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

IN THE MATTER OF

DAVIS MAYER GROUP, INC.

SEC Admin Case No. 01-10-112
For: Revocation of Corporate Registration

ENFORCEMENT AND PROSECUTION DEPARTMENT,

Petitioner.

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DECISION

For consideration of the Commission *En Banc* is the Petition for Revocation of Corporate Registration of Davis Mayer Group, Inc. ("DMGI" for brevity) dated 20 January 2010, filed by the Enforcement and Prosecution Department ("EPD" for brevity) on the ground of using fictitious and/or non-existent addresses of the corporation and its incorporators for purposes of registration, in violation of Section 6(l)(1) of Presidential Decree No. 902-A, as amended.

FACTS OF THE CASE

DMGI is a corporation duly registered with the Commission on 14 June 2007 under SEC Registration No. CS200709086 with principal place of business at Unit 118 SPVI Building, 2251 Don Chino Roces Avenue, Makati City.

This case stemmed from two e-mail messages dated 23 and 24 June 2008 received by the EPD from a certain Dui Sian Ling, a Singaporean, complaining that he, along with other fellow Singaporeans, were being conned and defrauded by Talbot & Reese, a company purportedly under receivership and operating under DMGI. This prompted the EPD to conduct an investigation on the activities of DMGI.

Upon verification by the EPD, it was found out that the address of DMGI's principal office was fictitious owing to the fact that as per certification from Sure Plus Vantage, Inc., the lessor of SPVI Building, DMGI has never been a tenant of the said building.[1] Likewise, upon thorough investigation, it was established that the respective addresses used by the incorporators in DMGI's Articles of Incorporation were either fictitious or fabricated.[2]

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[1] Petition, Annex "E."
[2] Petition, Annex "F" to "I."

On 20 January 2010, the EPD, on the basis of its own findings, filed a petition for the revocation of corporate registration of DMGI.

On 04 February 2010, an Order was issued directing the EPD to cause the publication of the said Order together with the Summons once in a newspaper of general circulation. In addition, the EPD was likewise directed to cause the posting of the said Order and Summons in the Commission's website (www.sec.gov.ph) for thirty (30) days.

On 18 March 2010, an Affidavit of Publication executed by Lourdes C. Diaz, Classified Ads Manager of the Philippine Daily Inquirer ("PDI"), was submitted to this Commission stating that the Summons and the Order dated 04 February 2010 were published in the 17 February 2010 issue of the PDI.

ISSUE

The sole issue to be resolved in this case is whether or not there is a sufficient ground to revoke DMGI's certificate of registration.

We rule in the affirmative.

Upon the publication of the Order of the Commission for DMGI to file its Answer to the Petition, DMGI has yet to file the same. Thus, pursuant to Section 3-12[3] of the 2006 Rules of Procedure of the Commission, DMGI shall be considered as in default. As a consequence, the Commission shall render judgment on the basis of the petition.

We now resolve the case on its merits.

Section 6(l)(1) of Presidential Decree No. 902-A, as amended provides for the power of the Commission to revoke a corporation's certificate of registration on the ground of fraud in procuring the certificate of registration, to wit:

> "Sec. 6. In order to effectively exercise such jurisdiction, the Commission shall possess the following powers:
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> x x x
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> (i) To suspend, or revoke, after proper notice and hearing, the franchise or certificate of registration of corporations, partnerships or associations, upon any of the grounds provided by law, including the following:

[3] SEC. 3-12. *Effect of Failure to Answer.* If the respondent fails to answer the complaint within the abovestated period, he shall be considered as in default. The Hearing Panel or Officer shall, *motu proprio*, proceed to render judgment granting the complainant such relief as the complaint may warrant, unless the Hearing Panel or Officer determines that the complainant should be required to submit *ex parte* additional evidence.

1. Fraud in procuring its certificate of registration;

x x x"

As part of the requirements for DMGI's incorporation and registration with the Commission, the filing of its Articles of Incorporation is necessary. The articles of incorporation is the document prepared by the persons establishing a corporation and filed with the Commission containing the matters required by the Corporation Code ("Code" for brevity).[4] It defines the charter of the corporation and the contractual relationships between the State and the Corporation, the stockholders and the State, and between the corporation and the stockholders.[5]

Section 14(3) of the Code specifically provides that the articles of incorporation must state the "place where the principal office of the corporation is to be established or located, which place must be within the Philippines." The purpose of the requirement is to fix the residence of the corporation in a definite place, instead of allowing it to be ambulatory for effective supervision and regulation of the corporation.[6] More so, in line with the "full disclosure" requirement of existing laws, it is now mandatory that all corporations and partnerships applying for registration with the Commission should state in their Articles of Incorporation or Articles of Partnership the (i) specific address of their principal office, which shall include, if feasible, the street number, street name, barangay, city or municipality; and (ii) specific residence address of each incorporator, stockholder, director, trustee or partner.[7]

The findings of the EPD reveal that DMGI falsified its articles of incorporation at the time of its application for registration by making use of fictitious or non-existent addresses of its principal office and incorporators. Also, since its incorporation, DMGI has not filed its General Information Sheet and Audited Financial Statements as required by the Commission. Evidently, there is an apparent intention to defraud the Commission and the general public. Had the Commission known of such falsities, the registration of DMGI would have been denied pursuant to Section 17 of the Code.[8]

From the foregoing, and after having established that DMGI employed fictitious, fabricated and non-existent addresses in its articles of incorporation filed with the Commission for purposes of registration, there was a clear violation of Section 6(l)(1) of P.D. 902-A, as amended. Thus, the revocation of the certificate of registration of DMGI is warranted.

WHEREFORE, premises considered, the Petition is hereby **GRANTED**.

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[4] Batas Pambansa Blg. 68 (1980).
[5] Government of the Philippine Islands vs. Manila Railroad Co., 52 Phil. 169 (1929).
[6] Young Auto Supply Co. vs. Court of Appeals, G.R. No. 104175, June 25, 1993.
[7] SEC Memorandum Circular No. 3, series of 2006.
[8] SEC. 17. *Grounds when articles of incorporation or amendment may be rejected or disapproved.* The Securities and Exchange Commission may reject the articles of incorporation or disapprove any amendment thereto if the same is not in compliance with the requirements of this Code x x x.

DMGI's Certificate of Incorporation (Reg. No. CS200709086) is hereby **REVOKED**.

Let a copy of this Decision be furnished to the Company Monitoring Department for its appropriate action, as well as to the Economic Research and Information Department ("ERID") and the Commission's extension offices for dissemination to the general public. The ERID is likewise directed to cause the posting of this Decision in the Commission's website at www.sec.gov.ph.

SO ORDERED.

Mandaluyong City, 27 May 2010.*

PE B. BARIN
Chairperson

MA. JUANITA E. CUETO **
Commissioner

RAUL J. PALABRICA
Commissioner

MANUEL HUBERTO B. GAITE
Commissioner

ELADIO M. JALA
Commissioner

*approved and signed on 03 June 2010
**on leave