

ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

In the matter of:

**S & C SHAMAI CLOVERLEAF GROUP OF
COMPANIES INC.**

Company Registration No. 2022110075595-19

X-----X

**S & C SHAMAI CLOVERLEAF GROUP OF
COMPANIES INC.**

Block 55, Lot 6, Molino Paliparan Road
Salawag, City of Dasmariñas, Cavite,
Region IV-A (CALABARZON), 4114
lglaiza23@gmail.com

CONRAD VELASCO HUE

Block 10, Lot 13, Golden City Salawag,
City of Dasmariñas, Cavite, Region IV-A
(CALABARZON), 4114

GLAIZA GUTIERREZ LOPEZ

Block 10, Lot 13, Golden City Salawag,
City of Dasmariñas, Cavite, Region IV-A
(CALABARZON), 4114

REVOCATION ORDER

S & C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC., was granted its Certificate of Registration by the Commission on 15 November 2022 under Company Registration No. 2022110075595-19 with the following as incorporators:

Name	Citizenship	Residential Address
Conrad Velasco Hue	Filipino	Block 10, Lot 13, Golden City Salawag, City of Dasmariñas, Cavite, Region IV-A (CALABARZON), 4114
Glaiza Gutierrez Lopez	Filipino	Block 10, Lot 13, Golden City Salawag, City of Dasmariñas, Cavite, Region IV-A (CALABARZON), 4114

The purpose or purposes of **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, as stated in its Articles of Incorporation are:

Primary:

“To acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kind, whether improve, manage or otherwise dispose of buildings, houses, apartments and other structures of whatever kind, together with their appurtenances.”.

Secondary:

“1. To engage in, operate, conduct and maintain the business of manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale and retail such goods as food frozen and any and all equipment, materials, supplies used or employed in or related to the manufacture of such finished products. 2. To operate, establish and maintain a regular pick up delivery and trucking service on all land, air and sea freight shipments both incoming and outgoing and to engage in air freight forwarding domestic and international and private express and messengerial services, with storage, brokerage, transportation and allied facilities and to operate such business as may be necessary or impliedly incidental to the primary purpose. 3. To engage in, conduct, and carry on the business of buying, selling, distributing, marketing, import at wholesale/retail, insofar as may be permitted by law; all kinds of goods, commodities- wares, merchandise of every kind and description. 4. To engage in the business of taxi operation.

*Provided that the corporation **shall not solicit, accept or take investment/placement** from the public neither shall it issue investment contracts”.*

Sometime in February 2023, the Commission received information that individuals or group of persons representing an entity named **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, owned and operated by *Glaiza Gutierrez Lopez* and *Conrad Velasco Hue* were enticing the public to invest their money in the said entity with a promise of high monetary rewards or profits.

Based on the reports received by the Commission, **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, which is comprised of the following companies: **1.) Shamai Best Food Hub; 2.) Shamai Burger; 3.) Shamai Best Pizza; 4.) Clover Leaf Realty Development; 5.) Clover Leaf Administration of Financial Marketing; 6.) Broom Broom Express** and **7.) Shamai Tech Computer Trading**, is enticing the public to invest in their group of companies a minimum capital of Ten Thousand Pesos (Php

10,000.00) for a promise of receiving a guaranteed return of 10% to 25% interest per month.

It was further reported that one of the companies under the **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, namely **Broom Broom Express**, an express cargo delivery service is likewise enticing the public to invest for a capital of Eighty-Nine Thousand Pesos (Php 89,000.00) for a guaranteed return of 25% monthly interest for a renewable period of 6 months.

As appearing in Social Media posts which were shared to the Commission, **Shamai Tech** is enticing the public to invest for a minimum capital of Php 10,000.00 for a promise of receiving an interest rate ranging from 10% to 25% for a short-term investment of either 30 or 45 days whilst **Shamai Best Food Hub** offers its Co-Franchisee program to the public for a promise of a guaranteed 15% monthly interest. Below are screenshots of the said social media posts:

Shamai TECH
December 20, 2022 · 🌐

LOOKING FOR EXTRA INCOME ????

CAPITAL : 10k - Above
TERMS : 30days or 45days
INTEREST : 10% to 25%

GUARANTEED ROC at the end of the contract. (30 DAYS)
No Lock-in Period..

