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

IN THE MATTER OF:

WELLCONS UNLIMITED SYSTEMS, INC. ("WELLCONS")

-versus- **SEC CDO CASE No.** 06-22-091

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), praying that an order be issued (a) directing Wellcons Unlimited Systems, Inc. ("WELLCONS" for brevity), its president, Merarie E. Pailagao ("Mr. Pailagao"), its officers, operators, administrators, promoters, representatives, salesmen, agents, investment team planners, mentors, enablers, influencers, assigns, conduit entities, subsidiaries (collectively referred to as the "Agents"), and any and all persons claiming and/or acting for and in their behalf, to immediately cease and desist from further engaging in the sale and/or offer of unregistered securities, and to cease its internet presence relating to its investment activities until the requisite registration statements are filed with and approved by the Securities and Exchange Commission (the "Commission") and the license to offer/sell securities is issued; and (b) prohibiting WELLCONS, Mr. Pailagao, its Agents, and any and all persons claiming, and/or acting for and in their behalf, from selling, encumbering, conveying, or disposing any of its properties and/or assets, without the prior written authority from the Commission.

PARTIES

The EIPD is one of the Commission's operating departments tasked, among others, to investigate and institute administrative actions against persons and entities engaged in the sale and/or offer of unregistered securities without the requisite secondary license.[2]

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[1] Filed on 8 June 2022.
[2] Section 2-2(c)(1-c), Rule II, Part I of the 2016 SEC Rules.

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WELLCONS is a corporation organized and existing under Philippine laws, having been issued a Certificate of Incorporation on 19 April 2021 bearing Company Registration No. CS202104675. Its principal office is located in P15A National Highway, Bagontaas, City of Valencia, Bukidnon. Its Incorporators and the members of the board of directors as stated in Articles FIFTH and SIXTH of its Articles of Incorporation (AoI)[3] are:

Name	Citizenship	City Residential Address
Randy Magdayao Laparasan	Filipino	Maragmag, Bukidnon
Ruben Omisol Geralla, Jr.	Filipino	City of Valencia, Bukidnon
Gerson Largo Madagat	Filipino	City of Valencia, Bukidnon
Merarie Espuerta Pailagao	Filipino	City of Malaybalay, Bukidnon
Renato Guitche Biorrey	Filipino	City of Valencia, Bukidnon
Val Ian Palmes Sumampong	Filipino	City of Valencia, Bukidnon
Fymcenia Doongan Villamin	Filipino	City of Malaybalay, Bukidnon

Its primary purpose as stated in Article SECOND of its AoI is:

> "To engage in conduct and carry on the business on distributions of products by a leverage on multi-level marketing, buying and selling and marketing thru on-line channel in so far may be permitted by law, all kinds of goods and merchandise of every kind of description such as but not limited on household needs which primary target is the basic needs of the individuality and household. This to integrate the free market trade on products and develop people on engaging line to entrepreneurship as primarily distributor and be enhanced with equip values and training. This is to prepare according to global standards of professional entrepreneur and promote the tread products that adhere globally competitive market of capacity building human resource and goods that will allow free movement locally and internationally.
>
> ***Provided that the corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts.*** " *(Emphasis supplied)*

The Authorized Capital Stock of WELLCONS provided in Article SEVENTH of its AoI is ONE MILLION PESOS (Php1,000,000.00), divided into Ten Thousand (10,000) common voting shares with par value of One Hundred Pesos (Php100.00) per share.

RELEVANT FACTS

Sometime in June 2021, the EIPD started receiving email reports and complaints[4] from the public on the alleged investment-taking activities of WELLCONS. These reports commonly alleged that WELLCONS is enticing the public who needs income to invest with it by buying their investment

[3] Annex "A-1"
[4] Annex "B"

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packages, and promising investors a guaranteed return of investment, plus additional benefits and a supply of products. Investors need not exert effort in selling/distributing WELLCONS products to earn. What is required of investors is to simply recruit new members to join and invest.

The EIPD forthwith commenced the conduct of a formal investigation on the operations of WELLCONS to determine if it is violating the Securities Regulation Code ("SRC") and its implementing rules and regulations.

