Republic of the Philippines
Department of Finance
Securities and Exchange Commission
COMMISSION EN BANC

**In The Matter of**
**SINAG-ARAW CREDIT CORPORATION**

**SEC Admin Case No. 03-12-145**

**ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT,**

*Petitioner.*

X----------x

# DECISION

For consideration is the instant *Petition for Revocation of Certificate of Incorporation* ("Petition") filed by the Enforcement and Protection Department (EPD), now Enforcement and Investor Protection Department ("EIPD"), of the Commission against Sinag-Araw Credit Corporation ("Sinag-Araw") on 05 March 2012.

# THE PARTIES

Petitioner EIPD is one of the operating departments of the Securities and Exchange Commission ("Commission") tasked to ensure compliance by all market participants, issuers and individuals, and take appropriate enforcement action against them for infractions of the laws, rules and regulations implemented by the Commission. The same is vested with the primary authority to conduct investigations and administrative actions involving, among others, the selling, offering or transacting of unregistered securities by entities without a secondary license, as well as to initiate petitions for revocation of corporate registration except those under the original authority of the Company Registration and Monitoring Department ("CRMD"). Finally, the EIPD is tasked to investigate, *motu proprio* or upon a verified complaint or referral, violations of laws, rules and regulations implemented by the Commission, as well as to file/apply for the issuance of a Cease and Desist Orders ("CDO") against persons or entities, whenever the same is warranted by the attendant circumstances.

Respondent Sinag-Araw is a corporation duly registered with the Commission on 23 February 1993 with Company Registration No.

AS93001463 and principal office address at No. 049 Purok 1, San Sebastian, Lipa City, Batangas. It is engaged in the business of lending.

## FACTS

The case stemmed from the Memorandum of the Corporation Finance Department (CFD), now Corporate Governance and Finance Department ("CGFD"), dated 24 November 2010 (Memorandum) addressed to the EIPD, endorsing the cases of various companies allegedly engaged in lending business activities without the required Certificate of Authority from the Commission, in violation of Republic Act No. 9474 otherwise known as "The Lending Company Regulation Act." Respondent Sinag-Araw was one of the companies listed in the Memorandum of the CGFD.

After a thorough investigation, the EIPD issued an Order on 12 December 2011, the dispositive portion of which reads as follows:

> "WHEREFORE, for failure to secure a Certificate of Authority from the Commission, SINAG-ARAW CREDIT CORPORATION violated Section 4 of R.A. 9474 or the Lending Company Regulation Act of 2007 and is hereby ordered to pay a FINE of P10,000.00 plus P50,000.00 penalty within fifteen (15) days from receipt hereof.
>
> SINAG-ARAW CREDIT CORPORATION is also REPRIMANDED for its failure to comply within the required capital build-up in the amount of P1Million, in violation of Section 5 of R.A. 9474 or the Lending Company Regulation Act of 2007.
>
> SINAG-ARAW CREDIT CORPORATION is further ordered to secure a Certificate of Authority within thirty (30) days from receipt hereof. Otherwise, we shall be constrained to proceed with the institution of revocation proceedings against the corporation and impose other penalties and possible criminal charges against the officers and directors of the corporation for non-compliance with Sections 4 and 5 of R.A. No. 9474.
>
> SO ORDERED."

On 14 February 2012, upon the request of EIPD, the CRMD issued a certificate stating that per their records, no Certificate of Authority to operate a Lending Company was issued by the Commission to respondent Sinag-Araw nor is there any pending application for the said certificate.

Hence, on 12 March 2012, the EIPD filed the instant *Petition.*

On 14 March 2012, the Commission En Banc through the Commission Secretary issued summons ordering Sinag-Araw to enter its appearance and file its Answer to the *Petition.* The summons was duly served to the Corporation and its officers.

Our record shows that Sinag-Araw has not entered its appearance nor filed its Answer to this date.

## ISSUE

The issue is whether or not the *Petition* should be granted.

## DISCUSSION

The Commission finds the instant case to be moot and academic.

Sinag-Araw's Certificate of Registration was revoked pursuant to the Order of Revocation of Certificate of Incorporation issued by the CRMD on 23 May 2017. This is considered a supervening event that effectively rendered the Petition moot and academic because there is no longer any justiciable controversy that needs to be resolved. The resolution of this Petition would not serve any purpose, nor would it have practical value or use to Petitioner. Therefore, dismissal of the instant petition is proper.

**WHEREFORE**, premises considered, the instant Petition is hereby DISMISSED for being moot and academic.

**SO ORDERED.**

Pasay City, Philippines; 29 October 2019

**EMILIO B. AQUINO**
Chairperson

***EPHYRO LUIS B. AMATONG**
Commissioner

**JAVEY PAUL D. FRANCISCO**
Commissioner

***KELVIN LESTER K. LEE**
Commissioner

**KARLO S. BELLO**
Commissioner

*On Official Business