Securities and Exchange Commission PHILIPPINES

BAGONG PILIPINAS

ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

In the matter of:

SEC EIPD CASE NO. 2024-8000

F2M AGRI-FARM OPC
Company Registration No. 2023030089159-01
x---x

F2M AGRI-FARM OPC
Unit 3A, E & J Bldg., 1031 JP Rizal, Concepcion Uno, City of Marikina, Second District, National Capital Region (NCR), 1807

MARTIN AUGUSTIN
Concepcion Uno, City of Marikina, Second District, National Capital Region (NCR), 1807

JOHN LOPEZ
Nominee
Concepcion Uno, City of Marikina, Second District, National Capital Region (NCR), 1807

GARCIA LEOVY
Alternate nominess
Concepcion Uno, City of Marikina, Second District, National Capital Region, (NCR), 1807

REVOCATION ORDER

F2M AGRI-FARM OPC was granted its Certificate of Registration by the Commission on 06 February 2019 under Company Registration No. 2023030089159-01 with an incorporator named:

Name	Citizenship	Residential Address
Martin Augustin	Filipino	Concepcion Uno, City of Marikina, Second District, National Capital

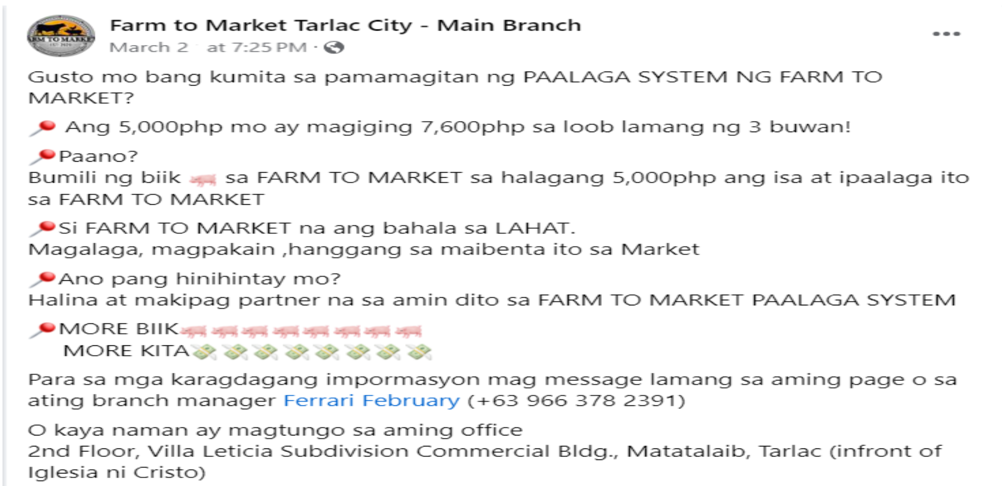
		Region (NCR), 1807

The purpose or purposes of **F2M AGRI-FARM OPC** as stated in its Articles of Incorporation is:

> *"To develop, manage, own, lease and operate agricultural lands, farms, pasture, lands ranches, foreshore lands with or without concessions and/or to engage in the planting and cultivation of other farm products and in general undertake or carry out on all kinds of studies, experiments, cultivation, storage, and wholesale and retail trading in all kinds of agricultural products and its buy-products in the Philippines or elsewhere.*

Sometime in April 2024, the Commission received reports from its Tarlac City and Baguio City Extension Offices, informing the Commission of the result of their initial investigation on the activities of **F2M AGRIFARM OPC / FARM TO MARKET / F 2 M AGRICULTURAL FARM,** wherein they provided the EIPD with links containing the Facebook posts of **F2M AGRIFARM OPC / FARM TO MARKET / F 2 M AGRICULTURAL FARM** that constitute offering and/or selling of securities.

Based on the reports and as posted in its Facebook Page, **FARM TO MARKET TARLAC CITY – MAIN BRANCH** is inviting the public to invest under its "***F2M 3 Months Paalaga System"*** by buying one (1) piglet for the price of Php 5,000.00 for a promise of getting the investment back amounting to Php 7,600.00 in just three (3) months or equivalent to 30% Return of Investment (ROI) less 5 % Service Charge. Below is a screenshot copy of the said FB post:


Farm to Market Tarlac City - Main Branch
March 2 at 7:25 PM

Gusto mo bang kumita sa pamamagitan ng PAALAGA SYSTEM NG FARM TO MARKET?

📍 Ang 5,000php mo ay magiging 7,600php sa loob lamang ng 3 buwan!

📍Paano?
Bumili ng biik 🐖 sa FARM TO MARKET sa halagang 5,000php ang isa at ipaalaga ito sa FARM TO MARKET

📍Si FARM TO MARKET na ang bahala sa LAHAT.
Magalaga, magpakain ,hanggang sa maibenta ito sa Market

📍Ano pang hinihintay mo?
Halina at makipag partner na sa amin dito sa FARM TO MARKET PAALAGA SYSTEM

📍MORE BIIK🐖🐖🐖🐖🐖🐖🐖🐖
MORE KITA💸💸💸💸💸💸💸💸

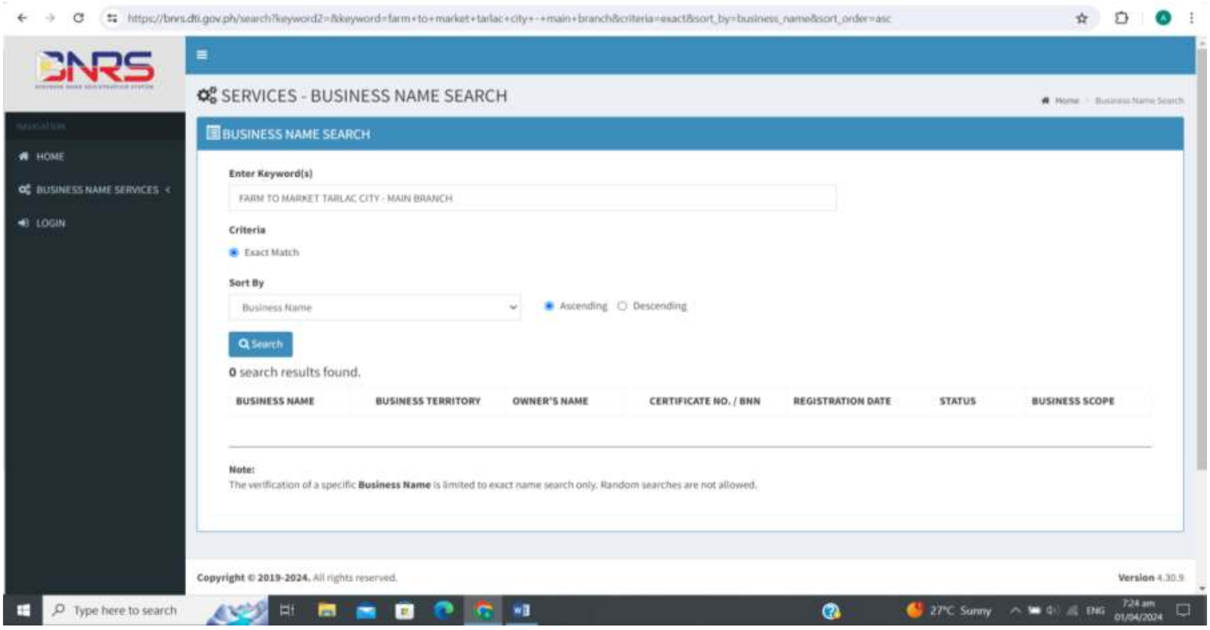
Para sa mga karagdagang impormasyon mag message lamang sa aming page o sa ating branch manager Ferrari February (+63 966 378 2391)

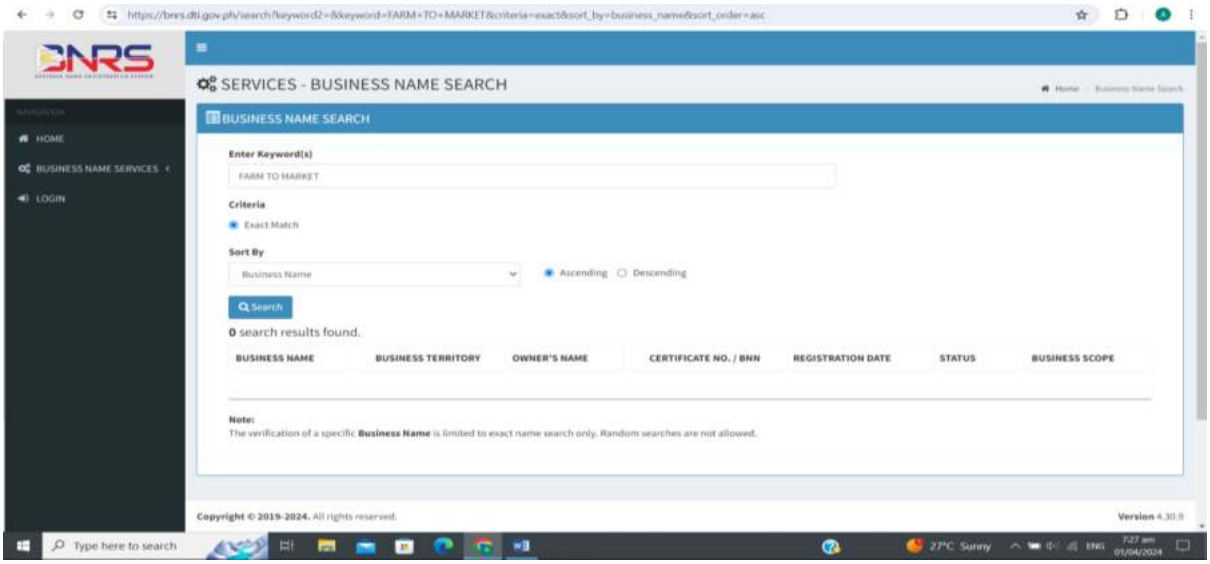
O kaya naman ay magtungo sa aming office
2nd Floor, Villa Leticia Subdivision Commercial Bldg., Matatalaib, Tarlac (infront of Iglesia ni Cristo)

