Republic of the Philippines
Securities and Exchange Commission
SEC Bldg. EDSA, Greenhills, Mandaluyong City

In the Matter of

AMIGO FALATU Y GIMAGA PILIPINAS ORGANISACION, INC.

SEC Admin. Case No. 05-10-115

For: Revocation of Certificate of Incorporation

ENFORCEMENT AND PROSECUTION DEPARTMENT,
Petitioner.
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DECISION

This resolves the petition, filed by the Enforcement and Prosecution Department ("EPD", for brevity) on 25 May 2010, praying for the revocation of the corporate registration of AMIGO FALATU Y GIMAGA PILIPINAS ORGANISACION, INC. ("AMIGO", for brevity) on the ground of serious misrepresentation as to what the corporation can do under Sec. 6 par. (l) (2) of P.D. No. 902-A, as amended.

Respondent AMIGO is a non-stock corporation duly registered with the SEC on 9 April 2008 under SEC Registration No. CN200805198, with principal office address at Blk. 13, Lot 74, Towerville, San Jose Del Monte, Bulacan. Summons were personally served upon the respondent and its officers on 2 June 2010. However, without any explanation, respondent failed to file any comment or answer to the petition within the prescribed period of fifteen (15) days from notice. Thus, we resolve the petition based on its allegations supported by substantial evidence.

AMIGO's Articles of Incorporation indicate that its primary purposes are:

1. To uplift the living conditions of members by assisting them in the establishments of livelihood facilities, services and enterprise.
2. To encourage the members in the effective utilization of local resources in livelihood activities and thereby improve the living condition in the community.

3. To acquire loans or other financial accommodations from the government and private lending institutions in order to finance productive livelihood enterprises.
4. To assist and support the member in the promotions of their business.

Its Articles of Incorporation also indicate that its incorporators and first directors are:

Name	***Nationality***	***Residence***
1. George G. Lapore	Filipino	Blk. 13, Lot 74, Towerville, San Jose Del Monte, Bulacan
2. Leny Jane C. Barcarse	Filipino	Blk. 60, Lot 32, Area 1, Sto. Niño, San Jose Del Monte, Bulacan
3. Andrew M. Gonzalez	Filipino	Blk. 13, Lot 74, Towerville, San Jose Del Monte, Bulacan
4. Faviola L. Tusay	Filipino	Blk. 13, Lot 74, Towerville, San Jose Del Monte, Bulacan
5. Linda L. Hembra	Filipino	Blk. 13, Lot 74, Towerville, San Jose Del Monte, Bulacan

On 18 March 2009, EPD received a query from Ronnie Baura about AMIGO alleging that it collects money from its members with a promise of One Million Pesos (Php1,000,000.00) in return.

When Baura was called for a conference, he explained that he made the query on behalf of his aunt, Pemie Z. Fornal, who is concerned with the subject corporation.

On 15 April 2009, an EPD investigation team went to C.P. Garcia, Area 17, U.P. Campus, Diliman, Quezon City to meet with Fornal. The following is an excerpt from the Field Investigation Report:

> "According to Ms. Pemie Z. Fornal, she and some neighbors were invited by members of AMIGO who frequented their place to look for new member. From what Ms. Pemie could remember, she paid four hundred pesos (400.00) and in return an Identification Card was given to her representing her membership in the

organization (attached herewith). In addition, she was further enticed to pay one thousand pesos (1,000.00) to become an officer of the organization which, in fact, she did by paying said amount. Other than those collections, she was given a copy of a handbook allegedly containing the constitution of the organization for fifty-seven pesos (57.00), but upon scrutiny of the team, said handbook is only a copy of the Philippine Constitution with a print of the word "AMIGO" apparent on the face of the cover. (Said handbook is attached herewith)

In return for all these collections or contributions to the organization is the promise of receiving One Million Pesos (1,000,000.00). The only requirement is, for member and/or officers to regularly attend meetings called by heads of the organization. These gatherings or meetings are usually held in Bulacan and Subic as relaid (sic) to the team by the complainant.

The team inquired as to the address of the meeting place but the complainant could not give a definite answer. On the course of the conversation, some residents who were around listening to the conversation then informed the team that prior to AMIGO, some personalities soliciting and inviting the residents to become members were also part of an organization named "Triple A", "LSM", and "AMIGO", allegedly run by the same individuals, one which they recognize under the name "Almirante."

