ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

In the matter of:

SEC EIPD CASE NO. 2025-8028

ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.
Company Registration No. 2024120179404-14
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ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.
Purok 5 Centrala, Surallah, South Cotabato, Region XII (SOCCSKSARGEN), 9512
gigabytesops@gmail.com

DARLENE JOY LUMAWAG TAPEL
Incorporator
D and J Building, Arellano Street, Zone III (Pob.), City of Koronadal (Capital), South Cotabato, Region XII (SOCCSKSARGEN), 9506

WILLIAM GRUESO CUDAL
Incorporator
6-F Time Plaza Building, UN Avenue, Cor Taft Avenue, Ermita – Barangay 668, City of Manila, First District, National Capital Region, (NCR), 1000

LYNLYN ENAD RATILLA
Incorporator
B5, L30, Marigold Subd., Burgos, Rodriguez (Montalban), Rizal, Region IV-A, (CALABARZON), 1860

2nd declared address
Zone 1, Luz Banzon, Jasaan, Misamis Oriental

RENANTE F. BARON
Purok Orchids, Lower Ipil Heights, Ipil (Capital), Zamboanga Sibugay, Region IX (Zamboanga Peninsula), 7001

EMLYN MORALES OQUENDO
No. 92, Sct. Rallos, kamuning, Quezon City, Second District, National Capital Region (NCR), 1103
alfaroem21.9@gmail.com

REVOCATION ORDER

ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC., was granted a Certificate of Registration by the Commission on 02 December 2024 with Company Registration No. 2024120179404-14 with the following incorporators:

Name	Citizenship	Residential Address
Darlene Joy Lumawag Tapel	Filipino	D and J Building, Arellano Street, Zone III (Pob.), City of Koronadal (Capital), South Cotabato, Region XII (SOCCSKSARGEN), 9506
William Grueso Cudal	Filipino	6-F Time Plaza Building, UN Avenue, Cor Taft Avenue, Ermita – Barangay 668, City of Manila, First District, National Capital Region, (NCR), 1000
Lynlyn Enad Ratilla	Filipino	B5, L30, Marigold Subd., Burgos, Rodriguez (Montalban), Rizal, Region IV-A, (CALABARZON), 1860
Renante F. Baron	Filipino	Purok Orchids, Lower Ipil Heights, Ipil (Capital), Zamboanga Sibugay, Region IX (Zamboanga Peninsula), 7001
Emlyn Morales Oquendo	Filipino	No. 92, Sct. Rallos, kamuning, Quezon City, Second District, National Capital Region (NCR), 1103

The purpose of **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURNG, INC.,** as stated in its Articles of Incorporation is:

> *"To engage in manufacturing recyclable materials such as waste, liquid, gas and other properties and substance in converting waste to energy for related works and activities.*

Provided that he corporation shall not solicit, accept or take investment/placements from the public neither shall it issue investment contract."

Sometime in October 2024, the Commission received information that an individual or group of persons representing an entity named **ECOMAMONI** is enticing the public to invest their money in the said entity by purchasing any of the company's "Recycling Plan" for a promise of receiving monetary rewards or profits.

In the said business scheme, the investing public will be required to purchase any of **ECOMAMONI's** Recycling Plan (R1 – R6), which is merely an online recycling program digitally created by **ECOMAMONI** and will be instructed to press every day the start button of the chosen Recycling Plan in order to receive the promised monetary rewards or profits.

