Securities and Exchange Commission
PHILIPPINES

FINANCING AND LENDING COMPANIES DIVISION

In the matter of:

WEALTH AND PERSONAL DEVELOPMENT LENDING INC.
(doing business under the name and style of WPD Lending)
(SEC Reg. No. CS201424643)

FinLend Order No. 2023 - 45

REVOCATION OF CERTIFICATE OF AUTHORITY TO OPERATE AS A LENDING COMPANY FOR VIOLATIONS OF SECTION 4 OF SEC MEMORANDUM CIRCULAR NO. 18, SERIES OF 2019 (SEC MC 18), THE LENDING COMPANY REGULATION ACT OF 2007 (LCRA) AND ITS IMPLEMENTING RULES AND REGULATIONS (LCRA IRR), AND SEC GUIDELINES ON REPORTORIAL AND OTHER COMPLIANCE REQUIREMENTS, SECTIONS 4 and 5 OF SEC MEMORANDUM CIRCULAR NO. 3, SERIES OF 2022 (SEC MC 3).

x---x

TO:

WEALTH AND PERSONAL DEVELOPMENT LENDING INC.
Company Reg. No. CS201424643
1742 Jose Abad Santos St., Sta. Cruz, Manila
Email: WPDLI@yahoo.com.ph

COPY FURNISH:

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JO-ANN G. DOMINGO
#88 Brgy. San Agustin, Guimba, Nueva Ecija, Philippines

NEY S. ATADERO
1448 Leon Guinto St. Ermita, Manila, Philippines

Greetings:

Please take notice that on 6 December 2023, an ORDER, copy hereto attached, was filed and emailed to you in advance referring to the above-entitled case; the original of which is now on file with the Commission.

Please acknowledge receipt hereof.

11 December 2023, Makati City.

Kenneth Joy A. Quimio

ATTY. KENNETH JOY A. QUIMIO
SEC Assistant Director

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FinLend Order No. 2023 - 45

FOR: REVOCATION OF CERTIFICATE OF AUTHORITY TO OPERATE AS A LENDING COMPANY FOR VIOLATIONS OF SECTION 4 OF SEC MEMORANDUM CIRCULAR NO. 18, SERIES OF 2019 (SEC MC 18), THE LENDING COMPANY REGULATION ACT OF 2007 (LCRA) AND ITS IMPLEMENTING RULES AND REGULATIONS (LCRA IRR), AND SEC GUIDELINES ON REPORTORIAL AND OTHER COMPLIANCE REQUIREMENTS, SECTIONS 4 and 5 OF SEC MEMORANDUM CIRCULAR NO. 3, SERIES OF 2022 (SEC MC 3).

ORDER

This resolves the four (4) Show Cause Letters ("SCLs") issued against Wealth and Personal Development Lending Inc.[1] (the "Company" or "Respondent"). Two SCLs dated 10 October 2022 were issued for violation of Section 4 of the SEC Memorandum Circular No. 18, Series of 2019 or the Prohibition on Unfair Debt Collection Practices of Financing Companies (FC) and Lending Companies (LC) and the Lending Company Regulation Act of 2007, Revised Corporation Code of the Philippines, Revised Securities Regulation Code, Rule 68, and SEC guidelines on reportorial and other compliance requirements.

The other two SCLs both dated 24 May 2023, were issued for its violation of Section 4 in relation to Section 6(B) and Section 5 in relation to Section 6(C) of the SEC Memorandum Circular No. 3, Series of 2022 or the Implementation of Bangko Sentral Ng Pilipinas Circular No. 1133 Series of 2021 on the Ceiling/s on Interest Rates and Other Fees Charged by Lending Companies, Financing Companies, and their Online Lending Platforms specifically for failure to submit its Impact Evaluation Report and Business Plan.

FACTS:

The Respondent, Wealth and Personal Development Lending Inc. *(doing business under the name and style of WPD Lending)* is a lending company registered with the Securities and Exchange Commission (SEC) with primary registration number CS201424643 and granted a Certificate of Authority to operate as a Lending Company bearing number 1674.

On 10 October 2022, the Financing and Lending Companies Division (the "FinLend" or the "Division") conducted a *motu proprio* monitoring of the Company's compliance and come across of the latter's deficiencies in the submission of its reportorial requirements as well as the payment of the required fees. Anent to that, the FinLend issued a series of Show Cause Letters and Assessment letters discussed below:

[1] Registered on 29 December 2014.

