



ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

In the Matter of:

SCENTKOWORLD CORPORATION
COMPANY REG. NO. CS201812717;

and

BRENDAHL CRUZ HOLDINGS, INC.
COMPANY REG. NO. CS201954130

For Revocation of Certificate of Incorporation for violation of Section 44 of the Revised Corporation Code of the Philippines (RCCP) in relation to Sections 8.1 and 28.1 of the Securities Regulation Code and Sections 5.1(m) of SRC, Section 179(j) of the RCCP and Section 6 (i)(2) of Presidential Decree No. 902-A for serious misrepresentation as to what the corporation can do to the great prejudice of or damage to the general public

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ORDER OF REVOCATION

This refers to the following entities:

SCENTKOWORLD CORPORATION is a corporation registered with the Commission on 06 July 2018 under Company Reg. No. CS201812717. Its registered principal office address is at Unit 401, 316 Building, Monumento, Rizal Avenue, Corner EDSA, Brgy. 86, Caloocan City, Third District, NCR, Philippines 1400. Its primary purpose as stated in its Articles of Incorporation is:

“To engage in wholesale trading of goods and merchandise.

Provided that the corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts.” (emphasis ours)

BRENDAHL CRUZ HOLDINGS, INC. is a corporation registered with the Commission on 25 July 2019 under Company Reg. No. CS201954130. Its registered principal office address is at Unit 401, 316 Building, Monumento, Rizal Avenue, Corner EDSA, Brgy. 86, Caloocan City, Third District, NCR, Philippines 1400. Its primary purpose as stated in its Articles of Incorporation, is:

“To acquire by purchase, exchange, assignment or otherwise, and sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, deal, in

and with and otherwise operate, enjoy, and dispose of, all properties of every kind and description and wherever situated and to the extent permitted by law, including but not limited to real estate, whether improve or unimproved, and any interest or rights therein, as well as buildings, tenements, warehouse, factories, edifices and structures and other improvements, and shares of capital stock or other securities or obligations, created, negotiated, or issued by any corporation, association or other entity, and while the owner, holder or possessor thereof, to exercise all rights, powers and privileges of ownership or any other interest therein, including the right to receive, collect and dispose of, any and all rentals, dividends, interests, and income derived therefrom, and the right to vote on any proprietary or other interest on any shares of capital stock, and other securities, having voting power, so owned or held and; provided that the corporation shall not engage in the business of an investment company as defined in the Investment Company Act (RA 2619) as amended, without first complying with the applicable provisions of the statute. That the corporation shall have all the express powers of a corporation as provided for under Section 36 of the Corporation Code of the Philippines;

Provided that the corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts. (emphasis ours)

The Department received various email messages inquiring or reporting about SCENTKO, some of which are quoted herein, as follows:

a. *"To whom it may concern,*

Please help to check the complan of a certain company SCENTKO CORP. They newly launched their system so called REWARDS system last June 2019.

Nag-iingat lang po, hindi po kasi nalalayo sa sistema ng ONE LIGHTING CORP, yung dating na tagged na SCAM.

Hope to receive feedback soon.

Willy (Mando)";

b. *"I would like to ask you an inquiry about this business if your agency allowing this corporation to do investment.*

I send you a copy of the SEC registration and also their apps if the government allows them to do so.

Thank you and more power."

Maghintay ka na lamang and let the **BUSINESS SYSTEM** Work for you!