Further, in its digital advertisement, **ECOMAMONI** enumerated and explained the company's so-called "Earning Plan". Below is a screenshot copy of the said digital advertisement which was presented to the Commission:

In its Facebook (FB) Page which can be found at https://web.facebook.com/groups/373853485467849/?ref=share&mibextid=NSMWBT&_rdc=1&_rdr **ECOMAMONI** advertised and posted its so called "Longterm Platform", wherein the investing public is being invited to register for a promise of receiving monetary reward upon completion of the required task on the chosen "Recycling Plan". Below is screenshot copy of the said social media post:

ECO MAMONI
Longterm Platform
https://www.ecomamoni.com/join?i=x5cF4C

Launched Date May 6
Minimum Invest ₱70
Minimum Withdraw ₱50
Withdrawal Fee 13%
Gcash and Paymaya
Mon-Fri 10am to 9pm
REGISTRATION LINK
https://www.ecomamoni.com/join?i=x5cF4C

Contact Manager
@EcoMamoni

About Used batteries R0
Subscription fee:₱70
Daily income: ₱25
Total income in 2 days: ₱50+₱70

About PCR plastic R1
Subscription fee: ₱400
Daily income: ₱10
Total income in 15 days = ₱200
Total income in 30 days = ₱450
Total income for 60 days = ₱1100
Total income in 100 days = ₱4000

About Textile fabric R2
Subscription fee: ₱1200
Daily income: ₱30
Total income in 15 days = ₱500
Total income in 30 days = ₱1050
Total income for 60 days = ₱2300
Total income in 100 days = ₱6000

About lithium battery R3
Subscription fee: ₱3500
Daily income: ₱70
Total income for 15 days = ₱1100
Total income in 30 days = ₱2250
Total income for 60 days = ₱4700
Total income in 100 days = ₱10000

New registered members contact Manager to receive bonus

* You can get corresponding rewards when you reach the number of consecutive subscription days:*
*Complete tasks for 15 consecutive days to get ₱50*
*Complete tasks for 30 consecutive days to earn ₱150*
*Complete tasks for 60 consecutive days to earn ₱500*
*Complete tasks for 100 consecutive days and earn ₱3000*
*Obtained by completing tasks for 365 consecutive days (Iphone15)*

Tg:
https://t.me/ecomamonicomvipofficial

ECO MAMONI FB PAGE
https://www.facebook.com/groups/373853485467849/?ref=share&mibextid=NSMWBT **See less**

Public
Anyone can see who's in the group and what they post.

Moreover, in the FB Page of a certain "JUAN", which was being featured in the FB Page of **ECOMAMONI**, the public is being invited to join **ECOMAMONI** for a promise of receiving daily earnings, as shown below:

JUAN ▸ 🔋 ECO MAMONI 🔋Longterm Platform🔋 Launched Date May 6 2024🔋
2d · 🌐

Looking for extra earning?😩😩😩

JOIN ECOMAMONI♻️😩♻️

BENEFITS 😩 😩
✅DAILY EARNING
✅SIGN IN REWARDS (50php, 150php, 500php, 3000php and iphone 15)
✅MONTHLY SALARY (1600php, 6500php, 14500php, 41,000php)

COMPLAM💰💰
📊400php turns 3650php
📊1200php turns 10950php
📊3500php turns 32,850php
📊8000php turns 96, 725php
📊26,000php turns 316,090php
71,000php turns 864, 685php

📌New official member will have an automatic free spin..

📌Recycling, protecting and Earning.

FOLLOW AND FOR MORE DETAILS 💌💌💌💰😩

EARNINGS EVERY WEDRAWAL
https://youtu.be/Tyc3GDYrkWw?si=-LEFG3yHkA_C3Zi-

Create Acount Eco Mamoni
Sign Up Here👇👇👇👇
https://www.ecomamoni.com/join?i=x5cF4C

Telegram Group Guide ECO Mamoni
👇👇👇
https://t.me/ecomamonicomvipofficial

🔋 ECO MAMONI 🔋
Longterm Platform
📅 Launched Date May 6 2024
CREATE ACOUNT 👇👇
https://www.ecomamoni.com/join?i=x5cF4C

💸 Minimum Invest ₱70
💸 Minimum Withdraw ₱50
💰 Withdrawal Fee 13%
🏧 Gcash and Paymaya
🏧 Mon-Fri 10am to 9pm

