



ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

In the Matter of:

SEC EIPD CASE NO. 2023-7164

For Revocation of Certificate of Incorporation for violation of the Revised Corporation Code of the Philippines (R.A. 11232) in relation to 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

**BAGONG BANSANG MAHARLIKA (BBM)
INTERNATIONAL INC.**

SEC Reg. No. CN2022030046453-01, 18 March 2022

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ORDER OF REVOCATION

This has reference to **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.**, a non-stock corporation registered with the Commission on 18 March 2022 under Company Reg. No. *CN2022030046453-01*. Its registered principal office address is at *J.P. Laurel St., San Juan (Pob.), Samal, Bataan, Region III, Central Luzon 2113*. Its primary purpose is as follows:

"To uplift the living conditions of members by assisting them in the establishment of livelihood facilities, services and enterprises. To encourage the members in the effective utilization of local resources in livelihood activities and thereby improve the living condition in the community. To acquire loans or other financial accommodations from the government and private lending institutions in order to finance productive livelihood enterprises. To provide and accept grants, contributions, donations and other forms of assistance/financial aid, technical or in kind for the maintenance of the association and attachment of its purposes. To assist and support the members in the promotion of their business. To develop and harness the people's participation in every economic activity toward the development of the community through self-help and self-reliance. To do and perform any other acts which may be necessary, convenient and appropriate to accomplish the objectives for which the association is organized."

Based on its corporate records,¹ the following individuals are its incorporators/board of trustees, namely: 1) Mr. Nelson C. Bernarido; 2) Mr. Carlos C. Canlas; 3) Ms. Corazon M. Laxamana; 4) Ms. Ma. Evelyn Paguio; 5) Ms. Rose Marie G. Santos; 6) Mr. Arnold P. Bautista; and 7) Mr. Banjo V. Inere.

The Commission received a series of information that **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC. (BBMII)** is collecting membership fees from the residents of local communities.

Based on the information provided, the membership from the said entity will entitle its members for food security, free education, free hospitalization, cash assistance and livelihood.

¹ As indicated in the Articles of Incorporation since subject-entity has no latest GIS and AFS.

On 28 August 2023, the Commission issued an Advisory against **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC**² warning the public that its registration with the Commission only grants it juridical personality to operate as a corporation and does not encompass activities which requires the necessary permit/license/authority, such as, but not limited to, operate as a Private Social Welfare Development Agency (SWDA) from the Department of Social Welfare and Development (DSWD) and that the Certificate of Incorporation does not constitute a permit to undertake activities for which other government agencies require a license or permit.

On 4 September 2023, the Commission issued a **SHOW-CAUSE ORDER** directing **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC** to file an Answer on the ground of serious misrepresentation as to what the corporation is doing or can do to the great prejudice of or damage to the public under P.D. 902-A , to wit:

- “1. *Requires payment of one hundred (Php100) pesos as processing fee for identification cards; and*
2. *Thru the use of the social media, seminars conducted in public places and radio programs, Bagong Bansang Maharlika International Inc. promises that a “voluntary” member, is entitled to “assured benefits” in the form of food security, medical services, livelihood, free education and cash assistance for elderly aging fifty (50) years and above, among others.”*

The Show Cause Order further informed the corporation that absent the requisite authority or license to operate such activities by the governing regulatory agency, the activities or functions mentioned are outside the scope that can be conferred upon by the Revised Corporation Code of the Philippines (Republic Act No. 11232) or by the Commission, nor can they be considered as incidental or part of their express powers as a corporation.

A copy of the Show-Cause letter was sent via e-mail,³ registered mail and likewise served during the 11 September 2023 conference⁴ with BBMI conducted with the Department. Despite due notice and repeated reminders to file their answer to the show cause order and the lapse of sufficient time given to BBM International Inc. and to its incorporators, no response or answer was submitted to this Department.

² <https://www.sec.gov.ph/advisories-2023/bagong-bansang-maharlika-international-inc/#gsc.tab=0>

³ E-mail sent to Lily Ana Mercado “lilyana23mercado@gmail.com,” Cezonette Reyes “sonettereyes56@gmail.com” and Jovelyn G. Tibuasan “tibuasanjovelyn143@gmail.com”.

⁴ A total of three (3) conferences were conducted with BBMI: (1) On 11 September 2023 where Mr. Pedro Ramil G. Reyes, BBMI Provincial Director received a hard copy of the Show Cause Order together with Cezonette Reyes, as BBMI National Secretary; (2) On 29 September 2023, where Mr. Reyes personally appeared together with Cezonette Reyes; and (3) On 16 October 2023, where Mr. Pedro Ramil G. Reyes claimed that an Answer to the Show-Cause Order was sent to the EIPD.

