Republic of the Philippines
Department of Finance
Securities and Exchange Commission

**In the Matter of:**
**DRAGON ONE NETWORK TRENDS CORP.**

**SEC CDO Case No. 09-16-033**

**ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT,**

*Movant.*

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# CEASE AND DESIST ORDER

Before the Commission is a *Motion for Issuance of Cease and Desist Order* ("Motion")[1] filed on 8 September 2016 by the Enforcement and Investor Protection Department (EIPD) of this Commission to enjoin DRAGON ONE NETWORK TRENDS CORP. ("DRAGON"), their respective officers, directors, representatives, salesmen, agents, and any and all persons claiming and acting for and on their behalf from further engaging in activities of offering for sale securities in the form of investment contracts to the public until the requisite registration statement is duly filed and approved by the Commission and the corresponding permit to offer/sell securities is issued.

DRAGON was registered with the Commission on 13 January 2016 under SEC Registration No. CS201635627.[2] Its principal address is at 29 Habana Bldg. J. Rizal Street, Davao City.[3] The primary purposes of DRAGON are as follows:[4]

> To secure favorable volume of sales for various products and services, to enhance resources for the company, sell various products from different networking companies, sell services directly to consumers, provide accessible business opportunities, sell diverse products includes; cosmetics and skin care products, household specialties and home appliances, household cleaning products, laundry and personal care products, food and nutrition products, educational products, clothing, fashion accessories and jewelries, generally products that are sold in the context of group presentation and direct approach.

DRAGON's Authorized Capital Stock is One Million Pesos (P1,000,000.00), divided into Ten Thousand (10,000) shares with the par value of One Hundred Pesos (P100.00) per share.[5] Its Board of Directors,[6] as shown in its Articles of Incorporation, are:

| Name | Nationality | Residence |
|---|---|---|
| Isagani A. Ubaldo | Filipino | Blk 14 L12 Roseville Subd., Lanang, Davao City |
| Ma. Rheolyn D. Española | Filipino | Blk 1 Lot 24, NHA Maa, Davao City |
| Llendl Byshe D. Española | Filipino | Blk 1 Lot 24, NHA Maa, Davao City |
| Reynaldo S. Cleto | Filipino | Anahaw Village, Maa, Davao City |
| Czean Kline S. Dante | Filipino | Blk 1 Lot 24, NHA Maa, Davao City |

On 10 February 2016, the EIPD received a *Memorandum*[7] dated 4 February 2016 from Director Javey Paul D. Francisco of the Commission's Davao Extension Office (SEC-DEO). The following are excerpts from the Memorandum:

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[1] Dated 31 August 2016.
[2] Annex "A" of the *Motion*, p. 53 records.
[3] Annex "B" of the *Motion*, p. 48 records, Third Article.
[4] Ibid., p. 49 records, Second Article.
[5] Ibid., p. 46 records, Seventh Article.
[6] Ibid., p. 47 records, Sixth Article.
[7] Annex "C" of the *Motion*, pp. 29-34 records.

Securities and Exchange Commission-Davao Extension Office (SEC-Davao) received an invitation dated January 18, 2016 from the Office of the City Mayor of Davao City, herein attached as Annex "A", to conduct a formal investigation of the actual business operations of xxx (2) Dragon One Trends Marketing, xxx. These establishments were allegedly engaging in investment-like activities similar to that of Jacama Sales and Marketing, an establishment allegedly closed down by Davao City's Business Bureau following the publication of a SEC Advisory warning the public to stop investing with Jacama for failure to secure the necessary license under Section 8 of the Securities Regulation Code.

x x x

**DRAGON ONE-TRENDS MARKETING**

Dragon One-Trends Marketing (hereinafter referred to as Dragon One) was represented by its owner, Mr. Isagani A. Ubaldo, during the investigation. Based on the proceeding conducted, the following information were gathered:

Dragon One Trends Marketing is a business entity registered with the DTI on Deceber 29, 2015. The DTI certificate was issued in the name of Isagani Aviguetero Ubaldo. Attached is a copy of its DTI registration as Annex "N".

Since it was a fairly new business entity at the time it was called before the City with no business permit yet issued, Mr. Ubaldo alleged that its business is not yet fully operational and that it was merely conducting a "dry-run" to test its marketing scheme. Mr. Ubaldo admitted, though, that it was already paying out its clients based on the business' [sic] scheme. Its marketing scheme and reward program are herein attached as Annex "O".

Mr. Ubaldo emphasized to the panel that the main goal of Dragon One is to encourage its partner network companies and manufacturers to use Dragon One as an avenue to sell their products.