On 22 April 2009, Fornal appeared before the team, together with Delia V. Bausin, Zenaida Velez, and Alicia Fernandez, who were also duped to part with their hard earned money in exchange for the promise of One Million Pesos (Php1,000,000.00). They merely reiterated what they earlier told the team on 15 April 2009.

Linda Acosta and Carmen Domingo were identified by complainants as among those who regularly visit their neighborhood and invite its residents to become members of AMIGO. A Notice of Conference dated 28 May 2009 was sent to both Acosta and Domingo to appear before the team on 4 June 2004 to clarify the accusations about AMIGO. On the said date, Acosta appeared, accompanied by Andrew Gonzalez, Faviola T. Gonzalez and Teresita Nisla.

The following is an excerpt from the Summary of Proceedings/Conference:

> "x x x that according to Mr. Andrew Gonzalez they are accepting members without charges except the prosperity card that has a fee; that AMIGO does not collect fees; that Salvador de Corazon is the organization that is distributing these prosperity cards; that AMIGO entices by telling the poor (less-fortunate) that money will be awarded to them; that he is the LEADER of the group AMIGO; that on Dec. 9, 12, and 15, 2007, the promise should have materialized; that SALVADOR de Corazon promises one million (Php1,000,000.00) pesos if they become members of Salvador de Corazon; TERESITA Y. NISDA also an officer of AMIGO also distributes theses prosperity cards; that she entices prospect members to become members of AMIGO and of Salvador de Corazon; that AMIGO is focused on assisting Salvador de Corazon especially in distributing these prosperity cards; that AMIGO can be considered an allied organization of Salvador de Corazon."

Finding the respondents' explanation as untenable, EPD filed the present petition.

Section 6, paragraph (l) sub-paragraph (2) of Presidential Decree (PD) No. 902-A, as amended, provides:

> "***Section 6.*** In order to effectively exercise such jurisdiction, the Commission shall possess the following powers:
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> x x x x x x x x x
>
> l) 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:
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> x x x x x x x x x
>
> 2. Serious misrepresentation as to what the corporation can do or is doing to the great prejudice of or damage to the general public;

x x x x x x x x x"

AMIGO was organized purportedly for philanthropic purposes, such as to uplift the living conditions of members by assisting them in the establishment of livelihood facilities, services and enterprises. However, based on the substantiated allegation of the complainants, it appears that AMIGO is more interested in recruiting members for a fee on the promise that these members will receive One Million Pesos (Php1,000,000.00).

Apparently, the One Million Pesos (Php1,000,000.00) will come from Salvador de Corazon which is an allied organization of AMIGO. But the records of the Commission do not show that Salvador de Corazon is a registered entity. AMIGO failed to prove where this Salvador de Corazon will get the One Million Pesos to be distributed to the members of AMIGO.

The promise of One Million Pesos to the members of AMIGO is without basis and thus a total lie. During the conference on 4 June 2009, which was attended by the corporations' incorporators and officers, namely: Andrew Gonzalez, Faviola T. Gonzalez, and Teresita Nisda, they affirmed the allegations of the complainants that AMIGO entices the people by telling the poor that money will be awarded to them once they become members.

Moreover, the Articles of Incorporation of AMIGO shows that it has a capital contribution of only Five Hundred Pesos (Php500.00). Hence, without proof of any source of funds or financial assistance, it is hard to believe that AMIGO can give One Million Pesos (Php1,000,000.00) to its members.

The modus operandi of AMIGO is very similar to the case of ***Diamond Star Global Foundation, Inc.***[1] whose registration was revoked by the Commission on April 13, 2000. In this case, the Commission *En Banc* ruled:

> "x x x However, upon investigation conducted by the SEC Davao Extension Office (SEC-DEO) it was revealed that DSGFI's modus operandi is the recruitment of members who are promised a future participation in the distribution of the alleged vast estate of one Atty. Filomeno Amisola Traya. These

1 In the Matter of Diamond Star Global Foundation, Inc. SEC-SICD, ADMINISTRATIVE CASE NO. 08-99-0005. April 13, 2000.

hopeful persons and other prospective members are recruited by coordinators of the subject corporation who exact Twenty (P20.00) Pesos from each applicant allegedly for the latter's identification card. Nevertheless, the SEC-DEO received complaints that some DSGFI coordinators are charging as much as Five Hundred (P500.00) Pesos for the said members' ID Card.