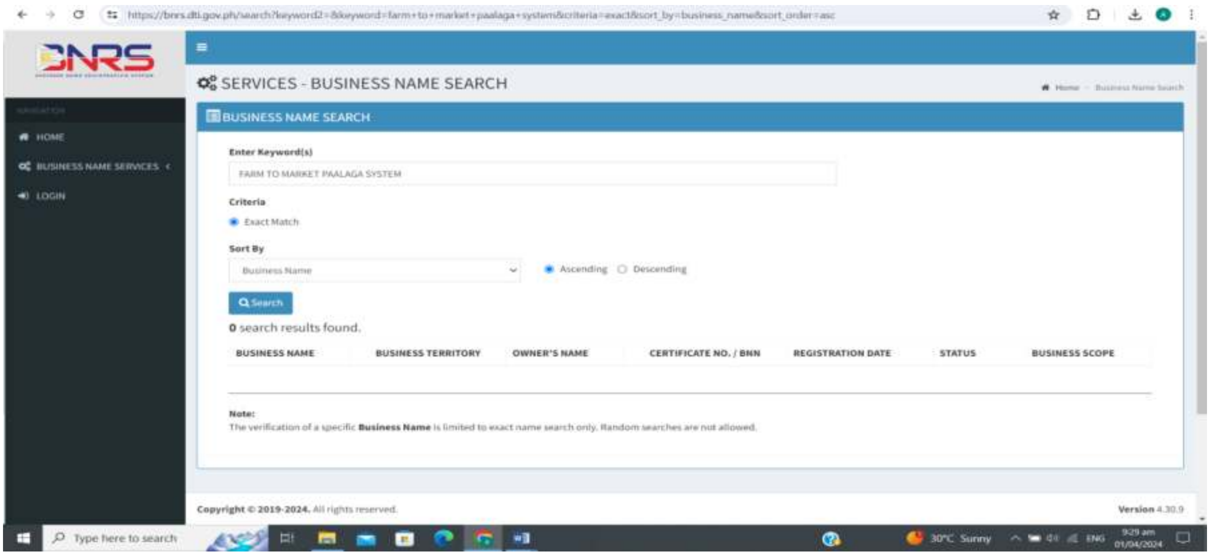
In the same FB Page, **FARM TO MARKET TARLAC CITY – MAIN BRANCH** posted a sample computation of the company's compensation scheme under its "***F2M 3 Months Paalaga System"***. Below is a screenshot copy of the said FB post:

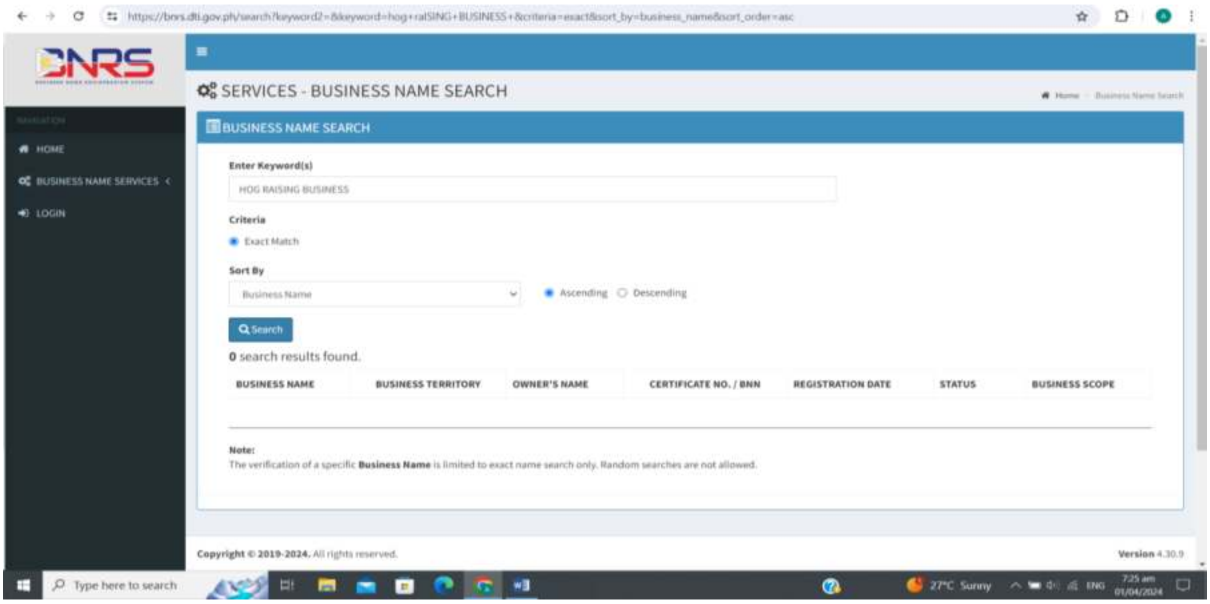
No. of Piglets	1	3	5	7	10	20
Cost Per Piglet	5,000	5,000	5,000	5,000	5,000	5,000
Total Cost	5,000	15,000	25,000	35,000	50,000	100,000
EarningPer Piglet	3,000	3,000	3,000	3,000	3,000	3,000
Total Earning	3,000	9,000	15,000	21,000	30,000	60,000
OVER-ALL TOTAL	8,000	24,000	40,000	56,000	80,000	160,000
Less : 5% Service Charge	400	1,200	2,000	2,800	4,000	8,000
NET Amount to be received after 3 months (CAPITAL and EARNINGS)	7,600	22,800	38,000	53,200	76,000	152,000

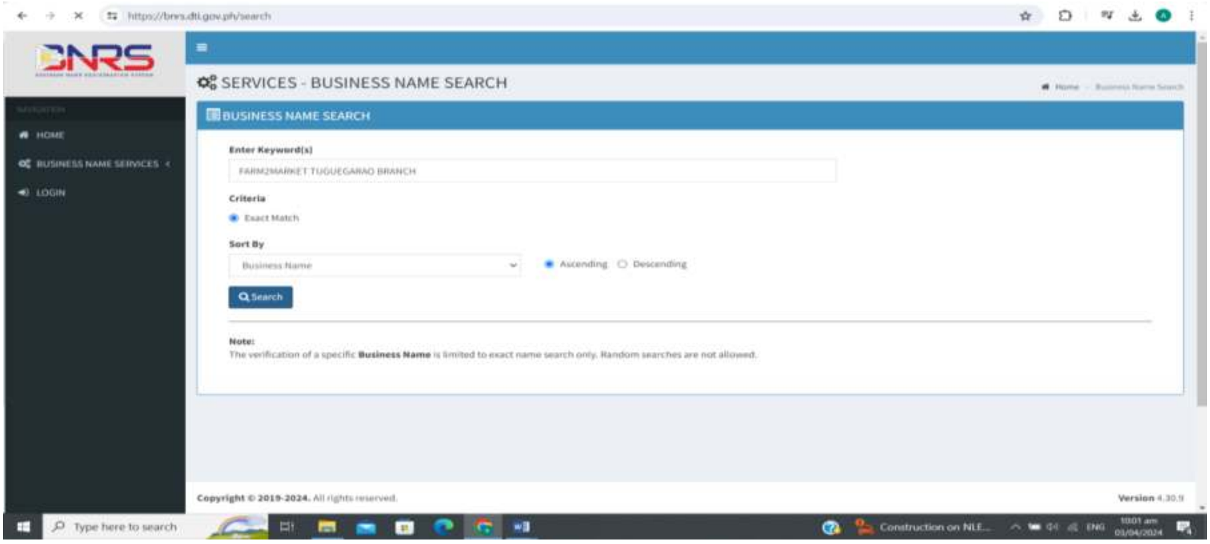
Further, upon online verification with DTI's Business Name Registration System (BNRS), it was discovered that the name **FARM TO MARKET TARLAC CITY – MAIN BRANCH / FARM TO MARKET / FARM TO MARKET PAALAGA SYSTEM / HOG RAISING BUSINESS /** FARM2MARKET TUGUEGARAO BRANCH / **FARM TO MARKET DAGUPAN / FARM 2 MARKET LA UNION BRANCH / FARM2MARKET LAGAWE, IFUGAO / FARM2MARKET-SOLANO NUEVA VIZ.BRANCH / FARM TO MARKET TAYUG** does not appear in its system. Attached are screenshot copies of the said BNRS results:

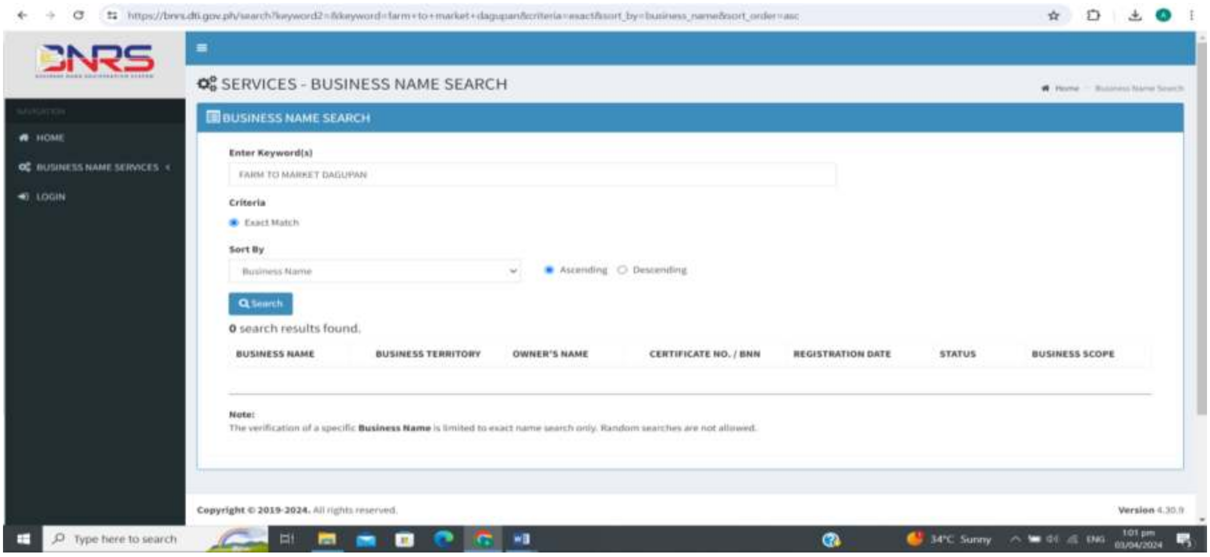


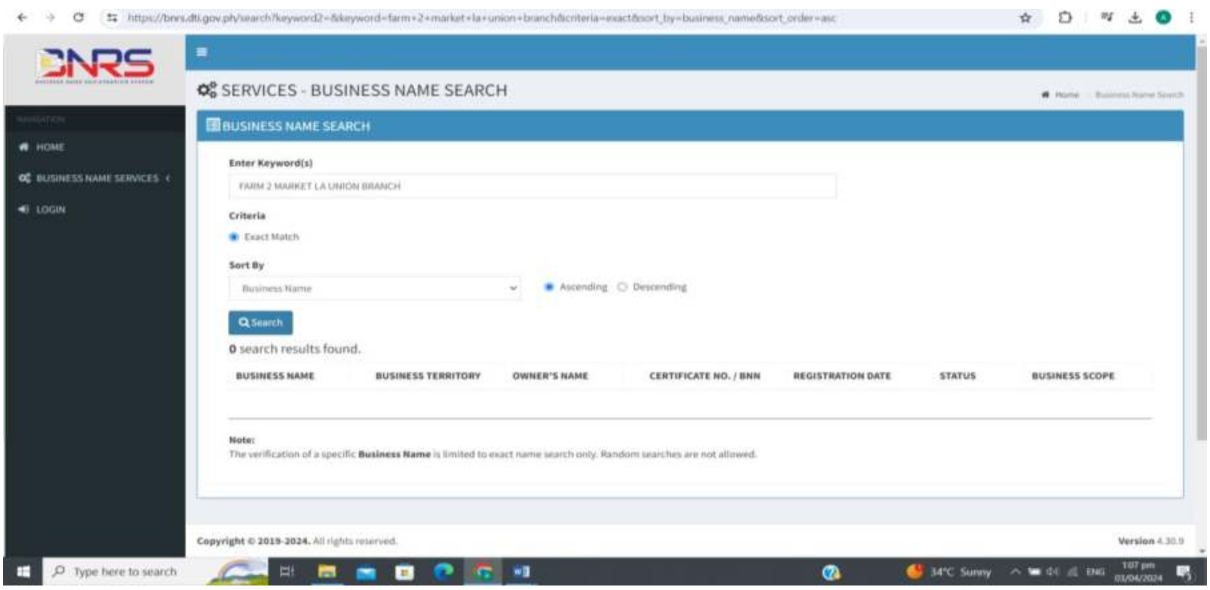

SERVICES - BUSINESS NAME SEARCH
BUSINESS NAME SEARCH
HOME
BUSINESS NAME SERVICES
LOGIN
Enter Keyword(s)
FARM TO MARKET
Criteria
Exact Match
Sort By
Business Name
Ascending
Descending
Search
0 search results found.
BUSINESS NAME
BUSINESS TERRITORY
OWNER'S NAME
CERTIFICATE NO. / BNN
REGISTRATION DATE
STATUS
BUSINESS SCOPE
Note:
The verification of a specific Business Name is limited to exact name search only. Random searches are not allowed.
Copyright © 2019-2024. All rights reserved.
Type here to search
27°C Sunny
7:27 am
01/04/2024

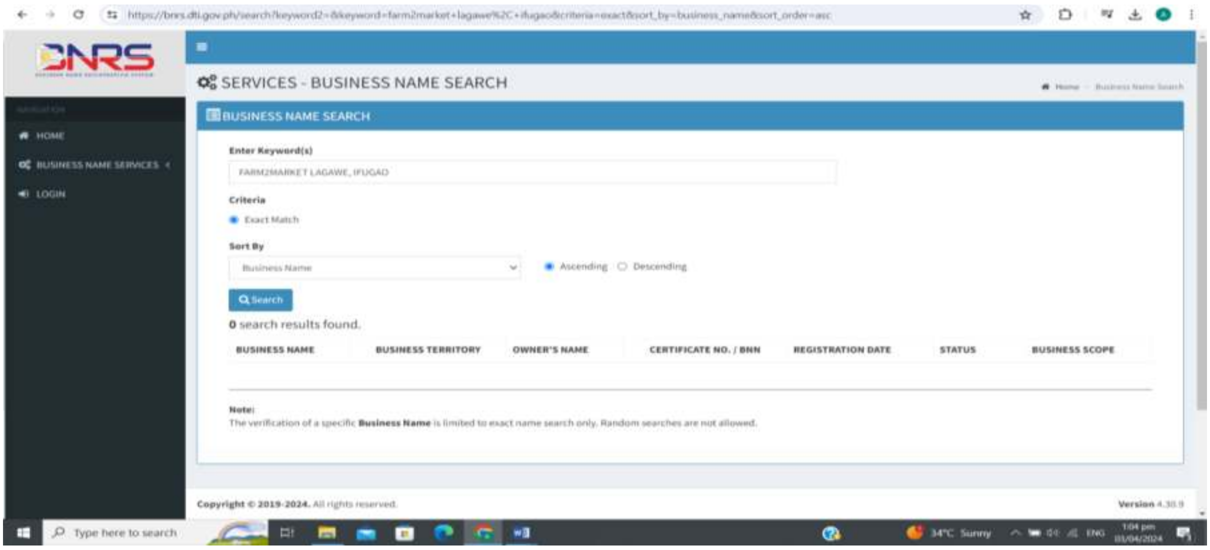

SERVICES - BUSINESS NAME SEARCH
BUSINESS NAME SEARCH
HOME
BUSINESS NAME SERVICES
LOGIN
Enter Keyword(s)
FARM TO MARKET PAALAGA SYSTEM
Criteria
Exact Match
Sort By
Business Name
Ascending
Descending
Search
0 search results found.
BUSINESS NAME
BUSINESS TERRITORY
OWNER'S NAME
CERTIFICATE NO. / BNN
REGISTRATION DATE
STATUS
BUSINESS SCOPE
Note:
The verification of a specific Business Name is limited to exact name search only. Random searches are not allowed.
Copyright © 2019-2024. All rights reserved.
Type here to search
30°C Sunny
9:29 am
01/04/2024

