Securities and Exchange Commission PHILIPPINES

BAGONG PILIPINAS

FINANCING AND LENDING COMPANIES DEPARTMENT

In the matter of:	**FinLenD Order No. 2025-**38
Convenience Cash Lending Corp. Company Reg. No. 2020090002200-05 and Certificate of Authority No. 3319, *Respondent.* x--x	**For:** VIOLATION OF SEC MEMORANDUM CIRCULAR NO. 18, SERIES OF 2019 OTHERWISE KNOWN AS THE PROHIBITION ON UNFAIR DEBT COLLECTION PRACTICES OF FINANCING COMPANIES AND LENDING COMPANIES AND REPUBLIC ACT NO. 3765 OR THE TRUTH IN LENDING ACT.

ORDER

This resolves the administrative proceedings against Convenience Cash Lending Corp. doing business under the name and style of Zada Cash and Bloom (*"Respondent"*), a registered domestic corporation with SEC Reg. No. 2020090002200-05; Certificate of Authority No. 3319, and registered address at Unit 412 4th Floor, Cityland 10 Tower 1 Condominium, 6817 Ayala Avenue, North Salcedo Village, Makati City 1200, and email addresses at abanonatalie@gmail.com; conveniencecashlc@gmail.com.

Antecedents

The Respondent is a stock corporation registered with the Commission as a lending company on 22 September 2020, under registration no. 2020090002200-05. The Commission approved its license to engage in financing business under Certificate of Authority (*"CA"*) No. 3319. Its primary purpose is:

> *"To engage in the business of offline and online lending without however engaging in pawn-breaking under P.D. 114 and financing under R.A. 8556, provided that borrowing shall be sourced from and not more than 19 lenders including shareholders.*
>
> *Provided, however, that there shall be continued compliance and observance by the corporation of the SEC Memorandum Circulars on 1) Prohibition on Unfair Debt Collection Practices of Financing Companies (FC) and Lending Companies (LC) and 2) Disclosure Requirements on Advertisements for Financing Companies and Lending Companies and Reporting Online Lending Platforms (MC Nos. 18 and 19, Series of 2019, respectively).*
>
> *Provided that the corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts."*

Show Cause Letters (*"SCLs"*) and a Comment Letter (*"CL"*) dated 4 April 2023[1] and 6 December 2022[2] were issued to the Respondent by the Financing and Lending Companies Department (*"FinLenD"*)[3] for alleged violations of SEC Memorandum Circular No. 18, Series of 2019 (*"SEC MC 18"*) otherwise known as the Prohibition on Unfair Debt Collection Practices of Financing Companies and Lending Companies, and Republic Act No. 3765 or the Truth in Lending Act (*"TILA"*).

[1] In relation to the complaints of Mr. Jehan Razhed Marquez, Mr. Mike Quizan Nebria and Ms. Monnette Guim.
[2] In relation to the complaint of Ms. Patricia Reotiras.
[3] Formerly the Financing and Lending Companies Division.

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COMPLAINT OF MR. JEHAN RAZHED MARQUEZ (against ZADA CASH)

Mr. Marquez alleged, among others, that the Respondent, in communicating with the former, used bad words and threatened his life. To support his claims, Mr. Marquez attached screen captures of the alleged messages[4] sent by the Respondent, some of which are quoted in verbatim below:

> SIR SA ZADA TO 12500
> NALANG PO YUNG BAYARAN
> NIYO AKO NA BAHALA SA
> PENALTY NIYO SIR
>
> SA APPS KA NA LANG PO
> KUMUHA NG CODE
>
> POTANGINA MLO WAG
> KANA MAG BAYAD GAGO KA
> POPOST NA KITA SA
> FACEBOOK GAGO KA
> IPAPAALAM KOTO SA
> LAHAT NG KAMAG ANAK
> MO POTANGINA MO SANA
> KARMAHIN KANG GAGO KA
> PINAGBIGYAN KANAGGANG
> POTANGINA MO TAGAL
> MOPA MAG BAYAD
> PUKI NG INA MO MAMATAY
> KANA SANANG GAGO KA
>
> xxx
>
> MAG FILE KANG
> POTANGINA MO MERON
> KA DITONG INAPROVED NA
> PWEDE NAMING GAMITIN
> YUNG PERSONAL DETAILS
> MO PAG DI KA NA NAGBAYAD
>
> POTANGINA MO 4K LANG
> PINA PAPARTIAL KO SAYO
> DI KAPA NAG BAYAD
> POTANGINA MO SIR

COMPLAINT OF MR. MIKE QUIZAN NEBRIA (against BLOOM CASH)

[4] Sent from +639361691346.