✨Ecomamoni Subscriptions Plan♻️

+130 for beginners
+Signing bonus
50- 15 days
150- 30 days
500- 60 days
3000- 100 days
Iphone 15($1000)- 365 days

📌R1: ₱385
₱20/A Day
✨Income:₱3-4k

📌R2: ₱1,200
₱40/A Day
✨Income:₱10-11k

📌R3: ₱3,500
₱100/A Day
✨Income:₱32-33k

📌R4: ₱8,000
₱275/A Day
✨Income:₱96-97k

📌R5: ₱26,000
₱876/A Day
✨Income:₱316-400k

📌R6: 71,000
₱2,379/A Day
✨₱864,685-₱901,651

Continues recycling and earn for
365 days/1year.

Ecomamoni is Not Investment, It's Environmental Company at Deposit Ang Tawag sa Mga Nilalagay natin na Pera na Kumikita ng Daily Interest Like Bank.

Investment - Can't ReFund Any Time, There's a Chance of Lose

Deposit - Can ReFund Any Time, Stable and There's No Lose Like Bank

#everyone #highligts @everyone #everyone #highligt #investment #earnmoney #earn #longterm #ligit #

Per initial verification from the Commission's Database, **ECOMAMONI** is not registered as a corporation or partnership. Consequently, **ECOMAMONI** also does 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 19 November 2024, the Commission has issued an Advisory informing the public that **ECOMAMONI** is **not authorized to solicit investments** from the public, not having secured prior registration and/or license to sell securities or solicit investments as prescribed under Section 8 of the Securities Regulation Code (SRC).

Further, the public was advised to exercise caution in dealing with any individual or group of persons soliciting investments for and on behalf of **ECOMAMONI** and was advised ***NOT TO INVEST*** or to ***STOP INVESTING*** in the investment scheme being offered by the subject entity or its representatives.

After the posting of the said Advisory, the Commission further received reports from the public wherein it was reported that **ECOMAMONI** is presenting its alleged SEC Certificate of Registration under the corporate name "**ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**" as a way of convincing the public of the legitimacy of their operations.

It was further reported that **ECOMAMONI** is continuously operating its investment-taking activities by introducing a new scheme with a higher "participation fees" ranging from Php 600.00 to Php165,000.00 with a highest daily earning amounting to Php7,000.00.

Moreover, in an advertisement posted in the Facebook page of ***ECOMAMONI PARTNER*** which can be found at https://www.facebook.com/ecomamonipartner, **ECOMAMONI** announced that they have successfully obtained a certification from the Philippines Securities and Exchange Commission.

In the same fb post, **ECOMAMONI** is offering to the public a limited-time discount on their three key recycling tasks, namely; 1. N2 Lithium-Ion Battery Recycling, 2. N3 regenerated Sponge Recycling and 3. N4 Regenerated Lubricant Recycling. Below is screenshot copy of the said FB post:

EcoMamoni Partner
5d ·

EcoMamoni Official Announcement

Subject: SEC Certification Celebration - Limited-Time Subscription Discounts

Dear EcoMamoni Consultants,

We are delighted to announce that EcoMamoni has successfully achieved certification from the Philippine Securities and Exchange Commission (SEC). This recognition is a significant milestone in validating the compliance and transparency of our operations. To celebrate this achievement and show our gratitude for your continued support, we are offering special limited-time discounts on three key recycling tasks.

Discount Details:
N2 Lithium-Ion Battery Recycling
Regular Price: 1,800 PHP
Discounted Price: 1,440 PHP

N3 Regenerated Sponge Recycling
Regular Price: 5,000 PHP
Discounted Price: 4,000 PHP

N4 Regenerated Lubricant Recycling
Regular Price: 15,900 PHP
Discounted Price: 12,720 PHP

Promotion Period: December 6 to 7

Temporary Policy Adjustments During the Event:
To ensure fairness and the smooth execution of this promotion, subscription cancellations will be temporarily restricted during the event. Below are the considerations behind this adjustment:

1. Ensuring Fairness:
Prevent misuse of subscription discounts through quick cancellations, protecting the rights of consultants who adhere to the rules.

