Securities and Exchange Commission PHILIPPINES

BAGONG PILIPINAS

FINANCING AND LENDING COMPANIES DEPARTMENT

In the matter of:

FinLend Order No. 2025-17

PEOPLE'S CREDIT AND FINANCE CORPORATION
(SEC Reg. No. AS095-009074, C.A. No. 170)

FOR: REVOCATION OF CERTIFICATE OF AUTHORITY TO OPERATE AS A FINANCING COMPANY FOR VIOLATONS OF THE REVISED CORPORATION CODE OF THE PHILIPPINES (R.A. 11232), FINANCING COMPANY ACT (R.A. 8556) AND ITS IRR; AND OTHER SEC MEMORANDUM CIRCULARS AND ISSUANCES

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Office of the President of the Philippines

Greetings:

Please take notice that on 14 May 2025, 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.

14 May 2025, Makati City.

Kenneth Joy A. Quimio

ATTY. KENNETH JOY A. QUIMIO
Officer-In-Charge-Director

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Securities and Exchange Commission PHILIPPINES

BAGONG PILIPINAS

FINANCING AND LENDING COMPANIES DEPARTMENT

In the matter of: FinLend Order No. 2025 - 17

PEOPLE'S CREDIT AND FINANCE CORPORATION

(SEC Reg. No. AS095-009074, C.A. No. 170)

FOR: **REVOCATION OF CERTIFICATE OF AUTHORITY TO OPERATE AS A FINANCING COMPANY FOR VIOLATIONS OF THE REVISED CORPORATION CODE OF THE PHILIPPINES (R.A. 11232), FINANCING COMPANY ACT (R.A. 8556) AND ITS IRR; AND OTHER SEC MEMORANDUM CIRCULARS AND ISSUANCES**

x--x

ORDER

This resolves the issue on the corporate status of People's Credit and Finance Corporation ("Respondent") for continuously failing to commence operations or business after the declared status of "Delinquent"; and on the recommendation of the Office of the President to abolish the Respondent pursuant to a Memorandum Recommendation from the Office of the Executive Secretary.

The Respondent is a Stock Corporation, registered with the Securities and Exchange Commission ("SEC" or "Commission") under Primary Registration No. AS095-009074, and Certificate of Authority No. 170, to operate as a Financing Company.

Based on records, the Respondent commences its operation in 1998 and continuously operating until 2017. However, on 03 September 2015 the Office of the President abolished the Respondent's existence through a memorandum from the Executive Secretary, thus:

> *Upon the representations of the Governance Commission for the GOCCs (GCG) the recommendation to abolish the People's Credit and Finance Corp. has been APPROVED subject to the existing laws, rules and regulations.*

One of the recommendations is to winding down of operations, disposition of assets and settlement of liabilities of PCFC.

Notwithstanding, the Corporation failed to perform such directives and the winding down of operations did not materialize. The non-continuance of the Respondent's operation, constrained the Commission to put its status as "Delinquent".

On 05 December 2024, the Financing and Lending Companies Department (FinLenD) issued a show cause letter to the Company with the following noted violations:

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REQUIREMENTS	Legal Basis	DEADLINES	NOTED DEFICIENCIES YEARS COVERED	
			FILED LATE	NOT FILED
Annual Fees (AF) (Not Paid/Paid Late)	Section 8 of Financing Company Act and its IRR SEC Memorandum Circular No. 9, series 2010	45 days before the anniversary date of CA		2010-2024
General Information Sheet (GIS)	Sec. 13 of the IRR of the Financing Company Act of 1998 Revised Corporation Code of the Philippines	within 30 days after the actual date of the annual meeting	2010 2012	2017-2023
Audited Financial Statements (AFS)	See SEC Memorandum Circulars	Please see related SEC Memorandum Circulars	2010	2017-2023
Special Form of Financial Statements (FCFS)	Section 13 (d) of Financing Company Act and its IRR	within 30 days after the due date of the AFS	2010-2012	2014 2017-2023
Financing Company Interim Financial Statements (LCIF) First Semester Second Semester	Section 13 (a) of Financing Company Act and its IRR	within 45 days after the end of the semester		 2017-2024 2017-2024
Anti-Money Laundering Compliance Form (AML-CF)	SEC Memorandum Circular No. 19, Series 2014	1st working day of June after the submission of the R-AMLOM and every 3 years thereafter	2015	2018 2021 2024
Manual on Corporate Governance	SEC Memorandum Circular No. 6, series of 2009 SEC Memorandum Circular No. 5, series of 2010	March 31, 2011 for existing companies or within 30 days from the date the Company became covered	2011	