Mr. Nebria alleged, among others, that on his due date, he received threatening messages from the Respondent. To support his claims, Mr. Nebria attached screen captures of the alleged messages[5] sent by the Respondent, some of which are quoted in verbatim below:

> Ge ako n ggwa ng praan !!! Kakapal ng muka nyu inutang nyu sa kompanya mga pang bayad ! Sa susunod wg nyu pnghhnty ang client kung wla nmn kaung pang bayad !
>
> Contact reference mo ttwagan ko ngaun !!!
>
> Sa knla ka mgbayad !
>
> xxx
>
> Make sure sir mkpag settle
>
> Katakot katakot na threats ang mttnggp nyu kung ndi nyu ma settle to kasi ippsa ko to aa admin bukas ng umaga pag wala pa ang payment mk

COMPLAINT OF MS. MONNETTE GUIM (against ZADA CASH)

Ms. Guim alleged, among others, that she and her references received harsh messages from the Respondent. To support her claims, Ms. Guim attached screen captures of the alleged messages[6] sent by the Respondent, some of which are quoted in verbatim below:

> DONT EVER TRY TO NOT SETTLE YOUR LOAN TODAY OR ELSE WE WILL POST YOUR ID AND PICTURE IN SOCIAL MEDIA W/THE NAME OF YOU CONTACT REFERENCE. LAST CHANCE ! APPLY ATLEAST EXTENSION OR FULL PAYMENT !!
>
> xxx
>
> Hawak ko lahat ng CONTACTS mo, LAHAT NG FRIEND lists mo, at PAGMUMUKHA mo. Kung hindi sasagutin ang tawag at

[5] Sent from +63 912 462 6972, +639757908987, and +639487446518.
[6] Sent from +63 906 661 4043 and +63 975 355 5261.

> hindi magbabayad!pasensyahan
> tayo kung mapahiya ka sa
> BUONG BARANGAY niyo at
> maipost AS SCAMMER!
> MAKIPAG COORDINATE at
> MAGBAYAD ng UTANG!
> --7
>
> IPAPA PATAY KA NALANG
> NAMIN SA KADAHILANANG DI
> KA NAGBABAYAD NG UTANG.
> BUHAY MO NALANG ANG
> GAGWIN NAMING PAMBAYAD
> SA UTANG MO . ISA LANG ANG
> PARAAN UPANG MABUHAY
> KAPA AT WALANG MADAMAY
> YUN AY ANG MAGBAYAD KANA.

Ms. Guim also alleged the Respondent's violation of TILA, stating that she had difficulty paying her loan obligation due to the high interest.

COMPLAINT OF PATRICIA REOTIRAS (AGAINST BLOOM CASH AND ZORA CASH)

Ms. Reotiras alleged, among others, that one of the Respondent's agents sent a funeral service to my address and threatened to send another if I do not pay within the timeframe they provided.

To support her claims, Ms. Reotiras attached screen captures of the alleged messages[7] sent by the Respondent, some of which are quoted in verbatim below:

> Dahil hindi ka naman sumasagot sa mga
> tawag at text namin tatawagan ko nalang
> lahat ng contacts mo dito para sila na ang
> mag remind sayo ng utang mo. Pag hindi
> kapa rin makipag cooperate sa amin ngayon
> posibleng masingil fb friends mo, company at
> co workers mo. Mapipilitan kaming tawagan
> ang company niyo tungkol dito sa utang na
> tinatakasan mo at kahihiyan ang gusto mo.
> We file followcases against you. ARTICLE
> 315-REACH OF CONTRACT and ARTICLE
> 218 DECEIT or DECETION REPUBLIC ACT
> 8484 COLLECTION OF SUM OF MONEY OR
> SMALL CLAIMS. Hearing ay gaganapin sa
> MTC METROPOLITAN TRIAL COURT If hindi

[7] Sent from +639056130678, +639852295399, +639852295325, +639852483018, +639852295426, +639813410622, +639852253597, and +639813006013.