Relative to the allegation that WELLCONS is engaged in investment-taking activities, the EIPD requested from the Commission's Company Registration and Monitoring Department (CRMD), the Corporate Governance and Finance Department (CGFD) and the Markets and Securities Regulation Department (MSRD) for information or verification on the authority of WELLCONS to offer/sell securities to the public, if any. In response to the said request, the CRMD, CGFD and MSRD issued Certifications[5] which confirmed that while WELLCONS is a registered corporation, it has not been issued any secondary license to operate as a broker/dealer of securities, and is not a registered issuer of any securities pursuant to Sections 8 and 12 of the SRC.

As part of its investigation, the EIPD also visited and examined the website of WELLCONS (https://wellcons.net/), Facebook and YouTube where it was able to verify and confirm that WELLCONS is indeed operating and conducting an unauthorized investment-taking activities online. In this regard, the EIPD was able to gather and submit in evidence the promotional materials and video presentations, which WELLCONS uploaded and used to market its Pangkabuhayan Financial Breakthrough Program (the "Pangkabuhayan Program"), where the available investments packages can be purchased. To entice the public to invest and purchase its pangkabuhayan packages, WELLCONS included in the promotional materials and video presentations the amount of investment required, the guaranteed daily reward, profit sharing income, and other bonuses.[6]

During the course of its investigation, the EIPD continued receiving complaints of member-investors who alleged to have purchased WELLCONS investment packages, but have not been paid their guaranteed profits. Complainants also alleged that their demands for the return of their original investments were completely ignored by WELLCONS.[7]

Based on the pieces of evidence that were gathered, the EIPD was able to confirm that WELLCONS is offering/selling unregistered securities either

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[5] Annex "G", Annex "H" and Annex "I" of the Motion.
[6] Annexes "J" and "K" of the Motion
[7] See Annex "B" of the Motion

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under a Binary System and the Pangkabuhayan Program, the former being a gateway to a member's entitlement and enjoyment of the profits/benefits given in the latter.

Under the Binary System, a prospective member can choose to avail any of the three (3) investment packages which has a corresponding membership fee, to wit: a.) *Fast Track* (₱2,500.00, currently offered at ₱1,890.00); b.) *Global* (₱5,890.00); and (c) *Executive* (₱13,890.00). An investor who purchases an investment package under this system is assured to earn or benefit therefrom from any or all of the following means: (1) fifty percent (50%) discount on all wellness products; (2) direct referral bonus for every new member recruited; (3) indirect referral bonus for every invite who is able to recruit a new member; (4) sales match bonus which is earned from the left and right invites of the structure; and (5) direct matching bonus equivalent to 50% for every match even if it is only on one side of the structure. The following table which contains the earnings and/or benefits that an investor will enjoy under the Binary System is used and published by WELLCONS in its promotional materials and video presentations, to wit:

Entry Package	**Package Amount**	**Points/ Package**	**Direct Referral Bonus**	**Indirect Referral Bonus**	**Sales Match Bonus**	**Direct Sales Match Bonus**
Fast Track	₱2,500.00	50 pts	₱200.00	₱50.00	₱500.00	₱250.00
Global	₱5,890.00	150 pts	₱400.00	₱100.00	₱1,500.00	₱500.00
Executive	₱13,890.00	300 pts	₱800.00	₱200.00	₱3,000.00	₱1,000.00

The additional features of the Binary System which members can enjoy and take advantage of are: (1) the points which are earned may be converted into grocery items or appliances under the Pangkabuhayan Program; (2) a member can avail a maximum of seven (7) accounts; (3) earning pairing bonus even in one leg; (4) specific number of pairs per day with a required twelve (12) and twenty-four (24) hours;[8] and (5) the maximum earnings per day for each account are ₱9,000.00; ₱15,000.00; and ₱32,000.00 for *Fast Track, Global* and *Executive* Packages.

On the other hand, the Pangkabuhayan Program, which can be availed only by a member who has purchased any of the packages provided under the *Binary* system, offers members the opportunity to earn additional guaranteed returns by purchasing any of the three (3) packages to wit: (1) *Bronze* (₱1,500.00); (2) *Silver* (₱2,500.00); or (3) *Gold* (₱5,000.00).