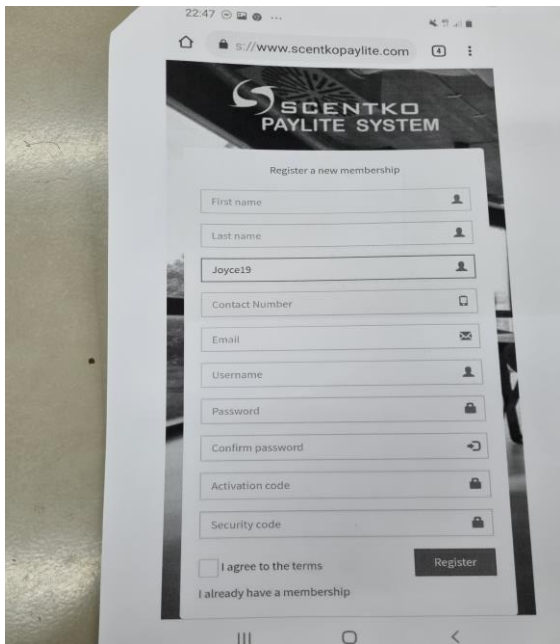
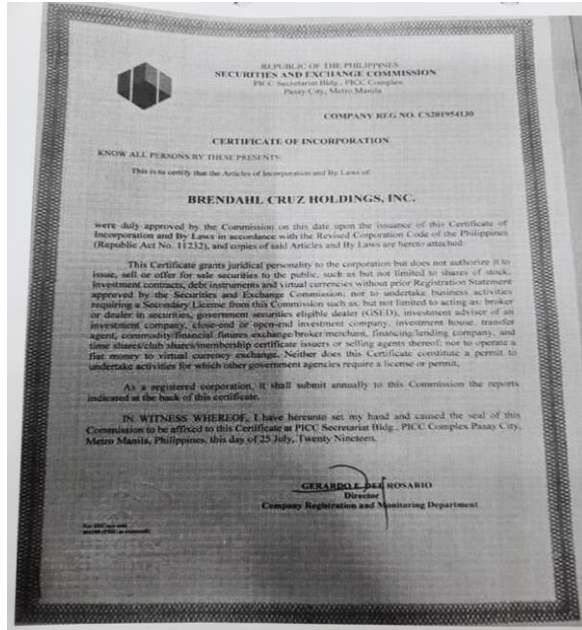
SCENTKO WORLD CORPORATION

BUY & EARN PROGRAM WITH PRODUCTS

PACKAGE	COMPANY SALES REWARDS	PRODUCTS (100ml Parfum)	REGISTRATION FEE
5K	20K	3 Bottles	100
10K	40K	6 Bottles	200
20K	80K	12 Bottles	400
30K	120K	18 Bottles	600
40K	160K	24 Bottles	800
50K	200K	30 Bottles	1,000

Get the Company SALES REWARDS 30 days less or more
NOTE: less 10% withholding tax

SEND ME A PERSONAL MESSAGE FOR INTERESTED ONLY

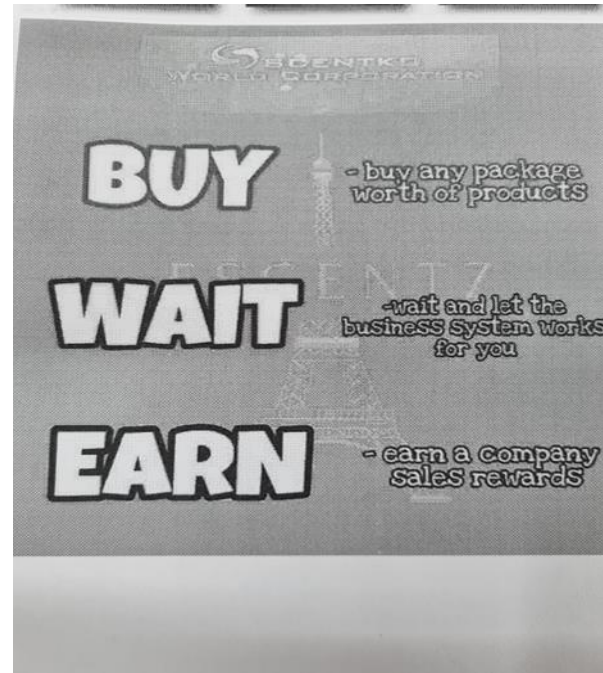
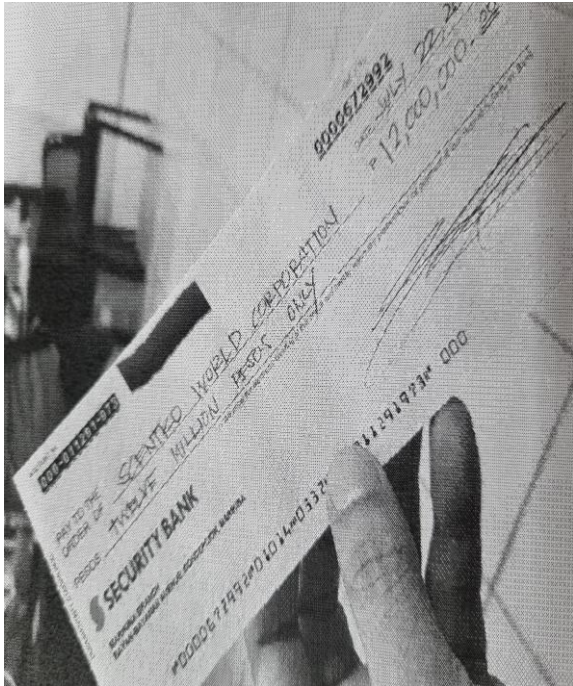


