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

**IN THE MATTER OF**

**YNC CORPORATION** **CED Case No. 05-2831**
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## CEASE AND DESIST ORDER

This resolves the Motion for the Issuance of a Cease and Desist Order ("CDO") against YNC Corporation ("YNC") filed on August 9, 2005 by the Compliance and Enforcement Department ("CED") of this Commission. A copy of the motion, its annexes and other supporting documents, are attached and made integral parts hereof.

YNC is a corporation duly registered with the Commission on June 5, 2001 under SEC Registration No. A200107891 with principal office at 7232 Malugay St., Bel-Air, Makati City, whose primary purpose is:

> "To engage in the business of owning, operating, renting, establishing and constructing a sport complex on a lot or land to be rented by the corporation and that will house a driving range for golf, gymnasium, health and physical fitness facilities and equipments, ball game courts, playgrounds and such other facilities and establishments within the complex which are incidental and necessary to the main business."

On 6 September 2004, the Corporation Finance Department ("CFD") of this Commission referred the case of YNC to the CED for investigation on the alleged offer and sale of securities, more specifically membership certificates of Makati Golf Club ("MGC) without the necessary license in violation of Section 8, in relation to Sections 3 and 12 of the Securities Regulation Code ("SRC"). In CFD Memorandum dated 6 October 2004, it was found out that MGC is not registered with the Commission but is registered with the Department of Trade and Industry. On the other hand, YNC is managing MGC's corporate affairs.

CFD issued two (2) Certifications dated 20 October 2004 and 8 July 2005, attesting that MGC and YNC are not registered issuers of securities under Sections 8 and 12 of the SRC and are therefore not licensed to offer or issue securities to the public.

During the investigation conducted by the CED on October 29, 2004 in the club's premises at 7232 Malugay St., Bel-Air, Makati City which is also the registered office address of YNC, it was found out that YNC indiscriminately offered for sale securities in the form of club membership of MGC to clients and even to the members of the investigation team during the surveillance and inspection.

In accordance with Sections 3, 8.1 and 12 of the SRC, it is provided that:

*"Sec. 3. Definition of Terms. – 3.1 "Securities" are shares, participation or interest 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:*

*xxx*

*(f) Proprietary or nonproprietary membership certificates in corporation;*

*xxx*

*Sec. 8.1. 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 substance as the Commission may prescribed, shall be made available to each prospective purchaser.*

*xxx*

*Sec. 12. Procedure for Registration of Securities. – 12.1 All securities required to be registered under Subsection 8.1 shall be registered through the filing by the issuer in the main office of the Commission, of a sworn registration statement with respect to such securities, in such form and containing such information and documents as the Commission shall prescribe. The registration statement shall include any prospectus required or permitted to be delivered under Subsections 8.2, 8.3 and 8.4."*

The continued offering and sale of the abovementioned securities by the respondent YNC without the requisite registration and license, will likely cause grave or irreparable injury and prejudice to the investing public. Hence, this must be restrained to protect the investing public.

**PREMISES CONSIDERED**, YNC, its officers, directors, partners, representatives, assigns, agents and any and all persons acting for and/or in its behalf are hereby ordered to immediately **CEASE AND DESIST**, under pain of contempt, from further offering, soliciting and selling nonproprietary club membership of MGC to the public until the requisite registration statement is duly filed and approved by the SEC and the corresponding permit to offer and sell securities is issued and to **SHOW CAUSE** why the Cease and Desist Order should not be made permanent.

Pursuant to SEC Circular No. 4, series of 2001, YNC may file a formal request for the lifting of this Cease and Desist Order within a non-extendible period of five (5) calendar days from receipt hereof, stating therein whether the corporation is willing to enter into a settlement offer under Section 55 of the SRC and would opt for summary procedure.

For the violations committed by YNC under the Securities Regulation Code, YNC and/or its duly authorized board members, officers and representatives are hereby directed to show cause why the Commission should not impose a fine/penalty in the amount of Ten Thousand Pesos (P10,000.00) per transaction or one tenth (1/10) of one percent (1%) of the aggregate issuance whichever is higher pursuant to the Revised Scales of Fines, SEC Circular No. 2, Series of 2003.

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.**

11 August 2005, Mandaluyong City

**For the Commission En Banc**

**VERNETTE G. UMALI-PACO**
General Counsel