Republic of the Philippines
Department of Finance
Securities and Exchange Commission

ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

In the Matter of:

For: Revocation of Certificate of Incorporation/Registration

**SENIOR CITIZENS AND
ELDERLY WELFARE CLUB
OF THE PHILIPPINES INC.
SEC Registration No. CN201951991**
x---x

ORDER OF REVOCATION

SENIOR CITIZENS AND ELDERLY WELFARE CLUB OF THE PHILIPPINES INC. ("**SCEW**") was registered with the Securities and Exchange Commission (SEC) on April 22, 2019 under Company Registration No. CN201951991 with the following primary purpose:

> *"To initiate and promote a healthy and harmonious association by developing the civic, spiritual, social and cultural awareness and consciousness to the underprivileged, sick, elderly, a junior citizens age of 40 years old to 59 years old, senior citizens 60 years old and above woman and children and to act as an intermediary with the National and Local Government Units and other Government and Private entities worldwide task with the delivery of basic necessities and services to the community nationwide."*

Sometime on February 2019, the EIPD received various emails through the *SEC i-Message Mo* facility that SCEW is apparently engaged in fraudulent activities or transactions without being legally authorized, quoted herein verbatim, thus:

> *"May kumakalat po na ID ngayon na ang tawag ay SCEW (Senior Citizan and Elderly Welfare) at nagpakita ng SEC Registration na nai-attach ko po dito. Ang ID ay nagkakahalaga ng Php200.00 at kahit sino na gustong bumili ay pwedeng makakuha nito. Ito ay magagamit na parang Senior Citizen na pwedeng makakuha ng discount na gaya ng Senior Citizen kahit pa wala sa idad na 60 years old. Kahit sino pwede magkaroon ng ID basta magbayad lang ng Php200.00 kapalit ng ID.*
>
> *Ito po ba ay legal? Isa daw itong private organization at ang pinagbabasihan nila ay ang RA9994. Please po kung ito ay illegal you need to inform the public kasi pinapakita din po nila ang SEC Registration na kasama ng email na ito as valid proof.*
>
> *Reply naman po kayo sa akin para alam ko kung itutuloy ko ang pagkuha ng ID, kung legal.*

> *x x x*
>
> *Dear SEC,*
>
> *I received information that certain corporate entity "Senior Citizen and Elderly Welfare Club of the Philippines, Inc." was distributing an identification card similar below for a fee in exchange of the benefits derived from RA 9994 or otherwise known as the Expanded Senior Citizen Act of 2010, to any individual NOT entitled under the law.*
>
> *I hope that you take notice of this scheme not to jeopardize the intention of the law dedicating the privileges and benefits ONLY to our senior citizens.*
>
> *Note that I have no personal information, I just got this information from a friend which would be considered as hearsay under the law but will give the idea that some scrupulous individuals are taking advantage of what the law should be given only to senior citizens.*
>
> *x x x*
>
> *DTI recently issued an advisory about the unscrupulous practices of the Senior Citizen and Elderly Welfare Club of the Philippines Inc. (SCEW Club), which is said to be using the name of DTI in selling their supposed discount booklets for Php350.00. The discount booklets, as they claim, will provide senior citizen discounts to members aged 40-59.*
>
> *Their Facebook page carries their TIN# and SEC registration number making them appear legit. So, in an effort to inform the public, I would like to get your statement as to how legit is SCEW Club? Is their SEC registration real and in what category is the club registered in? Their address says Quezon City but some posts of members are from the Mindanao, so they must have members all over the country. I hope you can help me with my inquiries. Thanks.*

On 24 June 2019, the EIPD received a Memorandum from the then Officer-In-Charge of the Company Registration and Monitoring Department (CRMD), Atty. Sampaguita R.H. Ladrido, with the following tenor:

> *The Department of Trade and Industry, thru its Assistant Director Malou De Silva, inquired about the status of the above-mentioned corporation. She related in her message that this association sells ID worth Php350.00 to people ages 40 to 59. In fact, it issues DTI stamped booklets to avail of alleged discounts.*
>
> *The DTI has already issued warning to the public on the modus operandi of this association. Hence, we forward this for your appropriate action.*

Then, on 08 July 2019, this Department received an email from a concerned citizen. Attached therewith is a photo of the SCEW ID being sold to the public. The dorsal portion of the SCEW ID as shown in the photo contains the following information:

*"**Benefits and Privileges under Republic Act No. 9994:***

- *Free Medical/Dental, Diagnostic & Laboratory Service in all Government facilities.*
- *20% Discount in Purchase for Medicines, Essential Medical Supplies, Accessories and Equipment including Prescribed Vitamins.*
- *20% Discount in Hotels, Restaurants, Recreation Centers, Funeral Parlors and similar establishments.*
- *20% Discount in Theaters, Cinema Houses & Concert Halls, etc.*
- *20% Discount Medical/Dental, Diagnostic & Laboratory Service in private facilities.*
- *20% Discount in Fare for Domestic Air, Sea Travel & Public Land Transportation.*
- *5% Discount on Purchase of Basic Goods up to Php1,300.00/week.*
- *12% VAT-Exemption on the Purchase of Goods & services which are entitled to the 20% discount.*
- *5% Discount on Light & Water for consumption up to 100kw & 30cu.m for registered Senior Citizens.*

*Persons and Corporations violating RA9994 shall be penalized. **This ID Card is exclusive for Senior Citizens and Elderly Welfare Club of the Philippines.** Abuse of privilege is PUNISHABLE by law."*

In 2020, this Department received three (3) more emails from the public and at present, the Department received two (2) more emails from the public informing that SCEW still sells ID cards amounting to Php350.00

As part of the investigation, the Enforcement and Investor Protection Department (EIPD) requested the CRMD a confirmation on whether SCEW is a SEC-registered entity and whether it has been issued a secondary license by the Commission.

In reply to EIPD's request, the CRMD certified that records of **SCEW** with SEC Registration No. CN201951991 on file with the Commission show that the corporation was registered on April 22, 2019.

Further, the CRMD certified that records of the Commission show that SCEW has not been issued a secondary license as a Lending Company, Broker and/or Dealer of Securities, Dealer in Government Securities, Investment Adviser of an Investment Company, Investment House and Transfer Agent and it has not filed nor has any pending application for a secondary license with the Department.

The EIPD likewise inquired with the Markets and Securities Regulation Department (MSRD) and the Corporate Governance and Finance Department (CGFD) if SCEW has been issued or has a pending application for a registration/permit to sell securities and license to offer or sell securities to the public.

The CGFD and MSRD issued Certifications both dated 30 August 2019. The MSRD certified that as per records on file with the Department, SCEW has not registered any securities pursuant to Sections 8 and 12 of the Securities Regulation Code (SRC). Likewise, the Department has not issued a Permit to Sell Securities in favor of **SCEW**. Further, said entity has not filed nor has any pending application for registration/permit to sell securities.

Meanwhile, the CGFD certified that based on records on file with the Commission, **SCEW** is not a registered issuer of mutual funds, exchange traded funds and proprietary/non-proprietary shares or membership certificates and timeshares pursuant to Sections 8 and 12 of the SRC and therefore not licensed to offer or sell such securities to the public.

Then, on 03 July 2019, as part of the initial investigation of the EIPD, the Department wrote several communications to different government agencies, for case coordination, such as the Office of the Standards Bureau of the Department of Social Welfare and Development – considering that one of the sectors being handled by the DSWD is the senior citizen group; the Office of the Senior Citizens' Affairs of the Quezon City Hall – considering that the subject entity's principal office address is in Quezon City and the Department of Trade and Industry.

Then on 29 July 2019, the assigned investigator conducted an ocular inspection in order to verify if the subject company's principal office is located in the address stated in its Articles of Incorporation filed with the Commission. Below is an excerpt of the assigned investigator's *Summary Report on Field Investigation*, to wit:

Findings and Recommendation:

- The undersigned was able to verify that the subject company's principal office is NOT located in the address stated in its Articles of Incorporation.
- The Articles of Incorporation reflects the address at 10 B. Omero St., Holy Spirit, Quezon City. However, when the undersigned went to the said office it was found out that the address is incomplete and not specific.
- The undersigned decided to inquire at Don Romero St., Don Antonio Heights, Holy Spirit, Quezon City and found out that it is an office of the subject entity.
- The undersigned then proceeded to the office of the Homeowners Association of Don Antonio Heights and upon verification the undersigned found out that there is no Mr. Restituto Perez Jr. registered in their database.

- In view of this, the following is being recommended:

  - ❖ Explore other addresses of the subject entity as may be provided by complainants or may be found in the evidence gathered in the course of the investigation.
  - ❖ Invite the company's officers or representatives for a case conference to be able to discuss about its activities.
  - ❖ Issue a Show Cause Order as to why the Certificate of Incorporation of SCEW Club should not be revoked and why no administrative sanctions and/or criminal charges should be

imposed/filed against the subject corporation as well as its incorporators, directors and officers for violation of the Securities Regulation Code (SRC) and its Implementing Rules and Regulations.