If you are interested, please PM me @viber 09678839691 or email me at purchasingshamaidasma@gmail.com or visit my timeline

(We highly encourage everyone to visit our office to discuss the proposal. We can also set a virtual meeting via Zoom or Messenger)


 August 12, 2022 · 🌐

"SHAMAI FOOD HUB CAVITE"
 -We are offering Co-Franchisee-
 Benefits and Perks of Joining our Growing Company

- 👉 No Management Hassle because the Company will be the one to Manage all the necessary moves to make sure the store will Grow.
- 👉 10% Discount to every Meal that you will purchase.
- 👉 Different Fusion of Foods to choose from.
- 👉 Awarded as one of the Best Fast food chain in the Country by Different Award giving Body.
- 👉 All the Permits and Contract is Open for your Verification.
- 👉 Stores and Offices are located at the Metro and on Dasmariñas Cavite.
- 👉 15% Monthly Fix Profit, Steady income and Company is Solid as a ROCK.

#shamaiheadofficedasma
 #cloverleafadministrationoffinancialmarketing
 #businessopportunity
 #CoFranchising

INITIAL INVEST	INTEREST RATE PER MONTH	NET PROFIT PER MONTH	NET PROFIT IN 6 MONTHS	NET PROFIT IN 12 MONTHS
100,000	15%	Php.1500	Php.9000	Php.18000
200,000	15%	Php.3000	Php.18000	Php.36000
300,000	15%	Php.4500	Php.27000	Php.54000
400,000	15%	Php.6000	Php.36000	Php.72000
500,000	15%	Php.7500	Php.45000	Php.90000
600,000	15%	Php.9000	Php.54000	Php.108000
700,000	15%	Php.10500	Php.63000	Php.126000
800,000	15%	Php.12000	Php.72000	Php.144000
900,000	15%	Php.13500	Php.81000	Php.162000
1,000,000	15%	Php.15000	Php.90000	Php.180000

Moreover, in its Facebook Page, **Broom Broom Express** is inviting the public to invest in the said company and be a Co-Franchisee for a promise of receiving a 15% to 25% monthly interest. Likewise, **Shamai Best Food Hub** offers its Co-Franchisee program to the public for a promise of a guaranteed 15% monthly interest, as shown below:


BROOM BROOM Express
 January 30 · 🌐

**BROOM BROOM EXPRESS IS OPEN NATIONWIDE
 LOOKING FOR CO FRANCHISEE!**
 Hindi ka marunong mag business? si Broom Broom Express na ang bahala sa pag manage.

- ✅ MONTHLY INCOME FIXED RATE 15% TO 25%
- ✅ PASSIVE INCOME MONTHLY
- ✅ STARTS EARNING AFTER 30 DAYS
- ✅ NOTARIZED CONTRACT
- ✅ WE ISSUE POST DATED CHECKS
- ✅ DTI REGISTERED and SEC REGISTERED
- ✅ KAHIT NASA ABROAD PWEDE!
- ✅ WALA KANG BABAYARANG BILLS (ELECTRICITY/WATER BILL/INTERNET BILL)

To learn the whole process and ways of earning.
 Just message us in our facebook page link below.
<https://www.facebook.com/BROOM-BROOM-Express-108185788801447>

For more inquiries, you can directly message me in my facebook account.
 Head Office Located in
 📍 (Broom Broom Express)
 Blk 55 Lot 5 Molino - Paliparan Rd. Salawag Dasmariñas Cavite (savemore salawag)
 Contact Number: 09810171724

SHAMAI FOOD HUB

1. CAPITAL AS LOW AS 10,000 PESOS.
2. MONTHLY FIX PROFIT WILL BE DEPOSITED DIRECT TO YOUR GCASH/BANK ACCOUNT
3. 6 MONTHS LOCKED IN CONTRACT (RENEWABLE)
4. PRINCIPAL AMOUNT WILL BE RETURNED AT THE END OF THE CONTRACT

5. CONTRACT WILL BE LEGALLY NOTARIZED AND CAN BE USE FOR LEGAL PURPOSE IF INCASE THE COMPANY WILL NOT COMPLY TO THE SAID AGREEMENT TERMS.