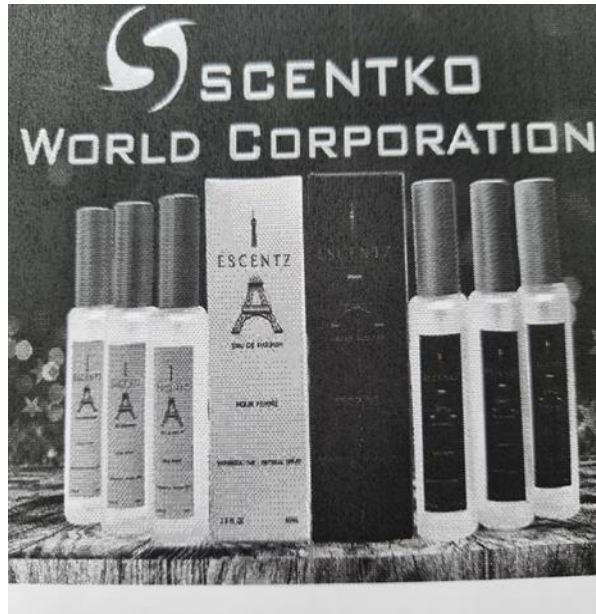
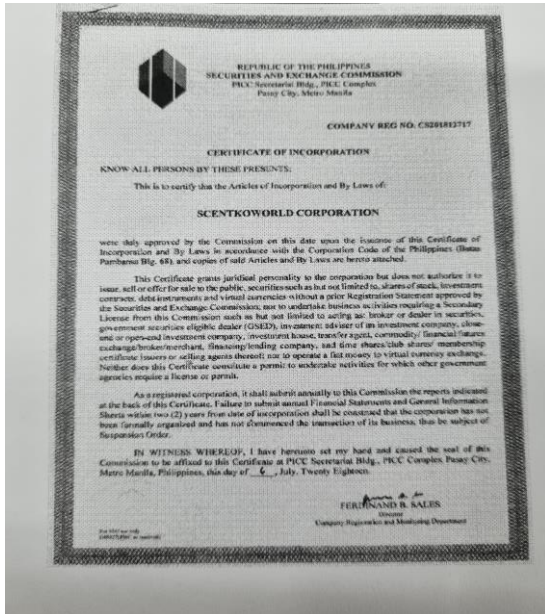
c. "Good day.

As concerned citizen, I would like to ask if you can investigate or possible stop this company whose like its predecessor PIPHC with incorporators who are still wanted as of now PROMISING HIGH RETURNS OF 400% in just 30 days.

Scentko World Corporation. They're very active enticing investors in social media.

Attached are the evidences of their scheme. One person there even invested 12 million for the promised 400% in just 30 days.





Investigation conducted by the Department revealed that **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** have been promising to the public a 400 percent (400%) return from their “Buy and Earn” program. Under its investment scheme, **SCENTKOWORLD CORPORATION** entices the public to buy perfume and beauty products in exchange for “cash sales rewards” equivalent to 400% of the purchase price. Hence, their member was promised a return of PHP20,000 for simply buying a package worth PHP5,000. Also, their members may receive the promised return in about 30 days, without having to resell the products, depending on how soon **SCENTKOWORLD** can recruit new members. Accordingly, the company encourages its members to recruit others as well. And lastly, **SCENTKOWORLD** promises a referral fee equivalent to 10 percent of the amount invested by the new member.

The foregoing investment scheme of **SCENTKO** has the characteristics of an investment contract which must first be registered with the Commission pursuant to Section 8 of the Securities Regulation Code (SRC) before they are offered and sold or distributed to the public

However, the Markets and Securities Regulation Department, Corporate Governance and Finance Department and Company Registration and Monitoring Department of this Commission certified that **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** have not registered any securities pursuant to the provisions of the SRC that would allow it to offer and/or sell securities to the public and that they are not licensed capital market professionals such as, among others, securities brokers.