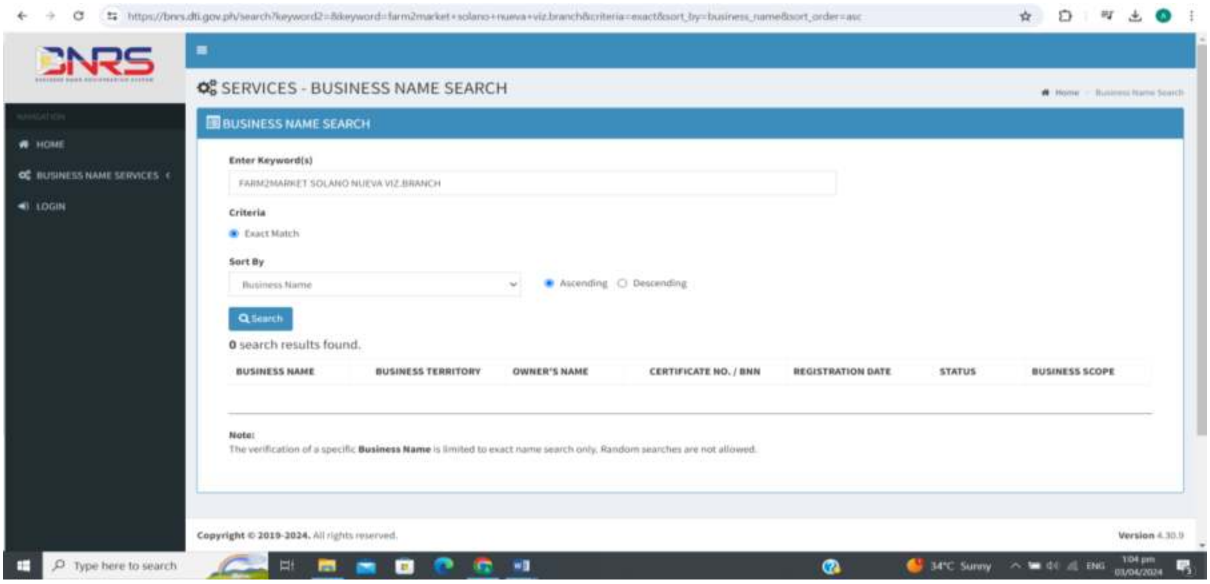

SERVICES - BUSINESS NAME SEARCH
BUSINESS NAME SEARCH
HOME
BUSINESS NAME SERVICES
LOGIN
Enter Keyword(s)
HOG RAISING BUSINESS
Criteria
Exact Match
Sort By
Business Name
Ascending
Descending
Search
0 search results found.
BUSINESS NAME
BUSINESS TERRITORY
OWNER'S NAME
CERTIFICATE NO. / BNN
REGISTRATION DATE
STATUS
BUSINESS SCOPE
Note:
The verification of a specific Business Name is limited to exact name search only. Random searches are not allowed.
Copyright © 2019-2024. All rights reserved.
Type here to search
27°C Sunny
7:25 am
01/04/2024

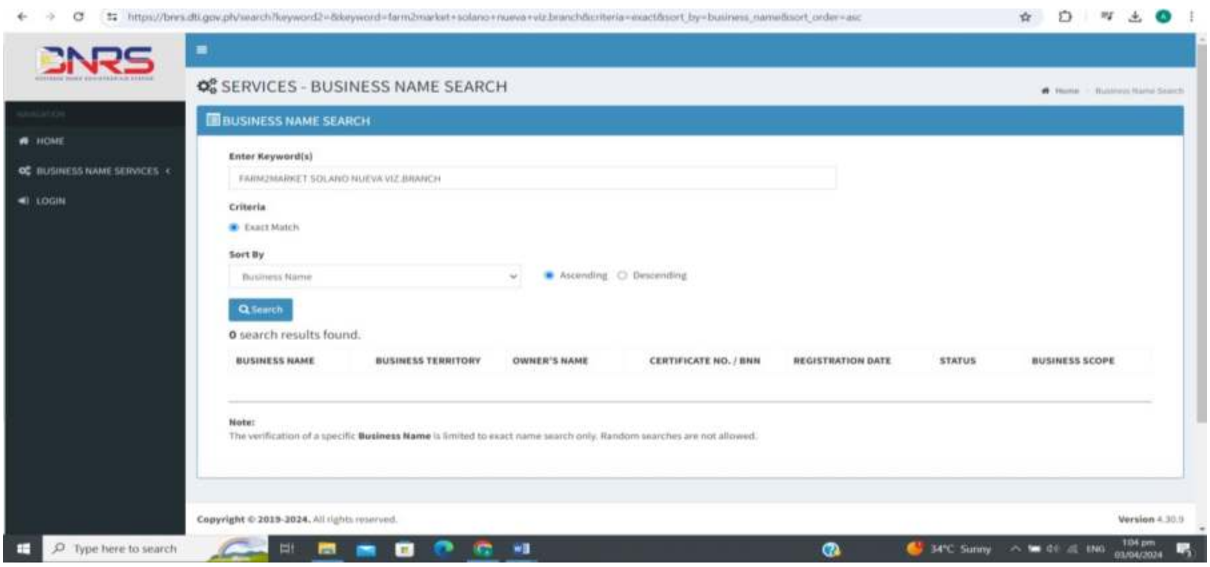

https://bnrs.dti.gov.ph/search
BNRS
HOME
BUSINESS NAME SERVICES
LOGIN
SERVICES - BUSINESS NAME SEARCH
BUSINESS NAME SEARCH
Enter Keyword(s)
FARM2MARKET TUGUEGARAO BRANCH
Criteria
Exact Match
Sort By
Business Name
Ascending
Descending
Search
Note:
The verification of a specific Business Name is limited to exact name search only. Random searches are not allowed.
Copyright © 2019-2024. All rights reserved.
Version 4.30.9
Type here to search
Construction on NLE...
10:01 am
03/04/2024


BNRS
HOME
BUSINESS NAME SERVICES
LOGIN
SERVICES - BUSINESS NAME SEARCH
BUSINESS NAME SEARCH
Enter Keyword(s)
FARM TO MARKET DAGUPAN
Criteria
Exact Match
Sort By
Business Name
Ascending
Descending
Search
0 search results found.
BUSINESS NAME
BUSINESS TERRITORY
OWNER'S NAME
CERTIFICATE NO. / BNN
REGISTRATION DATE
STATUS
BUSINESS SCOPE
Note:
The verification of a specific Business Name is limited to exact name search only. Random searches are not allowed.
Copyright © 2019-2024. All rights reserved.
Version 4.30.9
Type here to search
34°C Sunny
1:01 pm
03/04/2024


BNRS
HOME
BUSINESS NAME SERVICES
LOGIN
SERVICES - BUSINESS NAME SEARCH
BUSINESS NAME SEARCH
Enter Keyword(s)
FARM 2 MARKET LA UNION BRANCH
Criteria
Exact Match
Sort By
Business Name
Ascending
Descending
Search
0 search results found.
BUSINESS NAME
BUSINESS TERRITORY
OWNER'S NAME
CERTIFICATE NO. / BNN
REGISTRATION DATE
STATUS
BUSINESS SCOPE
Note:
The verification of a specific Business Name is limited to exact name search only. Random searches are not allowed.
Copyright © 2019-2024. All rights reserved.
Version 4.30.9
Type here to search
34°C Sunny
1:07 pm
03/04/2024