The scheme employed by Dragon One was not dealt with extensively because Atty. Domingo cut to the chase and told Mr. Ubaldo that based on the documents it submitted, Dragon One's operation is similar to that of Jacama's. Mr. Ubaldo admitted that many members of Jacama joined Dragon One.

Mr. Ubaldo was advised by the investigating panel that any form of investment-like activities will have to be registered with the SEC and the necessary Secondary License, if needed, will have to be obtained. It was advised that its application for a business permit will be held in abeyance until it registers with the SEC.

x x x

**UPDATES ON ACTIVITIES OF xxx DRAGON ONE TRENDS MARKETING xxx**

**Dragon One Network Trends Corporation**, on the other hand, filed an application for its registration of its corporation with SEC-Davao and its primary purpose read "to secure favorable volume of sales for various products and services, to enhance resources for the company, sell various products from different networking companies, sell services directly to consumers, provide accessible business opportunities, sell diverse products includes; cosmetics and skin care products, household specialties and home appliances, household cleaning products, laundry and personal care products, food and nutrition products, educational products, clothing, fashion accessories and jewelries, generally products that are sold in the context of group presentation and direct approach." Because the documents were in order and the contents of such were in compliance with the requirements of SEC, the same was issued a Certificate of Registration on January 25, 2016. It is worthy of note that one incorporator, Isagani A. Ubaldo (Chairman and President), was also the owner of Dragon One-Trends Marketing which was one of the business entities investigated on January 18, 2016. x x x

In response, the EIPD issued a *Memorandum*[8] dated 16 February 2016, addressed to SEC-DEO, part of which reads:

[8] Annex "D" of the *Motion*, pp. 26-28 records.

x x x In the said Memorandum, you requested for feedback on how you will proceed based on the information gathered and circumstances attendant to the investigation/conference conducted.

From the report, it appears that xxx Dragon One Trend Marketing xxx are DTI registered entities. While the DTI was represented at the meeting of 21 January 2016, we, nonetheless suggest that you refer the matter to DTI-Davao Regional Office, copy furnished DTI Manila Main Office, for the conduct of parallel investigation on the possible violation of R.A. 7394 The Consumer Act of the Philippines with particular reference to Articles 53 and 4 (k) of the said law.

x x x

Your referral to DTI is also in consonance with the Memorandum of Agreement (MOA) between the DTI and the SEC dated 28 August 2002 which clarified the jurisdiction of the two agencies on pyramid schemes and investment contracts, respectively. We attach a copy of said MOA for your reference.

x x x

As regards Dragon One-Trends Marketing xxx, who both claimed that they were merely conducting "dry-run" tests of its business, pleas conduct constant monitoring of its business operations. If, instead of ceasing operations, they continued with its "investment-taking" activities through the social media and other means, please coordinate with the PNP-CDIG (ACG and AFFCU) or NBI for possible entrapment and other police activities.

x x x

While a perusal of Annex "O" suggests a unilevel income scheme, the documents are insufficient to determine how an investor earns income. There are no documents (i.e. brochures, flyers, leaflets) on the consumer products being sold. The following questions should also be satisfied, if there are products, are they saleable?, are they sold at its "fair market value"?, are the investors enticed to join the entity because of the opportunity to earn income through RECRUITMENT OF PEOPLE INTO THE SCHEME rather than the SALE OF THE PRODUCTS?, and others. We suggest that additional evidence be gathered to determine the investment scheme. If possible, an undercover investigation be conducted to determine its actual operations. It would be best if a member/investor be interviewed on how to earn income. The interviewee maybe [sic] allowed to keep his or her identity confidential.

As regards the newly registered corporations, namely xxx and Dragon One Network Trends Corporation, we suggest that your [O]ffice should be vigilant in the monitoring of the activities of subject corporations. If there will be reports of its illegal activities, your [O]ffice should conduct the necessary investigation. If there are definite findings of its illegal activities, this [D]epartment may recommend for the issuance of an Advisory and the blacklisting of the corporation and its incorporators in the SEC database. If evidence so warrants, the [D]epartment will file a petition for the issuance of Cease and Desist Order before the OGC and ultimately a criminal complaint before the DOJ.

x x x

In an *Affidavit*,[9] a certain Jayson M. Alicaba declared under oath having invested money with DRAGON and attested as to the scheme employed by DRAGON. The *Affidavit*, along with its annexes, is attached to a *Memorandum*[10] from SEC-DEO dated 30 March 2016 to support the issuance of an advisory against DRAGON. Excerpts of Mr. Alicaba's sworn statement describing the scheme read:

1. On March 15, 2016, I went to the office of DRAGON ONE at Door 7, Habana Bldg., Rizal St., Davao City to invest and buy their products. xxx
2. When I entered their office, I was approached by a certain Alben C. Marayag who explained to me on how to invest my money with the company. xxx He claimed that he is a brother of one of the company's employee, Jeffrey Marayag. He presented to me the business scheme of DRAGON ONE. Based on their business scheme, I can choose from among the packages ranging from One

[9] Annex "F" of the *Motion*, pp. 19-20 Records.
[10] Annex "E" of the *Motion*, pp. 21-22 Records.