2. Optimizing Subscription Experience:
Stable subscription services reduce operational interruptions, ensuring all consultants can fully enjoy the services provided.

3. Data Collection and Feedback:
Maintaining stable subscriptions allows us to evaluate the event's effectiveness and collect reliable data for future decision-making.

4. Building Consultant Trust:
By offering a refund guarantee, we aim to enhance trust in our subscription services, encouraging more consultants to try new subscription plans.

Resumption of Normal Policies:
After the event concludes, normal subscription termination functions will immediately resume, allowing you to manage your subscription status flexibly.

We thank you for your understanding and support. This event not only marks a celebration of our shared achievements but also deepens our partnership.

If you have any questions or require further assistance, please don't hesitate to reach out to your dedicated customer service manager.

EcoMamoni Team

EcoMamoni Official Announcement

SEC Certification Celebration – Limited–Time Subscription Offer

Dear EcoMamoni Consultants

We are proud to announce that EcoMamoni has successfully obtained certification from the Securities and Exchange Commission (SEC) in the Philippines, which is a significant recognition of our business's compliance and transparency. To celebrate this milestone and to thank you for your continued support of our services, we are introducing a special limited–time subscription offer on three of our recycling tasks.

Details of the Offer **Event Duration: 6th – 7th December**

	Subscription Price	Discounted Price
Ternary Lithium Battery N2	~~1800 PHP~~	1440 PHP
Regenerated Sponge N3	~~5000 PHP~~	4000 PHP
Regenerated Engine Oil N4	~~15900 PHP~~	12720 PHP

Policy Adjustments During the Event:
To ensure the fairness and smooth running of the event, we will temporarily restrict the termination of subscriptions during the event period. Here are our considerations:

★ **Maintaining Fairness:**
Preventing some consultants from exploiting the subscription offer by quickly cancelling their subscriptions, thus safeguarding the rights of consultants who follow the rules.

★ **Building Consultant Trust:**
Offering a refund guarantee to strengthen consultants' trust in the subscription service and encourage more people to try new subscriptions.

★ **Restoration Time:**
Immediately after the event, the normal subscription termination function will be restored, allowing you to manage your subscription status flexibly.

★ **Data Collection and Feedback:**
A stable subscription status facilitates the assessment of the event's effectiveness, providing reliable data for future decision–making.

★ **Optimising Consultant Subscription Experience:**
A stable subscription service avoids frequent operational disruptions to the subscription experience, allowing all consultants to fully enjoy the complete service.

We appreciate your understanding and support and are committed to

Likewise, in an advertisement posted in its Facebook page which can be found at https://www.facebook.com/share/p/12KS1oJjh7A/ **ECOMAMONI** announced having successfully obtained a certification from the Philippine SEC, as shown below:

EcoMamoni's Post

EcoMamoni
December 5 at 4:41 AM ·

EcoMamoni Official Announcement

Subject: EcoMamoni Achieves Certification from the Philippine Securities and Exchange Commission (SEC)

Dear EcoMamoni Environmental Consultants and Partners,

We are proud to announce that EcoMamoni has successfully obtained certification from the Philippine Securities and Exchange Commission (SEC). This recognition highlights our adherence to the high standards of compliance, transparency, and professionalism set by Philippine regulatory authorities. It also underscores our steadfast commitment to environmental protection and sustainable development.

