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

IN THE MATTER OF:

OLYMPRO STOCKTRADING WEB CONTENT PUBLISHING

SEC CDO CASE NO. *11-21-074*

ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT,
Movant.

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CEASE AND DESIST ORDER

This resolves the ***Motion for Issuance of a Cease and Desist Order***[1] (the "Motion") filed by the Enforcement and Investor Protection Department ("EIPD") on 15 November 2021, praying that an Order be issued (a) directing **OLYMPRO STOCKTRADING WEB CONTENT PUBLISHING** and its owner, **CHRISTIAN MARK LACSON PEREDO,** its officers, representatives, salesmen, agents, enablers, influencers and any and all persons claiming and acting for and in their behalf, to immediately cease and desist from further engaging in activities of selling or offering for sale securities, and to remove or take down its online offerings until the requisite registration statement duly approved by the Commission and the corresponding license to offer/sell securities are issued; and (b) until and unless the appropriate authority is granted by the Commission, prohibiting **OLYMPRO STOCKTRADING WEB CONTENT PUBLISHING** and its owner, **CHRISTIAN MARK LACSON PEREDO,** its respective officers, representatives, salesmen, agents, enablers, influencers and any and all persons claiming and acting for and in their behalf, to transact, dispose of, or convey in any manner, any and all assets, properties, real or personal, including bank deposits, if any, of which the named persons herein may have any interest, claim or participation whatsoever, whether directly or indirectly, under their custody, immediately to forestall grave damage and prejudice to all concerned and to ensure the preservation of the assets for the benefit of the investors.

[1] Dated on 8 November 2021.

RELEVANT FACTS

OLYMPRO STOCKTRADING WEB CONTENT PUBLISHING ("Olympro") is a sole proprietorship owned and operated by Christian Mark Lacson Peredo (" Mr. Peredo"). Olympro is registered with the Department of Trade and Industry ("DTI") with Certificate Registration No. 2102561.[2]

Sometime in October 2020, the EIPD started receiving email reports, queries, and complaints[3] from the public and alleged investors inquiring about the legitimacy of the investment-taking activities that are being carried out by Olympro and Mr. Peredo, which prompted the EIPD to conduct an investigation for possible violations of the Securities Regulation Code ("SRC") and its implementing rules and regulations.

Based on its investigation, the EIPD found that Olympro is offering investment opportunities to the public through the availment of compensation plans. The minimum amount that can be invested is ₱200.00 while the maximum amount is ₱100,000.00, and an investor is free to choose from three (3) compensation plans that are available, to wit:

(a) ***beginner*** offers a twenty percent (20%) return in eight (8) days;
(b) ***pro trader*** offers a fifty percent (50%) return in fifteen (15) days;
(c) ***VIP trader*** offering a one hundred percent (100%) return in thirty (30) days.

In addition to the compensation plan scheme, Olympro also offers a five percent (5%) commission for every investor recruited. Mr. Peredo further claims that over the past four (4) years, his winning ratio in trading is 8:2 which earns around 5% to 7% daily, such that, it would not affect the investment of investors even if there are losses.

The EIPD also conducted an online search to check the veracity of the complaints about the investment-taking activities of Olympro. Relative thereto, the investigator issued a sworn affidavit[4] stating that on the supposed launching day of Olympro on 1 October 2020, Mr. Peredo went into hiding and his personal Facebook account, Olympro's Facebook page and website (olympro.org) were all taken down. However, the investigator, through the online tool called Wayback Machine, was able to retrieve relevant information consisting of archived snapshots of

[2] Annex "A".
[3] Annexes "E-13," "E-14", "E-15", "E-16", "E-17", "E-18", "E-19", "E-20" and "E-21".
[4] Annex "E".

Olympro's website, frequently asked questions (FAQ) page and home page showing the investment compensation schemes of Olympro.[5]

Moreover, as part of its investigation, the EIPD secured Certifications from the Company Registration and Monitoring Department ("CRMD"),[6] the Markets and Securities Regulation Department ("MSRD"),[7] and the Corporate Governance and Finance Department ("CGFD")[8] of the Commission showing that Olympro has not applied for and/or obtained a primary franchise either as a corporation or partnership, has not been issued any secondary license to operate as broker/dealer of securities, and is not a registered issuer of any securities pursuant to Sections 8 and 12 of the SRC or mutual funds including exchange traded funds, membership certificates, and time shares.