Thus, on 31 July 2019, an SEC Advisory was issued informing the public that:

*Per records of the SEC, **BRENDAHL CRUZ HOLDINGS, INC.** and **SCENTKOWORLD CORPORATION** are registered as corporations. However, **BRENDAHL CRUZ HOLDINGS, INC.** contrary to contents of the postings on the internet,*

has not been issued any Secondary License by the SEC and as such is not authorized to solicit investments from the public as the above-mentioned entities did not secure prior registration and/or license to solicit investments from the SEC as prescribed under Section 8 of the Securities Regulation Code (SRC), which specifically provides that securities shall not be publicly offered for sale or distribution in the Philippines without a registration statement filed with and approved by the Commission.

Xxx "Per records also of the SEC, **SCENTKOWORLD CORPORATION** has not been issued a Secondary License by the SEC, and as such, is likewise not authorized to solicit investments from the public.

The SEC has also found postings on the internet pertaining to a package of **SCENTKOWORLD CORPORATION** which shows that one can earn Twenty Thousand Pesos (Php20,000.00) from an investment of Five Thousand Pesos (Php5,000.00) in Thirty Days (30). The posting goes on to describe earnings of Two Hundred Thousand Pesos (Php200,000.00) from an investment of Fifty Thousand Pesos (Php50,000.00) within Thirty Days (30).

The public is informed that the issuance of a Certificate of Incorporation only grants the said entity juridical personality but does not constitute an authority or license for the corporation to engage in activities that require a secondary license from the SEC. Hence, it is explicitly stated on the Certificate of Incorporation of **BRENDAHL CRUZ HOLDINGS, INC.** that:

xxx xxx xxx

This Certificate grants juridical personality to the corporation but does not authorize it to issue, sell or offer for sale securities to the public such as but not limited to shares of stock, investment contracts, debt instruments and virtual currencies without prior Registration Statement approved by the Securities and Exchange Commission; nor to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, closed-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing/lending company, and time shares/club shares/membership certificate issuers or selling agents thereof; nor to operate a fiat money to virtual currency exchange. Neither does this Certificate constitute a permit to undertake activities for which other government agencies require a license or permit.

xxx xxx xxx'

On the other hand, it is explicitly stated on the Certificate of Incorporation of

SCENTKOWORLD CORPORATION that:

xxx xxx

This Certificate grants juridical personality to the corporation but does not authorize it to issue, sell or offer for sale to the public, securities such as but not limited to shares of stock, investment contracts, debt instruments and virtual currencies without prior Registration Statement approved by the Securities and Exchange Commission; nor to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities

eligible dealer (GSED), investment adviser of an investment company, closed-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing/lending company, and time shares/club shares/membership certificate issuers or selling agents thereof; nor to operate a fiat money to virtual currency exchange. Neither does this Certificate constitute a permit to undertake activities for which other government agencies require a license or permit.

xxx xxx xxx"

The public is hereby warned that **BRENDAHL CRUZ HOLDINGS, INC. and SCENTKOWORLD CORPORATION** have not been issued licenses or permits to publicly offer or sell securities by the SEC.

Those who act as salesmen, brokers, dealers or agents in selling or convincing people to invest in **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** including soliciting investments or recruiting investors through the internet may be held criminally liable under Section 28 of the SRC and penalized with a maximum fine of Five Million Pesos Php5,000,000.00 or imprisonment of Twenty-One (21) years or both pursuant to Section 73 of the SRC (SEC vs. Oudine Santos, G.R. No. 195542, 19 March 2014).

In view thereof, the public is hereby advised to exercise caution in dealing with any individuals or group of persons soliciting investments or recruiting investors for and on behalf of **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** The public is further advised **NOT TO INVEST** or **STOP INVESTING** in any investment scheme being offered by **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.**"xxx

Despite the issuance of the above-mentioned SEC Advisory against **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS**, the said corporations did not pay attention thereto, and in fact, continued their investment-taking activities.