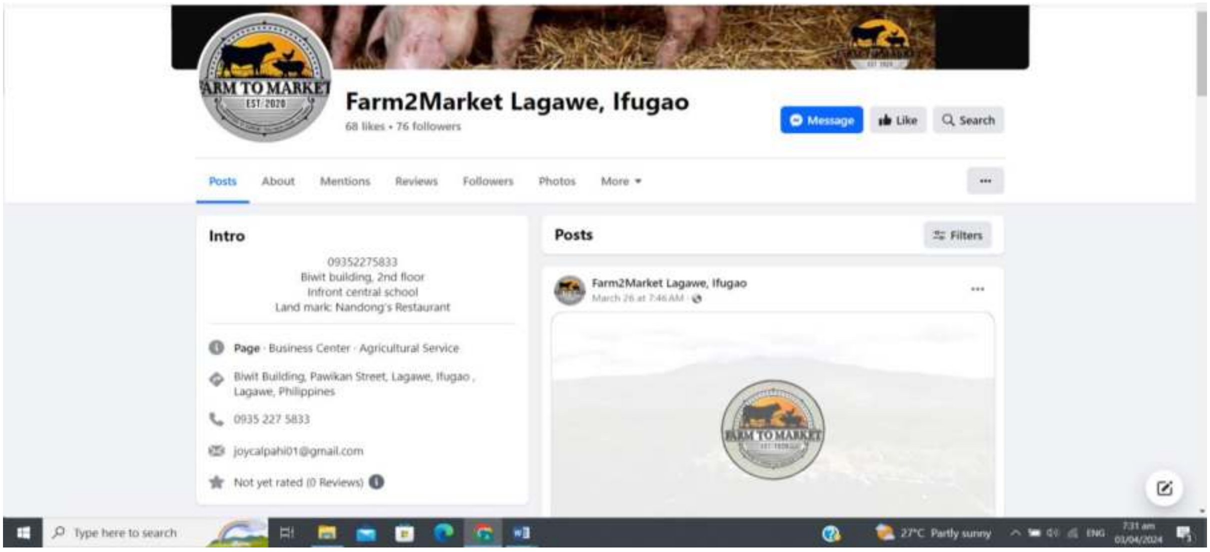


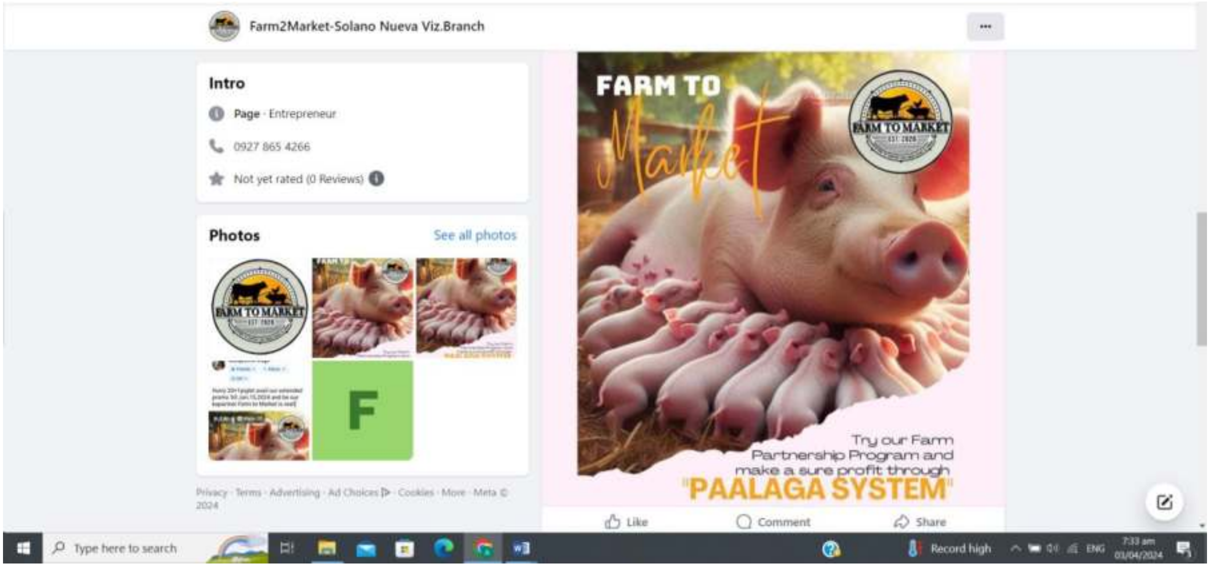
The following are the Facebook Pages that promotes the abovementioned **"FARM TO MARKET PAALAGA SYSTEM":**

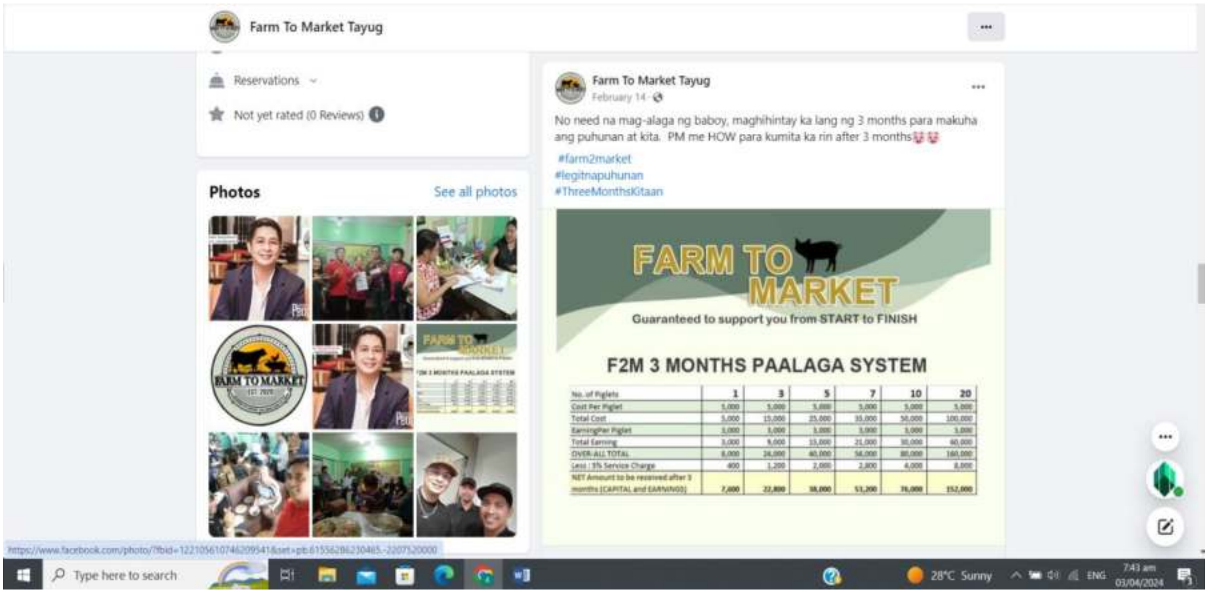

MAG-NEGOSYO AT UMASENSO!!!
Hog Farming Partnership thru PAALAGA SYSTEM
• START YOUR PIGGERY BUSINESS AT THE COMFORT OF YOUR HOME
• NO STRESS! HASSLE FREE!
• CAPITAL STARTS AT P5,000
• FIX QUARTERLY RETURN
FARM TO MARKET
EST 2020
Farm2Market Tuguegarao Branch
October 14, 2023
Gusto mo bang kumita sa pamamagitan ng PAALAGA SYSTEM NG FARM TO MARKET?
Ang 5,000 Php mo ay magiging 8,000php sa loob lamang Ng 3buwan...
Paano?
Bumili Ng Biik sa FARM TO MARKET sa halagang 5,000php Ang Isa at ipaalaga ito sa FARM TO MARKET
Si FARM TO MARKET na Ang bahala sa LAHAT.. Magalaga,Magpakain,Hanggang sa maibenta ito sa Market
Ano pang hinihintay mo?halina at makipag partner na saamin dito sa FARM TO MARKET PAALAGA SYSTEM
MORE BIIK
MORE KITA
Para sa mga karagdagang impormasyon tumawag o mag message sa Cp no.09087290366
Maari din kayong mag message saaking messenger Danny Allam
At magtungo saaming office
#22 Aguinaldo St.M.Carag Building,Centro 6, Tuguegarao City Cagayan Branch.. See less
Type here to search
27°C Mostly sunny
ENG
7:15 am
03/04/2024


FARM TO MARKET
Guaranteed to support you from START to FINISH
F2M 3 MONTHS PAALAGA SYSTEM
No. of Piglets	1	3	5	7	10	20
Cost Per Piglet	5,000	5,000	5,000	5,000	5,000	5,000
Total Cost	5,000	15,000	25,000	35,000	50,000	100,000
EarningPer Piglet	3,000	3,000	3,000	3,000	3,000	3,000
Total Earning	3,000	9,000	15,000	21,000	30,000	60,000
OVER-ALL TOTAL	8,000	24,000	40,000	56,000	80,000	160,000
Less : 5% Service Charge	400	1,200	2,000	2,800	4,000	8,000
NET Amount to be received after 3 months (CAPITAL and EARNINGS)	7,600	22,800	38,000	53,200	76,000	152,000
For more information :
Call us 0917 5084568 /0917 508 4566/ 0933 8722999
f2mdagupan FARM TO MARKET Dagupan
Farm to Market Dagupan
October 17, 2023
Sa Farm to Market Dagupan pedeng pde kana magkaroon ng PIGGERY BUSINESS na walang hassle! Kami na ang bahala sa space hanggang sa pagkain hanggang sa pagbebenta - Maari kang magsimula kahit sa isang biik muna or pede din naman unlimited. Mas maraming biik mas maraming kita! TARA sa F2M Farm to Market Dagupan!
#f2mdagupan
#paalagasystem
21
13
7
Like
Comment
Share
Most relevant
Michael Calimlim Manongdo
ilan po minimum piglet??
22w Like Reply
Farm to Market Dagupan ... · 2 Replies
Brickster Olmeron Ambrosio
After 3months Po ba pwd ng Kunin ung 3k?
Write a comment...
Type here to search
27°C Partly sunny
ENG
7:25 am
03/04/2024


MAG-NEGOSYO AT UMASENSO!!!
Hog Farming Partnership thru PAALAGA SYSTEM
• START YOUR PIGGERY BUSINESS AT THE COMFORT OF YOUR HOME
• NO STRESS! HASSLE FREE!
• CAPITAL STARTS AT P5,000
• FIX QUARTERLY RETURN
FARM TO MARKET
EST 2020
Farm 2 Market La Union Branch
December 13, 2023
7
1
Like
Comment
Share
Most relevant
Martinel J. Hanopol · Follow
Sending love and supportive
15w Like Reply
Write a comment...
Type here to search
27°C Partly sunny
ENG
7:29 am
03/04/2024







Corollary, our Baguio City Extension Office discovered the registration of an entity named **F2M AGRI-FARM OPC,** whose sole incorporator/stockholder/director is a certain

"Martin Augustin" and which has a principal office at Unit 3A, E&J Bldg., 1031 JP Rizal, Conception Uno, Marikina.