Certification Details:
Certification Number: 2024120179404-14
Date of Certification: December 2, 2024
Verification: checkwithsec.sec.gov.ph

Significance of SEC Certification:
This certification enhances EcoMamoni's credibility and competitiveness in both the Philippine and global markets. For our environmental consultants, it provides additional assurance of the legality and standardization of our operations. It confirms that our services and subscriptions comply with all applicable laws and industry standards. Furthermore, the certification subjects us to stricter regulatory oversight, ensuring consistent improvement in service quality and consultant experience.

Next Steps:
To celebrate this milestone, we will host a series of events showcasing our commitment to continuous improvement and innovation.

Noteworthy, the Certification Numbers which **ECOMAMONI** claimed to be the SEC Certification Number of their alleged newly registered corporate name as advertised in the above FB post is similar with that of the Company Registration number of **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**

Based on the records of the Commission, **ECOMAMONI** and **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, are **<u>not authorized to solicit investments</u>** from the public, not having secured prior registration and/or license to sell securities or solicit investments as prescribed under Section 8 of the Securities Regulation Code (SRC).

On 06 January 2025, a ***Show Cause Order*** was issued **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, addressed to the company's registered principal office address, and to its Incorporators, namely; Darlene Joy Lumawag Tapel, William Grueso Cudal, Lynlyn Enad Ratilla, Renante F. Baron and Emlyn Morales Oquendo, ***directing the company to show cause why no administrative sanctions and/or criminal charges should be imposed/filed against*** **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, 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, to show cause why no administrative sanctions and/or criminal charges should be imposed/filed against*** **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC., and its incorporators, directors of officers for offering and/or selling unregistered securities to the public in violation of Section 8, 26, and 28 of the Securities Regulation Code, to show cause why** ***its Certificate of Incorporation 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 ultravires acts in violation of the Revised Corporation Code of the Philippines, and to show cause why no administrative sanction and/or criminal charges should be filed against*** **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, ***and/or its incorporators, directors and officers for committing investment fraud in violation of Section 11 of Republic Act No. 11765 otherwise known as the Financial Products and Services Consumer Act.***

On 06 January 2025, the Show Cause Order was sent through the declared e-mail address of the company as reflected in the records of the Commission at gigabytesops@gmail.com, copy furnished the e-mail address of a certain Vincent Bernardez at bernardezparalegal.up@gmail.com, the company's contact person as declared in the records of the Commission.

On 07 January 2025, the Show Cause Order was served through registered mail to the declared address of the company and to the declared addresses of its incorporators as reflected in the records of the Commission. However, the said Order was not tendered to Respondent Renante F. Baron since his declared address was discovered to be an unknown address.

On 08 January 2025, the Commission issued an Advisory informing the public that **ECOMAMONI** and **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, are **<u>not authorized to solicit investments</u>** from the public, not having secured prior registration and/or license to sell securities or solicit investments as prescribed under Section 8 of the Securities Regulation Code (SRC).

In her Verified Answer dated 20 January 2025, Respondent *Emlyn Morales Oquendo-Alfaro* substantially alleges the following, to wit; 1.) that the inclusion of her name as an incorporator of ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC., was done against her will, as her signature was forged and obtained through fraudulent means, 2.) that she did not take part in whatever violation ECOMAMONI might have committed and just like the rest of the ECOMAMONI members, since she was also a victim who got defrauded of her har-earned money, 3.) that she never collected any money from any ECOMAMONI member, since all the financial dealings were done directly through the payment gateway of the ECOMAMONI website, 4.) that the parties responsible for defrauding the public are the scammers of ECOMAMONI overseas, since they are the one who control the website and payment gateway which has siphoned the hard-earned money of the ECOMAMONI members and 5.) that she was convinced in good faith about the legitimate purpose of ECOMAMONI and its environmental advocacy.

In a letter dated 20 January 2025, Respondent Lynlyn Enad Ratilla, through counsel, avers the following, to wit; 1.) that she vehemently denies being an incorporator of ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC., 2.) that she was not aware that she was registered as an incorporator of ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC., neither did she give her consent to be registered as an incorporator of ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC., and 3.) that she merely complied with the instruction of Darlene Joy Lumawag Tapel, to present her TIN number and Voter's I.D. in compliance with the SSS and Philhealth which are being provided by the company to their employees when she applied for the position of 'Manager" at ECOMAMONI.

