachments of Annex "M".
[24] Id., Annex "N".
[25] Id. Attachments of Annex "N".
[26] Id., Annex "O".
[27] Id. Attachments of Annex "O".
[28] Id., Annex "P".
[29] Id. Attachments of Annex "P".

Freda F. Macatangay claims that she and her husband placed in PALECO the amount of Php 40,000.00 with a promised return of investment amounting to Php 115,500.00. Similar to the others, she and her husband were not able to receive the promised return.[30] She presented PALECO's cash vouchers and Entrepenuer Application Forms of her investors.[31]

Jean Marie P. Pastellero avers that in May and June 2016, she and other investors placed in PALECO the amount of Php 689,500.00 for 197 accounts with a promised return of investment amounting to Php 2,068,500.00 to be paid in July 2016. However, they were not able to receive the promised return.[32] She presented PALECO's cash vouchers and Entrepenuer Application Forms of her investors.[33]

EIPD also received numerous complaints, with PALECO's cash vouchers and Entrepenuer Application Forms,[34] from other investors of PALECO that were filed with DTI-Palawan. These complainants also claim that they invested in PALECO but were not able to receive the promised returns.

Thereafter, EIPD sent notices to Valle and Chaves inviting them for a conference to shed light on PALECO's investment activities. However, EIPD avers that "the notices were returned with the information that the addressees already moved out."[35]

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

We find merit in the *Motion*.

Examining the evidence presented, EIPD was able to establish that PALECO promises its investors that for a minimum investment of Php 3,500.00 for 1 account, the said investor will earn Php, 10,000.00 within a period of 40, 45 or 60 days. Aside from the promised return, PALECO gives its investors product packages depending on the number of accounts invested.

PALECO's scheme is considered as an investment contract. 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* is presumed to exist whenever a person seeks to use the money or property of others on the promise of profits. A *common enterprise*, on the other hand, 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.

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[30] Id., Annex "O".
[31] Id. Attachments of Annex "O".
[32] Id., Annex "R".
[33] Id. Attachments of Annex "R".
[34] Id., Annexes "S" to "S-50".
[35] Paragraph 17 of the Motion.

The concept of an investment contract in the Philippines is of American origin. It traces its roots from the US Supreme Court cases of *SEC v. W.J. Howey Co.*[36] and *SEC v. Glenn Turner Enterprises, Inc.* [37]. It has since been adopted in the Philippines, in the case of *Power Homes Unlimited Corporation v. Securities and Exchange Commission*[38], where the Supreme Court held that an investment contract in our jurisdiction, to be a security subject to regulation by the Commission, must have the following elements: **(1) an investment of money; (2) in a common enterprise; (3) with expectation of profits; and (4) primarily from efforts of others.**

Under the foregoing elements of an investment contract, 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.[39]

Securities which 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"[40] and includes an **investment contract.**[41] As a rule, securities should not be sold or offered for sale or distribution within the Philippines, without a registration statement duly filed with, and approved by, the Commission[42].

In the instant case, EIPD was able to establish, through sworn statements of complainants and documents, the four (4) requisites of an investment contract, to wit:

An investment of money occurs when an investor commits money to an enterprise or venture in a manner that subjects himself to financial loss.[43] In the instant case, the statements of numerous investor-complainants, accompanied by receipts and vouchers evidencing payment, illustrates that monies were placed or invested in PALECO. Moreover, the actual monetary value of the alleged product packages is not commensurate to the money placed in PALECO. Examining the items included in the product packages, it reveals that the investors are enticed not merely by the products, but more importantly, by the possibility of deriving profits from PALECO in the form of passive income. Evidence further show that there is a sales pitch which stresses the amount of money a participant can make by just placing money in PALECO. In other words, there is clear emphasis on the opportunity to earn substantial income by simply placing money in PALECO.

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[36] 328 U.S. 293, 66 S. Ct. 1100, 90 L. Ed. 1244, 163 A.L.R. 1043 (1946).
[37] 474 F. 2d 476, 414 U.S. 821, 94 (1973).
[38] G.R. No. 164182, 26 February 2008.
[39] *Investment Co. Institute v. Camp*, 274 F. Supp. 624 (D. D.C. 1967).
[40] Section 3.1., SRC.
[41] Section 3.1.(b), *Id.*
[42] Section 8.1. of the SRC.
[43] *SEC v. International Mining Exchange, Inc.*, 515 F. Supp. 1062.

Several tests have evolved to determine what constitutes "common enterprise".[44] One of these tests is the horizontal commonality approach. Under this test, the determination of whether a transaction satisfies the commonality element of the modified Howey test involves an inquiry into whether the said transaction involves the joint participation of more than one investor in (i) the investment of funds or (ii) the sharing of profits.[45] The 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.[46]

In the instant case, there were several investor-complainants who placed at least Php 3,500.00 in PALECO in the hope of earning high profits. These monies, placed in PALECO by these investor-complainants, are pooled together in order to pay earlier investors. It is evident that the source of the promised returns is the monies invested by incoming investors.