Another ocular inspection was again conducted on 27 August 2019. The purpose of which is to verify if the subject company's office in the address stated in the Identification Card of SCEW. Based on the Summary Report on Field Investigation the investigator was able to verify that the subject company's office indicated in the Identification Card (ID) that was given by SCEW to its members is being occupied by a certain Rev. Ricardo D. Bello. Said address is located at 32 Yellow Building, 2nd Floor, IBP Road, Batasan Hills, Quezon City. Upon arrival at the above-mentioned address, a tarpaulin of a religious group, Jesus Christ is Lord Church, was posted at the area.

Considering that the actions of the subject entity may constitute a violation of the Senior Citizens Act and/or other frauds under the Revised Penal Code, the EIPD deemed it proper to refer the matter to the Philippine National Police through a letter addressed to then Police Major General Amador V. Corpus of the Criminal Investigation and Detection Group (CIDG). The letter was promptly replied upon by Police Brigadier General Bernabe M. Balba, the Officer-In-Charge of the CIDG, saying that the Chief of the Anti-Fraud and Commercial Crime Unit (AFFCU) was directed to conduct investigation on the matter and that any development relative thereto will be forwarded to the SEC as soon as obtained.

Meanwhile, the EIPD continue to receive numerous queries and reports from the public on the activities of **SCEW**. Thus, on 04 September 2019, another ocular inspection/surveillance operation was conducted with the purpose of observing the activities of SCEW and to inquire with the Office of the Senior Citizens Association (OSCA) of Quezon City as to the operation of SCEW. Excerpts from the *Summary Report on Field Investigation* read as follows:

> *"xxx. Based on the information and as stated in the Articles of Incorporation, the office of SCEW is located at No. 10B Don Romero St., San Antonio Hills, Quezon City. The team went to the address, however, it was found out that the office was actually located behind the house where the team initially planned to visit.*
>
> *xxx*
>
> *The team immediately expressed their intention to purchase the senior citizen's card. The undersigned also disclosed that they were concerned about the complaints that they heard from the news. Mr. Perez calmly explained that what the SCEW was doing was only to help the Filipino people recover the taxes that they paid and that it is unfair that only senior citizens would receive benefits and discounts from the government, disregarding the working group. He then emphasized that he is just helping the people in bridging the gap and inequality in the grant of benefits to the other age group other that the senior citizens.*
>
> *xxx*
>
> *Mr. Perez then expounded the benefits of the membership in SCEW*

which are the following: The availment of all the discounts and grants enjoyed by the senior citizens and the grant of funeral benefits with just only the payment of a lifetime membership of Php300.00.

Aside from the legal jargons used, he intensified his authority by representing to have a close association with President Duterte because he was the leader of the latter during the election. As proof of his explanations, he furnished us with copies of the documents that SCEW possesses, including memoranda, IDs for the officers, vision, mission, registration form, letters to establishments that give discounts to the senior citizens, letters to SSS, DSWD, PAG-IBIG, NEDA and DOJ, Certificate of Incorporation issued by the SEC and Certificate of Registration issued by the Bureau of Internal Revenue. These are the set of documents that he provides to those possible officers, for them to be able to explain the legalities, activities and purpose of SCEW.

xxx

SCEW IDs are not exclusively offered in Quezon City. Mr. Perez informed the team that it has several offices all over the Philippines, with 140 branches or satellites in its record of geographical coverage of the operation. He also proudly presented that SCEW ID can also be availed of abroad.

xxx

After the ocular inspection, the team proceeded to the Office of the Senior Citizens Association (OSCA) of Quezon City. The legal counsel of OSCA and two other members joined with the team and discussed the matter. The OSCA representative added that aside from collecting Php300.00, there were also reports that SCEW is also selling booklets very similar to those issued to the senior citizens at a certain amount. OSCA Quezon City is already disseminating advisory and is planning to have the warning against dealing with SCEW to be published in the newspaper.

As an update, the back portion of the SCEW ID that reflects the benefits that can be availed of by the senior citizens was already changed to their mission and vision. The change was made after Mr. Perez' presence was called before the OSCA officers and advised him to do such.