On 20 October 2023, except for Ms. Rose Marie G. Santos, all the incorporators and trustees declared⁵ that they are no longer connected with **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.**

In this case, the Department was tasked to carefully to determine whether **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.** committed serious misrepresentation as to what it can do or is doing to the great prejudice of or damage to the general public, on the basis of available evidence presented.

In the determining the issue, the primary purpose of **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.**'s AOI as approved by the Commission is reiterated herein, as follows:

“To uplift the living conditions of members by assisting them in the establishment of livelihood facilities, services and enterprises. To encourage the members in the effective utilization of local resources in livelihood activities and thereby improve the living condition in the community. To acquire loans or other financial accommodations from the government and private lending institutions in order to finance productive livelihood enterprises. To provide and accept grants, contributions, donations and other forms of assistance/financial aid, technical or in kind for the maintenance of the association and attachment of its purposes. To assist and support the members in the promotion of their business. To develop and harness the people’s participation in every economic activity toward the development of the community through self-help and self-reliance. To do and perform any other acts which may be necessary, convenient and appropriate to accomplish the objectives for which the association is organized.”

It is important to emphasize that as a juridical person, **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.** is only allowed to exercise powers inherent to its 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.

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 or 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.

Section 44 of the Revised Corporation Code of the Philippines, provides:

“SEC. 44. Ultra Vires Acts of Corporations. — No corporation shall possess or exercise corporate powers other than those conferred

⁵ In a letter and through representations in a personal appearance before the EIPD

by this Code or by its articles of incorporation and except as necessary or incidental to the exercise of the powers conferred.”

In an opinion⁶, 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.”

Corollary to the Articles of Incorporation is the **certificate of incorporation issued by the Commission which states that such certificate is not a permit to undertake activities for which other government agencies require a license or permit**, to wit:

*“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 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 shares/club shares/membership certificates issuers or selling agents thereof; nor to operate a fiat money to virtual currency exchange. **Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.**” (Underscoring ours)*

A careful scrutiny of the purpose of **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.** would show that it is required to register and secure a license from the Department of Social Welfare and Development (DSWD) under the **Revised Guidelines Governing the Registration and Licensing of Social Welfare and Development (SWD) Agencies and Accreditation of SWD Programs and Services⁷** and the **Revised Omnibus Rules and Regulations on Public Solicitation⁸** before it can conduct/implement its activities in the different regions of the country. Here, **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.**, its operators and agents has no authority to operate as a ***non-governmental organization for public and charitable***

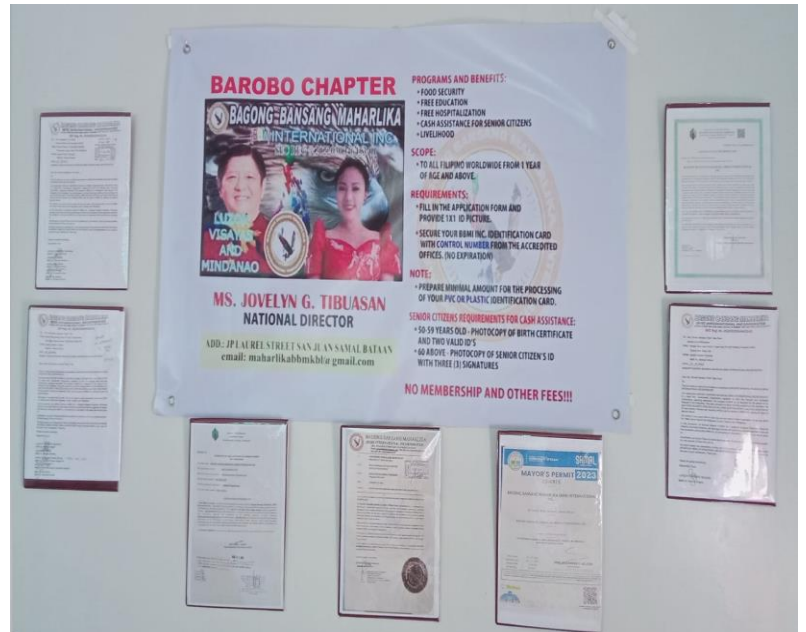
⁶ SEC-OGC Opinion No. 11-33 dated 29 July 2011 addressed to Mr. Jesus B. Lapuz.

⁷ DSWD M.C. No. 17 series of 2018 requires that the registration and licensing of agencies and organizations **engaged or planning to engage in social welfare and development (SWD) as well as accreditation of SWD programs and services of licensed social work agencies (SWAs).**

⁸ DSWD M.C. No. 17 series of 2014 regulates the public solicitation and issuance of solicitation permits.

purposes to act as a Social Welfare and Development Agencies (SWDAs) as certified to by the DSWD. This fact was also admitted by the incorporators and officers of BBMI in the series of conferences with the Department.