Thousand Eight Hundred Pesos (Php 1,800.00) up to Three Hundred Sixty Thousand Pesos (Php 360,000.00). Upon payment of the chosen package, the member will receive a package product and four (4) company vouchers or post-dated checks for big amounts, with different maturity dates. The amount of each voucher/check is equivalent to 34.72% of the investment and will mature at an interval of 15 days. DRAGON ONE will encash the voucher/check at its maturity date. All four vouchers/checks will be encashed in two months. xxx

3. As I saw inside their office, their products include consumable goods, health and wellness products, beauty essentials, ready to wear goods, shoes, jewelries and accessories, gadgets, cellular phones and appliances. Based on their leaflet, they also have packages for house/lot and vehicles. xxx
4. I was enticed to invest because of the profit that I will get when all the vouchers will be encashed. After Alben C. Marayag explained to me the business scheme, he then instructed me to fill up the registration form. xxx He even enticed me to invest large amount so I can get larger profit. Since I have only limited money, I chose to invest one thousand eight hundred pesos (Php 1,800). xxx When I saw the vouchers, the same were not signed by the authorized signatories, so I asked the cashier for a signature. She then told me that the vouchers are really not signed and assured me that the same will be encashed upon presentment at the pay-out counters on their maturity dates. xxx I was then instructed to go back to the first floor to get my product. The product that I chose was 8-in-1 Micswell Cafe coffee and a rubbing ointment. When I claimed the items, the employee took the receipt. xxx

On 7 April 2016, the Commission issued an *Advisory*[11] against DRAGON. Earlier, on 6 April 2016, the EIPD received an electronic mail,[12] attached to which is an unsigned *Letter*[13] dated 5 April 2016 from a certain Isagani A. Ubaldo, introduced therein as President of Dragon One Trends International Corporation, seeking for an official instruction regarding, among others, "the need to secure a secondary license from the SEC."

On 11 April 2016, the Commission's Corporate Governance and Finance Department (CGFD), upon EIPD's request, issued a Certification[14] that DRAGON is not a registered issuer of mutual funds including exchange traded funds, membership certificates, time shares, and registered but unlisted securities under Section 17.2(a) of the Securities Regulation Code (SRC) therefore not licensed to offer or issue such securities to the public.

On 13 April 2016, the Commission's Markets and Securities Regulation Department (MSRD) issued a Certification[15] that DRAGON: (1) has not registered any securities pursuant to Sections 8 and 12 of the SRC; (2) was not issued a *Permit to Sell* securities by the Commission; and (3) has not filed nor has any pending application for registration/permit to sell securities.

On 20 June 2016, the Commission's Company Registration and Monitoring Department (CRMD) issued a *Memorandum*[16] certifying that DRAGON was not issued a secondary licenses as a Broker and/or Dealer of Securities, Dealer in Government Securities, Investment Adviser of an Investment Company, Investment House and Transfer Agent, nor has any pending application for said secondary licenses.

Based on the investigation conducted by the SEC-DEO, as well as the documents gathered and submitted to the Commission, the EIPD finds sufficient evidence showing that DRAGON is soliciting investments from the public through its product packages. Hence, this *Motion*.

We find merit in the *Motion*.

EIPD's *Motion*, as supported by substantial evidence, shows that DRAGON is engaged in the offer and/or sale of securities to the public in the form of investment contracts without the necessary license from the Commission.

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[11] Annex "H" of the *Motion*, p. 7 records.
[12] Annex "I" of the *Motion*, p. 6 records.
[13] Ibid., p. 4 records.
[14] Annex "J" of the *Motion*, p. 3 records.
[15] Annex "K" of the *Motion*, p. 2 records.
[16] Annex "L" of the *Motion*, p. 1 records.

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"[17] and includes an investment contract.[18]

Section 8.1 of the SRC provides 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 Commission. In connection therewith, Section 12.1 of the SRC states that all securities required to be registered under Subsection 8.1 shall be registered through the filing by the issuer in the main office of the Commission, of a sworn registration statement with respect to such securities, in such form and containing such information and documents as the Commission shall prescribe.