PRINCIPAL AMOUNT	INTEREST RATE PER MONTH	NET PROFIT PER MONTH	NET PROFIT PER 12 MONTHS
Php. 10,000	15%	Php. 1,500	Php. 18,000
Php. 20,000	15%	Php. 3,000	Php. 36,000
Php. 30,000	15%	Php. 4,500	Php. 54,000
Php. 40,000	15%	Php. 6,000	Php. 72,000
Php. 50,000	15%	Php. 7,500	Php. 90,000
Php. 60,000	15%	Php. 9,000	Php. 108,000
Php. 100,000	15%	Php. 15,000	Php. 180,000

SHAMAI BEST

EAT ALL YOU CAN UNLIMITED IHAW IHAW @199 PER PERSON

SHAMAI FOOD HUB CAVITE

Shamai FOOD HUB Cavite
August 4, 2022 · 🌐

"SHAMAI FOOD HUB CAVITE"
-We are offering Co-Franchisee-
Benefits and Perks of Joining our Growing Company

- 👉 No Management Hassle because the Company will be the one to Manage all the necessary moves to make sure the store will Grow.
- 👉 10% Discount to every Meal that you will purchase.
- 👉 Different Fusion of Foods to choose from.
- 👉 Awarded as one of the Best Fast food chain in the Country by Different Award giving Body.
- 👉 All the Permits and Contract is Open for your Verification.
- 👉 Stores and Offices are located at the Metro and on Dasmariñas Cavite.
- 👉 15% Monthly Fix Profit, Steady income and Company is Solid as a ROCK.

#shamaiheadofficedasma
#cloverleafadministrationoffinancialmarketing
#businessopportunity
#CoFranchising See less

209 likes · 29 comments · 99 shares

Write a comment...

As mentioned earlier, **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, is registered with the Securities and Exchange Commission (SEC) under Company Registration No. 2022110075595-19, however, it is not authorized to solicit investments from the public as this entity did not secure prior registration and/or license to solicit investments from the Commission as prescribed under Section 8 of the Securities Regulation Code.

Further, per initial verification from the Commission's Database, **Broom Broom Express, Shamai Best Food Hub** and **Shamai Tech Computer Trading** are not registered as corporations or partnerships. Consequently, **Broom Broom Express, Shamai Best Food Hub** and **Shamai Tech Computer Trading** also do not have a secondary license or authority to solicit investments or offer securities as only registered corporations can apply for and be issued a secondary license by the Commission.

On 10 March 2023, the Commission issued an Advisory containing the following information on **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.** and its subsidiary companies, to wit:

*“xxx are not authorized to solicit investments from the public as these entities did not secure prior registration and/or license to solicit investment from the Commission as prescribed under Sections 8 and 12 of the Securities Regulation Code. The public is advised to exercise caution in dealing with any individual or group of persons soliciting investments for and behalf of **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, and its subsidiary companies or entities. The public is further advised **NOT TO INVEST** or to **STOP INVESTING** in the investment scheme being offered by the subject entity or its representatives xxx”.*

✉ The SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-air, Makati City
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🌐 www.sec.gov.ph | imessagemo@sec.gov.ph



On 14 March 2023, Respondent **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, through its Shareholder *Conrad Hue* filed a manifestation praying that the SEC Advisory dated 10 March 2023 against **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, be removed.

On 17 March 2023, an Order was issued denying for lack of merit the manifestation filed by Respondent **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**

On 26 May 2023, a *Show Cause Order* was issued against **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, addressed to the company's registered principal office address, and to its stockholders-directors-incorporators, namely; Conrad Velasco Hue and Glaiza Gutierrez Lopez, *directing the company to show cause why no administrative sanction and/or criminal charges should be imposed/filed against S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC., and/or its incorporators, directors and officers for violation of the Securities Regulation Code, and other pertinent laws, rules and regulations of the Commission, including, but not limited to disqualification from being a director of a corporation under Section 26 of the Revised Corporation Code of the Philippines, to show cause why no administrative sanctions and/or criminal charges should be imposed/filed against S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC., and/or its incorporators, directors and officers for offering and/or selling unregistered securities to the public in violation of Section 8 and 28 of the Securities Regulation Code; and to show cause why the Certificate of Incorporation of S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC., should not be revoked pursuant to Section 6(i)(2) of Presidential Decree No. 902-A 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 engaging in ultra vires acts in violation of the Revised Corporation Code of the Philippines.*

On 29 May 2023, the Show Cause Order was sent to the declared email address of the company as reflected in the records of the Commission which is: lglaiza23@gmail.com

On the same date, the Show Cause Order was sent via registered mail to the declared address of the company and that of its incorporators.

To date, despite such receipt and presumptive notice of the Show Cause Order as detailed above, the company failed to respond, which shall be construed as a waiver of its right to be heard as to the allegations stated in the aforementioned Show Cause Order.