XXX XXX XXX

The subject corporation, its responsible officers and trustees failed to present any evidence whatsoever, to prove the actual existence of the fabled and incredibly vast wealth being offered or presented as the source of the funds for loan and/or financial assistance which they promised to prospective members upon payment of the Twenty (P20.00) Pesos membership fee.

The records divulge that this alleged Estrella wealth has no material existence whatsoever and is merely a fictional contrivance in support of the scheme or modus operandi adopted by the subject corporation. As a consequence thereof, some 1.5 to 3 million Filipinos are anxiously waiting for the promised distribution of the undeterminable "Don Estrella" fortune which will provide them with the much needed seed money to counter the rising cost of living during these critical times, but alas, their waiting will only be in vain for these millions of our countrymen had pinned their hope for economic alleviation on nothing but a chimerical yarn created by the responsible founders, officers, trustees and agents of Diamond Star Global Foundation, Inc.

The misrepresentations committed by DSGFI and its responsible founders, officers and trustees are reprehensible indeed, but what is more abominable is that the modus operandi of DSGFI targets as quarry the poor and marginalized of our countrymen, giving millions of them false and unattainable hopes of instant fortune in exchange for a seemingly paltry amount. Moreover, considering the number of people that had been victimized by the scheming DSGFI honcho Delma

> Estrella-Traya and her cohorts, the great extent of the effect of the serious misrepresentation cannot be diminished. This monstrous chicanery reflects on the moral depravity of the people behind DSGFI and those perpetrating this debauched modus operandi, and to allow this organized scam to persist would be an offense of the government to its people as it is tantamount to suffering a disease pervade the body of our society.
>
> Accordingly, such acts of the officers and trustees of the subject corporation constitutes serious misrepresentation as to what the corporation can do or is doing to the damage and prejudice of the public, in direct violation of paragraph L (2)* Section 6 of Presidential Decree No. 902-A, as amended by Presidential Decree No. 1758. Moreover, the act of issuing membership cards signifying interest or participation in a non-existent estate-partition scheme which allegedly enable the bearer to obtain financial assistance from DSGFI in the amount of One Million (P1,000,000.00) Pesos, violates Batas Pambansa Blg. 178, the Revised Securities Act, which govern and penalizes issuance of securities to the public without prior registration with the Securities and Exchange Commission.
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> A Commission of serious misrepresentation is a ground for the revocation of the corporate franchise of an erring corporation."

Likewise, the act of AMIGO in further enticing its members to become officers of the organization by paying additional One Thousand Pesos (Php1,000.00) is another form of misrepresentation. This is in direct contravention of AMIGO's By Laws which clearly provide that its officers must be elected by the Board of Trustees from among themselves. Hence, there is no doubt that in luring its members to become officers, AMIGO merely wants to extort more money from its unsuspecting members.

From the foregoing, it is clear that AMIGO committed serious misrepresentation as to what it can do or is doing to the damage and prejudice of the public, in direct violation of Sec. 6 par. I (2) of P.D. 902-A, as amended. Thus, the Commission must the revoke AMIGO's Certificate of Incorporation for the protection of the investing public.

WHEREFORE, premises considered, the Certificate of Incorporation of respondent **AMIGO FALATU Y GIMAGA PILIPINAS ORGANISACION, INC.** is hereby **REVOKED.**

Further, the incorporators of AMIGO, namely: George G. Lapore, Leny Jane C. Barcarse, Andrew M. Gonzalez, Faviola L. Tusay and Linda L. Hembra, are hereby placed in the Commission's watch list.

SO ORDERED.

Mandaluyong City, Philippines 15 July 2010.

FE B. BARIN *
Chairperson

MA. JUANITA E. CUETO
Commissioner

RAUL J. PALABRICA
Commissioner

MANUEL HUBERTO B. GAITE
Commissioner

ELADIO M. JALA
Commissioner

*on official business