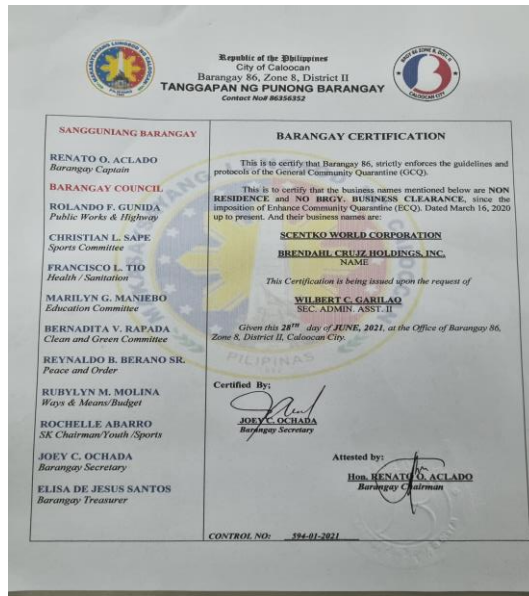
Consequently, on 24 September 2019, a Cease and Desist Order (CDO) was issued by this Commission against the entities affiliated with Mr. Brendahl Cruz which includes **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** On 11 November 2019, an Order was issued by the Commission *en banc* making the said CDO **PERMANENT** after the ***Urgent Motion to Lift the Cease and Desist Order with Motion for Removal from SEC Advisory List*** submitted by said respondent corporations was denied for lack of merit. This Department was able to prove that the entities involved therein were engaged in illegal activities of soliciting investments from the public without the requisite secondary license, and worse, the investment taking activities are within the context of a Ponzi Scheme as there was nothing that would indicate that there is a lawful business activity from which to generate the supposed income to be distributed to their member-investors.

On 15 June 2021, a **Show Cause Order** was issued against **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** that was sent to the registered principal office address of the Corporations, it's Incorporators, Officers and Directors **directing the company to show cause why its Certificate of Incorporation should not**

be revoked for serious misrepresentation as to what the corporation can do or is doing to the great prejudice of or damage to the general public and for committing fraud in the procurement of its Certificate of Incorporation and to show cause why no administrative sanction and/or criminal charges should be filed against SCENTKOWORLD CORPORATION and BRENDAHL CRUZ HOLDINGS, INC. and/or its incorporators, directors and officers for violation of the Securities Regulation Code.

However, said Show Cause Order was not served at the principal place of business of **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** because the said companies were no longer occupying the building. A Barangay Certification was issued by Barangay 86, Zone 8, District II, City of Caloocan, certifying that the said business names are “**NON RESIDENCE**” (*sic*) and also have **NO BARANGAY BUSINESS CLEARANCE** since the imposition of the Enhance Community Quarantine (ECQ) last 16 March 2020 up to present.





A Comment to the Show Cause Order was received by the Commission from the incorporators of **SCENTKO**, namely, Mr. Aurelio Agustin Jr., Mr. Benjamin L. Ordon, Mr. Alexander Macalintal, Ms. Judy Sarcilla Puche, Ms. Anacleta R. Dizon, Mr. Arnel Demapendan and Ms. Analiza C. Sibug. While they admitted that they used to be part of **SCENTKOWORLD CORPORATION** as incorporators and directors, they ceased to be such effective last 15 May 2019.

They stated in their Comment that they vehemently opposed the “BUY and EARN” program implemented by Mr. Brendahl Cruz and in fact, they have disassociated themselves from **SCENTKOWORLD CORPORATION** and **BREND AHL CRUZ HOLDINGS, INC.** by tendering their respective irrevocable resignations and by divesting their shareholdings in favor of Mr. Cruz. Further, Mr. Cruz also filed an Affidavit in Court stating that being the President and owner of the majority of the **SCENTKOWORLD CORPORATION’s** shares of stocks, he alone, without seeking approval of the Board of Directors, conceived and implemented the “BUY and EARN” program for **SCENTKO WORLD CORPORATION**. Also, Mr. Cruz stated that he is assuming the sole and full responsibility for all the consequences of the said program.

The above statements were duly recognized by Branch 93 of the Regional Trial Court (RTC) of Quezon City and Branch 58 of the RTC of Angeles City, Pampanga and subsequently JUDGMENTS ON COMPROMISE were issued by the Courts, approving the Compromise Agreement of the parties (Plaintiffs Macalintal, Ordon, Lalucis and Puche for the QC RTC proceedings and Plaintiffs Demapendan, Agustin, Sibug and Dizon for the Angeles RTC proceedings and in both cases Defendants Scentkoworld Corporation and Brendahl Cruz) embodied in their *Joint Motion to Approve and/or Render a Judgment Based on Compromise Agreement* agreeing, among other things, that Plaintiffs effective 15 May 2019 were no longer connected with Scentkoworld and/or had any participation in their operation and activities.

The factual backdrop having been laid, we now resolve the instant case on the basis of available evidence.