> umattend sa hearing you need to pay 25,000
> to damages for the company. if mapatunayan
> na guilty kayo, YOU NEED TO FACE THE
> CONSEQUENCES.
>
> xxx
>
> Ikaw putang ina mo scammer ka hindi ka
> lang mawawalan ng trabaho pati PAMILYA
> mo isusuka ka at PANDIDIRIAN sa gagawin
> ko pati sarili mong anak hindi kana
> kikilalanin tang ina mo ka sinisigurado ko
> sayo yan ngayon magsisisi ka dahil yung na
> scam mo kala kang babuyin pati PAMILYA
> mo at anak mo sumpa yan tang na ina ka
> hindi lalaka ng maayos anak mo

PROCEEDINGS BEFORE FINLEND

In a Zoom Conference dated 17 April 2023, the Respondent, represented by its counsel, Atty. Eunika Raiza V. Fernando (*"Atty. Fernando"*), was informed of the Six Hundred Twenty-Six (626) Complaints received by the FinLenD through email. Four (4) of these complaints ripened into formal complaints which resulted in the issuance of the abovementioned SCLs and CL. The Hearing Panel granted the Respondent's request for a ten-day extension in filing its Answer and ordered the Respondent's attendance to another conference on 3 May 2023.

However, not only did the Respondent fail to submit its Answers during the ten-day (10-day) period or until 27 April 2023, but also failed to attend the 3 May 2023 conference.

On 8 May 2023, a Notice to Explain was issued to the Respondent for its violation of SEC MC 18 and non-compliance with the orders of the Commission.

On 15 May 2023, the Respondent submitted an unverified answer, followed by a verified version on 19 May 2023. In its response, the Respondent explained that its failure to attend the meeting on 3 May 2023, as well as delays in complying with the Commission's orders, were due to its inability to access its registered email account.

The Respondent emphasized that its Certificate of Authority (CA) should not be revoked, as it is actively working to address all complaints, resolve issues raised by clients, and ensure adherence to its standard operating procedures. Additionally, the Respondent stated that, based on its internal investigation, the harassment experienced by clients stemmed from actions taken by former employees who were attempting to sabotage the organization's reputation. The Respondent further mentioned that it is upgrading its systems to prevent former collection agents from accessing client data. Finally, the Respondent requested sufficient time to resolve all outstanding complaints and sought permission to attend the upcoming conference with its representatives.

During a conference on 18 May 2023, attended by its President, Ms. Rossana Robledo, and attorney, Atty. Fernando, the Hearing Officer, granted the Respondent a fifteen-day extension to submit its answers and position paper.

On the same day, all parties involved were instructed to submit their respective position papers within fifteen days of receipt.

On 2 June 2023, the Respondent submitted its position paper, in which it reiterated several points made during the conference: (1) the complaints were still under investigation by responsible officers, and it had responded to the issues via email and text messages; (2) any violations of MC 18 were committed by former employees. The Respondent noted its ongoing training and orientation programs designed for collection agents to ensure they remain courteous, professional, and compliant with the company's code of conduct.

The Respondent also shared findings from its investigation, which included: (a) its agent-employees allegedly solicited clients for personal information, including social media accounts, in exchange for deals and discounts on loan fees and interest, without the Respondent's knowledge or approval; (b) these actions were retaliatory, occurring after the agents' suspensions or dismissals; (c) all complainants, except Mr. Marquez, were subjected to these actions, and the Respondent communicated this situation to the affected individuals; (d) some complaints appeared to be fabricated by unknown individuals aiming to damage the Respondent's reputation; (e) Mr. Marquez's complaint was unfounded, as he is not on the Respondent's loaner list, and the service he used, OLP Zada Cash, is not among its registered originators of lending programs (OLPs).