Moreover, the Pangkabuhayan Program also comes with the following additional benefits: (1) members who purchase any of the packages therein

[8] For: *Fast Track* – 12 pairs, 6 pairs per cycle; *Global* – 18 pairs, 9 pairs per cycle; and *Executive* – 48 pairs, 24 pairs per cycle.

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are given "consumable products"; (2) members can exchange their points earned with grocery items; (3) the members share in the profits earned by WELLCONS; and (4) the accounts of members can be upgraded for a higher Return of Purchase ("ROP").

The Pangkabuhayan Program also offers passive income which entitles member-investors to earn guaranteed returns without doing anything. Hence, under the Daily Reward Scheme, WELLCONS promised member-investors daily reward earning, depending on the package availed of, and the ROP plus an interest, can be achieved within a period of six (6) months, more or less. The scheme is illustrated as follows:

ENTRY PACKAGE	DAILY REWARD	EARNINGS PER MONTH (daily reward x 30 days)	ROP upon MATURITY (based on a six-month, more or less, computation)
Bronze (₱1,500.00)	₱15.00	₱450.00	₱3,000.00
Silver (₱2,500.00)	₱25.00	₱750.00	₱5,000.00
Gold (₱5,000.00)	₱50.00	₱1,500.00	₱10,000.00

The foregoing scheme is also commonly known as the "double-your-money scheme", where member-investors are promised a return of at least 50% of their investment within a period of six (6) months. This is a powerful tool that entices investors to part with their hard earned money. Aside from the double-your-money scheme, the Pangkabuhayan Program also provides for other bonuses such as: (1) *Profit Sharing Bonus*, equivalent to 20% of WELLCONS' earnings distributed among the top 20,000 member-investors; (2) *Loyalty Bonus* which is equivalent to 10% of WELLCONS' earnings distributed among its top 5,000 member-investors; and (3) *Global Pool Rewards* which is equivalent to 5% of WELLCONS' earnings distributed among its top 1,000 member-investors.

Finally, the Pangkabuhayan Program offers member-investors an opportunity to get a Leadership Bonus equivalent to 10% of his/her direct recruits' (Level 1) repeat availment of Pangkabuhayan Program and an Infinity Bonus which can be enjoyed only by member-investors who are employees of the company. The scheme is summarized as follows:

LEADERSHIP BONUS		INFINITY BONUS	
Level 1	10%	Level 1	5%
Level 2	1%	Level 2	1%
Level 3	0.5%	Level 3	0.5%
Level 4	0.5%	Level 4	0.5%
Level 5	0.5%	Level 5	0.5%

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The EIPD also substantiated its findings on the unauthorized investment-taking activities of WELLCONS through the Investigation Report[9] submitted by an operative in Cagayan De Oro City who actually invested with WELLCONS, and confirmed that the latter is engaged in the sale of unauthorized securities. The operative also confirmed in the report that the Pangkabuhayan Program already includes a *Platinum Package* worth ₱25,000.00 with a daily income of ₱250 per day for six (6) months (or a total of ₱45,000.00).

On 3 February 2022, the Commission issued and posted an Advisory[10] in its website to inform and advise the public to exercise caution in dealing with any person who is soliciting investments or selling unauthorized securities for and on behalf of WELLCONS. The public was further advised not to invest or to stop investing in WELLCONS.

On 21 February 2022, the EIPD issued a Show Cause Order[11] directing WELLCONS to show cause why its Certificate of Registration should not be revoked and why no administrative sanctions should be imposed upon the same for violation of the SRC.

On 3 March 2022, Mr. Pailagao filed a letter-request[12] praying for the lifting of the Advisory, and alleging therein that WELLCONS is not engaged in the sale of securities. He maintained that WELLCONS' business activities are well within the stated purpose in its AoI which is the trading of goods and not the solicitation of investments.