A. SHOW CAUSE LETTERS DATED 10 OCTOBER 2022

i. Following the monitoring conducted by the Division revealing the deficiencies in the Company's compliance, on 15 November 2022, the FinLend attempted the personal service of the same SCLs to the address indicated in the Company's 2020 General Information Sheet (GIS), but upon service, the place was already closed and no personnel were found in the area.

The first SCL specified the following violations[2]:

REQUIREMENTS	DEADLINES	NOTED DEFICIENCIES YEARS COVERED	
		FILED LATE	NOT FILED
Annual Fees (AF)[3] (Not Paid)	45 days before anniversary date of CA		2018 to 2022
General Information Sheet (GIS)	within 30 days after the actual date of the annual meeting		2021
Audited Financial Statements (AFS)	Please see related SEC Memorandum Circulars	2018	2019 to 2022
Special form of Financial Statements (LCFS)	within 30 days after the due date of the AFS	2017 and 2018	2019 to 2022
Interim Financial Statements (LCIF) First Semester Second Semester	within 45 days after the end of the semester	 2018 and 2019 2019	 2020 to 2023 2020 and 2022
Anti-Money Laundering Compliance Form (AML-CF)	1st working day of June after the submission of the R-AMLOM and every 3 years thereafter		2023

In the said letter, the FinLend required the Company to:

1. Pay the AF for 2018 to 2021 amounting to Seven Thousand Five Hundred Seventy-Five Pesos (P7,575);
2. Submit the following:
    a. 2021 GIS
    b. 2020 and 2021 AFS;
    c. 2020 and 2021 LCFS;
    d. 2021 to 2022 1st semester and 2020 to 2021 2nd Semester LCIF; and
    e. AMLA-CF.
3. Show cause why it should not be penalized for violating the above-mentioned rules.

ii. The second SCL, of even date and similar mode of service, specified the Company's failure to submit its Sworn Certification of compliance from the President/Chief

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[2] As of 12 September 2023.
[3] The AF should have been paid on or before 14 November of every year.

Executive and Compliance Officer, in violation of Section 4 of SEC MC 18, which provides:

> *"Sec. 4. Handling of Collection Accounts and Customer Service. – x x x The President/ Chief Executive and Compliance Officer of FCs and LCs shall submit, within* ***thirty (30) days*** *from effectivity of this Circular, a sworn certification stating the company's compliance with the provisions of this section. x x x"* (emphasis supplied)

B. SHOW CAUSE LETTERS DATED 24 MAY 2023

Aside from the electronic service of these SCLs, one of the Finlend's staff personally delivered the SCLs on 26 May 2023. Again, the personal service was unsuccessful as the Company remained closed and none of its personnel can be found in the area. These SCLs were issued for the following violations:

1. Failure to submit its Impact Evaluation Report (IER) in violation of Section 4 in relation to Section 6(B) of SEC MC 3, which required all FCs and LCs to submit an IER on or before 15 of January each year beginning 2023; and
2. Failure to submit its Business Plan in violation of Section 6(C) of SEC MC 3.

3. Violation of Section 165[4] of the Revised Corporation Code of the Philippines (R.A. 11232), particularly on Fraudulent Conduct of Business.

C. ASSESSMENT LETTERS

In connection to the 10 October 2022 Show Cause Letters, the FinLend issued two (2) Assessment Letters (ALs). For violation of SEC MC 18 series of 2019 or the Prohibition on Unfair Debt Collection Practices of Financing Companies (FC) and Lending Companies (LC), the Company was ordered to pay an amount of **Twenty-Five Thousand Pesos (P25,000.00)**. As for its violation of the existing laws, rules and regulations of the Commission, the Company was assessed a penalty of **One Hundred Thousand Pesos (P100,000.00)** pursuant to SEC Memorandum Circular No. 9, Series of 2010 on Scale of Fines for Lending Companies (SEC MC 9), Revised Corporation Code of the Philippines (RCCP) and SEC Memorandum Circular No. 19, Series of 2014 on Submission of the Anti-Money Laundering Operating Manual and Anti-Money Laundering Compliance Form (SEC MC 19). Mode of service was made by sending the same to the Company's registered email[5] address at wpdli@yahoo.com.ph. Personal service was also made but all went unheeded, leaving the penalties unpaid.