Section 3.1 of the Securities Regulation Code (SRC) defines securities as:

“3.1 “Securities” are shares, participation or interest in a corporation or in a commercial enterprise or profit-making venture and evidenced by a certificate, contract, instrument, whether written or electronic in character. It includes:

- (a) Shares of stocks, bonds, debentures, notes, evidences of indebtedness, asset-backed securities;
- (b) ***Investment contracts***, certificates of interest or participation in a profit sharing agreement, certificates of deposit for a future subscription;
- (c) Fractional undivided interests in oil, gas or other mineral rights;
- (d) Derivatives like option and warrants;
- (e) Certificates of assignments, certificates of participation, trust certificates, voting trust certificates or similar instruments;
- (f) Proprietary or non-proprietary membership certificates in corporations; and
- (g) Other instruments as may in the future be determined by the Commission.“

An investment contract on the other hand, is defined under SRC Rule 26.3.5 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code (2015 SRC IRR) as follows:.

“An **investment contract** means a contract, transaction or scheme (collectively “contract”) whereby a person invests his money in a common enterprise and is led to expect profits primarily from the efforts of others.

A common enterprise is deemed created when two (2) or more investors “pool” their resources, creating a common enterprise, even if the promoter receives nothing more than a broker's commission.”

Further, the elements of an investment contract were enumerated in the case of *Power Homes Unlimited Corporation vs. SEC* which traces its roots from the US case of *SEC vs. Howey Co.* and was later modified in the case of *SEC vs. Glenn W. Turner Enterprises, Inc.* as follows:

- A contract, transaction or scheme
- An investment of money
- A common enterprise
- Expectation of profits
- Profits arises primarily from the entrepreneurial and managerial efforts of others.

Section 8, in relation to Section 12 of the SRC provide that:

“SEC. 8. Requirement of Registration of Securities. – 8.1. 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. Prior to such sale, information on the securities, in such form and with such substance as the Commission may prescribe, shall be made available to each prospective purchaser.

“SEC. 12. Procedure for Registration of Securities. - 12.1. All securities required to be registered under Subsection 8.1 shall be registered through the filing by the issuer in the main office of the Commission, of a sworn registration statement with respect to such securities, in such form and containing such information and documents as the Commission shall prescribe. The registration statement shall include any prospectus required or permitted to be delivered under Subsections 8.2, 8.3 and 8.4.”

Securities, such as investment contracts, as defined by the SRC in relation to SRC Rule 26.3.5 of the 2015 SRC IRR, must be registered before the same can be ***sold or offered*** for distribution to the public. Hence, as a form of security, investment contracts must be registered under Section 8 of the SRC before they can be sold or offered to the public.

Rule 3.1.17 of the 2015 SRC IRR defined ***Public Offering*** as “any offering of securities to the public or to anyone, 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:

3.1.17.1 Publication in any newspaper, magazine or printed reading material which is distributed within the Philippines or any part thereof;

3.1.17.2 Presentation in any public or commercial place;

3.1.17.3 ***Advertisement or announcement*** on radio, television, telephone, ***electronic communications, information communication technology or any other forms of communication***; or

3.1.17.4 Distribution and/or making available flyers, brochures or any offering material in a public or commercial place, or to prospective purchasers through the postal system, ***information communication technology and other means of information distribution.*** (Emphasis supplied)

On the other hand, a “Broker” is defined under Section 3.3. of the SRC as a person engaged in the business of buying and selling securities for the account of others while “Salesman” is defined under 3.13 of the SRC as a natural person, employed as such or as an agent, by a dealer, issuer or broker to buy and sell securities.

Consequently, Section 28 of the SRC provides that:

“SEC. 28. Registration of Brokers, Dealers, Salesman and Associated Persons. – 28.1. No person shall engage in the business of

buying or selling securities in the Philippines as a broker or dealer, or act as a salesman, or an associated person of any broker or dealer unless registered as such with the Commission.

Thus, any person, without proper license from the Commission who acts as brokers, dealers or agents of a company selling or convincing people to invest in the investment scheme including solicitations or recruitment through the internet may likewise be prosecuted and held criminally liable under Section 28 of the SRC and penalized with a maximum fine of Five Million pesos (P5,000,000.00) or penalty of Twenty One (21) years imprisonment or both pursuant to Section 73 of the SRC.

