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

In the Matter of:
SATARAH WELLNESS MARKETING, SATARAH INVESTMENT GROUP, INC., and SATARAH WELLNESS INTERNATIONAL,

SEC-CDO CASE NO. 05-15-018
FOR: Issuance of Cease and Desist Order

ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT,
Movant.
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ORDER

For the consideration of the Commission *En Banc* is the *Motion for Issuance of Cease and Desist Order* (Motion for CDO) in the Petition (For Revocation of Certificate of Incorporation) filed on 18 May 2015[1] by petitioner/movant Enforcement and Investor Protection Department (EIPD) of the Commission praying for the issuance of a Cease and Desist Order (CDO) against the officers, partners, representatives, assigns, agents and any and all persons acting for and in behalf of Satarah Investment Group Inc. (Satarah Investment), Satarah Wellness Marketing, and Satarah Wellness International, and directing them to refrain from selling or offering for sale or distribution of securities in the form of investment contracts.

Satarah Investment registered with the Commission on 2 February 2015 under SEC Registration No. CS201501660. Its incorporators and first directors include Romyllie B. Lau, Wing Pan Henrich Lau and Ruby Batolne. However, it is prohibited from acting as broker or dealer in securities as provided in its primary purpose and Certificate of Incorporation.[2]

Satarah Wellness Marketing is an enterprise registered with the Department of Trade and Industry (DTI) on 11 April 2013 under Certificate No. 02028867 which was issued to Romyllie B. Lau,[3] who is the sole proprietor.[4]

Satarah Wellness International is allegedly a non-registered entity, and has placed its advertisements in websites such as YouTube, Facebook and SlideShare.[5]

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1 *Petition* dated 13 May 2015.
2 *Id.*, par. 3, Annex "B" (Certificate of Incorporation dated 2 February 2015), and Annex "C" (Articles of Incorproation).
3 *Id.*, par. 2 and Annex "A" (DTI Certificate issued to Satarah Wellness Marketing).
4 *Id.*, Annex "H-1" (Minutes of the Conference held on 22 April 2015 before the EIPD).
5 *Id.*, pars. 4 and 33.

In its Motion for CDO, the EIPD alleges that it received a *Memorandum* from the Baguio Extension Office (SEC BEO) of the Commission. The Memorandum of the SEC BEO states that, on 23 February 2015, it received a phone call from a concerned person about the modus operandi of "Satarah Wellness Marketing" which is allegedly soliciting investments from the public. The SEC BEO requested for advice on the course of action to take and attached a copy of the "Terms and Conditions" of Satarah Wellness Marketing.[6]

The salient provisions of the "Terms and Conditions" of Satarah Wellness Marketing provides, to wit:

"SATARAH WELLNESS MARKETING

TERMS AND CONDITIONS

2. **ACCEPTANCE.** In signing our registration forms, you agree to be bound by these Terms and Conditions x x x

5. **PAY-IN.** This term refers to the process of *entrusting your finances* to the company.

6. **DISBURSEMENT (PAY-OUT).** This term refers to the process of getting the *profit share* of your entrusted money/finances from the company.

7. **WITHDRAWAL.** This term refers to the early drawing of not yet due *entrusted finances* to the company.

8. **PULL-OUT.** This term refers to the partial/full withdrawal of due *entrusted finances* to the company.

9. **COMMISSION.** This term refers to the incentive given to member who *refers* new clients to the company. This is also given to members who *continuously entrusting* [sic] *their finances* to the company such as renewal or additional accounts. x x x

13. **PRODUCT AND PROMO OFFERS.** We may, from time to time, introduce products, programs, privileges, benefits or services to be governed by the specific terms and these Terms and Conditions. x x x .