Profits may be generated from either capital appreciation resulting from the development of the initial investment, or participation in earnings resulting from the use of investors' funds. In PALECO's scheme, it is apparent that investors are enticed to place investments because of the promise of high return amounting to almost 300% of a minimum investment of Php 3,500.00 within 40, 45 or 60 days.

To be considered as an investment contract, the expectation of profits must depend primarily from the efforts of others. In *Turner*[47], the US Supreme Court adopted a more realistic test which is "whether the efforts made by those other than the investors are undeniably significant ones, those essential managerial efforts which affect the failure or success of the enterprise".

In the instant case, it is PALECO, which develops, administers, maintains and promotes the investment scheme.[48] It operates an office in Palawan. It also maintains a website (http://www.paleco.biz/) where its members can inquire and monitor their accounts. Likewise, the EIPD is able to show that there is no concrete productive enterprise that an investor must perform in order to earn the promised profit. Investors merely place their monies in PALECO and wait for the promised returns. To reiterate, it is obvious that the value of the product packages (oil, rice, shampoo, etc.) given in return for an investment is not commensurate to the amount of money placed in PALECO. Investors are mostly enticed to invest because of the promised high returns, which is essentially derived from monies of incoming investors. Clearly, investors primarily earn from the efforts of others.

Finding all the elements of an investment contract present, PALECO is found to be offering/selling investment contracts to the public.

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[44] *In the Matter of Octopus Network, Inc.*, SEC-PED Case No. 98-2220, 22 May 1998.
[45] Note 27, citing 69 Am Jur 2d citing Stenger v. R.H. Love Galleries, Inc. 741 F2d 144.
[46] Note 27, citing Wasnowic v. Chicago Bd. of Trade 352 F Supp 1066.
[47] Note 28, Supra.
[48] Note 19, Supra.

As enunciated in *Power Homes*[49], 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."

In the instant case, certifications from CRMD, CGFD and MSRD show that PALECO is not authorized to offer/sell securities in the form of investment contracts to the public. Also, it is not licensed as a broker, dealer, salesman or associated person to offer/sell securities to the public.

In view of the above discussions, we see three (3) violations by PALECO and the persons acting for it.

First, the non-registration of securities. Under the SRC, unless what is involved are exempt securities or exempt transactions which are not covered by the requirement of registration, 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.[50] 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.[51] As discussed above, PALECO is engaged in the offering and/or selling of securities in the form of an investment contract without prior registration with the Commission.

Second, the non-registration as broker, dealer, salesman, or associated person of any broker or dealer. The law provides that no person shall engage in the business of buying or selling securities in the Philippines as a broker or dealer, or act as a salesman, or an associated person of any broker or dealer unless registered as such with the Commission.[52] In the instant case, PALECO and/or all persons acting for and on their behalf are acting as either broker or dealer or salesman without being registered as such.

Third, the commission of *ultra vires* acts. No corporation or partnership shall possess or exercise any corporate powers except those conferred by the Corporation Code or by its Articles of Incorporation/Articles of Partnership and except such as are necessary or incidental to the exercise of the powers so conferred.[53] In that instant case, PALECO's primary purpose explicitly does not authorize it to engage in the business of soliciting and accepting investments and money placements from the public.

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[49] Note 28 Supra.
[50] Section 8.1, SRC.
[51] *Id.*
[52] Section 28.1, SRC.
[53] Section 45, Corporation Code of the Philippines.

The violations committed by PALECO and its agents should immediately be enjoined pursuant to Section 64 of the SRC which 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 investing public**.

From the foregoing, there are two essential requisites before the Commission may issue a cease and desist order: **First**, there must be a proper investigation or verification[54]. In the instant case, the EIPD was able to conduct a thorough investigation on PALECO's investment-taking activities. It was able to obtain numerous sworn statements from investor-complainants categorically stating that PALECO is soliciting investments from the public. Aside from that, it was able to present documentary evidence such as receipts, vouchers and other documentary evidence[55] supporting its allegation of PALECO's investment activities.

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[56]. It should be noted that without a license from the Commission, PALECO's investment-taking activities cannot be regulated nor supervised. Thus, it would have a wide latitude in crafting and implementing its investment schemes, and if it remains unregulated or unsupervised, likely defraud the investing public. And in fact, it has already defrauded several complainants by enticing them to invest without paying the promised profit.

In *Primanila Plans, Inc. vs. Securities and Exchange Commission*[57], the Supreme Court expounded on the Commission's duty on the protection of the investing public, to wit:

> "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**."

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[54] Securities and Exchange Commission vs. Performance Foreign Exchange Corporation, GR No 154131, July 20, 2006.