Further, it was discovered that the authorized representative of **F2M AGRI-FARM OPC** as appearing in its Application for SEC Registration is a certain *"Kono Maximo Lazaro Salinas",* whose name is similar with that of the owner of F2M Agricultural Farm as evidenced by its DTI Certificate of Registration and Municipality of La Trinidad Benguet's Business Permit and the operator/endorser of **FARM TO MARKET** as appearing in the Facebook Page of **FARM TO MARKET TARLAC CITY – MAIN BRANCH.** Below are screenshot copies of the said Application for SEC Registration, DTI Certification, Business Permit and FB Page:

SECURITIES AND EXCHANGE COMMISSIO

Registration Application Form Summary - SEC - ESPARC

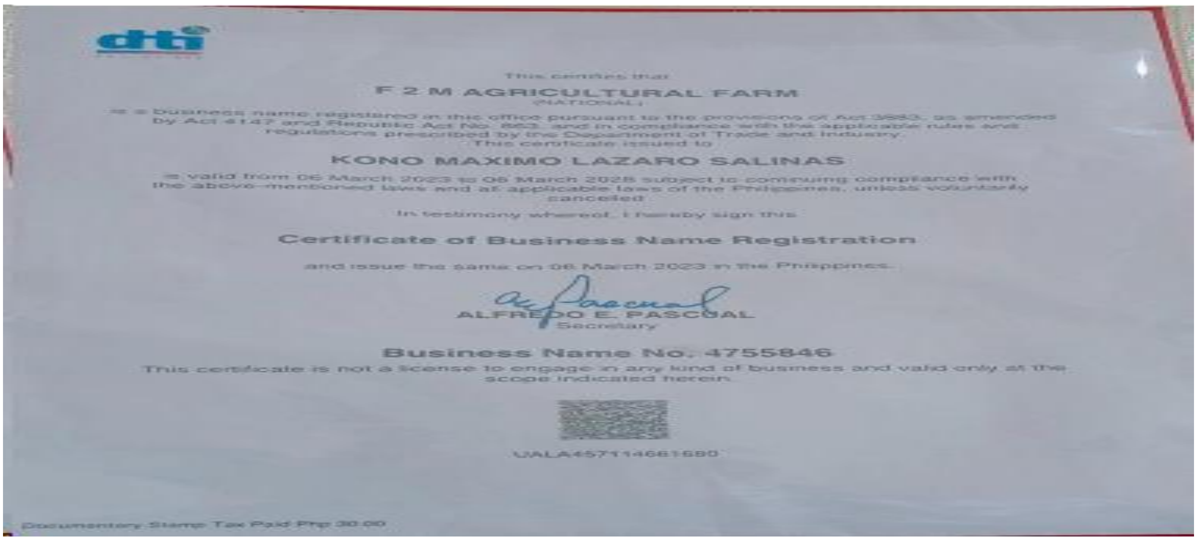
REFERENCE NUMBER :	SEC230306-6PGYCSLM5WBPAP9
DATE SUBMITTED :	2023-03-06 16:35:03
PROCESSING OFFICE :	SEC Main Office - Makati

APPLICANT/REPRESENTATIVE CONTACT DETAILS

Name:	KONO MAXIMO LAZARO SALINAS	Email:	Solution
Mobile:	09602194993	Phone:	53298

COMPANY DETAILS

Company Name:	F2M AGRI-FARM OPC		
Type:	Stock Corporation	Sub-Type:	O
Classification:	ALL FILIPINO	Sub-Class:	
Industry:	Agriculture		
Sub-Industry:	Plant propagation		
	To develop, manage, own, lease and operate a ... foreshore lands with or without conce		



dti

This certifies that

F 2 M AGRICULTURAL FARM

(NATIONAL)

is a business name registered in this office pursuant to the provisions of Act 3883, as amended by Act 4147 and Republic Act No. 863, and in compliance with the applicable rules and regulations prescribed by the Department of Trade and Industry. This certificate issued to

KONO MAXIMO LAZARO SALINAS

is valid from 06 March 2023 to 06 March 2028 subject to continuing compliance with the above-mentioned laws and all applicable laws of the Philippines, unless voluntarily cancelled.

In testimony whereof, I hereby sign this

Certificate of Business Name Registration

and issue the same on 06 March 2023 in the Philippines.

ALFREDO E. PASCUAL

Secretary

Business Name No. 4755846

This certificate is not a license to engage in any kind of business and valid only at the scope indicated herein.

UALA457114661680

Documentary Stamp Tax Paid Php 30.00

As earlier discussed, **F2M AGRIFARM OPC** is a registered corporation under Company Registration No. 2023030089159-01, however, it is not authorized to solicit investments from the public as it did not secure prior registration and/or license to solicit investment from the Commission as prescribed under Section 8 of the Securities Regulation Code.

On the other hand, per initial verification from the Commission's Database, **FARM TO MARKET TARLAC CITY – MAIN BRANCH / FARM TO MARKET / FARM TO MARKET PAALAGA SYSTEM / HOG RAISING BUSINESS / FARM2MARKET TUGUEGARAO BRANCH / FARM TO MARKET DAGUPAN / FARM 2 MARKET LA UNION BRANCH / FARM2MARKET LAGAWE, IFUGAO / FARM2MARKET-SOLANO NUEVA VIZ.BRANCH / FARM TO MARKET TAYUG** are not registered as a corporation or partnership. Consequently, **FARM TO MARKET TARLAC CITY – MAIN BRANCH / FARM TO MARKET / FARM TO MARKET PAALAGA SYSTEM / HOG RAISING BUSINESS / FARM2MARKET TUGUEGARAO BRANCH / FARM TO MARKET DAGUPAN / FARM 2 MARKET LA UNION BRANCH / FARM2MARKET LAGAWE, IFUGAO / FARM2MARKET-SOLANO NUEVA VIZ.BRANCH / FARM TO MARKET**

TAYUG also do not have the required secondary license or authority to solicit investments or offer securities as only registered corporations can apply for and be issued a secondary license by the Commission.

On 16 April 2024, the Commission issued an Advisory, informing the public that **FARM TO MARKET TARLAC CITY – MAIN BRANCH / FARM TO MARKET / FARM TO MARKET PAALAGA SYSTEM / HOG RAISING BUSINESS /** FARM2MARKET TUGUEGARAO BRANCH / **FARM TO MARKET DAGUPAN / FARM 2 MARKET LA UNION BRANCH / FARM2MARKET LAGAWE, IFUGAO / FARM2MARKET-SOLANO NUEVA VIZ.BRANCH / FARM TO MARKET TAYUG** are **not authorized to solicit investments** from the public, not having secured prior registration and/or license to sell securities or solicit investments as prescribed under Section 8 of the Securities Regulation Code (SRC).

Further, the public was advised to exercise caution in dealing with any individual or group of persons soliciting investments for and on behalf of **FARM TO MARKET TARLAC CITY – MAIN BRANCH / FARM TO MARKET / FARM TO MARKET PAALAGA SYSTEM / HOG RAISING BUSINESS /** FARM2MARKET TUGUEGARAO BRANCH / **FARM TO MARKET DAGUPAN / FARM 2 MARKET LA UNION BRANCH / FARM2MARKET LAGAWE, IFUGAO / FARM2MARKET-SOLANO NUEVA VIZ.BRANCH / FARM TO MARKET TAYUG** and was advised ***NOT TO INVEST*** or to ***STOP INVESTING*** in the investment scheme being offered by the subject entities or its representatives.

Moreover, the public was informed of the existence of an SEC registered entity named "**F2M AGRIFARM OPC**", whose representative's name as appearing in its application for SEC registration is similar to that of the owner of F2M Agricultural Farm and the known operator/endorser of **FARM TO MARKET TARLAC CITY – MAIN BRANCH** and the former's lack of authority to solicit investments from the public for not having secured prior registration and/or license to sell securities or solicit investment as prescribed under Section 8 of the SRC.

On 02 August 2024, a ***Show Cause Order*** was issued against **F2M AGRIFARM OPC** addressed to the company's registered principal office address, and to its Incorporator, Nominee and Alternate Nominee, respectively, namely; Martin Augustin, John Lopez and Garcia leovy, ***directing the company to show cause why no administrative sanctions and/or criminal charges should be imposed/filed against* F2M AGRIFARM OPC *and/or its incorporators, directors and officers for violation of the Securities Regulation Code and other pertinent laws, rules and regulations of the Commission, to show cause why no administrative sanctions and/or criminal charges should be imposed/filed against* F2M AGRIFARM OPC and its incorporators, directors of officers for offering and/or selling unregistered securities to the public in violation of Section 8, 26, and 28 of the Securities Regulation Code, to show cause why *its Certificate of Incorporation should not be revoked pursuant to Section 6(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 for engaging in ultra vires acts in violation of the Revised Corporation Code of the Philippines, and to show cause why no administrative sanction and/or criminal charges should be filed against* F2M AGRIFARM OPC *and/or its incorporators, directors and officers for committing investment fraud in violation of***

Section 11 of Republic Act No. 11765 otherwise known as the Financial Products and Services Consumer Act.

On 05 August 2024, the Show Cause Order was sent through the declared email address of the company as reflected in the records of the Commission at Solutionbusiness2023@gmail.com

On 07 August 2024, the Show Cause Order was served through personal service to the declared address of the company. However, the said Order was not tendered due to the fact that **F2M AGRI-FARM OPC's** office was closed at the time of the service of the Order and there is no available person to receive the same.

Likewise, the Show Cause Order was not tendered to the declared address of its incorporator, nominee and alternate nominee, considering that their declared addresses are incomplete address and likely a similar address with that of **F2M AGRI-FARM OPC's** office.

To date, despite such receipt and presumptive notice of the Show Cause Order as detailed above, the company failed to respond, which shall be construed as a waiver of its right to be heard as to the allegations stated in the aforementioned Show Cause Order. Hence, we now resolve the instant proceedings on the basis of available evidence.