In conclusion, the Respondent asserted that it should not be held liable due to: (a) its good faith in conducting business and complying with applicable laws, including MC 18 and TILA; (b) the alleged violations being acts committed by former employees to harm its reputation; (c) the provision of complainants' contact details being done with their consent, unbeknownst to the Respondent; (d) its efforts to enhance customer service functionality; and (e) the demonstration that the complainants lack a legitimate case against the organization. The Respondent requested the opportunity to hold accountable those responsible for the alleged violations in the complaints and urged that the case be dismissed.

ISSUES

1. Whether the Respondent violated SEC Memorandum No. 18, series of 2019 and should be held administratively liable;

2. Whether the Respondent violated Republic Act No. 3765 or the Truth in Lending Act and should be held administratively liable;

FINLEND'S RULING

FinLenD rules in the affirmative.

Respondent violated SEC MC 18, Series of 2019.

a. Respondent committed unfair debt collection practices in violation of Section 1 of SEC MC 18.

i. The complainant-borrowers substantially proved their allegations against the Respondent.

When collecting the amount due to them, financing companies, lending companies, and their TPSPs are mandated to observe good faith and reasonable conduct and refrain from engaging in unscrupulous and untoward acts, as per Section 1, SEC MC 18. While the said section lists acts constituting unfair collection practices, the list is not exclusive, to wit:

"SECTION 1. Unfair Collection Practices. xxx Without limiting the general application of the foregoing, the following conduct shall constitute unfair collection practices, which shall be subject to the penalties provided herein:

a. The use or threat of use of violence or other criminal means to harm the physical person, reputation, or property of any person;
b. The use of threats to take any action that cannot legally be taken;
c. The use of obscenities, insults, or profane language the natural consequence of which is to abuse the borrower and/or which amount to a criminal act or offense under applicable laws;
d. Disclosure or publication of the names and other personal information of borrowers who allegedly refuse to pay debts, except as may be allowed under Section 2 hereof;
e. Communicating or threatening to communicate to any person loan information, which is known or which should be known, to be false, including the failure to communicate that the debt is being disputed, except as may be allowed under Section 2 hereof;
f. The use of any false representation or deceptive means to collect or attempt to collect any debt or to obtain information concerning a borrower; and
g. Making contact at unreasonable/inconvenient times or hours, which shall be defined as contact before 6:00 A.M. or after 10:00 P.M., unless the account is past due for more than fifteen (15) days, or the borrower has given express consent that the said times are the only reasonable or convenient opportunities for contact. Such consent which shall be evidenced by written, electronic or recorded means, may be given prior to, during, or after the execution of the loan agreement.
h. Notwithstanding the borrower's consent, contacting the persons in the borrower's contact list other than those who were named as guarantors or co-makers shall also constitute unfair debt collection practice." [emphasis supplied]

After a careful evaluation of the contentions and documents of the Respondent and all the complainant-borrowers, FinLenD finds the complainant-borrowers to have supported their claims with substantial evidence, or "that amount of relevant evidence as a reasonable mind might accept as adequate to support a conclusion, even if other minds, equally reasonable, might conceivably opine otherwise."[8] While the Respondent denied affiliation with the OLP Zada Cash, its business name as indicated in its Articles of Incorporation and Affidavit of Compliance[9] prove the contrary.

Further, while the Respondent denied the allegations filed by Mr. Marquez by denying affiliation with the OLP Zada Cash as per Items 19 to 21[10] of its Position Paper, the Respondent did not deny Ms. Guim's allegations.

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[8] Santos v. Paña, Jr., A.C. No. 12353, 06 February 2024.
[9] SEC Memorandum Circular No. 19, Series of 2019, otherwise known as Disclosure Requirements on Advertisements of Financing Companies and Lending Companies and Reporting of Online Lending Platforms.
[10] 19. As far as the records of the Company has shown, Complainant Marquez cannot to be found in their loaner's list, since he alleges that the online/mobile lending application "Zada Cash"'s agents are harassing him.

20. Zada Cash is not one of the online/mobile lending application registered with the Company.

On the Complaint of Mr. Marquez

A reading of the screencaptures of text messages received by Mr. Marquez from +639361691346 shows that the sender identified itself to be from Zada Cash and committed the following: (a) repetitively using the word "*POTANGINA*" in communicating with Mr. Marquez; (b) threatened to post Mr. Marquez on Facebook and informed the latter's relatives of his loan; and (c) wished Mr. Marquez's death, among others; in violation of Section 1 (a), (b), (c), and (e) of SEC MC 18.