As a remark, despite the change of the back portion of the SCEW ID, Mr. Perez, during the ocular inspection, still encourages 40-59 years old people to purchase SCEW ID because holders of these IDs will be able to avail of those benefits same as the senior citizens.

Subsequently, on 06 September 2019, the EIPD issued a Show Cause Order directing **Restituto E. Perez Jr.**, **Betty Constancia Dorneo Perez**, **Nicanor Sy Layco**, **Gloria Balboa Layco** and **Juliet Sison Panergo**, directing them to show cause why its Certificate of Incorporation should not be revoked, to wit:

a) *Show cause why the Certificate of Incorporation of Senior Citizens and Elderly Welfare Club of the Philippines, Inc. should not be revoked pursuant to Section (i) (2) of Presidential Decree No. 902-A for serious misrepresentation as to what the corporation can do or is doing to the great prejudice of or damage to the general public; and*

b) *Show cause why no administrative sanctions and/or criminal charges should be imposed/filed against the subject corporation as well as its incorporators, directors and officers for violation of the Revised Corporation Code of the Philippines.*

Then, on 14 September 2019, the above-named individuals subject of the Show Cause Order filed a joint *Reply,* which reads:

> *"xxx To begin with, the Senior Citizens and Elderly Welfare Club of the Philippines, Inc. was registered at the Securities and Exchange Commission dated April 22, 2019 and Bureau of Internal Revenue, Revenue No. 007, District No. 28 dated May 14, 2019 as mandated under the 1986 Constitution, Sec. 15-16, Art. XIII-Social Justice and Human Rights-Role and Rights of Peoples Organizations.*
>
> *xxx*
>
> *It should, however, be clarified that the SCEW Club is not selling the Identification Card. The SCEW ID is a membership ID Card for a lifetime membership dues donation of P150 with an official receipt registered at BIR, hereto attached "Annex A" for your perusal.*
>
> *Hence, while the issue of allegedly operate as a discount card, which entitles the holder to the 20% discount as provided under R.A. No. 9994. The SCEW Club Identification Card is a membership Card not a discount card and is definitely the R.A. 9994 additional benefits to our Senior Citizens is for Senior Citizens 60 and above.*
>
> *In fact, it is very clearly stated in the SCEW Club purposes, to initiate and promote a healthy harmonious association by developing the civic, spiritual, social and cultural awareness and consciousness to the underprivileged, sick, elderly, a junior citizens age of 40 years old to 59 years old, senior citizens 60 years old and above, woman and children and to act as an intermediary with the national and local government units and other government and private entities worldwide task with the delivery of basic necessities and services to the community nationwide."*

On 30 September 2019, an Advisory against SENIOR CITIZEN AND ELDERLY WELFARE CLUB OF THE PHILIPPINES, INC. was posted at the SEC website stating the abovementioned schemes and informing the public that the subject entity is registered with the Commission as a non-stock corporation with the purpose of initiating and promoting a healthy and harmonious association to junior citizens aged 40 to 59 years old. It does NOT include in its purpose the issuance of membership cards that offer to members the discounts and privileges available for senior citizens under Republic Act 9994 otherwise known as the Expanded Senior Citizens Act of 2010. Said Advisory likewise advised the public to take the necessary precaution in dealing with SENIOR CITIZEN AND ELDERLY WELFARE CLUB OF THE PHILIPPINES, INC. or its representatives and not to believe in any of its misrepresentation that the SCEW cards may be used as discount cards and that its members may be entitled to the benefits and privileges given to senior citizens under the law.

The factual backdrop having been laid, we now resolve the instant proceedings on the basis of the documents submitted and the available evidence.

Section 2 of the Revised Corporation Code of the Philippines (R.A. No. 11232) defines corporation as an artificial being created by operation of law, having the right of succession and the powers, attributes, and properties expressly authorized by law or incidental to its existence.

Based on the evidence gathered, SCEW has committed the following violations:

i. Serious misrepresentation as to what the corporation can do or is doing to the great prejudice of or damage to the general public, under Section 6 (i)(2) of Presidential Decree No. 902-A;
ii. Violation of the provision of Republic Act No. 9994, otherwise known as the Expanded Senior Citizens Act of 2010; and
iii. Other deceits under Article 318 of the Revised Penal Code.

These powers, attributes and properties are outlined in the Articles of Incorporation of a corporation. Such Articles of Incorporation must contain, among others: the name of the corporation, the specific purpose or purposes for which the corporation is formed and the place where the principal office of the corporation is to be located, which must be within the Philippines.