14. **CLIENT ACCOUNTABILITY.** You will be liable for any risk, loss or expense resulting from our implementation of your guidelines. *Neither we nor any of our employees may be obliged to compensate you for such losses or expenses*. x x x

19. **SUSPENSION or TERMINATION OF ACCOUNT.** If you fail to observe and comply with these Terms and Conditions, we may suspend or terminate any of your accounts or our services and products provided to you.
    In case we suspend, close or terminate one or more of your accounts, *you agree to hold us free and harmless from any and all liabilities, claims and demands* arising from the suspension or termination of the account. x x x

SPECIFIC PROCEDURES AND REGULATIONS FOR THE FOLLOWING:

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6 *Id.*, par. 9 and Annex "D" (Memorandum of SEC BEO addressed to the EIPD dated 18 February 2015).

1. PAY-IN

a. Register at the reception counter. x x x

e. *Present payment* and wait for your acknowledgment receipt. x x x

2. DISBURSEMENT (PAY-OUT) x x x

d. For unclaimed pay-outs on schedule dates, it will be released on the 15th or 30th day of the month. x x x

4. COMMISSION. Commissions for new entries are given upon PAY-IN PROVIDED that the *sponsor* is present. Commissions for additional accounts are also given upon PAY-IN of the existing member. For *profit sharing* renewal accounts, commissions will be released on the 15th and 30th of the month. PAY-INs from the 1st day to the 15th of the current month, commissions will be released on the 30th while PAY-INs from the 16th to the 30th will be on the 15th of the following month. No renewal commission for the *shares earning program*. x x x

6. PULL-OUT OR WITHDRAWAL ACCOUNTS x x x

e. Charges will be imposed for pull out or withdrawal which will depend on the program availed.
- *For profit sharing program*, pull-out accounts that have not completed at least 180 working days contract will be charged 10% from the full amount of the last DISBURSEMENT (PAY-OUT).
- *For shares earning program*, pull-out accounts will be charged 5% from interest only.
- Withdrawal of accounts in either of the *profit sharing program* or the *shares earning program* will be charged 12% of the invested amount. *Promos/commissions and/or DISBURSEMENT (PAY-OUT) claimed for the withdrawn account will be deducted to the account.* x x x

10. CHANGING OF SPONSORSHIP. It is not allowed that members will change their *sponsor* anytime they want. *(To old members, kindly indicate the name of original sponsor for renewal/additional accounts.)* New members are required to personally fill in the registration form and should be the one to write the name of their *sponsor*. Once the management finds out any alteration in the name of the *sponsor* on the registration form, it will be voided and the commission will be given. x x x

NOTE: THIS SERVES AS A *BINDING AGREEMENT* BETWEEN SATARAH AND THE CLIENT. By signing this form, you agree to be bound by these Terms and Conditions x x x" (Emphasis ours)

In a Memorandum dated 17 March 2015, the EIPD detailed the course of action to be taken by SEC-BEO.[7]

On 20 March 2015, Atty. Regina May Cajucom of the the SEC BEO conducted an interview with Ms. A[8] who is a client of Satarah Wellness Marketing. Ms. A stated that

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[7] *Id.*, par. 10 and Annex "E" (Memorandum of EIPD addressed to the SEC BEO dated 17 March 2015).
[8] The witness, Ms. A, requested that her identity be kept confidential.

she invested One Hundred Thousand Pesos (Php 100,000.00) with Satarah Wellness. She was promised an interest of 22% on her investment after a period of less than three (3) months. Upon her investment, she was given a choice among certain health and wellness products, and she chose a can of Pro-Shape drink. Thereafter, no other product or product package was given to her. Moreover, there was no stipulation as to the sale of products on a commission basis. Further, Ms. A stated that the scheme is known to her as profit-sharing and a certain Henrich Lau will be investing their combined investments in shares of stock and in companies abroad.[9]

Ms. A shed light on the modes of operation of Satarah Wellness Marketing which include, among others, the following: (i) Satarah Wellness Marketing conducts not only inspirational and spiritual workshops but also financial advisory/management seminars which have helped Ms. A since she is a retiree facing financial difficulties and has a sick spouse; (ii) for every new recruit or referral, each member receives a referral fee ranging from 4% to 12% but varies based "on market rates"; (iii) of the referral fee a member recieves, 20% thereof is required to be spent on products of Satarah Wellness Marketing, with no undertaking to sell them on commission basis; and (iv) there is no minimum amount of investment.[10]