Considering that all of the orders and directives went unheeded, the Division did not proceed to the issuance of the Assessment Letters in connection to the SCLs dated 24 May 2023 and decided to proceed with a resolve the case through this Order.

ISSUE:

Whether the Respondent's Certificate of Authority (CA) to operate as a Lending Company should be revoked for the violations of the LCRA and Commission's Memorandum Circulars.

FINLEND'S RULING:

We rule in the affirmative.

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[4] SEC. 165. Fraudulent Conduct of Business; Penalties. – A corporation that conducts its business through fraud shall be punished with a fine ranging from Two hundred thousand pesos (P200,000.00) to Two million pesos (P2,000,000.00). When the violation of this provision is injurious or detrimental to the public, the penalty is a fine ranging from Four hundred thousand pesos (P400,000.00) to Five million pesos (P5,000,000.00).

[5] As per GIS dated 25 September 2020.

DUE PROCESS PROCEEDINGS

This case admittedly contains circumstances peculiar in nature since the company did not, in any way, provide its answer to any of the letters sent by this Division.

The FinLend sent several Show Cause Letters against the Respondent as show below:

Date of the Show Cause Letter	Violation	Date sent via email/Personal Service
10 October 2022	With SEC Memorandum Circular No. 18, Series Of 2019	15 November 2023 (personal service)
10 October 2022	Lending Company Regulation Act of 2007, Revised Corporation Code of The Philippines, Revised Securities Regulation Code Rule 68 and SEC Guidelines on Reportorial and Other Compliance Requirements.	15 November 2023 (personal service)
24 May 2023	SEC. 6.C of the SEC Memorandum Circular No. 3, Series of 2022 *(Implementation of Bangko Sentral Ng Pilipinas Circular No. 1133 Series of 2021 on the Ceiling/s on Interest Rates and Other Fees Charged by Lending Companies, Financing Companies, and their Online Lending Platforms*	26 May 2023 (email and personal service)
24 May 2023	SEC. 4 in relation to SEC. 6 (B) of SEC Memorandum Circular No. 3, Series of 2022 *(Implementation of Bangko Sentral Ng Pilipinas Circular No. 1133 Series of 2021 on the Ceiling/s on Interest Rates and Other Fees Charged by Lending Companies, Financing Companies, and their Online Lending Platforms)*	26 May 2023 (email and personal service)

In the case of ***Provident International Resources Corp. v. Venus***[6] as mentioned in the case of ***Philippine Institute of Architects-Davao Section Inc. vs. Philippine Institute of Architects***[7], the Supreme Court explained the nature and extent of the regulatory power of this Commission, to wit:

> *"It can be said that the SEC's regulatory authority over private corporations encompasses a wide margin of areas, touching nearly all of a corporation's concerns. This authority more vividly springs from the fact that a corporation owes its existence to the concession of its corporate franchise from the state. Under its regulatory responsibilities,* ***the SEC may pass upon applications for, or may suspend or revoke (after due notice and hearing),*** *certificates of registration of corporations, partnerships and associations (excluding cooperatives, homeowners' association, and labor unions); compel legal and regulatory compliances; conduct inspections; and impose fines or other penalties for violations of the Revised Securities Act, as well as implementing rules and directives of the SEC, such as may be warranted." (emphasis and italics supplied)*

[6] G.R. No. 167041, 17 June 2008.
[7] SEC En Banc Case No. 09-17-430, 25 November 2021.

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As mentioned in an Order of Revocation against ***Familyhan Credit Corporation***[8], procedural due process in cases pending before administrative agencies must be distinguished from due process in cases pending before the courts. The right to due process in administrative cases is a simple opportunity to be heard, whereas judicial due process adheres to the strict observance of the technical Rules of Court.

In the same order, the case of ***Vivo v. PAGCOR***[9] was cited wherein the Supreme Court made the distinction between administrative due process and judicial due process and stated that one cannot be interchanged with the other, quoted as follows:

> *"Administrative due process cannot be fully equated with due process in its strict judicial sense, for in the former a formal or trial type hearing is not always necessary, and technical rules of procedure are not strictly applied." (italics supplied)*

It can be noted that the Division satisfied the requirements of due process when it sent several SCLs to the Company informing the same of its infractions and giving it multiple opportunities to be heard. As ruled by the Supreme Court in the case of ***Cabrera vs Ng***[10], *"there was substantial compliance with the requirements of due process where the adverse party actually had the opportunity to be heard."* By the mere fact that the Respondent failed to answer the SCLs and obey the directives therein, the FinLend will perform its functions to revoke the Respondent's Certificate of Authority after taking into consideration the violations it had committed.