DISCUSSION:

Clearly in this case, the compensation scheme that **F2M AGRI-FARM OPC / FARM TO MARKET TARLAC CITY – MAIN BRANCH / FARM TO MARKET / FARM TO MARKET PAALAGA SYSTEM / HOG RAISING BUSINESS / FARM2MARKET TUGUEGARAO BRANCH / FARM TO MARKET DAGUPAN / FARM 2 MARKET LA UNION BRANCH / FARM2MARKET LAGAWE, IFUGAO / FARM2MARKET-SOLANO NUEVA VIZ.BRANCH / FARM TO MARKET TAYUG** is offering to the public under its "***F2M 3 Months Paalaga System"*** partakes the nature of securities in the form of an "Investment Contract" as defined under Section 3.1 of the Securities Regulation Code (SRC).

Section 3.1 of the Securities Regulation Code (SRC) defines **securities** as shares, participation or interest in a corporation or in a commercial enterprise or profit-making venture and evidenced by a certificate, contract, instrument, whether written or electronic in character. It includes:

> Xxx
>
> (b)**Investment contracts**, certificates of interest or participation in a profit sharing agreement, certificates of deposit for a future subscription;
>
> xxx.
>
> (g) Other instruments as may in the future be determined by the Commission.

An investment contract is defined under SRC Rule 26.3.5 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code (2015 SRC IRR) as follows:

> "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.
>
> 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 elements of an investment contract were enumerated in the case of *Power Homes Unlimited Corporation vs. SEC* (G.R. No. 164182 February 26, 2008) traced from the case of *SEC vs. Howey Co.* (66 S.Ct.1100 May 27, 1946) and was later modified in the case of *SEC vs. Glenn W. Turner Enterprises, Inc.* (474 F.2d476 February 1, 1973), as follows:

- An investment of money;
- A common enterprise;
- Expectation of profits; and
- Profits arises primarily from the entrepreneurial and managerial efforts of others.

Section 8, in relation to Section 12 of the SRC provides that:

> "SEC. 8. **Requirement of Registration of Securities.** – 8.1. **Securities shall not be sold or offered for sale or distribution within the Philippines, without a registration statement** duly filed with and approved by the Commission. Prior 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.
>
> "SEC. 12. Procedure for Registration of Securities. – 12.1. 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 Page 11 of 14 registration statement with respect to such securities, in such form and containing such information and documents as the Commission shall prescribe. The registration statement shall include any prospectus required or permitted to be delivered under Subsections 8.2, 8.3 and 8.4."

Securities such as investment contracts as defined by the SRC and in relation to SRC Rule 26.3.5 of the 2015 SRC IRR must be registered with the Commission pursuant to Sections 8 and 12 of the SRC before the same can **be sold or offered for sale or distribution.**

Meanwhile, Rule 3.1.17 of the 2015 SRC IRR defined **Public Offering** as "any offering of securities to the public or to anyone, whether solicited or unsolicited. Any solicitation or presentation of securities for sale through any of the following modes shall be presumed to be a public offering:

> 3.1.17.1 Publication in any newspaper, magazine or printed reading material which is distributed within the Philippines or any part thereof;
>
> 3.1.17.2 Presentation in any public or commercial place;
>
> 3.1.17.3 **Advertisement or announcement** on radio, television, telephone, **electronic communications, information communication technology or any other forms of communication;** or
>
> 3.1.17.4 Distribution and/or making available flyers, brochures or any offering material in a public or commercial place, or to prospective purchasers through the postal system, **information communication technology and other means of information distribution**." (Emphasis supplied)

On the other hand, a "Broker" is defined under Section 3.3. of the SRC as a person engaged in the business of buying and selling securities for the account of others. A "Salesman" is defined under 3.13 of the SRC as a natural person, employed as such or as an agent, by a dealer, issuer or broker to buy and sell securities.

Consequently, Section 28 of the SRC provides that:

> "SEC. 28. **Registration of Brokers, Dealers, Salesman and Associated Persons.** – 28.1. No person shall engage in the business of buying or selling securities in the Philippines as a broker or dealer, or act as a salesman, or an associated person of any broker or dealer unless registered as such with the Commission."

Thus, any person, without proper registration or license from the Commission who acts as brokers or agents of a company selling or convincing people to invest in the investment scheme including solicitations or recruitment through the internet may likewise be prosecuted and held criminally liable under Section 28 of the SRC and penalized with a maximum fine of Five Million pesos (P5,000,000.00) or penalty of Twenty One (21) years imprisonment or both pursuant to Section 73 of the SRC.

In this particular case, the Department carefully examined the characteristics of the investments offered by **F2M AGRI-FARM OPC / FARM TO MARKET TARLAC CITY – MAIN BRANCH / FARM TO MARKET / FARM TO MARKET PAALAGA SYSTEM / HOG RAISING BUSINESS /** FARM2MARKET TUGUEGARAO BRANCH / **FARM TO MARKET DAGUPAN / FARM 2 MARKET LA UNION BRANCH / FARM2MARKET LAGAWE, IFUGAO / FARM2MARKET-SOLANO NUEVA VIZ.BRANCH / FARM TO MARKET TAYUG** to determine if they satisfy the elements of an investment contract. In our evaluation, indeed, the elements of an investment contract are manifested in the investments being offered by **F2M AGRI-FARM OPC / FARM TO MARKET TARLAC CITY – MAIN BRANCH**

/ FARM TO MARKET / FARM TO MARKET PAALAGA SYSTEM / HOG RAISING BUSINESS / FARM2MARKET TUGUEGARAO BRANCH / **FARM TO MARKET DAGUPAN / FARM 2 MARKET LA UNION BRANCH / FARM2MARKET LAGAWE, IFUGAO / FARM2MARKET-SOLANO NUEVA VIZ.BRANCH / FARM TO MARKET TAYUG,** which are as follows:

- There is a **placement of money** from the public as they are enticed to invest in the company that represented to be engaged in a lucrative business and are required to invest money in order for them to earn profits;
- The money invested is placed in a **common enterprise**;
- The **investors expect to derive profits** as they are primarily attracted to join **F2M AGRI-FARM OPC / FARM TO MARKET TARLAC CITY – MAIN BRANCH / FARM TO MARKET / FARM TO MARKET PAALAGA SYSTEM / HOG RAISING BUSINESS /** FARM2MARKET TUGUEGARAO BRANCH / **FARM TO MARKET DAGUPAN / FARM 2 MARKET LA UNION BRANCH / FARM2MARKET LAGAWE, IFUGAO / FARM2MARKET-SOLANO NUEVA VIZ.BRANCH / FARM TO MARKET TAYUG** for a promise of getting the investment back amounting to Php 7,600.00 in just three (3) months or equivalent to 30% Return of Investment (ROI) less 5 % Service Charge; and
- The investors expect to earn profits derived primarily from the efforts of others or from **F2M AGRI-FARM OPC / FARM TO MARKET TARLAC CITY – MAIN BRANCH / FARM TO MARKET / FARM TO MARKET PAALAGA SYSTEM / HOG RAISING BUSINESS /** FARM2MARKET TUGUEGARAO BRANCH / **FARM TO MARKET DAGUPAN / FARM 2 MARKET LA UNION BRANCH / FARM2MARKET LAGAWE, IFUGAO / FARM2MARKET-SOLANO NUEVA VIZ.BRANCH / FARM TO MARKET TAYUG.**

Clearly, **F2M AGRI-FARM OPC / FARM TO MARKET TARLAC CITY – MAIN BRANCH / FARM TO MARKET / FARM TO MARKET PAALAGA SYSTEM / HOG RAISING BUSINESS /** FARM2MARKET TUGUEGARAO BRANCH / **FARM TO MARKET DAGUPAN / FARM 2 MARKET LA UNION BRANCH / FARM2MARKET LAGAWE, IFUGAO / FARM2MARKET-SOLANO NUEVA VIZ.BRANCH / FARM TO MARKET TAYUG** is offering an investment scheme which is within the definition of securities under Section 3.1 of the SRC in the nature of an investment contract. As defined, an investment contract is a contract or scheme for the placing of capital or laying out of money in a way intended to secure income or profit from its employment.[1] It has been applied to a variety of situations where individuals were led to invest money in a common enterprise with the expectation that they would earn a profit through the efforts of the promoter or of someone other than themselves.[2]

[1] *SEC vs Howey Co., 328 U.S. 293 (1946)*

[2] *Ibid. Although the definition as stated in the Howey case qualified that the earning of profit was expected to be solely through the efforts of another party, Rule 3.1G of the SRC's IRR replaces this qualifier with "primarily", acknowledging that an investment contract may still be present where the individual who placed the money exerted a small amount of effort in an attempt to earn the profits promised.*

It is noteworthy to mention that **F2M AGRI-FARM OPC / FARM TO MARKET TARLAC CITY – MAIN BRANCH / FARM TO MARKET / FARM TO MARKET PAALAGA SYSTEM / HOG RAISING BUSINESS /** FARM2MARKET TUGUEGARAO BRANCH / **FARM TO MARKET DAGUPAN / FARM 2 MARKET LA UNION BRANCH / FARM2MARKET LAGAWE, IFUGAO / FARM2MARKET-SOLANO NUEVA VIZ.BRANCH** / **FARM TO MARKET TAYUG** is not authorized to solicit investments from the public as it did not secure prior registration and/or license to solicit investment from the Commission as prescribed under Section 8 of the Securities Regulation Code. Hence, the act of **F2M AGRI-FARM OPC / FARM TO MARKET TARLAC CITY – MAIN BRANCH / FARM TO MARKET / FARM TO MARKET PAALAGA SYSTEM / HOG RAISING BUSINESS /** FARM2MARKET TUGUEGARAO BRANCH / **FARM TO MARKET DAGUPAN** / **FARM 2 MARKET LA UNION BRANCH** / **FARM2MARKET LAGAWE, IFUGAO** / **FARM2MARKET-SOLANO NUEVA VIZ.BRANCH** / **FARM TO MARKET TAYUG** in soliciting investments from the public without the necessary secondary license from the Commission is unauthorized.