On 20 October 2020, the Commission issued an Advisory[9] warning the public not to invest or to stop investing in any of the schemes offered by Olympro and Mr. Peredo and to exercise caution in dealing with individuals or groups of persons soliciting investments for and on behalf of Olympro

Further, on 26 October 2020, the EIPD endorsed the complaints against Olympro to the National Bureau of Investigation Cybercrimes Division and the Philippine National Police Anti-Cybercrime Group[10] since the investigation of all cybercrimes and crimes involving the use of information and communications technology fall within the NBI and PNP's jurisdictions.

The EIPD also issued letters to banks including BDO Unibank, Metrobank, PSBank, and Unionbank[11] to inform them of the Advisory issued by the Commission against Olympro and Mr. Peredo, and warned them of the possible use by Olympro and Mr. Peredo of the banking system in the perpetration of the investment scam to enable them to set up appropriate safeguards to protect the public.

ISSUE

Whether the issuance of a Cease and Desist Order ("CDO") against Olympro is warranted based on the findings and evidence presented by the EIPD.

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5 Annexes "E-01" to "E-10".
6 Annexes "B" and "O".
7 Annexes "C" and "N".
8 Annex "D" and "F".
9 Annex "G".
10 Annexes "H" and "I", respectively.
11 Annexes "J", "K", "L", and "M".

DISCUSSION

The Commission finds the instant *Motion* meritorious and hereby grants the same.

The EIPD was able to establish by substantial evidence that Olympro, its owner, Mr. Peredo and the persons acting for and on their behalf are engaged in the public offering and/or sale of unregistered securities in the form of investment contracts without the requisite secondary license from the Commission.

Section 8.1 of the SRC clearly provides that securities cannot be sold or offered for sale in the Philippines if the same are not approved by the Commission, to wit:

> *"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 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."* (Emphasis and underscoring supplied)

Section 3 of the SRC defines securities as follows:

> Sec. 3. Definition of Terms. –
>
> 3.1. "Securities" are 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:
>
> xxx
>
> ii. Investment contracts, certificates of interest or participation in a profit sharing agreement, certificates of deposit for a future subscription." (Underscoring supplied)

Relative thereto, an investment contract is defined under Rule 26.3.5 of the 2015 Implementing Rules and Regulations of the SRC ("2015 SRC IRR") as follows:

> "An investment contract is **a contract, transaction or scheme whereby a person invests his money in a common enterprise and is led to expect profits primarily through the efforts of others**. It is presumed to exist when a person seeks to use the money or property of other persons on the promise of profits.
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> **A common enterprise is deemed created when two (2) or more investors "pool" their resources**, creating a common enterprise, even

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PAGE 4 OF 10 PAGES
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if the promoter receives nothing more than a broker's commission." (Emphasis and underscoring supplied)

In the case of *SEC v. Howey Co.*, the US Supreme Court defined investment contracts as 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.[12] Investment contracts have been used and adopted in situations wherein people are led to invest money in a common enterprise under the expectation that they would be earning profit not through their own efforts but through the efforts of the promoter or other persons besides themselves.[13]

In the case of *Power Homes Unlimited Corp. v. Securities and Exchange Commission*[14] the Supreme Court had the occasion to apply and discuss the *Howey Test*[15] in determining if an investment scheme, regardless of the legal terminology used, partakes of the nature of an investment contract. The Supreme Court held that a transaction falls within the scope of an investment contract, and is thus a security under the SRC, if the following elements are present: *(1) an investment of money; (2) in a common enterprise; (3) with expectation of profits, (4) primarily from efforts of others.* Under this definition, whenever an investor relinquishes control over his or her funds to another for the purpose of deriving profits from them, he or she is considered as investing in a security.[16]

Applying the *Howey Test* to the instant case, the Commission agrees with the EIPD's finding, and holds that Olympro is engaged in the sale and/or offer of securities in the form of investment contracts.

First, there is an investment of money. Investment of money occurs when an investor places money to an enterprise or venture in a manner that subjects himself to financial loss.[17] In the instant case, the complaints[18] received by the EIPD which the latter submitted in evidence to support its Motion shows that investors actually invested money in Olympro's compensation plans. The amount of investment made by Olympro's investors ranged from ₱200.00 up to ₱100,000.00, depending on the particular compensation plan that was chosen.