On the Complaint of Mr. Nebria

The Respondent violated Section 1 (b), (c), and (e) of SEC MC 18.

Based on the screencaptures attached by Mr. Nebria, in the message sent from +63 912 462 6972, the sender identified herself as "Steffanie Tyler," an agent of Bloom Cash. In the same email thread, she (a) said that Mr. Nebria and his friend who was not able to transfer the payment as "*kakapal ng mukha nyo xxx*" (b) threatened that Mr. Nebria's contact reference would be contacted; (c) threatened Mr. Nebria of the receipt of threats for failure to settle his loan obligations – "*Katakot katakot na threats ang mttnggp nyu kung ndi nyu ma settle xxx*"

On the Complaint of Ms. Guim

The screencaptures supporting Ms. Guim's claims show that the sender, who identified themselves or made themselves identifiable to be from Zada Cash. She also substantially proved that the Respondent (a) threatened to have her killed for non-payment of her loan obligations; (b) threatened to use post her photos, ID and the name of her contact reference in social media; and (c) threatened to use her contacts, friend list and photo in shaming her before her barangay and in calling her a scammer. Hence, the Respondent violated Section 1 (a), (b), (c), and (e) of SEC MC 18.

On the Complaint of Ms. Reotiras

The Respondent violated Section 1 (a), (b), (c), (e), and (f) of SEC MC 18 when it (a) threatened to communicate with all her contacts; (b) threatened to collect her loan obligations from her Facebook friends, company and co-workers; (c) threatened to file cases before the Metropolitan Trial Court where her non-appearance during hearing would require the payment of Php 25,000.00 for damages to the Respondent; and (d) used obscene language and branded Ms. Reotiras as a scammer.

Also, based on the numerous text messages between Ms. Reotiras and the Respondent, it appears that both pertain to the same loan transaction - or that loan which Ms. Reotiras availed from the Respondent. Moreover, "Zora Cash," the OLP used in the loan transaction, was unregistered; affiliation was found between the Respondent and said OLP.

ii. The Respondent admitted to the allegations of the complainant-borrowers.

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21. Proof and / or evidence that these Complainants submitted to support his Complaint was without any basis since he is not the client of the Compant. These cellphone numbers which alleged to have texted them with the use of obscenities, insults, or profane language were not used by any of the Company's collection agents which were provided by the company when it initially registered with the SEC.

1. The Respondent admitted to its financial consumers' being subjected to unfair debt collection practices.

In Item 17 of its Position Paper, the Respondent clearly admitted that the acts of harassment have been experienced by three (3) of the complainant-borrowers. The pertinent portion of the Position Paper reads:

> 17. When the Company has discovered these acts, it already reached out to some affected clients such as Ms. Reotiras, Ms. Guim, and Mr. Nebria, and explained to them the predicament of the Company.

With the above-cited admission made by the Respondent, it is clear that its borrowers - Mr. Nebria, Ms. Guim, and Ms. Reotiras- suffered harassment by its former employees. Applying the ruling in Land Bank of the Philippines v. Abellana,[11] the Respondent's admission in its pleading is considered a judicial admission and thus, conclusive upon it.

It can be noted that prior to the above-cited admission, in Items 13 to 16[12] in its Position Paper, the Respondent tried to deny liability not only by claiming that the modus operandi was with the consent of the borrowers and the alleged acts of harassment were done by its former agents after their separation and as an act of retaliation against it. However, this attempt at denial is futile.

First, the Respondent's allegations that its former employees engaged in unfair debt collection practices to retaliate against it are merely bare and unsubstantiated allegations with no probative value, and thus cannot be considered as proof.[13]

Second, even assuming that a modus operandi was indeed committed by its former employees, the Respondent is not exempt from any liability.

