Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Bldg., EDSA Greenhills, Mandaluyong City

IN THE MATTER OF:
ZENTEX CYBER SOLUTION LTD. CO.

SEC Admin Case No. 08-07-87
For: Revocation of Corporate Registration

ENFORCEMENT AND PROSECUTION DEPARTMENT,
Petitioner.

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DECISION

For consideration is the instant *Petition for Revocation* of partnership registration ("*Petition,*" for brevity) of Zentex Cyber Solution Ltd. Co. (hereinafter, "Zentex")[1] filed by Petitioner, the then Compliance Enforcement Department (hereinafter, "CED") of the Commission[2].

Zentex is a partnership formed for the purpose of engaging in "software application development, enterprise application integration, programming and design, project management and consultancy services" and "to engage in the business of buying and selling of computers but not limited to computer software, hardware and supplies on wholesale and retail basis."[3]

The *Petition* is anchored on Zentex's alleged violation of Section 6(I)(1) and (2) of Presidential Decree No. 902-A, as amended ("PD 902-A," for brevity). In essence, the CED alleges that there was fraud in the procurement of the registration of Zentex and that it has committed serious misrepresentation as to what the partnership can do or is doing to the great prejudice or damage to the general public, by giving false and fictitious partners' addresses and principal place of business.

In view of the CED's findings that all the addresses provided by the partners of Zentex in its Articles of Partnership are false, the Commission ordered the publication in a newspaper of general circulation of the Petition, the Summons as well as the Order directing the publication of the same[4].

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[1] Registered with the Commission on 17 March 2006 under SEC Reg. No. PL200604329.
[2] Now the Enforcement and Investor Protection Department (EIPD).
[3] Petition, Annex "B" (Articles of Partnership, Article V).
[4] Orders dated 07 December 2009 and 06 July 2010.

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In this connection, the Petition, Summons and Order for publication were also posted in the Commission's website.

To date, Zentex has not filed its Answer or any responsive pleading in the instant case.

FACTS OF THE CASE:

The relevant facts, as culled from the records are as follows:

Sometime in June 2006, an email message from a certain "Dercy dela Rosa" was received by the Commission's Management Information System and referred to the CED regarding an entity which operates as a contact center in Makati without a business permit and without paying any taxes. Attached to the email was a map to the said location.

On 20 July 2006, the CED investigators went to the said location to conduct an ocular inspection. They were able to confirm that the entity referred to was Zentex which occupies Room 209 2F LPL Building, Sen. Gil Puyat Avenue, San Antonio, Makati City. The CED investigators noted that the entity is duly registered with the Bureau of Internal Revenue ("BIR," for brevity), the Department of Trade and Industry ("DTI," for brevity) and the Makati City Office, which led them to doubt whether Zentex is the entity being referred to by the written communication.

However, upon further inquiry, the investigators were able to confirm that the firm occupying Room 209 is indeed a call center owned by a Singaporean national.[5]

To formalize the investigation into Zentex's operations and activities, an Inspection Order dated 25 July 2006 was issued in order to authorize investigators to look into the business operations of Zentex and to determine whether their activities and operations are conducted in accordance with existing laws, rules, and regulations enforced by the Commission.[6]

Subsequent investigations by the CED enabled them to interview an employee of Zentex, Mr. Jay Guerrero, a team leader in the office, tasked with the day-to-day operations of Zentex, including the hiring and training people. Mr. Guerrero stated that he himself has not met Mr. Jeffrey Sulit, General Manager of Zentex, nor "Boss Jamie," a foreigner, and their Area Manager whom he talks to by telephone. Mr. Sulit and the rest of the partners were not present at the time of the interview. Mr. Guerrero admitted to the CED that Zentex is a "marketing arm or telemarketer" on behalf of foreign firms such as VITOL CAPITAL MANAGEMENT, TAHOE FUTURES and MAJOR FINANCIAL INSITUTION. He likewise admitted that the function of Zentex is "limited in listing the names, positions and contact numbers of their prospective clients" and such information is then forwarded

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[5] Petition, Annex "C".
[6] *Id.*, Annex "D".

to their client foreign firms. He further admitted that the telemarketers use a certain "script" provided by each firm.[7]

The CED investigators then prepared a "Notice Requiring Appearance at an Examination" (hereinafter referred to as "Notice," for brevity) addressed to Zentex and its individual partners at the 2F LPL Bldg. 215 Sen. Gil Puyat Ave., San Antonio, Makati City. The said notice was returned "unserved" with a notation that the company is not holding office at the stated address and not posted in the building directory.[8] A second Notice was issued to each of the partners at their personal addresses but the same were returned unserved, as follows:

SUMMARY[9]
(Name, Nationality and Address as Appearing in the Articles of Partnership and Remarks on Returns)