On 25 March 2022, Mr. Pailagao filed an "*Answer to Show Cause Order*"[13] where he maintained and argued that WELLCONS' product packages involves the sale/distribution of actual products which includes a variety of health supplements, liniments, and beauty products, where the bulk of its earnings come from.

Notwithstanding the issuance of the Advisory and the Show Cause Order, WELLCONS continues to operate and conduct its unauthorized investment-taking activities online.

Hence, the instant *Motion.*

ISSUE

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[9] Annex "M"
[10] Annex "J"
[11] Annex "K"
[12] Annex "L"
[13] Annex "N"

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Whether the issuance of a CDO against WELLCONS, Mr. Pialagao and their Agents is warranted based on the evidence presented by the EIPD.

RULING

The *Motion* is impressed with merit.

The EIPD's *Motion* which is supported by substantial evidence sufficiently established that WELLCONS is offering and/or selling securities in the form of investment contracts to the public without the requisite license from the Commission.

At the outset, the Commission notes that the primary purpose of WELLCONS as stated in its AoI, specifically provides that it has no authority to solicit or accept investments from the public. This is categorically spelled out in the following phrase of ARTICLE SECOND of its AoI, to wit:

> *"Provided that* ***the corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts.*** *"* (Emphasis supplied)

Section 3 of the SRC defines "securities" as follows:

> "SEC. 3. Definition of Terms. –
>
> 3.1. "**Securities**" are **shares, participation or interests** 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
>
> (b) **Investment contracts**, certificates of interest or participation in a profit sharing agreement, certificates of deposit for a future subscription;" (Emphasis supplied)

Moreover, an "investment contract" is defined as follows:

> "**An investment contract means a contract, transaction or scheme whereby a person invests his money in a common enterprise and is led to expect profits primarily from the efforts of others.** It is presumed to exist whenever a person seeks to use the money or property of others 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 if the

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promoter receives nothing more than a broker's commission."[14] (Emphasis supplied)

Section 8.1 of the SRC categorically provides that securities cannot be sold or offered for sale within the Philippines if the same are not registered with the Commission in the form of an approved Registration Statement and a Permit to Offer/Sell issued in favor of the applicant, 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)

In the case of *Power Homes Unlimited v. Securities and Exchange Commission,*[15] the Supreme Court ruled that investment contracts are securities that are required to be registered with the Commission for the protection of the investing public, to wit:

> "As an investment contract that is security under R.A. No. 8799, it must be registered with public respondent SEC, otherwise the SEC cannot protect the investing public from fraudulent securities. The strict regulation of securities is founded on the premise that the capital markets depend on the investing public's level of confidence in the system." (Underscoring supplied)

The concept of an investment contract in the Philippines is of American origin. It traces its roots from the US Supreme Court case entitled *Securities and Exchange Commission v. W.J. Howey Co.*[16] where the Court stated that an investment contract is a transaction, contract, or scheme whereby a person (1) makes an investment of money, (2) in a common enterprise, (3) with the expectation of profits, (4) to be derived solely from the efforts of others. Investment contracts have been used and adopted in various situations where individuals were led to invest money in a common enterprise with the expectation that they would earn a profit through the efforts of the promoter or of someone other than themselves.[17]

This concept of investment contract was thereafter adopted and used in *Power Homes Unlimited Corporation v. Securities and Exchange*

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[14] Rule 26.3.5 of the Implementing Rules and Regulations of the SRC.
[15] Note 24, *Supra.*
[16] 328 U.S. 293, 66 S. Ct. 1100, 90 L. Ed. 1244, 163 A.L.R. 1043 (1946).
[17] *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.

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Commission,[18] where the Supreme Court ruled that an investment contract in our jurisdiction, to be a security subject to regulation by the Commission, must be proved to be *(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 and submits their control to another for the purpose of deriving profits from them, he or she is in fact investing in a security.[19]

Based on the foregoing, the Commission finds that WELLCONS is engaged in the unauthorized sale and/or offer of securities in the form of investment contract in violation of Section 8 of the SRC because it has no license to carry out the same. The foregoing is supported by the fact that the elements of Howey Test are present in the instant case.