In this particular case, the Department carefully examined the characteristics of the investments offered by Mr. Cruz thru its affiliated entities to determine if they satisfy the elements of an investment contract. In our evaluation, indeed, the elements of investment contracts are manifested in the investments being offered by Mr. Cruz as follows:

- First, there was an **investment of money** from the public in the investment scheme of the company. **SCENTKOWORLD CORPORATION** actually received money from the public who were enticed to invest in their “BUY and EARN” program;
- Second, there was a **common enterprise** in the sense that respondent **SCENTKOWORLD CORPORATION** pooled the money invested by its investors in an alleged profit-making venture;
- Third, there was clearly an **expectation of profits** on the part of its investors who were promised that their money would earn 400% in just 30 days; and
- Lastly, the expectation of profits is **derived primarily from the efforts of others, or in this from the management of SCENTKOWORLD CORPORATION and/or its directors, officers, agents or representatives.**

It is important to emphasize that as juridical persons, **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** are only allowed to exercise powers inherent to their corporate existence as provided in the Revised Corporation Code of the Philippines and those conferred in their Articles of Incorporation (AOI). In other words, what a corporation can do is necessarily circumscribed by its primary purpose clause in its AOI.

The purposes provided in the Articles of Incorporation of **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** clearly and explicitly state:

“Provided that the corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts”

Nonetheless, the purpose stated in the Articles of Incorporation need not set out with particularity the multitude of activities in which the corporation may engage. The

effect of broad purposes or objects is to confer wide discretionary authority upon the directors and management of the corporation as to the kinds of business in which it may engage. However, *dealings which are entirely irrelevant* to the purposes are unauthorized and called *ultra vires*. The purpose clause of the articles of incorporation indicates the extent as well as the limitations of the powers which a corporation may exercise. In fact, the purpose in **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.**'s Articles of Incorporation *prohibited them to operate an investment-taking scheme*.

In an opinion¹, the Commission pronounced that:

"It is the corporation's primary purpose clause which confers, as well as limits, the powers which a corporation may exercise and the character of a corporation is usually determined by the objects of its formation and the nature of its business as stated in the articles. The primary purpose of the corporation, as stated in its articles of incorporation, is the first business to be undertaken by the corporation. Hence, the primary purpose determines its classification."

Likewise, the Certificates of Registration issued to **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** explicitly state that:

This Certificate grants juridical personality to the corporation **but does not authorize it to issue, sell or offer for sale to the public, securities** such as but not limited to, shares of stock, **investment contracts**, debt instruments and virtual currencies without prior Registration Statement approved by the Securities and Exchange Commission **nor to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as broker or dealer in securities**, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity financial futures exchange/broker merchant, financing lending company, and time share, cash share/membership certificate issuers or selling agents thereof nor to operate a fiat money to virtual currency exchange. **Neither does this Certificate constitute a permit to undertake activities for which other government agencies require a license or permit.** (emphasis supplied)

The act of Mr. Cruz through his affiliates in allowing certain persons acting as their agents or representatives to make public presentations of their investment scheme, inviting the public to invest in the companies through social media and seminars conducted, renders them liable for the unauthorized public offering of securities and the misrepresentation committed in connection with such public offering.

Likewise, the investment scheme of respondents **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** promising a return of 400% in 30 days has the characteristics of a Ponzi scheme. A **Ponzi scheme** is an investment program that offers impossibly high returns and pays these returns to early investors out

¹ SEC-OGC Opinion No. 11-33 dated 29 July 2011 addressed to Mr. Jesus B. Lapuz.

of the capital contributed by later investors. Named after Charles Ponzi who promoted the scheme in the 1920s, the original scheme involved the issuance of bonds² which offered 50% interest in 45 days or a 100% profit if held for 90 days. Basically, Ponzi used the money he received from later investors to pay extravagant rates of return to early investors, thereby inducing more investors to place their money with him in the false hope of realizing this same extravagant rate of return themselves.

In the case of *People of the Philippines vs. Palmy Tibayan and Rico Z. Puerto* (G.R. Nos. 209655-60, 14 January 2015), the Supreme Court held that:

“To be sure, a Ponzi scheme is a type of investment fraud that involves the payment of purported returns to existing investors from funds contributed by new investors. *Its organizers often solicit new investors by promising to invest funds in opportunities claimed to generate high returns with little or no risk.* In many Ponzi schemes, the *perpetrators focus on attracting new money to make promised payments to earlier-stage investors to create the false appearance that investors are profiting from a legitimate business.* It is not an investment strategy but a gullibility scheme, which works only as long as there is an ever increasing number of new investors joining the scheme. It is difficult to sustain the scheme over a long period of time because the operator needs an ever larger pool of later investors to continue paying the promised profits to early investors. The idea behind this type of swindle is that the “con-man” collects his money from his second or third round of investors and then absconds before anyone else shows up to collect. Necessarily, Ponzi schemes only last weeks, or months at the most.” (Underscoring added for emphasis)

The investment scheme of Mr. Cruz through **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** also operates to defraud investors as it deceives the investing public by making it appear that they have the authority to deal in securities. This also amounts to serious misrepresentation as to what they can do or are doing to the damage and prejudice of the investing public.