During the interview, Ms. A submitted to the SEC BEO the following documents: (i) receipt issued by "Satarah Wellness" in the amount of Php 100,000.00 in which "Profit Sharing Program" was checked off; (ii) "Commission Slip" which states "Investment Amount: 100,000", "Regular Rate: 6%", and "AMT: 6000"; and (iii) "Satarah Wellness Official Calendar Profit Sharing Program" signed by Romyllie B. Lau which provides for the schedule of payments.[11]

On 26 March 2015, the Commission posted an advisory on its website stating that Satarah Wellness Marketing is not authorized to solicit investments from the public since it does have not secondary license issued by the Commission.[12]

On 13 April 2015, Romyllie B. Lau as well as some members and officers of Satarah Wellness Marketing appeared before the EIPD to explain the marketing scheme of Satarah Wellness Investment. As there were documents required of the respondents to be submitted, the continuation of the conference was reset.[13]

Another conference was held on 22 April 2015 in which Wing Pan Henrich Lau, Romyllie B. Lau and Ruby Batolne appeared before the EIPD on behalf of Satarah Investment. Romyllie B. Lau stated that she requested her cousin to register Satarah Investment with the Commission as an investment house but, instead, the latter registered it as a mere holding company. Moreover, she stated that Satarah Investment has not commenced its business operations and they have not solicited investments from the public. The EIPD warned them against soliciting any investments from the public without procuring a secondary license from the Commission.[14]

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[9] See Note 1, par. 11 and Annex "F" (Memorandum of SEC BEO dated 23 March 2015).
[10] *Id.*, Annex "F-2" (Receipt issued by Satarah Wellness Marketing), Annex "F-3" (Commission Slip) and Annex "F-7" (Profit Sharing Program).
[11] *Id.*
[12] *Id.*, par. 14 and Annex "G" (SEC Advisory dated 26 March 2015).
[13] *Id.*, par. 15 and Annex "H" (Minutes of the Proceedings dated 13 April 2015).
[14] *Id.*, Annex "H-1" (Minutes of the Proceedings dated 22 April 2015).

During the continuation of the conference[15], Romyllie B. Lau as well as some members and officers of Satarah Wellness Marketing again appeared before the EIPD on behalf of the company but, however, failed to bring the required documents.[16] As a consequence, the EIPD issued an Order[17] requiring the officers of Satarah Wellness Marketing to submit the required documents and to stop receiving investments from the public. The EIPD alleges that, despite the lapse of time, the officers of Satarah Wellness Marketing failed to comply with the Order.[18]

On 4 May 2015, the EIPD received an Inspection Report from the SEC BEO.[19] The Inspection Report states that, on 27 April 2015, the Regional Law Enforcement Coordinating Committee (RLECC), upon the request of the SEC BEO, conducted an ocular inspection at the office of Satarah Wellness Marketing due to concerns of the said extension office on investment fraud committed within the region. During the ocular inspection, Romyllie B. Lau stated that they are not operating under the name Satarah Investment but under Satarah Wellness Marketing.

Further, Romyllie B. Lau stated that Satarah Wellness Marketing accepts members who will invest a certain amount of money and promises them a 5% interest on their investment after a period of 60 days. From the amount invested by a member, such member has the option to use the 30% of the amount invested to buy products offered by Satarah Wellness such as sack of rice, an iPhone, toiletries, appliances and apparel. Such products are only offered to its members only. Moreover, she alleges that the profit of the company is derived through the sales of the products offered at wholesale or retail.

Additionally, Romyllie B. Lau stated that, prior to being accepted as members, applicants will have to fill out and submit application for membership. The application for membership was attached to the Inspection Report as well as the above-mentioned "Terms and Conditions" of Satarah Wellness Marketing. The application for membership indicates the name "Satarah Wellness" at the top thereof, and requires that "referror" place his or her signature at the bottom thereof.