> First, there is an investment of money. WELLCONS require its investor-members to purchase its various investment packages for them to earn the guaranteed profits and enjoy the wide array of benefits presented. In the instant case, the EIPD was able to present evidence that member-investors actually parted with their money as payment for the packages that were purchased. This was confirmed by the operative from Cagayan de Oro City who likewise invested with WELLCONS.[20]
>
> Second, the EIPD was able to show that the investment schemes of WELLCONS involve the pooling of resources consisting of the member-investors' investments which is used to pay the guaranteed returns of existing member-investors, and intended to ensure the continued operation albeit temporarily, of the corporation. This is the common enterprise that is being sustained by the investments received by WELLCONS from the public who believes that they will timely receive their guaranteed returns and other benefits;
>
> Third, the evidence on record shows that member-investors obviously expect to receive the profits as well as the other benefits promised to them, within a period of six (6) months; and
>
> Fourth, the promise of a guaranteed return or passive income under the Pangkabuhayan Program clearly shows that member-investors need not do anything but wait until the end of the sixth month. This equally shows that the earnings that they receive or will receive is due mainly to the efforts of WELLCONS.

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[18] G.R. No. 164182, 26 February 2008.
[19] Investment Co. Institute v. Camp, 274 F. Supp. 624 (D. D.C. 1967).
[20] Annex "A" of Annex "M"

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Section 8.1 of the SRC also specifically proscribes the offering of securities within the Philippines without a Registration Statement duly filed with and 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)

Relative thereto, Rule 3.1.17 of the 2015 Implementing Rules and Regulations of the SRC defines "Public Offering" as follows:

> "3.1.17. **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:
>
> x x x
>
> 3.1.17.3 Advertisement or announcement in radio, television, telephone, **electronic communications, information communication technology or any other forms of communication**;"[21] (Emphasis supplied)

In the instant case, the evidence on record shows that WELLCONS is offering unregistered securities in the form of investment contracts to the investing public through its website and social media platforms, i.e., Facebook and YouTube, without the requisite license.

The foregoing constitutes public offering as defined under SRC Rule 3.1.17 and thus, requires a registration statement duly approved by the Commission before the same can be lawfully undertaken. Considering that WELLCONS has not secured a license from the Commission, its act of offering securities to the public thus constitutes a clear violation of Section 8 of the SRC in relation to Rule 3.1.17 of the SRC IRR.

Finally, relative to the issuance of a CDO, Section 64.1 of the SRC provides that the Commission may issue a CDO without the necessity of conducting a hearing if, to its mind, the act or practice will operate as a fraud on investors or is otherwise likely to cause grave or irreparable injury or prejudice to the investing public, thus:

[21] Rule 3.1.17 of the Implementing Rules and Regulations of the SRC.

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> "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.**" (Emphasis supplied)

Under the afore-quoted provision, there are two (2) essential requisites that must be complied with before a cease and desist order can be validly issued:

1) There must be a conduct of a proper investigation or verification; and

2) 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.[22]

After a careful review of the records of the case, the Commission finds and so holds that the EIPD was able to comply with the requirements prescribed by law which will justify the valid issuance of a CDO.

Anent the first requisite, the records disclose that the EIPD conducted a formal investigation and presented sufficient evidence in support of its *Motion* showing the unauthorized investment activities of WELLCONS. The EIPD presented Certifications from the CRMD, CGFD and MSRD, the Affidavit of the EIPD investigating officers, the field report of SEC-CDO EO as well as the SEC personnel's Judicial Affidavit.

The second requisite is likewise present as shown by WELLCONS willful employment of fraud by making it appear to the public that it is authorized to sell, offer, and deal with securities in the form of investment contracts, when no such authority was ever issued to it.

Interestingly, the fact that WELLCONS' authorized capital stock is only P1,000,000.00, where only 25% or P62,500.00 of the subscribed shares has been paid, does not escape this Commission. Given these factual circumstances, it is clear that WELLCONS' business model which promises high return of investments is not sustainable, and can only be carried out as long as new investors continue to come in. This is a fraudulent scheme which will likely cause grave or irreparable injury or prejudice to the investing public. Thus, We hold that the act of WELLCONS in selling/offering unregistered securities operates as a fraud to the public which, if unrestrained,

[22] *Securities and Exchange Commission vs. Performance Foreign Exchange Corporation*, G.R. No. 154131, July 20, 2006.