An "investment contract" has been defined as follows:[19]

> An **investment contract** means 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. An investment is presumed to exist whenever a person seeks to use the money or property of others on the promise of profits.
>
> A **common enterprise** is deemed created when two (2) or more investors "pool" their resources, creating a common enterprise, even if the promoter receives nothing more than a broker's commission.

The concept of an investment contract in the Philippines is of American origin. It traces its roots from the US Supreme Court case *Securities Exchange Commission v. W.J. Howey Co.*[20] 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.

In a subsequent 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. [21]

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*,[22] the 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.[23]

As to the first requisite, there is an investment of money when an investor commits money to an enterprise or venture in a manner that subjects himself to financial loss.[24] In the case of DRAGON's scheme, investors place an amount ranging from One Thousand Eight Hundred Pesos (Php1,800.00) to Three Hundred Sixty Thousand Pesos (Php360,000.00)[25] depending on the packages that the investor chooses.

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[17] Section 3.1., SRC.
[18] Section 3.1.(b), *Id.*
[19] SRC Rule 26.3.5, Amended Implementing Rules and Regulations of the SRC (2015).
[20] 328 U.S. 293, 66 S. Ct. 1100, 90 L. Ed. 1244, 163 A.L.R. 1043 (1946).
[21] *SEC v. Glenn W. Turner Enterprises, Inc.*, 474 F. 2d 476, 414 U.S. 821, 94 (1973).
[22] G.R. No. 164182, 26 February 2008.
[23] *Investment Co. Institute v. Camp*, 274 F. Supp. 624 (D. D.C. 1967).
[24] *SEC v. International Mining Exchange, Inc.*, 515 F. Supp. 1062.
[25] Annex "F" of the *Motion*, p. 14 Records.

As to the second requisite, there is a common enterprise, which is deemed created when two (2) or more investors "pool" their resources. Several tests have evolved to determine what constitutes "common enterprise."[26] 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.[27] 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.[28]

In the case at bar, the money collected from investors are pooled together, being under the control by DRAGON, who decides as to what to do with the money invested.

As to the third element, there must be an expectation of profits. Profits, as established by jurisprudence, means 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."[29] In this case, the investment of money is made with the view of receiving profits from DRAGON. The prospect of profit is in the form of DRAGON's undertaking to pay 34.72% of the amount invested every 15 days thereafter up to a maximum period of 60 days. In this setting, an investor is made to expect profits of Php625.00 every 15 days, up to a total of Php2,500.00 in 60 days for an investment of Php1,800.00.[30] Moreover, right after the investment of money, the investor is given cash vouchers[31] or post-dated checks guaranteed for encashment every 15 days,[32] which further proves that the investors are made to expect profits in this scheme.

Lastly, as to the fourth element, the expected profits must arise primarily from the efforts of others. In this case, it is DRAGON through its agents and persons acting on its behalf who develops, administers, maintains, and promotes the scheme. All that the investor does is invest money and thereafter wait every 15 days for the profit to be received.

Finding all the elements of an investment contract present, DRAGON, through its packages, should be considered as engaged in selling and/or offering for sale of investment contracts which are considered as securities as provided under the SRC.

In view of the above discussions, we see three (3) violations by DRAGON.

First, non-registration of securities. Under the SRC, unless what is involved are exempt securities or exempt transactions which are not covered by the requirement of registration, 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.[33] Prior to 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.[34] As discussed above, DRAGON is engaged in the offering and/or selling of securities in the form of investment contracts which need prior registration with the Commission.

Second, non-registration as broker or dealer. The law provides that no person shall engage in the business of buying or selling securities in the Philippines as a broker or dealer unless registered as such with the Commission.[35] In the instant case, DRAGON and/or all persons acting for and in its behalf are acting as either broker or dealer without being registered as such.

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[26] *In the Matter of Octopus Network, Inc.*, SEC-PED Case No. 98-2220, 22 May 1998.
[27] *Glenn W. Turner Enterprises*, supra, citing 69 Am Jur 2d citing *Stenger v. R.H. Love Galleries, Inc.*, 741 F2d 144.
[28] *Glenn W. Turner Enterprises*, supra, citing *Wasnowic v. Chicago Bd. of Trade*, 352 F Supp 1066.
[29] *Power Homes*, supra.
[30] Annex "F" of the *Motion*, p. 14 Records.
[31] Annex "F" of the *Motion*, p. 11 Records.
[32] *Affidavit* of Mr. Alicaba, par. 2.
[33] Section 8.1., SRC.
[34] *Id.*
[35] Section 28.1., SRC.