As discussed in the series of cases, in administrative proceedings, the quantum of proof necessary for a finding of guilt is substantial evidence[11]. More than a mere scintilla of evidence, substantial evidence means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion, even if other minds equally reasonable might conceivably opine otherwise. The requirement is satisfied where there is reasonable ground to believe that the respondent is guilty of the act or omission complained of, even if the evidence might not be overwhelming[12].

Evident by the non-submission and misrepresentation committed by the Respondent, FinLend has reasonable ground to believe that the former is guilty of the act or omission complained of.

I. VIOLATION OF THE LENDING COMPANY REGULATION ACT OF 2007 (LCRA) AND ITS IMPLEMENTING RULES AND REGULATIONS (LCRA IRR)

Lending companies are required to pay an Annual fee as provided under Section d (ii), Rule 3 of the LCRA IRR, which specifically provides that:

> *"ii. Annual fee – An annual fee shall be paid not later than forty-five (45) days before the anniversary date of the CA." (italics supplied)*

The record of the Commission discloses that the Company belatedly paid its Annual fee for the years 2017 and 2018 and that no payments were made from 2019 up to the present.

In addition, Rule 8 of the LCRA IRR requires the submission of reports, to wit:

[8] CGFD Order No. 29, series of 2021.
[9] GR No. 187854, 12 November 2013.
[10] G.R. No. 201601, 12 March 2014.
[11] Macaventa v. Nuyda, A.C. No. 11087, October 12, 2020
[12] Diaz v. Ombudsman, G.R. No. 203217. July 02, 2018

"Rule 8. Authority of the SEC

Lending Companies shall be under the supervision and regulation of the SEC.

a.) Reports – Lending companies shall file with the SEC the following reports/ manuals in accordance with the following schedules:

Kind of Report/manual	**Due Date**
General Information Sheet (GIS)	Within thirty (30) days from annual meeting, as stated in its SEC approved bylaws
Audited Financial Statements prepared by an external auditor accredited by the SEC (AFS)	Within One Hundred Twenty (120) days from end of fiscal year, as stated in its SEC approved bylaws
Special Forms for Financial Statements in Electronic Format	Within thirty (30) days from the last day of submission of the annual Audited Financial Statements

The Company likewise submitted its 2020 GIS but made no other submissions from 2021 up to the present. As to its AFS, there was a late filing of the 2018 AFS, while for the years 2019 up to the present, no AFS was filed. With regard to its Special Forms for Financial Statements, the Company filed late for the years 2016-2018, and did not file for the years 2014-2015 and 2019 up to the present.

The same Rule provides for penalties, to wit:

"b. Administrative Sanctions - The SEC shall, at its discretion, impose upon any lending company a basic fine of P10,000.00 and P100.00 for each day of continuing violation but such daily fine shall not exceed P50,000.00 for the following:

1. *Violation of the Act and its Implementing Rules and Regulations;*
2. *xxx;*
3. ***Violation of any lawful order, decision, or ruling of the Commission;***
4. *xxx; and*
5. ***Continuous failure to comply with SEC requirements.***

The penalty of suspension shall be imposed in case of three (3) violations and revocation in case of four (4) violations. (emphasis supplied)"

The continuous failure of the Respondent to submit its GIS, AFS, and Special Forms for Financial Statements amounts to non-compliance with the LCRA-IRR, SEC requirements and orders warranting the revocation of its Certificate of Authority.

II. VIOLATION OF SEC MEMORANDUM CIRCULAR 18, SERIES OF 2019 OR THE PROHIBITION ON UNFAIR DEBT COLLECTION PRACTICES OF FINANCING COMPANIES (FC) AND LENDING COMPANIES (LC).

