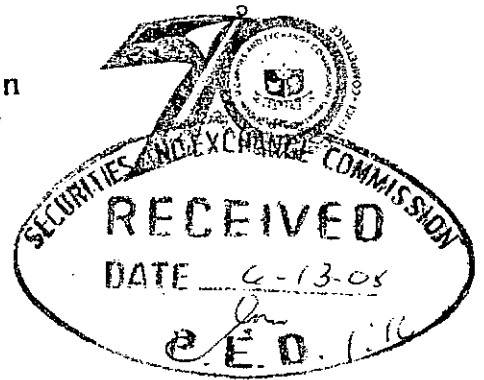




Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Bldg. EDSA, Greenhills, Mandaluyong City



IN THE MATTER OF

PRIMANILA PLANS, INC.

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SEC Admin. Case No. 03-08-001

ORDER

For consideration of the Commission is the Motion for Reconsideration/Lift Cease and Desist Order filed by Primanila Plans, Inc. ("*Primanila*") on 30 April 2008.

On 9 April 2008, the Commission issued a Cease and Desist Order ("*CDO*") directing Primanila, its respective officers, directors, agents, representatives, and any and all persons, conduit entities and subsidiaries claiming and acting under their authority to immediately Cease and Desist from further engaging in activities of selling, offering for sale Primasa Plans and to refrain from further collecting payments and amortizations for Primasa Plans to protect the interest of investors and the public in general.

On 30 April 2008, Primanila filed a Motion for Reconsideration/Lift Cease and Desist Order alleging that:

1. Primanila was denied due process in the proceedings;
2. Primanila is not selling Primasa Plans and is not collecting premiums in consideration of said plans; and
3. The 9 April 2008 Order, unnecessarily prejudices the planholders and erodes the confidence of the public on pre-need companies.

On 14 May 2008, the Non-Traditional Securities and Instrument Department ("*NTD*") filed its Comment/Opposition to Primanila's Motion for Reconsideration/Lift Cease and Desist Order.

On 15 May 2008, the Commission conducted a hearing on Primanila's Motion for Reconsideration/Lift Cease and Desist Order. During the hearing of the instant case, the counsel of Primanila manifested to submit its Reply to CED's Comment/Opposition. The Commission noted Primanila's manifestation and directed its counsel to submit its Reply within the prescribed period.

On 16 May 2008, the Compliance and Enforcement Department ("CED") filed its Comment /Opposition to Primanila's Motion for Reconsideration/Lift Cease and Desist Order praying that Primanila's Motion be denied for utter lack of factual and legal basis and the CDO issued by the Commission be made permanent.

On 26 May 2008, Primanila filed its Reply to CED's Comment/Opposition and prayed that the CDO dated 9 April 2008 be reconsidered, lifted and set-aside and its status be restored to status quo ante.

The issues to be resolved by the Commission are:

1. Whether or not Primanila was denied due process in the issuance of CDO;
2. Whether or not Primanila is selling Primasa Plans and collecting premiums in consideration of said plans; and
3. Whether or not the 9 April 2008 Order prejudices the planholders and erodes the confidence of the public on pre-need companies.

First, it must be emphasized that the Commission may issue a CDO without need of notice and hearing to the erring corporation. Section 64 of the Securities Regulation Code ("SRC") provides, thus:

"Section 64. Cease and Desist Order - 64.1. The Commission, after proper investigation, *motu proprio*, or upon verified complaint by any aggrieved party, *may issue a cease and desist order without the necessity of a prior hearing* if in its judgment the act or practice, unless restrained, will operate as a fraud on investors or is otherwise likely to cause grave or irreparable injury or prejudice to the investing public."

Second, Primanila's allegation that it is not selling and collecting premiums from its Primasa Plans is devoid of merit. It cannot be denied that Primanila used its website to advertise and offer for sale Primasa Plans to the public. The contents of the alleged advertisements validates that Primanila is actually offering and selling the said plans to the public considering that it includes detailed instructions as to how interested persons can avail Primasa Plans and where the initial and succeeding payments of premiums can be made by the planholders. Section 16 of the SRC provides that:

"Section 16. Pre-Need Plan - No person shall sell or offer for sale to the public any pre-need plan except in accordance with rules and

regulations which the Commission shall prescribe. Such rules shall regulate the sale of pre-need plans by, among other things, requiring the registration of pre-need plans, licensing persons involved in the sale of pre-need plans, requiring disclosures to prospective planholders, prescribing advertising guidelines, providing for uniform accounting system, reports and record keeping with respect to such plans, imposing capital, bonding and other financial responsibility, and establishing trust funds for the payment of benefits under such plans."

Likewise, Pre-Need Rules No.3 provides, thus:

"Rule 3. Registration of Pre-Need. No corporation shall issue, offer for sale, or sell Pre-Need Plans unless such plans shall have been registered under Rule 4."

Further, Rule 3 of the Amended Implementing Rules and Regulation of the SRC defines public offering, thus:

"Public Offering means a random or indiscriminate offering of securities in general to anyone who will buy, whether solicited or unsolicited. Any solicitation or presentation of securities for sale through any of the following modes shall be presumed to be a public offering.

xxx

xxx

xxx

iii. Advertisement or announcement in any radio or television, or in any on-line or e-mail system;"

Equally worth mentioning is SEC Memorandum Circular No. 7, Series of 2004 stressing Pre-Need Advertisement, thus:

"Pre-Need advertisement means and includes communication directly or indirectly related to a pre-need plan contract and intended to result in the eventual sale or solicitation of a plan contract from the public, and shall include all forms or printed and published materials or any material using print, and /or oral communication or electronic medium for public communication such as:

a) Printed and published material, audio visual material and descriptive literature of a pre-need corporation or general agent used in direct mail, newspaper, magazines, radio, scripts, TV scripts, website, e-mail, portals, billboards and similar displays;"

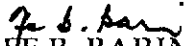
Based on the above-quoted provisions of law, Primanila patently violated the said provisions by offering for sale of Primasa Plans to the public through its website without prior registration of securities.

Third, the Commission issued the CDO against Primanila purposely to enjoin the offering and selling of an unregistered pre-need plan and collecting payments and amortizations of Primasa Plans. The CDO is indispensable to protect the prospective planholders and the public in general from buying a worthless securities and to forestall the declining confidence of the public in the billion peso pre-need industry.

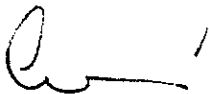
WHEREFORE, premises considered, Primanila's Motion for Reconsideration/Lift Cease and Desist Order dated 30 April 2008 is hereby DENIED for lack of merit. The Cease and Desist Order dated 9 April 2008 is hereby made PERMANENT.

SO ORDERED.

Mandaluyong City, Philippines, 5 June 2008.


DE B. BARIN
Chairperson

MA. JUANITA E. CUETO
Commissioner



RAUL J. PALABRICA
Commissioner


JESUS ENRIQUE G. MARTINEZ
Commissioner


THADDEUS E. VENTURANZA
Commissioner