The RLECC was able to procure from Satarah Wellness Market a copy of the latter's "Terms and Conditions" which is substantially similar to the "Terms and Conditions" attached to the SEC BEO Memorandum dated 12 January 2015. The salient provisions of the "Terms and Conditions" procured by the RLECC provide as follows:

"TERMS AND CONDITIONS

2. **ACCEPTANCE.** In signing our registration forms, you agree to be bound by these Terms and Conditions x x x

8. **SALE INCENTIVE.** This term refers to the incentive given to member who *refers* new clients to the management. x x x

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[15] Conference held on 22 April 2015.
[16] See Note 14.
[17] See Note 1, par. 15 and Annex "H-2" Order dated 28 April 2015.
[18] *Id.*, par. 15.
[19] *Id.*, Annex "I" (Inspection Report dated 28 April 2015).

12. PRODUCT AND PROMO OFFERS. We may, from time to time, introduce products, programs, privileges, benefits or services to be governed by the specific terms and these Terms and Conditions. x x x .

13. CLIENT ACCOUNTABILITY. You will be liable for any risk, loss or expense resulting from our implementation of your guidelines. *Neither we nor any of our employees may be obliged to compensate you for such losses or expenses*. x x x

18. SUSPENSION or TERMINATION OF ACCOUNT. If you fail to observe and comply with these Terms and Conditions, we may suspend or terminate any of your accounts or our services and products provided to you.
In case we suspend, close or terminate on or more of your accounts, *you agree to hold us free and harmless from any and all liabilities, claims and demands* arising from the suspension or termination of the account. x x x

SPECIFIC PROCEDURES AND REGULATIONS FOR THE FOLLOWING:

1. **PAY-IN**
   a. Register at the reception counter. x x x
   e. *Present finances* and wait for your acknowledgment receipt. x x x

2. **INCENTIVE PAYMENT/COMMISSION** x x x
   d. For unclaimed INCENTIVE payments on scheduled dates, it will be released on the 15th or 30th day of the month. x x x

4. **SALES INCENTIVE.** Sales incentives for new membership are given upon membership PROVIDED that the *referrer* is present. Sales incentives for additional memberships are also given upon membership of the existing member. For renewal of membership, sales incentives are scheduled release on the 15th and 30th of the month. Memberships from the 1st day to the 15th of the current month, sales incentive will be released on the 30th while memberships from the 16th to the 30th will be on the 15th of the following month. No renewal commission for the *shares earning program.* x x x

6. **PULL-OUT OR WITHDRAWAL ACCOUNTS** x x x
   e. Charges will be imposed for pull-out accounts that have not completed at least 180 working days contract will be charged 10% from the amount of the last INCENTIVE payment plus the capital.
   - Promos/sales incentive and/or INCENTIVE payments claimed for the withdrawn account will be deducted to the account. x x x

10. **CHANGING OF REFERRERSHIP.** It is not allowed that members will change their *referrer* anytime they want. *(To old members, kindly indicate the name of original sponsor for renewal/additional accounts.)* New members are required to personally fill in the registration form and should be the one to write the name of their *referrer*. Once the management finds out any alteration in the name of the sponsor on the registration form, it will be voided and the commission will be given.

NOTE: THIS SERVES AS A *BINDING AGREEMENT* BETWEEN SATARAH AND THE CLIENT. By signing this form, you agree to be bound by these Terms and Conditions. x x x" (Emphasis ours)

On 18 May 2015, the EIPD filed the Motion for CDO in the Petition (For Revocation of Corporate of Incorporation).

Section 8.1 of the SRC provides that securities,[20] including an investment contract,[21] 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. An investment contract is defined in the Amended Implementing Rules and Regulations of the SRC as a "contract, transaction or scheme (collectively 'contract') whereby a person invests his money in a common enterprise and is led to expect profits primarily from the efforts of others."