As stated in its Position Paper, the modus operandi begins when the Respondent's employee comes into contact with their clients. Hence, although the employment of unfair debt collection practices occurred after these agents' separation from the Respondent, the complainant-borrowers would still not have been subjected to these practices had the Respondent ensured the proper adoption and implementation of reasonable conduct in transacting with their financial consumers.

2. The Respondent failed to specifically deny the allegations of the complainant-borrowers.

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[11] G.R. No. 237369, 19 October 2022.

[12] 13. Upon investigation of the Company, it was revealed that agent-employees of the Company, once they get a hold of the clients, they would inquire on client's personal details such as social media accounts, contact information, and other details that are not shown in the system.

14. Clients would then voluntarily provide their details as, most of the time, during these conversations, the agents would be giving them deals or discounts to reduce their fees or interests, without the Company's knowledge, more so, approval.

15. The Company later found out that some employees, especially those who have indifferences with the Company's Management or Executives, perform these acts in order for them to retaliate in case they get suspended or dismissed from the Company.

16. Once these dismissed employees are separated from work, that is when they start to reach out to the Company's clients and execute their personal vendetta against the Company.

[13] Co v. Medina, G.R. No. 260839 (Notice), 11 January 2023.

In its Position Paper, the Respondent's defenses consist of various statements, but none denying the allegations of the complainant-borrowers saved for Mr. Marquez. Its statements, in denying administrative culpability, involved (1) its good faith in the conduct of its business, particularly compliance with TILA and SEC MC 19; (2) the alleged violations were done by its former employees to cause damage to the latter's name; and (3) borrowers' consented to providing their contact details to these former agents – a modus operandi that the Respondent was unaware of.

Likewise, the Respondent simply stated their actions, i.e., ensuring a better system to manage its agents, and establishing a more efficient customer service function responsible for promptly addressing its borrowers' queries, concerns, and complaints.

Despite the need to specifically deny the allegations in the complaints,[14] a reading of the Respondent's averments shows its failure to deny the allegations made by the complainant-borrowers. Thus, the Respondent's failure to specifically deny the allegations amounts to a judicial admission of these allegations.[15] Additionally, nothing in its statements can convince FinLenD that it has not violated SEC MC 18.

Hence, the complainant-borrowers' allegations were proven by pieces of evidence substantial enough to sustain a finding of administrative culpability on the part of the Respondent, whose defenses were but general denials, bereft of any compelling reasons to disregard the positive statements of the complainant-borrowers.

b. Respondent should be held liable for the purported actions of its former employees and/or agents.

Moreover, Section 3 of SEC MC 18 clearly provides the Respondent's liability over the acts of its outsourced collection agents, to wit:

> SEC. 3. Outsourcing of Collection. - FCs and LCs may outsource the conduct of collection to a TPSP, which shall be regarded as an agent of the FCs and LCs. The ultimate responsibility for collection practices and compliance with this Circular remains with the FCs and LCs.

Applying the above provision and perusal of our records shows the Respondent's failure to submit the Sworn Certification required under SEC MC 18 within the prescribed period or until 8 October 2019.

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[14] Moreover, the Rules of Court provides that defendants must provide specific denials to the allegations in the complaint. Section 10 of Rule 8 describes how specific denials should be made:

> Section 10. Specific denial. — A defendant must specify each material allegation of fact the truth of which he or she does not admit and, whenever practicable, shall set forth the substance of the matters upon which he or she relies to support his or her denial. Where a defendant desires to deny only a part of an averment, he or she shall specify so much of it as is true and material and shall deny only the remainder. Where a defendant is without knowledge or information sufficient to form a belief as to the truth of a material averment made to the complaint, he [or she] shall so state, and this shall have the effect of a denial.

Besides specifying the allegations of fact not admitted, the answer should set forth the matters relied upon in support of the denial; so that, in effect, the Rules are no longer satisfied with mere denials, even if specific, but demand that defendant manifest what he or she considers to be the taste facts. The purpose of the specific denial is to compel the defendant to specify the allegations which he or she intends to disprove and disclose the matters relied upon to support such denial, thereby limiting the issues and avoiding unnecessary delays and surprises. (Heirs of Cayco v. Arabejo, G.R. No. 248451 (Notice), (13 December 2023)).

