



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**SECURITIES & EXCHANGE COMMISSION**  
SEC Building, EDSA, Greenhills  
Mandaluyong City, Metro Manila

**IN THE MATTER OF  
MMG INTERNATIONAL HOLDINGS  
CO., LTD.**

**CED CASE NO. 01-2646**

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**CEASE AND DESIST ORDER**

Before this Commission is an *Amended Motion For The Issuance of A Cease And Desist Order* (the *Amended Motion*) filed by the movant Compliance and Enforcement Department against a registered partnership identified as MMG International Holdings Co., Ltd. (MMG for brevity). A copy of said *Amended Motion* is marked as Annex A and made an integral part of this Order. The aforesaid *Amended Motion* essentially alleges that MMG openly solicits and issues securities through the form of Memorandum of Agreements (MOAs) which in turn promises investors high paying monthly yields on their investments.

A previous Cease and Desist Order (CDO) had been issued against MMG on May 25, 2000 for similar alleged violations only to get lifted on July 17, 2000 on the ground that the number of four (4) investors is well within the allowable number of ten (10) primary lenders under Section 4(f) of the New Rules on Registration of Short-Term Commercial Papers.

Now the primordial issue to be considered in issuing this Cease and Desist Order is whether or not there are reasonable grounds to find that MMG offered and sold unregistered securities after the period covered by the previous CDO.

After looking at the relevant pieces of evidence annexed by the Compliance and Enforcement Department to their *Amended Motion*, the following findings can reasonably be ascertained to wit:

1. MMG is soliciting investments as evidenced by a flier/letter circulated to the public by MMG's Marketing Officer named Resalie Terwel<sup>1</sup> marked as Annex D in CED's *Amended Motion* which in brief promises a thirty six percent annual return for a minimum investment of Php 50,000;
2. There is presently open solicitation of MMG's MOAs as shown by an email from one Ma. Lucille Zamora to the SEC inquiring about the legitimacy of MMG's solicitation to invest money, marked as Annex E in the *Amended Motion*. Likewise, to buttress this finding, a Memo from the Iloilo extension office dated Nov. 14, 2001 states

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<sup>1</sup> Confirmed to be an MMG employee as per the representation of MMG's counsel Atty. Ricablanca, *Cf.* Paragraph 17 of *Amended Motion*.

that it receives numerous phone calls inquiring about the legality of MMG's business<sup>2</sup>;

3. Despite MMG's representation in their letter dated December 3, 2001<sup>3</sup> to this Commission that they no longer issue MOAs, there remains to be issuance thereof as proven by a MOA<sup>4</sup> sent by Mr. Armando Villaruz of SEC-Iloilo with an effective date of July 31, 2001 to January 31, 2002. The investor's name was removed by request, but the same is signed by MMG's President Ervin Y. Mateo and notarized by a certain Atty. Baarde, the same lawyer who talked to the present group of SEC investigators<sup>5</sup>. Aforesaid MOA was identical to the ones admittedly issued by MMG previously<sup>6</sup>;
4. To finally deduce that there is indiscriminate offering/solicitation of unregistered securities, SEC's Mr. Leo Arugay and Ms. Carina Bisquerra posed as potential investors and went to one of its marketing offices in Cityland Building, Herrera Towers on January 29, 2002. There they met one Tina Lapid who introduced herself as one of the marketing sales assistant of MMG. Among the numerous documents shown was a letter proposal that alluded to a MOA<sup>7</sup> signed by Ms. Grace Petil, MMG's Area Manager. Aforesaid letter includes rates of return to possible investors. Ms. Lapid informed the SEC investigators/poseurs that there are thousands of investors and many more are still coming<sup>8</sup>.

In sum, there are reasonable grounds to show that there presently are open solicitations/offers and sale of the MOAs, despite MMG's blanket denials. While this Commission acknowledges the letter dated March 18, 2002 by MMG's Treasurer, Evelyn E. Mateo, stating that a previous CDO had been previously lifted, the period covered by this CDO is different. It must likewise be stressed that the rules allow the Compliance and Enforcement Department to do *motu proprio* investigations without need of a complaint from investors.

Pursuant to Section 8.1 of the Securities Regulation Code that states that:

Securities shall not be sold or offered for sale or distribution within the Philippines, without a registration statement duly filed and approved by the Commission. Prior to such sale, information on the securities, in such form and such substance as the Commission may prescribe, shall be made available to each prospective buyers. (Underscoring ours)

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<sup>2</sup> See Annex P of CED's *Amended Motion*.

<sup>3</sup> See Annex I, *idem*.

<sup>4</sup> See Annex P-2, *idem*.

<sup>5</sup> See Paragraph 12, *idem*.

<sup>6</sup> See Annex P-3, *idem*.

<sup>7</sup> See Annex Q, *idem*.

<sup>8</sup> See paragraph 25, *idem*.

and Article 3, Rule I, Part 3 of SEC Circular No. 4, Series of 2001 the present Motion appears to be reasonably filed.

WHEREFORE, premises considered, MMG International Holding Co. Ltd., its officers, partners, representatives, agents and any and all persons acting for and/or in its behalf are hereby directed to **cease and desist** from further **offering, soliciting, issuing**, negotiating, distributing or otherwise dealing in securities using the Memorandum of Agreement or other instruments in order to avert or prevent grave or irreparable injury to the investing public by its continued operations.

MMG may file for a formal request to lift this CDO within a non-extendible period of five (5) days from receipt hereof. In the same request, MMG is directed to show cause why this CDO should not be made permanent.

Pursuant to Section 55 of the Securities Regulation Code this Commission may consider a settlement offer for the aforementioned infractions.

MMG likewise has the option to choose Rule of Summary Procedures under SEC Circular No. 4, Series of 2001 if it finds the same convenient.

**SO ORDERED.**

Mandaluyong City, Metro Manila.

April 1, 2002.

  
FE ELOISA C. GLORIA  
Commissioner

  
LILIA R. BAUTISTA  
Chairman

  
EDJER A. MARTINEZ  
Commissioner

\*JOSELIA J. POBLADOR  
Commissioner

\*MA. JUANITA E. CUETO  
Commissioner

\*on leave