Worse, the use of the President's picture in the identification cards, tarpaulins and other materials and paraphernalia of **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.** was done with palpable intent to mislead and deceive the public that the activities undertaken by the corporation are legitimate and are sanctioned by or with the imprimatur of the President or the Marcos administration.





The activities of BBMI of going around the different municipalities and cities of the Philippines and preying upon the gullibility of people by promising them the moon, what with claims to those who will join, of benefits such as **food security, free education, free hospitalization, cash assistance, livelihood to all Filipinos worldwide 1 year old and above**, all in exchange for a minimal membership fee and giving sensitive personal data (i.e. name, residential address, date of birth, place of birth, age, gender, civil status, cell phone number, email, contact person in case of emergency, cell phone number and signature and picture) are at once, false, fraudulent and “too good to be true.”

Just where BBMI will get the resource to provide those promises when as a non-stock, non-profit corporation it does not have a steady stream of income? In other words, that there was no profit forthcoming can be clearly deduced from the fact that the BBMI was not engaged nor authorized to engage in any lucrative business to finance its operation. It was not shown that it was the recipient of donations or bequest with which to finance its scheme, nor did it have any operating capital to speak of when it started operations. In fact, per its Articles of Incorporation, its total capital contribution is merely Php 35,000.00.

These activities were clearly *ultra vires* acts or acts beyond the corporation's authority. Evidently, BBMI's SEC registration was obtained only for the purpose of giving a semblance of legitimacy to the corporation and that the corporation's activities were sanctioned by the government. This pretension was carried out in the materials (IDs, posters, banners, tarpaulins, etc.) of the corporation, its SEC registration number being indicated thereon.

Further, the incorporators/board of trustees **ON RECORD** with the Commission, manifested that they have resigned or severed ties from the corporation and denied any knowledge of and participation on the current activities of **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.**

Based on the abovementioned facts and circumstances, **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.**, has continued to operate without the required license from the appropriate government agency such as the Department of Social Welfare and Development (DSWD). Its continuous operation has or had advanced a fraudulent purpose or can be reasonably expected to cause significant, imminent and irreparable danger or injury to the public safety and welfare and can take advantage of the credulity of the public with regard to the actual operation of **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.**

Records of the Commission further showed that, to date, **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.**, has not submitted its **Mandatory Disclosure Form (MDF)**. Under Section 9.1 and 9.2 of Chapter IX of Memorandum Circular No. 25 series of 2019, registered non-stock corporation such as **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.**, is required to accomplish such MDF and submit the same to the Commission through the Anti-Money Laundering Division (AML) of this Department or the SEC Extension Office.

Under Section 9.5. of said memorandum provides **that failure to comply with MC No. 25. s. 2019 is a cause for revocation** of the certificate of incorporation of the non-complying non-stock corporation.

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:

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- 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 revocation⁹ 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.”

Incorporation is not a matter of right but a mere privilege granted by the state. The grant being a mere privilege, the state has the continuing interest in the existence of a corporation in a sense that this privilege be acquired only under the conditions of law including compliance with the mandatory requirements of the corporation.

The Certificate of Registration as a corporation does not grant a license or authority to implement or intending to implement either directly or indirectly, social welfare and development programs and services without approval from the relevant government agencies nor can the corporation appropriate the likeness or image of the President to misrepresent to the public that its activities are authorized by the government. These activities or functions are outside the scope that can be conferred by the Revised Corporation Code of the Philippines or by the Commission, nor the aforementioned activities be considered as incidental to or part of their express powers as a corporation.

Considering that these acts and practices blatantly constitutes *ultra vires* acts and therefore constitute serious misrepresentation that could advance a fraudulent purpose or can be reasonably expected to cause significant, imminent and irreparable danger or injury to the public safety and welfare, the issuance of this **ORDER** is warranted.

WHEREFORE, for violation of Section 44 of the Revised Corporation Code of the Philippines (RCC or R.A. 11232) in relation P.D. 902-A and Section 179 (j) of the RCC, the Certificate of Incorporation and the registration of **BAGONG BANSANG MAHARLIKA (BBM) INTERNATIONAL INC.** as a corporation, is hereby **REVOKED**.

⁹ Revocation refers to involuntary dissolution of corporate registration pursuant to Section 138 of the Revised Corporation Code.

Accordingly, let this Order be posted at 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, 14 November 2023.



OLIVER O. LEONARDO
Director