The concept of an investment contract in the Philippines is of American origin. It traces its roots from the US Supreme Court case *SEC v. W.J. Howey Co.* 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.[22]

In another U.S. Supreme Court case, it was held that the element that profits must come "solely" from the efforts of others should be liberally construed because a literal reading of the requirement "solely" would lead to unrealistic results. It reasoned out that its flexible reading is in accord with the statutory policy of affording broad protection to the public. Because of this, it is no longer necessary that the expected profit accrue solely from the efforts of others.[23]

The concept of an investment contract has since been transported in the Philippines, thus, for example, in *Power Homes Unlimited Corporation v. Securities and Exchange Commission.*[24] The Philippine Supreme Court stated 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.[25]

In the case at bar, the four elements of an investment contract are present. As to the first element, an investment of money occurs when an investor commits money to an enterprise or venture in a manner that subjects himself to financial loss.[26] In the instant case, Romyllie B. Lau stated that a person obtains a membership to her DTI registered enterprise, known as "Satarah Wellness Marketing", by investing a certain amount of money and submitting an application for membership which is the binding agreement

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[20] Section 3.1 of the SRC states that 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".
[21] Section 3.1(b) of the SRC.
[22] 328 U.S. 293, 66 S. Ct. 1100, 90 L. Ed. 1244, 163 A.L.R. 1043 (1946).
[23] *SEC v. Glenn W. Turner Enterprises, Inc*, 474 F. 2d 476, 414 U.S. 821, 94 (1973).
[24] G.R. No. 164182, 26 February 2008.
[25] *Investment Co. Institute v. Camp*, 274 F. Supp. 624 (D. D.C. 1967).
[26] *SEC v. International Mining Exchange, Inc.*, 515 F. Supp. 1062.

between them. Such person then proceeds to register at the reception counter of Satarah Wellness Marketing and presents his or her finances and payment.

In the case of Ms. A, who is a client of Satarah Wellness Marketing, there is an investment of money when she committed money to such enterprise by investing One Hundred Thousand Pesos (Php 100,000.00). Her investment is proven by a copy of her receipt which indicates "Satarah Wellness" therein, and the said receipt provides for a box stating "PROFIT SHARING PROGRAM" that was checked off. Moreover, her investment is likewise proven by a copy of her "Commission Slip" issued to her by "Satarah Wellness Marketing" which provides the following: (i) in the line "INVESTOR'S NAME", her name is indicated therein; and (ii) in the line "INVESTMENT AMOUNT", her investment in the amount of Php 100,000.00 is indicated. Hence, there is an investment of money through the commitment of money by its investors.

Next, the investor may subject oneself to financial loss considering that the "Terms and Conditions"[27] provide for the following provisions: (i) "*Neither we nor any of our employees may be obliged to compensate you for such losses or expenses*"; and (ii) *In case we suspend, close or terminate on or more of your accounts, you agree to hold us free and harmless from any and all liabilities, claim demands arising from the suspension or termination of the account.*" As can be seen, the "Terms and Conditions" warns investors of the possibility of financial loss that may occur.

In which case, the first element is clearly present since there is an investment of money through the commitment of money as provided by Romyllie B. Lau and Ms. A. Moreover, an investor may subject himself to financial loss considering that the said investor may not be compensated for any loss and agrees to hold Satarah Wellness Marketing free from any liability.

As to the second element, there is a common enterprise. To reiterate, a common enterprise is deemed created when two (2) or more investors "pool" their resources. Several tests have evolved to determine what constitutes "common enterprise".[28] One of these tests is the horizontal commonality approach. Under this test, the determination of whether a transaction satisfies the commonality element of the modified Howey test involves an inquiry into whether the said transaction involves the joint participation of more than one investor in (i) the investment of funds or (ii) the sharing of profits.[29] Furthermore, joint participation by investors in the same investment enterprise, achieved by pooling the invested funds for a common purpose, is required in order to satisfy the common enterprise element.[30]

In the case at bar, a common enterprise exists since there is a joint participation by the members and their referrals as can be seen in various provisions of the "Terms and Conditions"[31], to wit: (i) incentives to be given to any member who refers new clients; (ii) "sales incentives" or "commissions" to be given to the member as long as the

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[27] "Terms and Conditions" attached to the SEC BEO Memorandum and procured by the RLECC.
[28] *In the Matter of Octopus Network, Inc.*, SEC-PED Case No. 98-2220, 22 May 1998.
[29] *Id.*, citing 69 Am Jur 2d citing Stenger v. R.H. Love Galleries, Inc. 741 F2d 144.
[30] *Id.*, citing Wasnowic v. Chicago Bd. of Trade 352 F Supp 1066.
[31] See Note 27.