[15] Id., Charter Ping An Insurance Corp. v. Steel Corporation of the Philippines, Inc., G.R. Nos. 245512-13 (Notice), 29 September 2021.

c. Respondent's multiple violations of SEC MC 18 warrant the revocation of its Certificates of Registration and Authority to operate as a lending company.

In an order[16] issued FinLenD, it was discussed that primarily, it was the Company Registration and Monitoring Department ("CRMD") which is in charge of suspending or revoking the company's registration or primary license and the CGFD where the FinLenD was previously attached, was given the authority of suspending or revoking the CA or secondary licenses of erring corporations under its jurisdiction. However, by virtue of the En Banc Resolution dated 15 February 2022, the authority to suspend or revoke the primary and secondary registration was given to the CGFD.

On 20 April 2023 and 18 July 2023, the En Banc approved and confirmed FinLenD's authority to suspend or revoke the primary registration and secondary license of erring LCs and FCs.

In relation, Section 5 of SEC MC 18 not only provides the penalties imposed on erring entities but also makes no distinction as to which SEC MC 18 provision was violated for purposes of determining the number of violations and the imposition of the appropriate sanctions. Pertinent portion of the provision reads:

	LCs	FCs
First Offense	P25,000.00	P50,000.00
Second Offense	P50,000.00	P100,000.00
Third Offense	Subject to the facts, circumstances and gravity of the offense, the Commission, at its discretion, may impose a Fine of not less than twice the fine for the second offense but not more than P1 Million (P1,000,000) Persons; or Suspension of lending and financing activities for a period of sixty (60) days; or Revocation of Certificate of Authority to operate as a Financing or Lending Company, as appropriate for each circumstance. xxx	

xxx

The foregoing penalties shall be without prejudice to any other penalties that may be imposed by the Commission pursuant to Presidential Decree No. 902-A, Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, and all other relevant laws, rules and regulations being implemented by the Commission, which may include the suspension or revocation of the FC/LC's primary license and/or disqualification of its directors and officers; and further, to the penalties that may be imposed by the courts or other government agencies in the exercise of their respective mandates."

[16] In the matter of: Fast Coin Lending Corp. FLCD Order No. 01, series of 2023.

Applying the above, the Respondent committed four (4) violations of Section 1, SEC MC 18. Considering the number, nature, and gravity of Respondent's violations, the revocation of its Certificates of Registration and Authority to operate as a lending company is warranted.

Respondent did not violate RA 3765 or the Truth in Lending Act.

In United Coconut Planters Bank vs. Spouses Beluso[17], the Court held that the rationale behind Section 4 of RA 3765 is "to protect users of credit from a lack of awareness of the true cost thereof, proceeding from the experience that banks are able to conceal such true cost by hidden charges, uncertainty of interest rates, deduction of interests from the loaned amount, and the like. The law thereby seeks to protect debtors by permitting them to fully appreciate the true cost of their loan, to enable them to give full consent to the contract, and to properly evaluate their options in arriving at business decisions."

Ms. Guim simply ticked TILA among the Respondent's allegations in her accomplished complaint form. She, however, failed to provide any documentary evidence that the Respondent violated TILA, resulting in her lack of awareness of the true cost of her credit.

Similar to Ms. Guim, Ms. Reotiras failed to substantially prove that the Respondent committed the alleged TILA violation, as she merely included "RA 3765" in the email subject when she emailed her complaint.

Hence, with the complainant-borrowers' failure to prove the alleged TILA violations by substantial evidence, the Respondent cannot be held administratively liable for the same.

WHEREFORE, in view of the foregoing, the **Certificate of Incorporation (Company Reg. No. 2020090002200-05) AND Certificate of Authority to Operate as a Lending Company (CA No. 3319),** including its Authority to Operate its Online Lending Platform, of Respondent Convenience Cash Lending Corp. are hereby **REVOKED.**

This Order shall be **immediately executory**.

Let a copy of this Order be furnished to the CRMD and the Information and Communications Technology Department for their information and appropriate action.

SO ORDERED.

17 July 2025. Makati City.

Kenneth Joy A. Quimio

ATTY. KENNETH JOY A. QUIMIO
OIC-Director

[17] G.R. No. 159912, August 17, 2007.

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