In his Verified Answer dated 23 January 2025, Respondent *William Grueso Cudal* substantially averred the following, to wit; 1.) that he has never been connected with or knowingly participated in the incorporation, registration or operation of ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC., 2.) that he did not sign or authorize the signing of any document, resolution or agreement pertaining to the registration of ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC., with the SEC, 3.) that he has no knowledge of the inclusion of his name as an incorporator, stockholder, director or officer in the registration or organizational documents of ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC., 4.) that he did not give his consent for the use of his name, personal information or signature in any capacity related to the registration of incorporation of ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC., and 5.) that he denied any involvement, participation, or liability in the operations of ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.

In her Verified Answer dated 23 January 2025, Respondent Darlene Joy L. Tapel substantially avers the following, to wit; 1.) that she did not violate any of the provision of the SRC and other laws, rules and regulation of the Commission, 2.) that she admitted having facilitated the SEC registration of ECOMAMONI, believing that what they were soliciting then were just membership fees in a trash to cash environmental advocacy/social enterprise similar with that of SM 's recycling market project, 3.) that she did not take part in whatever violation ECOMAMONI might have committed and just like the rest of the ECOMAMONI members, since she was also a victim who got defrauded of her har-earned money, 4.) that she never collected any money from any ECOMAMONI member, since all the financial dealings were done directly through the payment gateway of the ECOMAMONI website, 5.) that the parties responsible for defrauding the public are the scammers of ECOMAMONI overseas, since they are the one who control the website and payment gateway which has siphoned the hard-earned money of the ECOMAMONI members and 6.) that she was convinced in good about the legitimate purpose of ECOMAMONI and its environmental advocacy.

We now resolve the instant proceedings on the basis of the documents submitted and the available evidence.

DISCUSSION:

Clearly in this case, the compensation plan that **ECOMAMONI** and **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, is offering to the public, partakes the nature of securities in the form of an "Investment Contract" as defined under Section 3.1 of the Securities Regulation Code (SRC).

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:

- 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."

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** for distribution.

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 for and on behalf of an entity or 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 **ECOMAMONI** and **ECOMAMONI ENVIRONMENTAL**

RECYCLABLE MATERIALS MANUFACTURING, INC., to determine if they satisfy the elements of an investment contract. In our evaluation, indeed, the elements of an investment contract are manifested in the investments being offered by **ECOMAMONI** and **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, 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 and are required to invest money in order for them to earn profits;
- The money invested is placed in a **common enterprise**;
- The **investors expect to derive profits** as they are primarily attracted to join **ECOMAMONI** and **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, for a promise of receiving daily earnings and
- The investors expect to earn profits derived primarily from the efforts of others or from **ECOMAMONI** and **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**

Clearly, **ECOMAMONI** and **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, is 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. As defined, an investment contract is 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 **ECOMAMONI** and **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, are not authorized to solicit investments from the public as they did not secure prior registration and/or license to solicit investment from the Commission as prescribed under Section 8 of the Securities Regulation Code. Hence, the act of **ECOMAMONI** and **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, in soliciting investments from the public without the necessary secondary license from the Commission is unauthorized and violates the provisions of the SRC.

Further, Section 11 of Republic Act No. 11765 or the Financial Products and Services Consumer Protection Act (FCPA) also prohibits <u>investment fraud</u> which is defined under the law as any form of deceptive solicitation of investments from the public

[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.*

which includes Ponzi schemes and such other schemes involving the promise or offer of profits or returns sourced from the investments or contributions made by the investors themselves and the offering or selling of investment schemes to the public without a license.