"sponsor" or "referrer" is present; (iii) no member can change his or her "sponsor" or "referrer"; and (iv) new members are required to write the name of their "sponsor" or "referrer" on the registration form. These "sales incentives" or "commissions" that a member receives range from 4% to 12% but varies based "on market rates" as provided for by Ms. A.

Moreover, in the application for membership, it requires that "referror" place his or her signature at the bottom thereof next to the signature of the "member". Clearly, there is a pyramid scheme[32] that exists since the members are required to sponsor or refer new members to Satarah Wellness Marketing in order to earn incentives or commissions which clearly indicates a common enterprise.

As to the third element, there must be an expectation of profits. By profits, the court has meant either capital appreciation resulting from the development of the initial investment, or participation in earnings resulting from the use of investors' funds. In such cases, the said investors are "attracted primarily by the prospects of a return on his investment."[33] In this case at bar, there is an expectation of profits on the part of the members of Satarah Wellness Marketing. As to Ms. A, there is an expectation of profits on her part since she expected to receive an interest of 22% on her investment after a period of three (3) months. Moreover, as provided by Romyllie B. Lau, Satarah Wellness Marketing promises investors an interest rate of 5% after a period of 60 days. Furthermore, in the "Terms and Conditions",[34] there is an expectation of profits on the part of the members of Satarah Wellness Marketing since they are provided a schedule of payments. Moreover, the schedule of payments was likewise given to Ms. A by Satarah Wellness Marketing. The schedule of payments would lead the said members to expect or receive profits on the scheduled date. Clearly, there is an expectation of profits on the part of the members of Satarah Wellness Marketing since such members are promised various interest rates on their investments after a certain period of time and are provided a schedule of payments.

Further, the members register with Satarah Wellness Marketing with the view of receiving profits from the latter considering that its members, such as Ms. A, who joined due to financial difficulties. Moreover, the "Terms and Conditions" emphasized the investment aspect rather than its products by employing the following words or phrases such as "entrusting your finances", "profit share", "profit sharing program" or "shares earning program".[35] On the other hand, members such as Ms. A do not join Satarah Wellness Marketing by paying a membership fee of One Hundred Thousand Pesos (Php 100,000.00) in order to be given a choice of its various products. Clearly, the members

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[32] *People v. Balasa*, G.R. Nos. 108601-2 (1998), in citing the Consumer Act of the Philippines (RA 7394), defines a pyramid scheme as a sales devices whereby a person, upon condition that he makes an investment, is granted by the manufacturer or his representative a right to recruit for profit one or more additional persons who will also be granted such right to recruit upon condition of making similar investments: *Provided*, That, the profits of the person employing such a plan are derived primarily from the recruitment of other persons into the plan rather than from the sale of consumer products, services and credit; *Provided, further*, That the limitation on the number of participants does not change the nature of the plan.

[33] *Power Homes Unlimited Corporation v. Securities and Exchange Commission.*

[34] See Note 27.

[35] *Id.*

flocked to Satarah Wellness Marketing primarily for the income opportunity and not for the products offered by the latter (e.g. certain health and wellness products).

Lastly, as to the fourth element, there must be the expectation of profits primarily from the efforts of others. In this case, the operations and management rests upon Romyllie B. Lau and Satarah Welleness Marketing and the members do not participate in such operations or management thereof.

Clearly, Romyllie B. Lau and Satarah Welleness Marketing are engaged in the sale or offering for sale or distribution within the Philippines of securities, i.e., investment contracts, based on the statements made by her, Ms. A and the "Terms and Conditions"[36] of Satarah Wellness Marketing, without a registration statement duly filed with and approved by the Commission in violation of Sec. 8.1 of the SRC.

