



3 July 2019

SEC ISSUES CEASE AND DESIST ORDER AGAINST ALMAMICO/ ALAMCCO

The Securities and Exchange Commission (SEC) has ordered Alabel Maasim Mining (ALMAMICO) Corp., Alabel-Maasim Small Scale Mining Cooperative and/or Alabel-Maasim Credit Cooperative (ALAMCCO) to stop soliciting investments from the public without the necessary license and through a Ponzi scheme.

The Commission *En Banc* on June 4 issued a cease and desist order against ALMAMICO and ALAMCCO after the SEC Enforcement and Investor Protection Department adduced substantial evidence that said entities engaged in offering and selling to the public securities in the form of investment contracts without the necessary license from the Commission.

ALMAMICO and ALAMCCO operate largely in Sarangani, General Santos City and Koronadal City. They invite members to invest certain amounts in exchange for a guaranteed 35% monthly return, which is supposedly compounded when investors lock in their investments for a year.

The scheme satisfies the elements of an investment contract, as follows: 1) there is a placement of money; 2) the money invested is placed in a common enterprise; 3) there is an expectation of profits; 4) the expected profits are generated from the entrepreneurial and managerial efforts of others.

ALMAMICO and ALAMCCO were also found to have engaged in public offering of securities when they indiscriminately or randomly promoted their investment schemes through videos posted online.

Section 8.1 of Republic Act No. 8799, or the Securities Regulation Code provides that "securities shall not be sold or offered for sale or distribution within the Philippines, without a registration statement duly filed with and approved by the Commission."

Aside from lacking the necessary license, the investment scheme of ALMAMICO and ALAMCCO resembles a Ponzi scheme, an investment fraud that involves the payment of purported returns to existing investors from funds contributed by new investors.

"Wherefore, premises considered, Alabel Maasim Mining (ALMAMICO) Corp., Alabel-Maasim Small Scale Mining Cooperative and/or Alabel-Maasim Credit Cooperative (ALAMCCO), their partners, officers, directors, agents, representatives, and conduits, assigns and any person claiming and acting for and on their behalf are hereby ordered to immediately cease and desist under pain of contempt, from engaging in activities of



selling and/or offering for sale of securities in the form of investment contracts,” the Commission *En Banc* ruled.

ALMAMICO and ALAMCCO were further ordered to cease from promoting its investment scheme through the internet and/or delete or remove immediately the promotional presentation of such investment scheme from the websites.

Moreover, the Commission *En Banc* enjoined ALMAMICO and ALAMCCO from transacting business involving the funds in their depository banks, and from transferring, disposing or conveying in any other manner all related assets to preserve them for the benefit of the investors.

Offering and selling investment contracts to the public without the necessary license or permit will operate as a fraud on investors or is likely to cause grave or irreparable injury or prejudice to the investing public, the Commission *En Banc* noted.

“Hence, the selling of offering for sale of securities by Alabel Maasim Mining (ALMAMICO) Corp., Alabel-Maasim Small Scale Mining Cooperative and/or Alabel-Maasim Credit Cooperative (ALAMCCO) should be immediately restrained to prevent any further grave injury or prejudice to the investing public,” the order read.

“Likewise, it is imperative that a cease and desist order be issued as the continued public offering and sale of such securities without the required license from the Commission makes the public offering and selling a continuing illegal act.”

ALMAMICO is registered as a stock corporation. However, its certificate of incorporation explicitly states that it is not authorized to undertake business activities requiring a secondary license such as acting as broker or dealer in securities, investment house and close-end or open-end investment company.

ALAMCCO, meanwhile, is registered with the Cooperative Development Authority. The incorporators of ALMAMICO are cooperators and/or directors of ALAMCCO. Both entities also share the same principal office address.

The SEC initially issued an advisory against ALMAMICO and ALAMCCO last April 30, amid mounting inquiries and concerns over their investment-taking activities.

Those who have invested money or have been invited to join ALMAMICO and ALAMCCO may seek assistance from the SEC- Davao City Extension Office at SDC Building, Purok 13, Maa Road, Maa, Davao City with telephone numbers (082) 298-2170 and (082) 298-1893 and email address kipestares@sec.gov.ph. In Cagayan de Oro City, they may visit SEC Building, corner 14th and Tomasco Del Lara Street; call (088) 857-4325 and (088) 857-7225; or email rvegypto@sec.gov.ph.

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