Hence, we now resolve the instant proceedings on the basis of available evidence.

DISCUSSION:

Clearly, the marketing and/or compensation plan of **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, through its subsidiary companies namely; *Broom Broom Express, Shamai Tech* and *Shamai Best Food* involves offering and sale of securities in the form of an "Investment Contract" as defined under Section 3.1 of the Securities Regulation Code (SRC).

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Section 3.1 of the Securities Regulation Code (SRC) defines securities as 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* (G.R. No. 164182 February 26, 2008) traced from the case of *SEC vs. Howey Co.* (66 S.Ct.1100 May 27, 1946) and was later modified in the case of *SEC vs. Glenn W. Turner Enterprises, Inc.* (474 F.2d476 February 1, 1973), as follows:

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

Section 8, in relation to Section 12 of the SRC provides 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 Page 11 of 14 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.” (Emphasis ours)

Securities such as investment contracts as defined by the SRC and in relation to SRC Rule 26.3.5 of the 2015 SRC IRR must be registered with the Commission pursuant to Sections 8 and 12 of the SRC before the same can be **offered or sold** or distributed.

Meanwhile, 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. “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 registration or license from the Commission who acts as brokers 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 **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, through its subsidiary companies namely; ***Broom Broom Express, Shamai Tech*** and ***Shamai Best Food*** 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 **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, through its subsidiary companies which are as follows:

- By investing in the company, **the investor enters into a contract;**
- There is a **placement of money** from the public as they are enticed to invest in the company that represented to be engaged in a lucrative business;
- The money invested is placed in a **common enterprise;**
- The **investors expect to derive profits** as they are primarily attracted to join **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, for a promise of receiving a guaranteed monthly interest; and
- The investors expect to earn profits derived primarily from the efforts of others or from **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**

S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC., through its subsidiary companies is likewise offering an investment scheme which is within the definition of securities under Section 3.1 of the SRC in the nature of an investment contract. An investment contract has been defined as a contract or scheme for the placing of capital or laying out of money in a way intended to secure income or profit from its employment.¹ It has been applied to a variety of situations where individuals were led to invest money in a common enterprise with the expectation that they would earn a profit through the efforts of the promoter or of someone other than themselves.²

It is noteworthy to mention that **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, is not authorized to solicit investments from the public as it did not secure prior registration and/or license to solicit investments from the Commission as prescribed under Section 8 of the Securities Regulation Code. Hence, the act of **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, through its subsidiary companies namely; ***Broom Broom Express, Shamai Tech*** and ***Shamai Best Food*** in soliciting investments from the public without the necessary secondary license from the Commission is unauthorized.

It is important to emphasize that **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, as a juridical person, is only allowed to exercise powers inherent to its

¹ *SEC vs Howey Co.*, 328 U.S. 293 (1946)

² *Ibid.* Although the definition as stated in the *Howey* case qualified that the earning of profit was expected to be solely through the efforts of another party, Rule 3.1G of the SRC's IRR replaces this qualifier with "primarily", acknowledging that an investment contract may still be present where the individual who placed the money exerted a small amount of effort in an attempt to earn the profits promised.

corporate existence as provided in the Revised Corporation Code of the Philippines and those conferred in its Articles of Incorporation (AOI). In other words, what a corporation can do is necessarily circumscribed by its primary purpose clause in its AOI.

In **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, Articles of Incorporation as approved by the Commission, it is clearly provided that the business of the subject company is:

Primary:

“To acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kind, whether improve, manage or otherwise dispose of buildings, houses, apartments and other structures of whatever kind, together with their appurtenances.”.

Secondary:

“1. To engage in, operate, conduct and maintain the business of manufacturing, importing, exporting, buying, selling or otherwise dealing in, at wholesale and retail such goods as food frozen and any and all equipment, materials, supplies used or employed in or related to the manufacture of such finished products. 2. To operate, establish and maintain a regular pick up delivery and trucking service on all land, air and sea freight shipments both incoming and outgoing and to engage in air freight forwarding domestic and international and private express and messengerial services, with storage, brokerage, transportation and allied facilities and to operate such business as may be necessary or impliedly incidental to the primary purpose. 3. To engage in, conduct, and carry on the business of buying, selling, distributing, marketing, import at wholesale/retail, insofar as may be permitted by law; all kinds of goods, commodities- wares, merchandise of every kind and description. 4. To engage in the business of taxi operation.