Finally, it must be pointed out that Satarah Wellness International has placed its advertisements offering for sale its investment contracts in websites such as YouTube[37] and SlideShare[38].

Consequently, the issuance of the CDO is justified pursuant to Section 64[39] of the SRC since the scheme offered by Romyllie B. Lau and her DTI registered enterprise Satarah Wellness Marketing, as well as the operators and administrators of Satarah Wellness International who posted its advertisements in the above-mentioned websites, will operate as a fraud on investors or likely to cause grave or irreparable injury. The Supreme Court, in a case, held that a transaction similar to the case at hand is not a legitimate investment strategy but a gullibility scheme, which works only as long as there is an ever increasing number of new investors joining the scheme. It is difficult to sustain over a long period of time because Romyllie B. Lau and Satarah Wellness Marketing, as well as the operators and administrators of Satarah Wellness International who posted advertisements, need an ever larger pool of later investors to continue paying the promised profits to early investors. The idea behind this type of swindle is that the "con-man" collects his money from his second or third round of investors and then absconds before anyone else shows up to collect. Necessarily, these schemes only last weeks or months at most.[40] Hence, the issuance of the CDO is justified against Romyllie B. Lau and Satarah Wellness Marketing as well as the operators and administrators of Satarah Wellness International who posted its advertisements in the said websites.

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[36] *Id.*

[37] https://m.youtube.com/watch?v=V5MiADZ4fxA&autoplay=1, last accessed on 29 June 2015.

[38] http://www.slideshare.net/johnfrades/satarah-wellness-international-inc, last accessed on 29 June 2015.

[39] Section 64.1., SRC. The Commission, after proper investigation or verification, *motu propio*, 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.

[40] People v. Romero, et al., G.R. No. 112985, 21 April 1999.

WHEREFORE, premises considered, Romyllie B. Lau, her DTI registered enterprise known as SATARAH WELLNESS MARKETING, and their officers, agents, representatives, conduits, assigns, and any and all persons claiming and acting for and in their behalf and under their authority, as well as the operators and administrators of Satarah Wellness International who posted its advertisements in websites such as YouTube and SlideShare, are hereby ordered to **IMMEDIATELY CEASE AND DESIST,**[40] **UNDER PAIN OF CONTEMPT, from further offering, soliciting, or otherwise offering or selling unregistered securities in the form of investment contracts to the public, such as, but not limited to, investment contracts, pooling of funds, investment trusts, or similar forms, and, in connection therewith, soliciting, accepting or receiving from others, money for the purpose of trading in any futures contract.**

The Enforcement and Investor Protection Department is hereby **DIRECTED** to: (a) serve this Order on Romyllie B. Lau and her DTI registered enterprise known as SATARAH WELLNESS MARKETING, (b) post copies of the Order at the entrance of the main office and/or branches, if any, of SATARAH WELLNESS MARKETING. Let a copy of this Order be also posted in the Commission's website and published in a national newspaper of general circulation.

In accordance with the provisions of Sec. 64.3 of Republic Act 8799, otherwise known as the Securities Regulation Code and Sec. 10-3 of the 2006 Rules of Procedure of the Commission, the parties subject of this Cease and Desist Order may file a request for the lifting thereof within five (5) days from receipt hereof.

FAIL NOT UNDER PENALTY OF LAW.

SO ORDERED.

Mandaluyong City; 30 June 2015.

TERESITA J. HERBOSA
Chairperson

MANUEL HUBERTO B. GAITE
Commissioner

ANTONIETA F. IBE
Commissioner

EPHYRO LUIS B. AMATONG
Commissioner

BLAS JAMES G. VITERBO
Commissioner

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[40] Section 64.1., SRC. The Commission, after proper investigation or verification, *motu propio*, 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.

COPY FURNISHED:

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Mandaluyong City, Metro Manila Philippines

Corporate Governance Finance Department
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Mandaluyong City, Metro Manila Philippines

Markets and Securities Regulation Department
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