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will likely cause grave or irreparable injury or prejudice to the investing public.[23] This finds support in the case of *Securities and Exchange Commission vs. CJH Development Corp.*[24] where the Supreme Court emphasized the need for a prompt issuance of a CDO after a finding of a violation of the SRC that will likely defraud or cause grave or irreparable injury to 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.**
>
> **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 supplied)

On the basis of the foregoing disquisitions, this Commission finds and so holds that the issuance of a CDO is warranted and is in order.

WHEREFORE, premises considered, directing Wellcons Unlimited Systems, Inc., its president, Merarie E. Pailagao, its officers, operators, administrators, promoters, representatives, salesmen, agents, investment team planners, mentors, enablers, influencers, assigns, conduit entities, subsidiaries, and any and all persons claiming and/or acting for and in their behalf, are hereby ordered to **IMMEDIATELY CEASE AND DESIST** from engaging in the unlawful/unauthorized solicitation, offer and/or sale of securities in the form of investment contracts and/or any other similar or related acts, until the requisite registration statement is duly filed with and approved by the Commission.

Wellcons Unlimited Systems, Inc., its president, Merarie E. Pailagao, its officers, operators, administrators, promoters, representatives, salesmen, agents, investment team planners, mentors, enablers, influencers, assigns, conduit entities, subsidiaries, and any and all persons claiming and/or acting for and in their behalf are likewise directed to immediately **CEASE** their internet presence relating to the transactions and investment scheme covered

[23] Section 64 of the Securities Regulation Code.
[24] (G.R. No. 210316, November 28, 2016)

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by this *Cease and Desist Order*. 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** Wellcons Unlimited Systems, Inc., its president, Merarie E. Pailagao, its officers, operators, administrators, promoters, representatives, salesmen, agents, investment team planners, mentors, enablers, influencers, assigns, conduit entities, subsidiaries, and any and all persons claiming and/or acting for and in their behalf from transacting any business involving the funds in its depository banks and/or in any non-bank financial institution, and from transferring, disposing, or conveying in any manner, any and all assets, properties, real or personal, including bank deposits, if any, of which the named persons herein may have interest, claim or participation, whether directly or indirectly, under their custody, to ensure the preservation of the assets of the investors.

The **EIPD** of the Commission is hereby **DIRECTED** to:

1) Serve this *Cease and Desist Order* to **WELLCONS UNLIMITED SYSTEMS, INC.**, their President, General Manager, Corporate Secretary, Treasurer or In-House Counsel; or if impracticable;[25]

2) Cause (a) the posting of this *Cease and Desist 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 of Procedure of the SEC.

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 Order be furnished to the Company Registration and Monitoring Department, Market and Securities Regulation Department, Corporate Governance and Finance Department and the Information and Communications Technology Department of this Commission, the Bangko Sentral ng Pilipinas, the Department of Trade and Industry, the National Privacy Commission, the Department of Information and Communications Technology, and the relevant local government unit(s) for their information and appropriate action.

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[25] Due to Declaration of State of Public Health Emergency throughout the Philippines as declared by President Rodrigo Duterte under Presidential Proclamation No. 922. S. 2020 dated 8 March 2020.

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In accordance with the provisions of Section 64.3 of the SRC and Part II, Rule IV, Section 4-3 of the 2016 Rules of Procedure of the SEC, the Respondent may file a verified ***Motion to Lift the CDO*** to the Commission En Banc thru the Office of the General Counsel, within five (5) days from receipt of this Order.

FAIL NOT UNDER PENALTY OF LAW.

SO ORDERED.

Pasay City, Philippines; 23 June 2022.

EMILIO B. AQUINO
Chairperson

JAVEY PAUL D. FRANCISCO
Commissioner

KELVIN LESTER K. LEE
Commissioner

KARLO S. BELLO
Commissioner

MCJILL BRYANT T. FERNANDEZ
Commissioner

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