[55] Annexes "I-1" to "I-16"; "S" to "S-50" of the Motion. Attachments of Annexes "J"; "K"; "L"; M"; "N"; "O"; "P"; "Q"; and "R" of the Motion..

[56] Ibid.

[57] G.R. No. 193791, August 6, 2014.

WHEREFORE, premises considered and pursuant to the authority vested in the Commission, **PALAWAN ENTRE-BUSINESS COMPANY,** its partners, officers, agents, representatives, conduits, assigns, and any and all persons claiming and acting for and in behalf and under their authority are hereby ordered to **IMMEDIATELY CEASE AND DESIST[58], UNDER PAIN OF CONTEMPT,** from engaging in activities of selling and/or offering for sale securities in the form of investment contracts or any others of the same nature until the requisite registration statement is duly filed with and approved by the Commission and the corresponding to offer/sell is issued.

Furthermore, the subject partnership is directed to cease its internet presence relating to above-stated investment activities. The Commission will institute the appropriate administrative and criminal action against any persons or entities found to act as solicitors, information providers, salesmen, agents, brokers, dealers or the like for and in behalf of the subject corporations.

The **EIPD** is hereby **DIRECTED** to: 1) serve this *Order* PALAWAN ENTRE-BUSINESS COMPANY, its Partners, General Manager, Treasurer, In-House Counsel or any of its authorized representatives, if any; and 2) post copies of the *Order* at the entrance of the main office and/or branches, if any, of PALAWAN ENTRE-BUSINESS COMPANY.

Let a copy of this *Order* be: 1.) posted in the Commission's website; 2.) published in a national newspaper of general circulation; 3.) furnished to all the Commission's departments for their information and appropriate action.

EIPD is **FURTHER DIRECTED** to submit a formal compliance report, by way of a pleading, to the Commission *En Banc* WITHIN FIVE (5) DAYS from receipt of this *Cease and Desist Order.*

In accordance with the provisions of Sec. 64.3[59] of SRC and Sec. 10-3 of the 2006 Rules of Procedure of the Commission, the parties subject of this *Cease and Desist Order* may file a request for the lifting thereof within five (5) days from receipt hereof.

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[58] Section 64.1, SRC, The Commission, after proper investigation or verification, *motu propio*, or upon verified complaint by any aggrieved party, may issue a cease and desist order without the necessity of a prior hearing if in its judgment the act or practice, unless restrained, will operate as fraud on investors or is otherwise likely to cause grave or irreparable injury or prejudice to the investing public.

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

The dispositive portion reads:

"**WHEREFORE**, premises considered and pursuant to the authority vested in the Commission, **PALAWAN ENTRE-BUSINESS COMPANY,** its partners, officers, agents, representatives, conduits, assigns, and any and all persons claiming and acting for and in behalf and under their authority are hereby ordered to **IMMEDIATELY CEASE AND DESIST, UNDER PAIN OF CONTEMPT**, from engaging in activities of selling and/or offering for sale securities in the form of investment contracts or any others of the same nature until the requisite registration statement is duly filed with and approved by the Commission and the corresponding to offer/sell is issued.

Furthermore, the subject partnership is directed to cease its internet presence relating to above-stated investment activities. The Commission will institute the appropriate administrative and criminal action against any persons or entities found to act as solicitors, information providers, salesmen, agents, brokers, dealers or the like for and in behalf of the subject corporations.

The **EIPD** is hereby **DIRECTED** to: 1) serve this *Order* to PALAWAN ENTRE-BUSINESS COMPANY, its Partners, General Manager, Treasurer, In-House Counsel or any of its authorized representatives, if any; and 2) post copies of the *Order* at the entrance of the main office and/or branches, if any, of PALAWAN ENTRE-BUSINESS COMPANY.

Let a copy of this *Order* be: 1.) posted in the Commission's website; 2.) published in a national newspaper of general circulation; 3.) furnished to all the Commission's departments for their information and appropriate action.

EIPD is **FURTHER DIRECTED** to submit a formal compliance report, by way of a pleading, to the Commission *En Banc* WITHIN FIVE (5) DAYS from receipt of this *Cease and Desist Order.*

In accordance with the provisions of Sec. 64.3 of SRC and Sec. 10-3 of the 2006 Rules of Procedure of the Commission, the parties subject of this *Cease and Desist Order* may file a request for the lifting thereof within five (5) days from receipt hereof."

FAIL NOT UNDER PENALTY OF LAW

SO ORDERED.

Pasay City, Philippines; 26 January 2017.

TERESITA J. HERBOSA
Chairperson

ANTONIETA F. IBE
Commissioner

EPHYRO LUIS B. AMATONG
Commissioner

BLAS JAMES G. VITERBO
Commissioner

EMILIO B. AQUINO
Commissioner