Further, Section 11 of Republic Act No. 11765 or the Financial Products and Services Consumer Protection Act (FCPA) also prohibits investment fraud which is defined under the law as any form of deceptive solicitation of investments from the public which includes Ponzi schemes and such other schemes involving the promise or offer of profits or returns sourced from the investments or contributions made by the investors themselves and the offering or selling of investment schemes to the public without a license.

It is important to emphasize that **F2M AGRI-FARM OPC** as a juridical person, is only allowed to exercise powers inherent to its corporate existence as provided in the Revised Corporation Code of the Philippines and those conferred in its Articles of Incorporation (AOI). In other words, what a corporation can do is necessarily circumscribed by its primary purpose clause in its AOI.

In **F2M AGRI-FARM OPC** Articles of Incorporation as approved by the Commission, it is clearly provided that the business of the subject company is:

> *"To develop, manage, own, lease and operate agricultural lands, farms, pasture, lands ranches, foreshore lands with or without concessions and/or to engage in the planting and cultivation of other farm products and in general undertake or carry out on all kinds of studies, experiments, cultivation, storage, and wholesale and retail trading in all kinds of agricultural products and its buy-products in the Philippines or elsewhere"*

Nonetheless, the purpose stated in the Articles of Incorporation need not set out with particularity the multitude of activities in which the corporation may engage. The effect of broad purposes or objects is to confer wide discretionary authority upon the directors and management of the corporation as to the kinds of business in which it may engage. However, dealings which are entirely irrelevant to the purposes are unauthorized and called ***ultra vires.*** The purpose clause of the articles of incorporation indicates the extent as well as the limitations of the powers which a corporation may exercise. In fact, the purpose in **F2M AGRI-FARM OPC's** Articles of Incorporation expressly prohibits it to operate an investment-taking scheme.

In an SEC opinion[3], the Commission pronounced that:

> *"It is the corporation's primary purpose clause which confers, as well as limits, the powers which a corporation may exercise and the character of a corporation is usually determined by the objects of its formation and the nature of its business as stated in the articles. The primary purpose of the corporation, as stated in its articles of incorporation, is the first business to be undertaken by the corporation. Hence, the primary purpose determines its classification."*

To exacerbate matters, the scheme being offered by **F2M AGRI-FARM OPC** is clearly in the nature of a *ponzi* scheme[4] where the profits or payouts shall be taken from incoming investors or additional pay-ins of existing members-investors, considering that it does not have any underlying legitimate business from where it could source its promised return on investments to its investors. Such scheme is prohibited under Section 26 of the SRC:

> "SEC. 26. **Fraudulent Transactions**. – It shall be unlawful for any person, directly or indirectly, in connection with the purchase or sale any securities to:
>
> 26.1. Employ any device, scheme, or artifice to defraud;
>
> 26.2. Obtain money or property by means of any untrue statement of a material fact of any omission to state a material fact necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading; or
>
> 26.3. Engage in any act, transaction, practice or course of business which operates or would operate as a fraud or deceit upon any person."

On the other hand, as held in the case of *SEC vs. CJH Development Corporation, (G.R. No. 210316, 28 November 2016)* [5], the Supreme Court ruled that *the sale and/or offer of securities without the requisite license, necessarily operates as a fraud on investors, thus:*

> **"The act of selling unregistered securities would necessarily operate as a fraud on investors as it deceives**

[3] SEC-OGC Opinion No. 11-33 dated 29 July 2011 addressed to Mr. Jesus B. Lapuz.

[4] A Ponzi scheme is an investment program that offers impossibly high returns and pays these returns to early investors out of the capital contributed by later investors. Named after Charles Ponzi who promoted the scheme in the 1920s, the original scheme involved the issuance of bonds which offered 50% interest in 45 days or a 100% profit if held for 90 days. Basically, Ponzi used the money he received from later investors to pay extravagant rates of return to early investors, thereby inducing more investors to place their money with him in the false hope of realizing this same extravagant rate of return themselves. (*People of the Philippines v. Priscilla Balasa, et. al., G.R. 106357, dated September 3, 1998*).

[5] SEC vs. CJH Development Corporation, (G.R. No. 210316, 28 November 2016)

the investing public by making it appear that respondents have authority to deal on such securities. Section 8.1 of the SRC clearly states that securities shall not be sold or offered for sale or distribution within the Philippines without a registration statement duly filed with and approved by the SEC and that prior to such sale, information on the securities, in such form and with such substance as the SEC may prescribe, shall be made available to each prospective buyer." (Emphasis ours)

Under Section 6 of Presidential Decree 902-A, the Commission has the power to suspend, or revoke, after proper notice and hearing, the franchise of certificate of registration or corporations, partnerships and associations, on the ground of serious misrepresentations as to what the corporation can do or is doing to the to the great prejudice of or damage to the general public. Likewise, Section 5.1 (m) of the SDRC and Section 179 (j) of the Revised Corporation Code of the Philippines empower the Commission to revoke the franchise or Certificate of Incorporation/Registration of corporations registered with it.

Under the 2016 Rules of Procedure of the Securities and Exchange Commission, the EIPD shall exercise authority over persons and entities, whether under the primary authority of other Operating Departments, involved in the following:

"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 Corporation Code;

2. Petitions for revocation[6] 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; and

5. All other matters involving investor protection filed by the public, referred by self-regulatory organizations, or referred by other Operating Departments after initial

[6] Revocation refers to involuntary dissolution of corporate registration pursuant to Section 138 of the Revised Corporation Code.

> 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."

Further, SEC Admin Case No. 11-10-124 entitled *In re: PHILBIO Renewable Energy Resources Corp.,* promulgated on 27 April 2016 provides what constitute serious misrepresentation, to wit:

> "From the foregoing, it is indubitable that PHILBIO misrepresented itself to the public that it can solicit investments despite the fact that it is not one of the purposes of the corporation. Worse, it does not have a license to offer/sell securities. PHILBIO operates an investment-taking scheme which is therefore considered an ultra vires act. These constitute serious misrepresentation as to what the corporation can do or doing to the great prejudice to the general public."

Considering that nowhere is it stated in its primary purpose that **F2M AGRI-FARM OPC** is authorized to engage in the selling or offering for sale of securities to the public neither is it stated in its secondary purposes that it is authorized to raise capital or borrow money from the public or from more than nineteen (19) lenders, the activity of **F2M AGRI-FARM OPC** of selling or offering for sale of investments is considered an *ultra vires* act and therefore constitute serious misrepresentation.

Section 44 of the RCCP provides:

> **SEC. 44. Ultra Vires Acts of Corporations.** — No corporation shall possess or exercise corporate powers other than those conferred by this Code or by its articles of incorporation and except as necessary or incidental to the exercise of the powers conferred.

WHEREFORE, for violations of Section 44 of the Revised Corporation Code of the Philippines (R.A. 11232), Sections 8.1, 26.1 and 28.1 of the Securities Regulation Code, Section 11 of the Financial Products and Services Consumer Protection Act, P.D. 902-A in relation to Section 179 (j) of the RCCP and Section 5.1 (m) of the SRC, the Certificate of Incorporation and the registration of **F2M AGRI-FARM OPC** as a corporation, is hereby **REVOKED**.

Further, Section 54 of the Securities Regulation Code provides:

> SEC 54. Administrative Sanctions. – 54.1. If, after due notice and hearing, the Commission finds that: (1) There is a violation of this Code, its rules, or its orders; xxx it shall, in its discretion, impose any or all of the following sanctions as may be appropriate in the light of the facts and circumstances:
>
> xxx.

(ii) A fine of no less than Ten thousand pesos (P10,000.00) nor more than One million pesos (P1,000,000.00) plus not more than Two thousand pesos (P2,000.00) for each day of continuing violation;

xxx."

Hence, a fine of ONE MILLION PESOS **(P1,000,000.00)** is hereby imposed against **F2M AGRI-FARM OPC** for offering securities to the public without prior registration and license from the Commission and **F2M AGRI-FARM OPC** and its incorporator and nominee is directed to pay the fine of **One Million Pesos (P1,000,000.00)** pursuant to Section 54.1 (ii) of the SRC within a period of Fifteen (15) days from receipt of this Order.

Accordingly, let this Order be posted on the SEC website and 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 this Commission is likewise requested to enter the "***revoked***" status of subject corporation in the online database of the Commission.

SO ORDERED

Makati City, 09 October 2024.

FILBERT CATALINO F. FLORES III, MNSA, CESO IV
Director

Cc:
Kono Maximo Lazaro Salinas
Solutionbusiness2023@gmail.com

E3/E26