Third, commission of *ultra vires* acts. No corporation shall possess or exercise any corporate powers, except those conferred by the Corporation Code or by its Articles of Incorporation, and except such as are necessary or incidental to the exercise of the powers so conferred. In this case, the scheme involved in its packages is off tangent with the primary purposes of DRAGON, as stated in its Articles of Incorporation. Nowhere in the primary purpose of DRAGON is it stated that DRAGON can engage in the business of soliciting and accepting investments and money placements from the public. DRAGON's Certificate of Incorporation states that it is not authorized to undertake business activities requiring a Secondary License from the Commission such as, but not limited to, acting as broker or dealer in securities, government securities eligible dealers (GSED), investment adviser of an investment company, close-end or open-end company, investment house, transfer agent, financial future exchange/broker/merchant, financing company, and time shares/club shares/membership certificate issuers or selling agents thereof.[36]

Consequently, the issuance of the Cease and Desist Order is justified pursuant to Section 64[37] of the SRC. In relation thereto, two essential requirements must be complied with before a cease and desist order is issued: **First**, a proper investigation or verification was conducted; and **Second**, 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.[38]

As to the first requirement, the SEC-DEO participated in the formal investigation of the Office of the City Mayor of Davao City on the business scheme of Dragon One-Trends Marketing, monitored the activities of DRAGON pursuant to the EIPD's directive, and gathered records and documents showing DRAGON's investment schemes. The certifications of MSRD, CRMD, and CGFD were obtained which indicate that no securities are registered by DRAGON with the Commission, nor is it licensed to sell securities. It is evident therefore that the nature and operations of DRAGON was properly investigated and studied by the EIPD in cooperation with the SEC-DEO.

As to the second requirement, the scheme offered by DRAGON 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 DRAGON needs 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.[39] As it is clear that DRAGON'S packages are investment contracts, it is shown that the scheme will operate as a fraud on investors. Hence, the issuance of the CDO is justified.

**WHEREFORE**, premises considered, **DRAGON ONE NETWORK TRENDS CORP.**, its partners, officers, directors, agents, representatives, conduits, assigns, and any and all persons claiming and acting for and in their behalf are hereby ordered to **IMMEDIATELY CEASE AND DESIST, UNDER PAIN OF CONTEMPT**, from engaging in activities of selling and/or offering for sale securities in the form of investment contracts or any others of the same nature, as discussed in this *Order*, until the requisite registration statement is duly filed with and approved by the Commission and the corresponding to offer/sell is issued.

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 behalf of the subject corporations.

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[36] Annex "A" of the *Motion*, p. 52 records.

[37] Section 64.1., SRC. 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.

[38] *Securities and Exchange Commission vs. Performance Foreign Exchange Corporation*, GR No. 154131, 20 July 2006.

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

The **Enforcement and Investor Protection Department**, who may seek the assistance of the Commission's Davao Extension Office, is hereby **DIRECTED** to: 1) serve this *Order* to DRAGON ONE NETWORK TRENDS CORP., its President, General Manager, Corporate Secretary, Treasurer, In-House Counsel or Partners; 2) post copies of the *Order* at the entrance of the main office and/or branches, if any, of DRAGON ONE NETWORK TRENDS CORP.

Let a copy of this Order be also posted in the Commission's website; published in a national newspaper of general circulation and furnished to all operating departments and offices of the Commission for their information and appropriate action.

EIPD, in coordination with other concerned departments, is **FURTHER DIRECTED** to submit a formal compliance report, by way of a pleading, to the Commission *En Banc* within five (5) days from receipt of this *Cease and Desist Order.*

In accordance with the provisions of Sec. 64.3[40] of SRC 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.**

Pasay City, Philippines; 22 September 2016.

**TERESITA J. HERBOSA**
*Chairperson*

**MANUEL HUBERTO B. GAITE**
*Commissioner*

**ANTONIETA F. IBE***
*Commissioner*

**EPHYRO LUIS B. AMATONG**
*Commissioner*

**BLAS JAMES G. VITERBO**
*Commissioner*

*On Official Business

[40] SRC, Section 64.3. Any person against whom a cease and desist order was issued may, within five (5) days from receipt of the order, file a formal request for a lifting thereof. Said request shall be set for hearing by the Commission not later than fifteen (15) days from its filing and the resolution thereof shall be made not later than ten (10) days from the termination of the hearing. If the Commission fails to resolve the request within the time herein prescribed, the cease and desist order shall automatically be lifted.