Republic of the Philippines
Department of Finance
Securities and Exchange Commission
COMMISSION EN BANC

In the matter of:
PINOYJENZ FINANCING CORPORATION

SEC Admin. Case No. 05-12-154
For: Revocation of Corporate Registration

ENFORCEMENT AND PROSECUTION DEPARTMENT,
Petitioner.
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DECISION

For consideration of the Commission En Banc is the Petition[1] (For Revocation of Certificate of Registration) filed by the Enforcement and Prosecution Department (EPD), now Enforcement and Investor Protection Department (Petitioner EIPD), against Respondent Pinoyjenz Financing Corporation (Respondent PFC), praying that Respondent PFC's Certificate of Corporate Registration be revoked for violation of Section 6, paragraph (i)[6] of Presidential Decree No. 902-A.[2]

THE PARTIES

Petitioner EIPD is one of the operating departments of the Securities and Exchange Commission (Commission) tasked, among others, to ensure compliance by corporations and partnerships, market participants, issuers, broker-dealers or individuals; and to initiate/carry out appropriate enforcement/legal action against them for violation of the laws, rules and regulations implemented by the Commission. Petitioner EIPD is also vested with the primary authority to conduct investigations and administrative actions, *motu propio* or upon complaint or referral, involving, among others, the sale, offer for sale of unregistered securities by entities who do not have the requisite secondary, and to file petitions for revocation of corporate registration.

[1] Dated 08 May 2012
[2] SEC Reorganization Act dated 11 March 1976

Respondent PFC is a stock corporation duly registered with the Commission, its Certificate of Registration bearing SEC Registration No. CS200412855[3] having been issued on 09 November 2004. On an even date, the Commission issued a Certificate of Authority in favor of Respondent PFC.

RELEVANT FACTS

On 08 June 2006, the Corporation Finance Department (CFD), now Corporate Governance and Finance Department (CGFD), issued a Letter[4] to Respondent PFC informing it of its failure (a) to pay its 2005 annual fee, (b) to file its 2005 3rd and 4th Quarterly Reports and (c) to submit its Corporate Governance and Anti-Money Laundering Operating Manuals. On the basis of the said findings, the CGFD imposed the fine of Php 17,100.00 and directed Respondent PFC to comply with the reportorial requirements.

Respondent PFC failed to comply with the directives of CGFD for which reason, the latter issued a Show Cause Letter[5] on 05 January 2007 directing Respondent PFC to explain why its Certificate of Authority to Operate (CA) should not be suspended, and setting the date of the conference as required by the rules.

On 11 May 2007, CGFD issued an Order[6] directing Respondent PFC to show cause why its CA should not be suspended for its failure to file its reportorial requirements and pay its assessed fees. The Order was duly received by Respondent PFC on 16 May 2007 but was not acted upon by the latter.

On 12 February 2008, CGFD's Securities Specialist II, Grace D. dela Fuente, submitted a Report[7] consequent to an investigation where she got information from one Ms. Elizabeth A. Dizon, PFC's Director/Corporate Secretary, that the corporation has stopped its operations sometime in 2007 after its President died in January 2007. The Report also disclosed the late President's wife pursued the collection of receivables after Respondent PFC stopped operations.

On 25 August 2011, a Notice of Hearing[8] was sent to Respondent PFC directing it to appear before the CGFD and explain why its CA should not be

[3] Annex "A" of the Petition
[4] Annex "C" of the Petition
[5] Annex "D" of the Petition
[6] Annex "E" of the Petition
[7] Annex "G" of the Petition
[8] Annex "H" of the Petition

suspended. During the scheduled hearing, no appearance was made by Respondent PFC before the Commission.

On 25 October 2011, another CGFD Securities Specialist, Mariane Theresa B. Salles, conducted an audit and ocular inspection on the last known address of the Respondent PFC. The audit report merely reiterated the earlier finding that Respondent PFC has ceased operations after the death of its president.

On account of the foregoing, the CGFD issued an Order dated 01 December 2011 revoking the CA of Respondent PFC pursuant to the Resolution issued by the Commission on 23 November 2011.

On 06 March 2012, CGFD issued a Memorandum[9] dated 02 March 2012, referring the matter to Petitioner EIPD for its appropriate action. After conducting an examination and investigation on the matter, Petitioner EIPD found that there is a sufficient basis to revoke the Certificate of Registration of Respondent PFC, specifically for its failure (a) to comply with the reportorial requirements mandated by law, (b) to pay the prescribed penalties imposed by the Commission, and (c) to comply with the lawful orders of the Commission.