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[12] 328 U.S. 293 (1946).
[13] *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 26.3 of the 2015 IRR of the SRC replaced the 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.
[14] G.R. No. 164182, February 26, 2008.
[15] Established and applied in SEC vs. Howey Co., 328 U.S. 293 (1946).
[16] Investment Co. Institute v. Camp, 274 F. Supp. 624 (D. D.C. 1967).
[17] SEC v. International Mining Exchange, Inc., 515 F. Supp. 1062.
[18] Annexes "E-13," "E-14", "E-15", "E-16", "E-17", "E-18", "E-19", "E-20" and "E-21."

Second, there is a common enterprise which is deemed created when two (2) or more investors "pool" their resources.[19] Thus, the joint participation of investors in the same investment enterprise is achieved by pooling the invested funds for a common purpose.[20] Olympro's investors pool their resources/monies together which are allegedly used by Mr. Peredo in forex, cryptocurrency, commodities trading to earn profits. There is also commonality in the recruitment activity where a 5% commission is earned for every successful recruit.

Third, there is expectation of profits. Profits are expected from the appreciation of the initial investment either from the development of the initial investment or from the use of the investors' funds. In either case, the investors are attracted to invest because he anticipates that there will be a return on his investment.[21] In the instant case, the investors are investing their money in Olympro under the expectation that they will receive a guaranteed return ranging from 20%, 50% to 100% after the lapse of compensation plan period chosen i.e. 8, 15, or 30 days.

Fourth, there is an expectation of profits primarily through the effort of others. The expectation of profits is derived primarily from the efforts of Olympro, Mr. Peredo and their agents, representatives and promoters who are allegedly engaged in forex, cryptocurrency and commodities trading. The investors efforts in recruiting other investors are minimal.

Finding all the elements of an investment contract present, Olympro should be considered as engaged in the sale and/or offer of securities in the form of investment contracts. However, considering that Olympro has not secured the required license from the Commission, the issuance of a CDO is thus in order.

Furthermore, the EIPD was also able to prove by substantial evidence that Olympro is engaged in the public offering of securities, which is defined under Rule 3.1.17 of the 2015 SRC IRR, thus:

> "**Public offering** is 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:

[19] Paragraph 5, Rule 26.3.5 of the 2015 SRC IRR.
[20] Wasnowic v. Chicago Bd. of Trade 352 F Supp 1066.
[21] Power Homes Unlimited Corporation v. Securities and Exchange Commission.

3.1.17.1. Publication in any newspaper, magazine or printed reading material which is distributed within the Philippines;

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)

Olympro's public offering of securities were made through its website and official Facebook account where Mr. Peredo publishes "live updates"[22] on the status of the trading. The public offering of Olympro, especially its "promo" of turning P1000 to P1500 in three (3) days enticed more people to join and invest.

Relative thereto, Section 64 of the SRC provides that:

"Section 64. *Cease and Desist Order.* — 64.1. *The Commission*, after proper investigation or verification, *motu proprio* or upon verified complaint by any aggrieved party, may issue a cease and desist order without the necessity of a prior hearing if in its judgment the act or practice, unless restrained, will operate as a fraud on investors or is otherwise likely to cause grave or irreparable injury or prejudice to the investing public."

Under the afore-quoted provision there are the two (2) essential requirements that must be met prior to the issuance of a cease and desist order: *first,* there must be a conduct of a proper investigation or verification; and *second*, there must be a finding that the act or practice, unless restrained, will operate as a fraud on investors or is otherwise likely to cause grave or irreparable injury or prejudice to the investing public.[23]

The two (2) essential requirements of Section 64 of the SRC are present in this case.

[22] Annexes "E-11" and "E-12".
[23] Securities and Exchange Commission vs. Performance Foreign Exchange Corporation, G.R. No. 154131, July 20, 2006.

The records show that the EIPD, upon receiving the complaints of the public, conducted an independent investigation of the activities of Olympro and Mr. Peredo, and was able to submit substantial evidence to support its *Motion* requesting for the issuance of a CDO.

