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

IN RE:

FOR: VIOLATION OF SEC 8 [8.1]
& 12 OF THE SECURITIES
REGULATION CODE

THE VILLAGE SPORTS
CLUB VENTURES, INC.
X - X

CEASE AND DESIST ORDER

Pending consideration before the Commission is the Motion dated 12 November 2004 of the Compliance and Enforcement Department (CED for brevity) of this Commission, for the issuance of an Order directing respondent corporation the Village Sports Club Ventures, Inc. ("VSCVI" for brevity), its officers, directors, representatives, salesmen, agents and any and all persons claiming and acting for and in their behalf, from further engaging in activities of selling and/or offering for sale membership shares.

The antecedent facts are as follows:

VSCVI is a duly registered corporation under Philippine laws with SEC Certificate of Registration No. CS200400634 issued on 19 January 2004 with the primary purpose of promoting "the social, recreational and athletic activities among its shareholders." Its main objective is to undertake the construction,

development and maintenance of a country club as well as other indoor and outdoor activities and recreational facilities.

On 27 July 2004 the Corporation Finance Department ("CFD" for brevity) referred to the Compliance and Enforcement Department ("CED" for brevity) the audit report of Mr. Herbert N. Llanto, Securities Specialist 1, Mutual Funds Division, that the representative of VSCVI refused to have the books of account or any pertinent documents examined/inspected. However, said representative acknowledged that VSCVI was offering 2,800 proprietary shares, divided into 2,600 Class A shares @ Php 160,000.00/share and 200 Class B shares @Php290,000.00/share. As of July 23, 2004, the company had sold 298 proprietary shares without the requisite registration[1] with the SEC under Sections 8 and 12 of the Securities Regulation Code and license or permit to offer or issue securities to the public.

On 15 October 2004 Attys. Roberto T. Rodriguez and Raul Chan executed an affidavit alleging that VSCVI was selling securities without the necessary permit from the Commission. When the aforenamed SEC lawyers, posing as interested buyers, went to the VSCVI office, Mr. James D. Reyes, the Club's Membership Manager, gave them copies of the brochures, the breakdown of investment cost for both classes and even explained the mode of payment and entitlement of the members to the use of the Club's facilities and the shareholder's right under the Share Investment Agreement. At that time, the total number of members of the Club has increased to 400.

Records further disclosed that VSCVI posts streamer at the front gate of Topman Village, distributes brochures to walk-in clients and even clips them on

[1] CFD certification dated 10 August 2004.

vehicles parked within the vicinity of their office, acts constituting public offering as defined in Rule 3(1)(n) of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

The aforestated findings undoubtedly show that VSCVI **offered and is still offering securities** without registration and permit to offer or sell securities to the public in violation of Secs. 8 and 12 of R.A. 8799, otherwise known as the Securities Regulation Code.

Therefore, unless VSCVI or any persons acting for and its behalf are restrained, the act of offering and selling of securities not authorized under the law may thus cause grave and irreparable damage and prejudice to the public.

PREMISES CONSIDERED, in order to serve the best interest of and provide ample protection to the investing public, VSCVI, 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

1. 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

2. to SHOW CAUSE, within the 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, VSCVI 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[2] and would opt for summary procedures.

Failure on the part of VSCVI to comply with the requirements of Secs. 8 and 12 of the Securities Regulation Code and its implementing rules and regulations as well as settle the properly imposed penalties within the prescribed period will constrain the Commission to eventually revoke[3] the corporation's certificate of registration.

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

SO ORDERED.

24 November 2004

Mandaluyong City, Philippines.

FOR THE COMMISSION EN BANC:

VERNETTE G. UMALI-PACO
General Counsel

[2] Sec. 55.1, Settlement Offers, SRC
[3] Sec. 5[m], Securities Regulation Code