The company also failed to submit its sworn certification stating its compliance with Section 4 of SEC MC 18, to wit:

> *"Sec. 4. Handling of Collection Accounts and Customer Service. – x x x The President/ Chief Executive and Compliance Officer of FCs and LCs shall submit, within* ***thirty (30) days*** *from effectivity of this Circular, a sworn certification stating the company's compliance with the provisions of this section. x x x" (emphasis supplied and italics supplied)*

Based on the records, the Company did not file the required certification and such warrants for another penalty. Section 5 of the SEC MC 18 states:

> *"Sec 5. Applicable Penalties – violation of this Circular shall subject FCs and LCs to the following penalties:*

	LCs	*FCs*
First Offense	*P25,000.00*	*P50,000.00*

> *xxx*
>
> *The foregoing penalties shall be without prejudice to any other penalties that may be imposed by the Commission pursuant to, xxx and all other relevant laws, rules, and regulations being implemented by the Commission, xxx" (italics supplied)*

This warrants the penalty of Twenty-Five Thousand Pesos (P25,000.00) against the Company for its first offense as reflected in the Assessment Letter in item "C" above.

III. VIOLATION OF SEC MEMORANDUM CIRCULAR 03, SERIES OF 2022 OR THE IMPLEMENTATION OF BANGKO SENTRAL NG PILIPINAS CIRCULAR NO. 1133 SERIES OF 2021 ON THE CEILING/S ON INTEREST RATES AND OTHER FEES CHARGED BY LENDING COMPANIES, FINANCING COMPANIES, AND THEIR ONLINE LENDING PLATFORMS.

On 01 March 2022, in line with BSP Circular No. 1133, Series of 2021 on the Ceiling/s on Interest Rates and Other Fees Charged by Lending Companies, Financing Companies, and their Online Lending Platforms, the SEC issued Memorandum Circular 03 series of 2022 to implement the circular. This is after the Commission's awareness on several FCs and LCs, especially those that operate Online Lending Platforms (OLPs), impose exorbitant interest rate, fees, and charges on their unsecured, short - term, small value, and high-cost consumer credit, thereby causing Filipinos, specifically those in the low-income bracket, to fall into debt traps.

Records reveal that for the year 2023, the Company failed to submit its Impact Evaluation Report (IER) and Business plan as required under Sections 4 and 5 of SEC MC 3, which states:

> *"Section 4. Impact Evaluation Report. - All FCs and LCs, whether or not offering loans covered by the ceiling, shall submit an Impact Evaluation Report on or before 15 January each year beginning 2023 using the form that shall be prescribed by the Commission on the SEC website.*
>
> *xxx*
>
> *Section 5. Other Requirements. – The Commission shall require all LCs and FCs, whether or not offering loans covered by the ceiling, to submit a Business Plan indicating the company's loan products and services as well as the applicable pricing parameters, which must be compliant with Section 3 of this Circular. xxx" (italics supplied)*

The penalties for violations of both sections are as follows:

> *"SECTION 6. Administrative Sanctions. xxx*

B. Non-compliance with Section 4:

Frequency	*FCs*	*LCs*
First Offense	*P10,000.00 plus P200.00 daily penalty*	*P10,000.00 plus P100.00 daily penalty*
Second Offense	*Suspension of CA*	
Third Offense	*Revocation of CA*	

C. Non-compliance with section 5:

Frequency	*FCs*	*LCs*
First Offense	*P10,000.00 plus P200.00 daily penalty*	*P10,000.00 plus P100.00 daily penalty*
Non-submission of Business Plan *Implementing Amended Business Plan without prior approval of the Commission.*	*Suspension or Revocation of CA*	

> *xxx" (italics supplied)*

Pursuant to the authority vested by the Lending Company Regulation Act of 2007 (RA 9474) to the Commission to regulate lending companies, the division has the power to implement such authority, to wit:

> *"SEC. 9. Authority of the SEC. - The SEC is hereby authorized to:*

xxx

*(f) Impose such administrative sanctions including suspension or **revocation** of the lending company's authority to operate and the imposition of fines for violations of this Act and regulations issued by the SEC in pursuance thereto. (emphasis supplied and italics supplied)"*

While the violation of Section 4 may have a monetary penalty, the same is continuously committed as evidenced by its non-submission of IER as of this date. **The non-submission of the Business plan, on the other hand, warrants revocation.**

IV. RESPONDENT'S MISREPRESENTATION WARRANTS REVOCATION AND PENALTIES UNDER SECTION 158 OF THE REVISED CORPORATION CODE OF THE PHILIPINES

On 25 October 2022, the House of Representatives issued House Resolution No. 00495[13] (HR00495) which mentioned the name of the Company for its alleged involvement in a drug buy-bust operation conducted by the PNP Drug Enforcement Group. The pertinent portion of the Resolution reads:

"xxx

WHEREAS, the incident was discovered after a review of the CCTV during the Oct. 8 raid at the **Wealth and Personal Development Lending Inc.**, in Sta. Cruz Manila, where the two culprits were seen going out of the lending office and loading two bags inside a car, [**emphasis ours**]

As mentioned in the case of ***Securities and Exchange Commission v. AZ 17/31 Realty, Inc.***[14]

<u>A corporation's certificate of registration may be revoked or its existence suspended on any of the following grounds under PD No. 902-A</u>:

***SECTION 6.** In order to effectively exercise such jurisdiction, the Commission shall possess the following powers:*

xxx xxx xxx

i. *To suspend, or **revoke**, after proper notice and hearing, the franchise or certificate of registration of corporations, partnerships or associations, upon any of the grounds provided by law, including the following:*

1. *Fraud in procuring its certificate of registration;*
2. ***Serious misrepresentation as to what the corporation can do or is doing to the great prejudice of or damage to the general public;***
3. *Refusal to comply or defiance of any lawful order of the Commission restraining commission of acts which would amount to a grave violation of its franchise;*
4. *Continuous inoperation for a period of at least five (5) years;*
5. *Failure to file by-laws within the required period;*
6. ***Failure to file required reports in appropriate forms as determined by the Commission within the prescribed period;***

[13] https://hrep-website.s3.ap-southeast-1.amazonaws.com/legisdocs/basic_19/HR00495.pdf
[14] G.R. Nos. 239010 & 240888, July 6, 2022

(Emphasis ours)

As to the fraud previously charged against the Company, We find no application of Sec. 165 of the Revised Corporation Code of the Philippines (RCCP) since the fraud referred thereto is ***"Fraud in procuring its certificate of registration"***[15], however the Company seriously misrepresented when it is doing business that is contrary to the purpose of its incorporation, much more an illegal activity, we find that Sec. 158 of the RCCP to be applicable. Respondent's Certificate of Registration provides for its primary purpose which is to operate as a lending company; however, no record from the Commission shows that the Company continued its operation as a Lending company from the year 2019 since its last submission of AFS was in the year 2019. More so, its involvement in the incident stated in HR00495 and Violation of Republic Act No. 9165 or the Comprehensive Dangerous Drugs Act of 2002 is harmful to the public, specifically stating the Declaration of Policy under Section 2, to wit:

> *Section 2. Declaration of Policy. – It is the policy of the State to safeguard the integrity of its territory and the well-being of its citizenry particularly the youth, from the harmful effects of dangerous drugs on their physical and mental well-being, and to defend the same against acts or omissions detrimental to their development and preservation. In view of the foregoing, the State needs to enhance further the efficacy of the law against dangerous drugs, it being one of today's more serious social ills. (italics supplied)*

Under Sec 158 of the Revised Corporation Code, the Commission is given the discretion to impose administrative sanctions, to wit:

> *SEC. 158. Administrative Sanctions. – If, after due notice and hearing, the Commission finds that any provision of this Code, rules or regulations, or any of the Commission's orders has been violated, the Commission may impose any or all of the following sanctions, taking into consideration the extent of participation, nature, effects, frequency and seriousness of the violation:*
>
> *a) Imposition of a fine ranging from Five thousand pesos (P5,000.00) to Two million pesos (P2,000,000.00), and not more than One thousand pesos (P1,000.00) for each day of continuing violation but in no case to exceed Two million pesos (P2,000,000.00);*
> *b) Issuance of a permanent cease and desist order;*
> *c) Suspension or revocation of the certificate of incorporation; and*
> *d) Dissolution of the corporation and forfeiture of its assets under the conditions in Title XIV of this Code.*
> *(Italics ours)*

Considering the repeated and continuous violation of the Respondent, the FinLend finds the fine of TWO MILLION PESOS (P2,000,000.00) against the Company to be equitable.

Further, the Respondent's misrepresentation and its multiple and continuing defiance of the lawful orders of the Commission constitutes a violation of Rule 8(c)[16] of the LCRA IRR which is substantial evidence that warrants the **REVOCATION** of the Respondent's Certificate of Authority.