Moreover, the evidence on record revealed that Olympro's *modus operandi* consists of enticing investors to part with their money on the promise of guaranteed high returns through its compensation plans. However, considering that Olympro has no known clear/actual trades other than its alleged forex, cryptocurrency or commodities trading, it is clear that the investment scheme cannot be sustained and will prejudice and likely cause grave and irreparable injury to the investing public if not restrained. Thus, We hold that the issuance of a CDO is in order.

As held in the case of *Securities and Exchange Commission vs. CJH Development Corp.*[24] the Commission is empowered to issue CDOs to protect the investing public, thus:

> "***The law is clear on the point that a cease and desist order may be issued by the SEC motu proprio***, it being unnecessary that it results from a verified complaint from an aggrieved party. A prior hearing is also not required whenever **the Commission finds it appropriate to issue a cease and desist order that aims to curtail fraud or grave or irreparable injury to investors.** There is good reason for this provision, as **any delay in the restraint of acts that yield such results can only generate further injury to the public that the SEC is obliged to protect**."
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> "**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 and underscoring supplied)

WHEREFORE, premises considered, **OLYMPRO STOCKTRADING WEB CONTENT PUBLISHING** and its owner **CHRISTIAN MARK LACSON PEREDO,** its respective officers, representatives, salesmen, agents, enablers, influencers and any and all persons claiming and acting for and in their behalf, are hereby directed to **IMMEDIATELY CEASE AND DESIST** from further engaging in, promoting and facilitating selling and/or offering for sale securities in the form of investment contracts

[24] G.R. No. 210316, November 28, 2016

and/or other activities/transactions, until the requisite registration statements are duly filed with and approved by the Commission, and the corresponding license and/or permit to offer/sell securities are issued.

OLYMPRO STOCKTRADING WEB CONTENT PUBLISHING and its owner **CHRISTIAN MARK LACSON PEREDO,** its respective officers, representatives, salesmen, agents, enablers, influencers and any and all persons claiming and acting for and in their behalf, are directed to **CEASE** their internet presence relating to the transactions and investment scheme covered by this CDO. The Commission will institute the appropriate administrative and criminal action against any persons or entities found to act as solicitors, information providers, salesmen, agents, brokers, dealers or the like for and in their behalf.

Finally, the Commission hereby **PROHIBITS OLYMPRO STOCKTRADING WEB CONTENT PUBLISHING** and its owner **CHRISTIAN MARK LACSON PEREDO,** its respective officers, representatives, salesmen, agents, enablers, influencers and any and all persons claiming and acting for and in their behalf from transacting any business involving the funds covered by this CDO in its depository banks, and from transferring, disposing, or conveying in any manner, all assets, properties, real or personal, including but not limited to bank deposits, of which the named persons herein may have any interest, claim or participation whatsoever, directly or indirectly, under its/their custody, to ensure the preservation of the assets for the benefit of the investors.

The EIPD of the Commission is hereby DIRECTED to cause (a) the posting of this Order in the Commission's website; and (b) the publication of the same in a newspaper of general circulation as provided for under Section 4-2, Rule IV, Part I of the 2016 Rules.

The EIPD is FURTHER DIRECTED to submit a formal compliance report, by way of pleading, to the Commission *En Banc* WITHIN TEN (10) DAYS from receipt of this *Cease and Desist Order.*

Let a copy of this Cease and Desist Order be furnished to the Company Registration and Monitoring Department, Corporate Governance and Finance Department, and the Information and Communications Technology Department of this Commission, the Bangko Sentral ng Pilipnas, the Department of Trade and Industry, the National Privacy Commission, and the Department of Information and Communications Technology, for their information and appropriate action.

In accordance with the provisions of Section 64.3 of the SRC and Section 4-3 of the 2016 Rules of Procedure of the Commission, the parties subject of this CDO may file a verified motion to lift the CDO within five (5) days from receipt thereof. The Motion to Lift the CDO must be filed to the Commission En Banc through the Office of the General Counsel.

FAIL NOT UNDER PENALTY OF LAW.

SO ORDERED.

Pasay City, Philippines; 18 November 2021.

EMILIO B. AQUINO
Chairperson

EPHYRO LUIS B. AMATONG
Commissioner

JAVEY PAUL D. FRANCISCO
Commissioner

KELVIN LESTER K. LEE
Commissioner

KARLO S. BELLO
Commissioner