It is important to emphasize that **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, as a juridical person, is only allowed to exercise powers inherent to its 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 **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**'s Articles of Incorporation as approved by the Commission, it is clearly provided that the business of the company is:

> *"To engage in manufacturing recyclable materials such as waste, liquid, gas and other properties and substance in converting waste to energy for related works and activities.*
>
> *Provided that the corporation shall not solicit, accept or take investment/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 **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.'s** Articles of Incorporation expressly prohibits it to operate an investment-taking scheme.

In an SEC opinion[3], 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."*

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

To exacerbate matters, the scheme being offered by **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, is clearly in the nature of a *ponzi* scheme[4] 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;
>
> 26.2. Obtain money or property by means of any untrue statement of a material fact of 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."

Further, as held in the case of *SEC vs. CJH Development Corporation, (G.R. No. 210316, 28 November 2016)* [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)

[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*).

[5] SEC vs. CJH Development Corporation, (G.R. No. 210316, 28 November 2016)

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 misrepresentations 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 SDRC and Section 179 (j) of the Revised Corporation Code of the Philippines 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 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:

> "1. Investigations and administrative actions involving the following:
>
> xxx.
>
> 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 revocation[6] 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:

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

> "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 **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, 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 or from more than nineteen (19) lenders, the activity of **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, 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.

Apropos, Respondents Emlyn Morales Oquendo-Alfaro, William Grueso Cudals and Lynlyn Ratilla's allegations that they were not involve in the operations, activities, incorporation and registration of **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, and that the inclusion of their names as incorporators of the said company was done without their knowledge and consent as their signatures were forged and obtained through fraudulent means cannot be given credence, considering the absence of evidence substantiating the same. Hence, their lone and self-serving allegations is not proof. It is an elementary rule in our jurisdiction that unsubstantiated allegations do not constitute substantial evidence and have no probative value.

Further, as to Respondents Emlyn Morales Oquendo-Alfaro and Darlene Joy Lumawag Tapel's contention that they were merely convinced in good faith about the legitimate purpose of ECOMAMONI and its environmental advocacy is bereft of merit, since good faith and absence of criminal intent are not valid defenses in special laws like the Republic Act 8799, otherwise known as the Securities Regulation Code (SRC), which belongs to a class of offenses known as *mala prohibitum*.

WHEREFORE, for violations of Section 44 of the Revised Corporation Code of the Philippines (R.A. 11232), Sections 8.1, 26.1 and 28.1 of the Securities Regulation Code, Section 11 of the Financial Products and Services Consumer Protection Act, P.D. 902-A in relation to Section 179 (j) of the RCCP and Section 5.1 (m) of the SRC, the Certificate of

Incorporation and the registration of **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, as a corporation, is hereby **REVOKED**.

Further, Section 54 of the Securities Regulation Code provides:

> SEC 54. Administrative Sanctions. – 54.1. If, after due notice and hearing, the Commission finds that: (1) There is a violation of this Code, its rules, or its orders; xxx it shall, in its discretion, impose any or all of the following sanctions as may be appropriate in the light of the facts and circumstances:
>
> xxx.
>
> (ii) A fine of no less than Ten thousand pesos (P10,000.00) nor more than One million pesos (P1,000,000.00) plus not more than Two thousand pesos (P2,000.00) for each day of continuing violation;
>
> xxx."

Hence, a fine of ONE MILLION PESOS **(P1,000,000.00)** is hereby imposed against **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, for offering securities to the public without prior registration and license from the Commission and **ECOMAMONI ENVIRONMENTAL RECYCLABLE MATERIALS MANUFACTURING, INC.**, and its incorporators are directed to pay the fine of **One Million Pesos (P1,000,000.00)** pursuant to Section 54.1 (ii) of the SRC within a period of Fifteen (15) days from receipt of this Order.

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, 25 February 2025.

FILBERT CATALINO F. FLORES III, MNSA, CESO IV
Director

Cc:
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