REQUIREMENTS	Legal Basis	DEADLINES	NOTED DEFICIENCIES YEARS COVERED	
Compliance Officer's Certificate (COC)	SEC Memorandum Circular No. 6, series of 2009	On or before 30 January	2011 20152016	2010 2012 2017-2023
Stock and Transfer Book (STB)	Revised Corporation Code of the Philippines	30 days after registration	x	
SEC MC 28	SEC Memorandum Circular No. 28, series of 2020	For existing Corporation within 60 calendar days from effectivity of the rule		x
Sworn Certification (SEC MC 18)	SEC Memorandum Circular No. 4 series of 2019	08 October 2019		x
Impact Evaluation Report (IER)	SEC Memorandum Circular No. 3 series of 2022 in relation to BSP Circular No. 1133 series of 2021	06 February 2023 31 March 2024		x
Business Plan	SEC Memorandum Circular No. 3 Series of 2022 in relation to BSP Circular No. 1133 series of 2021	05 May 2022		x
List of Third-Party Service Providers (TPSP)	Order dated 08 June 2023	13 June 2023		x
Complaints Handling Details and Mechanism	Order dated 07 February 2024	22-February 2024		x

FinLenD was not able to received any response from the Company.

ISSUE:

Whether the Respondent's Certificate of Authority (CA) to operate as a Financing Company should be revoked for the violations of the Revised Corporation Code, FCA and Commission's Memorandum Circulars.

FINLEND'S RULING:

We rule in the affirmative.

I. DUE PROCESS PROCEEDINGS

In the case of ***Provident International Resources Corp. v. Venus***[1] as mentioned in the case of ***Philippine Institute of Architects-Davao Section Inc. vs. Philippine Institute of Architects***[2], 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)*

As mentioned in an Order of Revocation against ***Familyhan Credit Corporation***[3], 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***[4] 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 Department satisfied the requirements of due process when it sent SCL 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***[5], *"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 SCL 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[6]. 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

[1] G.R. No. 167041, 17 June 2008.
[2] SEC En Banc Case No. 09-17-430, 25 November 2021.
[3] CGFD Order No. 29, series of 2021.
[4] GR No. 187854, 12 November 2013.
[5] G.R. No. 201601, 12 March 2014.
[6] Macaventa v. Nuyda, A.C. No. 11087, October 12, 2020

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[7].

II. THE PENALTY OF REVOCATION IS WARRANTED

The Implementing Rules and Regulations of the Financing Company Act warrants the Revocation of erring financing companies for its continuous non-compliance with the directive of the Commission, thus:

SECTION 14. Administrative Sanctions

> *If the Commission finds that there is a violation of RA 8556, of these Rules and Regulations, of the terms and conditions of the Certificate of Authority to operate as a Financing Company, of any Commission order, decision or ruling, or the financing company refuses to have its books of accounts audited,* ***or continuously fails to comply with the SEC requirements****, the Commission shall, in its discretion, impose any or all of the following sanctions:*
>
> *a) Suspension or revocation of the Certificate of Authority to operate as a Financing Company after proper notice and hearing;*
> *b) A basic fine of not less than Ten Thousand Pesos (P10,000) and for each day of continuing violation, but in no case shall the total fine be more than One Hundred Thousand Pesos (P100,000);*
> *c) Other sanctions within the power of the Commission.*

(emphasis ours)

As per records, the Company failed to comply and/or submit fifteen (15) reportorial requirements as required by the law and other SEC issuances, some even in the year 2010.

The penalty of Revocation is also warranted under the Revised Corporation Code as it provides:

> *Section 21. Effects of Non-Use of Corporate Charter and Continous Inoperation. - If a corporation does not formally organize and commence its business within five (5) year from the date of its incorporation, its certificate of incorporation shall be deemed revoked as of the day following the end of the five (5)-year period.*
>
> *However, if a corporation has commence its business but subsequently becomes inoperative for a period of at least five (5) consecutive years, the Commission may, after due notice and hearing, place the corporation under delinquent status.*
>
> *A delinquent corporation shall have a period of two (2) years to resume operations and comply with all requirements that the Commission shall prescribed. Upon the compliance by the corporation, the Commission shall issue an order lifting the delinquent status. Failure to comply with*

[7] Diaz v. Ombudsman, G.R. No. 203217. July 02, 2018

> *the requirements and resume operations within the period given by the Commission shall cause the revocation of the corporation's certificate of incorporation.*
>
> *The Commission shall give reasonable notice to, and coordinate with the appropriate regulatory agency prior to the suspension or revocation of the certificate of incorporation of companies under their special regulatory jurisdiction.*

The Company has been declared delinquent by the Commission for its failure to comply and/or submit the required reportorial requirements. After the declaration, no effort from the Company has been made. More so, as per the recommendation of the Executive Secretary, the Company failed to process its winding down of operations, disposition of assets and settlement of liabilities of PCFC.

WHEREFORE, in view of the foregoing, the Primary Registration No. No. AS095-009074, and Certificate of Authority No. to Operate as a Financing Company (C.A. No. 170) of Peoples Credit Finance Corp. is hereby **REVOKED**.

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.

SO ORDERED.

14 May 2025, Makati City.

Kenneth Joy A. Quimio

ATTY. KENNETH JOY A. QUIMIO
OIC-Director

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