V. LIABILITIES OF RESPONDENT'S OFFICERS AND DIRECTORS

We find that Respondent's Officers and Directors to be liable in violation of Section 22 in relation to Section 30 of Republic Act No. 11232, or the Revised Corporation Code for being remiss in

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[15] PD No. 902-A, as discussed in the case of
[16] RULE 8. Authority of the SEC Lending Companies shall be under the supervision and regulation of the SEC.
xxx
(c) Administrative Sanctions - The SEC shall, at its discretion, impose upon any lending company a basic fine of P10,000.00 and P100.00 for each day of continuing violation but such daily fine shall not exceed P50,000.00 for the following:
xxx
iii. Violation of any lawful order, decision, or ruling of the Commission;
xxx

observing their duty of diligence in directing the affairs of the company for non-compliance with the LCRA of 2007 (RA 9474).

As held[17] by the Supreme Court, *as a rule, a corporation is a juridical entity that is vested with a legal personality separate and distinct from those acting in its behalf, and in general, from the people comprising it. Following this principle, obligations incurred by the corporation, acting through its directors, officers and employees are the corporation's sole liabilities. A corporate director, trustee, or officer is generally not held personally liable for obligations that are incurred by the corporation. This legal fiction, however, may be disregarded — through the piercing of the corporate veil — if inter alia, it is used as a means to perpetrate fraud or an illegal act, or as a vehicle for the evasion of an existing obligation, the circumvention of statutes, or to confuse legitimate issues.*

> *Section 31 of the Corporation Code (now Section 30 of the RCC) specifies the liabilities of directors, trustees, or officers. It reads:*
>
> > *Sec. 31. Liability of directors, trustees or officers. — Directors or trustees who willfully and knowingly vote for or assent to patently unlawful acts of the corporation or who are guilty of gross negligence or bad faith in directing the affairs of the corporation or acquire any personal or pecuniary interest in conflict with their duty as such directors or trustees shall be liable jointly and severally for all damages resulting therefrom suffered by the corporation, its stockholders or members and other persons.*

In the same case, the Supreme Court mentioned the case Prime White Cement Corp. v. IAC, where it highlighted the duty of loyalty of a director, in this wise:

> *A director of a corporation holds a position of trust and as such, he owes a duty of loyalty to his corporation. In case his interests conflict with those of the corporation, he cannot sacrifice the latter to his own advantage and benefit. As corporate managers, directors are committed to seek the maximum amount of profits for the corporation. This trust relationship "is not a matter of statutory or technical law. It springs from the fact that directors have the control and guidance of corporate affairs and property and hence of the property interests of the stockholders.*

WHEREFORE, in view of the foregoing,

1. The Certificate of Authority to Operate as a Lending Company (CA No. 1674) of Wealth and Personal Development Lending Inc. is hereby **REVOKED**;
2. The Respondent is ordered to pay the assessed penalty of **ONE HUNDRED TWENTY-FIVE THOUSAND PESOS (P125,000.00) based on the Assessment Letter as discussed in item C**;
3. The Company is likewise ordered to pay the fine of **TWO MILLION PESOS (P2,000,000.00) as discussed in item IV;** and
4. The following Officers and Directors[18] are hereby **ORDERED TO PAY FIFTY THOUSAND PESOS (P50,000.00) EACH** within ten (10) days from the receipt of this Order for failing to observe their duty of diligence in ensuring the Company's receipt for failing to observe their duty of diligence in ensuring the Company's compliance with laws governing lending companies:

    a. Rodolfo B. Mayo Jr. in his capacity as President and Chairman of the Board;
    b. Romelito B. Mayo in his capacity as Vice President and Member of the Board
    c. Ma. Victoria M. Porlucas in her capacity as Treasurer and Member of the Board
    d. Jo-Ann G. Domingo in her capacity as Secretary and Member of the Board; and
    e. Ney S. Atadero in his capacity as Member of the Board;

Let a copy of this Order be furnished the Corporation and the Information and Communication Technology Department (ICTD), Company Registration and Monitoring Department (CRMD) and all other Department concerned for their information and appropriate action.

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[17] Total Office Products and Services (TOPROS), Inc. v. Chang, Jr., G.R. Nos. 200070-71, December 7, 2021.
[18] Based on the latest submitted GIS dated 25 September 2020.

It is fervently recommended that the CRMD Revoke the Primary Registration/Certificate of Incorporation of the Respondent. Let the penalties be encoded in the CIS-URDB for everyone's info.

SO ORDERED.

06 December 2023. Makati City.

Kenneth Joy A. Quimio

ATTY. KENNETH JOY A. QUIMIO
Assistant Director

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