Under Section 6 of Presidential Decree 902-A, the Commission has the power to suspend, or revoke, after proper notice and hearing, the franchise or certificate of registration of corporations, partnerships and associations, on the ground of serious misrepresentation as to what the corporation can do or is doing to the great prejudice of or damage to the general public. Likewise, Section 5.1 (m) of the SRC and Section 179 (j) of the Revised Corporation Code of the Philippines (RCCP) empower the Commission to revoke the franchise or Certificate of Incorporation/registration of corporations registered with it.

Under the 2016 Rules of Procedure of the SEC, the EIPD shall exercise authority over persons and entities, whether under the primary authority of other Operating Departments, involved in the following:

xxx “1. Investigations and administrative actions involving the following:

² Actually, postal reply coupons

- xxx c) Selling, offering or transacting unregistered securities by entities without secondary license;
 - d) *Ultra Vires* acts committed in violation of the Revised Corporation Code;
2. Petitions for revocation³ of corporate registration in all cases, except those which fall under the original authority of CRMD;
 3. Administrative actions for fraudulent transactions involving securities;
 4. Administrative actions for all other violations under PD 902-A, except those cases which fall under the original authority of other Operating Departments;
 5. All other matters involving investor protection filed by the public, referred by self-regulatory organizations, or referred by other Operating Departments after initial evaluation or findings that there is a possible violation of laws, rules or regulations that the Commission implements but do not fall under their respective original authority.”

Further, SEC Admin Case No. 11-10-124 entitled *In re: PHILBIO Renewable Energy Resources Corp.*, promulgated on 27 April 2016 provides what constitute serious misrepresentation, to wit:

*“From the foregoing, it is indubitable that PHILBIO misrepresented itself to the public that it can solicit investments despite the fact that it is **not one of the purposes of the corporation**. Worse, it **does not have a license to offer/sell securities**. PHILBIO operates an investment-taking scheme which is therefore considered an **ultra vires act**. These constitute serious misrepresentation as to what the corporation can do or doing to the great prejudice to the general public.”*

Considering that nowhere is it stated in the respective primary purposes of **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** that they are authorized to engage in the selling or offering for sale of securities to the public, compounded by the fact that they do not have the required Secondary License from the Commission to offer or sell securities to the public, their activity of selling or offering for public sale of investments is considered an *ultra vires act* and therefore constitutes serious misrepresentation as to what the corporations can do to the great prejudice or damage to the general public which is a ground for the revocation of a corporation’s primary franchise or certificate of registration/ incorporation under PD 902-A.

Section 44 of the RCCP provides:

SEC. 44. Ultra Vires Acts of Corporations. — No corporation shall possess or exercise corporate powers other than those conferred by this Code or by its articles of incorporation and except as necessary or incidental to the exercise of the powers conferred.

³ Revocation refers to involuntary dissolution of corporate registration pursuant to Section 138 of the Revised Corporation Code.

A Cease and Desist Order (CDO) was likewise issued by this Commission against the entities affiliated with Mr. Cruz which includes **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** on 11 November 2019 which became **PERMANENT** upon the denial of the Urgent Motion to Lift the Cease and Desist Order with Motion for Removal from SEC Advisory List.

WHEREFORE, for violation of Section 44 of the Revised Corporation Code of the Philippines (R.A. No. 11232) in relation to Sections 8.1 and 28.1 of the Securities Regulation Code and Section 6 (i)(2) of P.D. 902-A, the corporate registrations or Certificates of Incorporation/Registration of **SCENTKOWORLD CORPORATION** and **BRENDAHL CRUZ HOLDINGS, INC.** are hereby **REVOKED**.

Accordingly, let this Order be attached by the Corporate Filing and Records Division of the Company Registration and Monitoring Department (CRMD) to the records of the corporation on file with the Commission. Further, the Information and Communications Technology Department (ICTD) of this Commission is likewise requested to enter the “*revoked*” status of subject corporation in the online database of the Commission.

SO ORDERED

Pasay City, 04 April 2022.


OLIVER O. LEONARDO
Director