Name	Nationality	Address	Returns (remarks)
JEFFREY R. SULIT	Filipino	501 Ilang Ilang Street, Malaria, Caloocan City	There is no Jeffrey Sulit in this address according to a Barangay Official of Brgy. 185, Malaria, Caloocan City
JERALD CHRISTIAN B. LUMBAO	Filipino	500 5th Avenue Gracepark, Caloocan City	Cannot be located, majority of houses have no house numbers
RUDY S. CARANGANA	Filipino	918 Quirino Highway, Quezon City	Cannot be located. Subject number is supposed to be occupied by a public school under construction.
JASON C. ALCALA	Filipino	137 P. Sivilla St., Caloocan City	Not residing in this address. A certain Fermin family occupies this address, subject person is not connected to them.
RODOLFO V. MARTINEZ	Filipino	205 F. Roxas Street, Caloocan City	Cannot be located, majority of houses have no house numbers

[7] Petition, par. 10-14.
[8] Ibid., Annex "E".
[9] Ibid., Annexes "F", "G", "H" "I," and "J".

The CED investigators returned to the office of Zentex at Rm. 209 2F LPL Bldg. 215 Sen. Gil Puyat Ave., San Antonio, Makati City. Upon their return, they learned from the building administrator, Joel Ilagan, that Zentex had already vacated the room immediately after the SEC conducted its investigation. When the CED investigators went to the principal office address of Zentex stated in its Articles of Partnership, they discovered that 1302 De la Rosa Street, corner Perea Street, Legaspi Village, Makati City does not exist as they found that the highest building number on the corner of Dela Rosa and Perea Streets is number "107" while the highest building number along De la Rosa Street is only "167".[10]

A third Notice of Conference was issued and sent to Zentex as well as to the individual partners through registered mail but was returned unserved[11]. After exhausting all remedies, an Investigation Report (dated 08 March 2007) was executed by the Petitioner[12] and the instant petition for revocation was filed.

ISSUE:

The sole issue for consideration is whether or not the registration of Zentex should be revoked based on fraud in the procurement of its registration.

RULING:

The petition is granted.

Section 6 of Presidential Decree No. 902-A ("PD 902-A"), the "Reorganization of the Securities and Exchange Commission with Additional Powers and Placing the said Agency under the Administrative Supervision of the Office of the President" or "The SEC Reorganization Act", as amended, provides:

> "Section 6. In order to effectively exercise such jurisdiction, the Commission shall possess the following powers:
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> l) 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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[10] Petition, Annex "K".
[11] Ibid., Annex "L".
[12] Ibid., Annex "M".

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> 1) ***Fraud*** in procuring its certificate of registration;
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> 2) ***Serious misrepresentation*** as to what the corporation can do or is doing to the great prejudice or damage to general public xx"

As previously ruled by the Commission in the case of *Urban Poor of Pasig Incorporated vs. Nonesio Rivera*, SEC Case No. 02-94-4869 (December 26, 1995):

> "(T)he fraud mentioned in Section 6, paragraph I, subparagraph 1 of P.D. No. 902-A as amended as one of the grounds for revocation of a certificate of registration of a corporation, partnership or association refers to fraud attendant in the registration of the corporation, partnership, or association and the same must be contained or connected with the documents and/or papers presented to this Commission for the registration of the said corporation, partnership or association."

In the instant case, based on the investigation conducted by the Petitioner, the partners used fictitious addresses in the Articles of Partnership they submitted to the Commission. The principal place of business of Zentex as stated in its Articles of Partnership is fictitious as no building in Dela Costa and Perea Streets in Makati corresponds to the street number of the subject principal address.[13] The stated address of partner Ruby S. Carangana is, likewise, false or fictitious as the same is occupied by a public school.[14] Two of the partners are reflected as residing in Caloocan City, but cannot be located because majority of the houses in the said area have no house numbers.[15] With respect to the other partners, they were unknown at, and not occupying, the addresses stated in the Articles of Partnership.[16]

Evidently, there is an intention to defraud the Commission and the general public. This is buttressed by the fact that when the CED investigators returned to Rm. 209 2F LPL Bldg. 215 Sen. Gil Puyat Ave., San Antonio, Makati City, where they first found Zentex, they discovered that the partnership immediately moved after the CED's visit. Had the Commission known of such falsities, the registration of Zentex would not have been approved.

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[13] Petition, Annexes "K" and "M".
[14] Ibid, Annexes "H" and "M".
[15] Ibid., Annexes "G", "J" and "M".
[16] Ibid., Annexes "F", "I" and "M".

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WHEREFORE, premises considered, the instant Petition is **GRANTED.** The Certificate of Registration of ZENTEX CYBER SOLUTION LTD. CO. (Company Reg. No. PL200604329) is hereby **REVOKED.**

Let a copy of this Decision be furnished the Company Registration and Monitoring Department for its information and appropriate action.

Lastly, let copies of this Decision be furnished to the Economic Research and Information Department and all the extension offices of this Commission for dissemination to the general public.

SO ORDERED.

Mandaluyong City, 04 March 2014.

TERESITA J. HERBOSA
Chairperson

MA. JUANITA E. CUETO
Commissioner

MANUEL HUBERTO B. GAITE
Commissioner

ELADIO M. JALA
Commissioner

ANTONIETA F. IBE
Commissioner

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