ISSUE

Whether or not the revocation of the Certificate of Registration of Respondent PFC is warranted.

DISCUSSION

The Commission finds the Petition meritorious and hereby grants the same.

Section 13 of the Implementing Rules and Regulations (IRR) of the Republic Act (R.A.) No. 8556 (the "Financing Company Act of 1998") specifically requires financing companies to file and comply with the reportorial requirements, thus:

"Section 13. Periodic Reports

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[9] Annex "P" of the Petition

Every financing company shall file with the Commission the following reports:

(a) Within forty-five (45) days from the end of each fiscal quarter, a quarterly report which shall include:

1) Statement of Condition as of the end of the most recent fiscal quarter and Statement of Income and Expenses for the period between the end of the preceding fiscal year and the end of the most recent fiscal quarter;

xxx xxx xxx

(b) Within one hundred twenty (120) days after the end of the fiscal year, five copies of the audited financial statements;

(c) Any change in the membership or composition of the board of directors, officers from the rank of vice president and up or their equivalent, branch manager, cashier and administrative officer shall be reported to the Commission within seven (7) working days thereafter, and the requirements prescribed under Section 4(a)(3) and (5) and Section 6(a)(3) and (4) hereof shall be submitted within thirty (30) working days from date of the aforesaid change;

(d) Such other reports as the Commission may require;

(e) Within forty-five (45) days from the end of each fiscal quarter, a quarterly report which shall include:

2) Statement of Condition as of the end of the most recent fiscal quarter and Statement of Income and Expenses for the period between the end of the preceding fiscal year and the end of the most recent fiscal quarter;

xxx xxx xxx

(f) Within one hundred twenty (120) days after the end of the fiscal year, five copies of the audited financial statements;

(g) Any change in the membership or composition of the board of directors, officers from the rank of vice president and up or their equivalent, branch manager, cashier and administrative officer shall be reported to the Commission within seven (7) working days thereafter, and the requirements prescribed under Section 4(a)(3) and (5) and Section 6(a)(3) and (4) hereof shall be submitted within thirty (30) working days from date of the aforesaid change;

(h) Such other reports as the Commission may require;

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Moreover, Section 8 of the same IRR provides:

> "Section 8. <u>Licensing Fees</u>
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> xxx xxx xxx
>
> An annual fee shall be charged as follows and the same shall be paid not later than forty-five (45) days before the anniversary date of the Certificate of Authority to Operate as a Financing Company and for as long as its license to operate is in effect:
>
> xxx xxx xxx"

Records reveal that Respondent PFC failed to file the required reports and to pay the annual fee in clear violation of the mandatory requirements set forth in the afore-quoted provisions notwithstanding receipt of notices and orders issued by the CGFD. The foregoing resulted in the revocation of the CA of Respondent PFC on 23 November 2011.

Moreover, Petitioner EIPD was able to establish in the Petition that Respondent PCF failed to file its General Information Sheet and Audited Financial Statements for the period covering 2006 to 2011. Further verification with the Company Registration and Monitoring Department (CRMD) of this Commission revealed that Respondent PFC has not filed its GIS and AFS for the period covering 2012 until 2019.

Section 6, paragraph (i), subparagraph [6] of Presidential Decree (P.D.) No. 902-A provides:

> "Section 6. In order to effectively exercise such jurisdiction, the Commission shall possess the following powers:
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> 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**;
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> xxx xxx xxx
>
> [6] **Failure to file required reports in appropriate forms as determined by the Commission within the prescribed period**; (Emphasis supplied)
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> xxx xxx xxx

On the basis of the afore-quoted provision, the Commission finds that the revocation of Respondent PFC's Certificate of Registration as prayed for by Petitioner EIPD, is in order.

WHEREFORE, premises considered, the Certificate of Registration of Respondent **PINOYJENZ FINANCING CORPORATION** under SEC Registration No. CS200412855 is hereby **REVOKED**.

Let a copy of this Decision be furnished to the Company Registration and Monitoring Department (CRMD) and the Corporate Governance and Finance Department (CGFD) for their appropriate action.

SO ORDERED.

Pasay City, 24 January 2020.

EMILIO B. AQUINO
Chairperson

EPHYRO LUIS B. AMATONG
Commissioner

JAVEY PAUL D. FRANCISCO
Commissioner

KELVIN LESTER K. LEE
Commissioner

KARLO S. BELLO
Commissioner