Securities and Exchange Commission PHILIPPINES

BAGONG PILIPINAS

FINANCING AND LENDING COMPANIES DEPARTMENT

IN THE MATTER OF:

HINANCE LENDING INVESTORS CORP. DOING BUSINESS UNDER THE NAME AND STYLE OF HOTCASH, VI PESO, AND KIND CASH (CS2022060054530-01)
28F Cityland Pasong Tamo Tower, 2210
Chino Roces Avenue, Makati City

Respondent.

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FLCD CDO Case No. 05
Series of 2025.

FOR: VIOLATION OF SEC MEMORANDUM CIRCULAR NO. 19, SERIES OF 2019, MEMORANDUM CIRCULAR NO. 10, SERIES OF 2021, AND FINANCIAL PRODUCTS AND SERVICES CONSUMER PROTECTION ACT

CEASE AND DESIST ORDER

This refers to the verified third-party information received by the Securities and Exchange Commission ("*SEC*") regarding the alleged operation of the unrecorded Online Lending Platform ("*OLP*"), Magic Peso, by Hinance Lending Investors Corp. doing business under the name and style of HotCash, VI Peso and KindCash ("*the Respondent*").

Antecedents

The Respondent is a registered lending corporation under SEC Registration No. CS 2022060054530-01 and Certificate of Authority No. L-22-0203-35. Its primary purpose is:

> *"to engage in the business of direct lending without however in pawn-broking under Presidential Decree No. 114 and financing under R.A. 8556, provided that the borrowing shall be sourced from not more than nineteen (19) lenders including shareholders. Provided, however, that there shall be continuing compliance of SEC Memorandum Circulars on (1) Prohibition of Unfair Debt Collection Practices of Financing Companies (FC) and Lending Companies (LC) and (2) Disclosure Requirements on Advertisements for Financing Companies and Lending Companies and Reporting of Online Lending Platforms (MC Nos. 18 and 19, Series of 2019, respectively)."*

A perusal of the Respondent's records in the Commission shows that the Respondent did not file any disclosure pertaining to any OLP under Memorandum Circular No. 19, Series of 2019, or the Disclosure Requirements on Advertisements for Financing and Lending Companies and Reporting of Online Lending Platform ("*MC 19*"). Its business plan on record, however, disclosed that the Respondent owned, operated, and utilized the following OLPs: (1) KindCash; (2) VI Peso; and HotCash.

The Commission has received verified information indicating that the Respondent is the owner and operator of an undisclosed and unrecorded OLP Magic Peso in violation of MC 19, the Moratorium on New Online Lending Platform imposed by Memorandum Circular No. 10, Series of 2021 ("*MC 10*"), and the Financial Products and Services Consumer Protection Act ("*FCPA*"). To support this information, the Commission summoned the third-party payment processing provider for Magic Peso, which confirmed the Commission's earlier findings. The provider stated that all payments made by users and borrowers of Magic Peso are received and directed to the Respondent's account. In other words, the ongoing operation of Magic Peso directly benefits the Respondent.

As part of due process, the Commission issued a Show Cause Letter dated 25 June 2025, directing the Respondent within three (3) days to explain its side and raise all available defenses. However, as of this writing, the Respondent has not complied with the Show Cause Letter.

Issue

Whether a Cease and Desist Order should be issued against the Respondent on account of its violation of MC 19, MC 10, and the FCPA?

Ruling

The Commission finds issuing a Cease and Desist Order against the Respondent warranted.

The Respondent's nondisclosure of its operation and ownership of Magic Peso violates MC 19, MC 10, and FCPA. By operating an undisclosed OLA, the Commission's supervisory authority and power over this Magic Peso are rendered useless. Moreover, its borrowers are at risk of experiencing abusive collection practices, high-interest rates, and violation of their data privacy rights.

To ensure that the Commission is able to perform this mandate and to protect the public, Section 6(d)(4) of the FCPA, as implemented by MC No. 05, Series of 2023, authorizes the Commission to issue a cease and desist order **without the necessity of a prior hearing** if in the Commission's judgment, the act or practice, unless restrained, amounts to fraud or a violation of the provisions of the FCPA and/or the SEC FCPA IRR, or may unjustly cause grave or irreparable injury or prejudice to financial consumers, to wit:

> **"RULE 6**
> *Powers of the SEC*
>
> Section 1. *Powers of the Commission.* – The Commission shall, in the implementation of these Rules and the provisions of the FCPA, have the following powers:
>
> D. Enforcement. The Commission shall have the authority to impose enforcement actions against financial service providers for noncompliance with the provisions of the FCPA, SEC FCPA IRR, and other existing laws pertinent to the jurisdiction and authority of the Commission.
>
> Such enforcement actions may include the following:
>
> **Issuance of a cease and desist order** ("*CDO*") to a financial service provider without the necessity of a prior hearing if, in the Commission's judgment, the act or practice, unless restrained, amounts to fraud <u>or a violation of the provisions of the FCPA and/or the SEC FCPA IRR,</u> or <u>may unjustly cause grave or irreparable injury or prejudice to financial consumers</u>. A CDO is immediately executory upon service or publication on the Commission's website. [Emphasis supplied]

On account of the Respondent's continuing operation of Magic Peso, the Commission holds that the issuance of a CDO is warranted in the instant case, not only to penalize the Respondent but also to prevent fraud, injury, or harm to the public and financial consumers who are at the Respondent's mercy.

WHEREFORE, premises considered, **HINANCE LENDING INVESTORS CORP. DOING BUSINESS UNDER THE NAME AND STYLE OF HOTCASH, VI PESO, AND KIND CASH** including its owners, operators, promoters, representatives, agents, *AND ANY AND ALL PERSONS CLAIMING AND ACTING FOR AND, IN THEIR BEHALF,* are hereby **DIRECTED** to immediately **CEASE AND DESIST** from engaging in, carrying out, promoting and facilitating any lending activity or transaction.

SO ORDERED.

15 July 2025, Makati City.

Kenneth Joy A. Quimio
Atty. Kenneth Joy A. Quimio
OIC-Director
Moises

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