*Provided that the corporation **shall not solicit, accept or take investment/placement** 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 **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.'s** Articles of Incorporation expressly prohibits it to operate an investment-taking scheme.

In an SEC opinion³, 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 Certificate of Registration issued to **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, explicitly states 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)

To exacerbate matters, the scheme being offered by **ASENSO BUSINESS GROUP TRADING INC.**, is clearly in the nature of a *ponzi* scheme⁴ where the profits or payouts shall be taken from incoming investors or additional pay-ins of existing members-investors, considering that it does not have any underlying legitimate business from where it could source its promised return on investments to its investors. Such scheme is prohibited under Section 26 of the SRC:

“SEC. 26. **Fraudulent Transactions.** – It shall be unlawful for any person, directly or indirectly, in connection with the purchase or sale any securities to:

26.1. Employ any device, scheme, or artifice to defraud;

³ SEC-OGC Opinion No. 11-33 dated 29 July 2011 addressed to Mr. Jesus B. Lapuz.

⁴ A **Ponzi scheme** is an investment program that offers impossibly high returns and pays these returns to early investors out 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 bonds 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. (*People of the Philippines v. Priscilla Balasa, et. al., G.R. 106357, dated September 3, 1998*).

26.2. Obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading; or

26.3. Engage in any act, transaction, practice or course of business which operates or would operate as a fraud or deceit upon any person.”

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)

In *SEC vs. CJH Development Corporation*⁵, the Supreme Court ruled that the sale and/or offer of securities without the requisite license, necessarily operates as a fraud on investors, thus:

“The act of selling unregistered securities would necessarily operate as a fraud on investors as it deceives the investing public by making it appear that respondents have authority to deal on such securities. Section 8.1. of the SRC clearly states 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 SEC and that prior to such sale, information on the securities, in such form and with such substance as the SEC may prescribe, shall be made available to each prospective buyer.” (Emphasis ours)

Under Section 6 of Presidential Decree 902-A, the Commission has the power to suspend, or revoke, after proper notice and hearing, the franchise of certificate of registration or corporations, partnerships and associations, on the ground of serious misrepresentation as to what the corporation can do or is doing to the 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 RCCP empower the Commission to revoke the franchise or Certificate of Incorporation/Registration of corporations registered with it.

⁵ G.R. No. 210316, 28 November 2016.

Under the 2016 Rules of Procedure of the Securities and Exchange Commission, 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:
 - c) Selling, offering or transacting unregistered securities by entities without secondary license;
 - d) ultra vires acts committed in violation of the Corporation Code;
2. Petitions for revocation⁶ 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; and
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 its primary purpose that **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, is authorized to engage in the selling or offering for sale of securities to the public, neither is it stated in its secondary purposes that it is authorized to raise capital or borrow money from the public, the activity of **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, of selling or offering for sale of investments is considered an ultra vires act and therefore constitute serious misrepresentation.

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.

⁶ Revocation refers to involuntary dissolution of corporate registration pursuant to Section 138 of the Revised Corporation Code.

Finally, a verification with the Bureau of Internal Revenue (BIR) on the authenticity of the Taxpayer Identification Numbers (TINs) of the incorporators of **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.**, as indicated in its Articles of Incorporation reveals that one (1) of its incorporator has provided a TIN that belongs to another taxpayer. A portion of the BIR reply is cited below:

PER REQUEST		PER BIR DATABASE
Names	TIN	Remarks
1. Conrad Velasco Hue	232-250-321-000	TIN 232-250-321-000 belongs to another taxpayer
2. Glaiza Gutierrez Lopez	608-532-481-000	Valid TIN

Noteworthy to mention that such use of invalid and false TIN in order to acquire registration with the Commission is tantamount to fraud in the procurement of the Certificate of Incorporation which is a valid ground for the revocation of the said Certificate pursuant to Section 6(i)(1) of PD 902-A.

WHEREFORE, for violation of Section 44 of the Revised Corporation Code of the Philippines (R.A. 11232) and Sections 8.1, 28.1 and 26.1 of the Securities Regulation Code, in relation to Section 6 of P.D. 902-A and Section 5.1 (m) of the SRC and Section 179 (j) of the RCCP, the Certificate of Incorporation/the registration of **S&C SHAMAI CLOVERLEAF GROUP OF COMPANIES INC.** as a corporation, is hereby **REVOKED**.

Accordingly, let this Order be posted on the SEC website and 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.

Makati City, 05 July 2023.


OLIVER O. LEONARDO
 Director

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