It is the registration or incorporation, by operation of law, which grants a corporation the status as an artificial being. The law, therefore, grants life to a corporation by virtue of the representations that the corporation made in its Articles of Incorporation.

In the instant case, the purposes for which the SCEW Club Philippines, Inc. was incorporated was to initiate and promote a healthy and harmonious association by developing the civic, spiritual, social and cultural awareness and consciousness to the underprivileged, sick, elderly, a junior citizens age of 40 years old to 59 years old, senior citizens 60 years old and above woman and children and to act as an intermediary with the National and Local Government Units and other Government and Private entities worldwide tasked with the delivery of basic necessities and services to the community nationwide.

Applying the foregoing, the act of the subject corporation in selling SCEW Cards in the amount of Php300.00-Php600.00 to persons ages 40 to 59 years old with the enticement that the SCEW Card also operates as a discount card and will entitle the holder to the 20% discount of senior citizens provided under Republic Act No. 9994 or the Expanded Senior Citizens Act is considered a serious misrepresentation.

Finally, Section 6 of Presidential Decree 902-A provides that the Commission has the power to suspend, or revoke, after proper notice and hearing, the franchise or certificate of registration of corporations, partnerships and associations, on the ground of serious misrepresentation as to what the corporation can do or is doing to the great prejudice of or damage to the general public. Under the 2016 Rules of Procedure of the SEC, the EIPD shall exercise authority over persons and entities, whether under the primary authority of other Operating Departments, involved in the following:

xxx "1. Investigations and administrative actions involving the following:

xxx c) Selling, offering or transacting unregistered securities by entities without secondary license;

d) Ultra Vires acts committed in violation of the Revised Corporation Code;

2. Petitions for revocation[1] of corporate registration in all cases, except those which fall under the original authority of CRMD;

3. Administrative actions for fraudulent transactions involving securities;

4. Administrative actions for all other violations under PD 902-A, except those cases which fall under the original authority of other Operating Departments;

5. All other matters involving investor protection filed by the public, referred by self-regulatory organizations, or referred by other Operating Departments after initial evaluation or findings that there is a possible violation of laws, rules or regulations that the Commission implements but do not fall under their respective original authority."

When respondent SCEW submitted its Reply to the Show Cause Order, the reply consisted of general denials. They merely insisted that the SCEW ID is a membership card wherein in exchange for a lifetime membership a donation of One Hundred Fifty Pesos (Php 150.00) is collected. However, their argument is gravely inconsistent with the numerous reports the Commission has received from different complainants, as well as from the results of the field investigation conducted by the assigned investigator.

It is worthy to note that the registration of SCEW with the Commission only grants the subject entity the authority to engage in activities and/or transactions consistent with and pursuant to the purposes as stated in its Articles of Incorporation. SCEW is not authorized to act beyond what is stated therein or to violate any law using the Certificate of Incorporation issued by the Commission.

Considering that nowhere in the purpose clause of respondent's Articles of Incorporation is it stated that the corporation will be engaged in the business of selling SCEW ID cards and giving discounts to junior citizens otherwise not entitled for discounts under Republic Act No. 9994 or the Expanded Senior Citizens Act of 2010, the activities of SCEW in selling SCEW ID cards with a promise of entitlement to the 20% discount is considered an *ultra vires act* and therefore, constitutes serious misrepresentation as to what the corporation can do to the great prejudice or damage to the general public which is a ground for the revocation of a corporation's primary

[1] Revocation of the certificate of incorporation as an Administrative Sanction pursuant to Section 158 of the Revised Corporation Code.

franchise or certificate of registration/incorporation under PD 902-A.

WHEREFORE, for violation of Section 44 of the Revised Corporation Code (R.A. No. 11232)] and Section 6(i)(2) of P.D. 902-A, the corporate registration or Certificate of Incorporation/Registration of **SENIOR CITIZENS AND ELDERLY WELFARE CLUB OF THE PHILIPPINES INC.** is hereby **REVOKED.**

Accordingly, let this Order be attached by the Corporate Filing and Records Division of the Company Registration and Monitoring Department (CRMD) to the records of the corporation on file with the Commission. Further, the Information and Communications Technology Department (ICTD) of the Commission is likewise requested to enter the *"revoked"* status of the subject corporation in the online database of the Commission.

SO ORDERED.

Pasay City, 6 September 2021.

OLIVER O. LEONARDO
Officer-in-Charge