ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

In the matter of:

For: Revocation of Certificate of Incorporation

PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY, INC.
Company Registration No. CS202103783
x--x

PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY
Batino Exit, Punta, City of Calamba, Laguna, Region IV-A Philippines 4027

JAY RAMIL B. RAMOS
No. 330 M. Miranda Street, Santa Lucia, City of San Juan, Second District, NCR, Philippines

JESSER T. CORDOVA
Unit 2819, Manila Residences, Bocobo Street, Barangay 666, Ermita, City of Manila, NCR, Philippines

ODESSA T. ODON
46D Santan Street, Barangay 184, Pasay City, Fourth District, NCR Philippines

JERIZ B. RAMOS
Unit 2819, Manila Residences, Bocobo Street, Barangay 666, Ermita, City of Manila, NCR, Philippines
jerizramos1989@gmail.com

VALERIAN BONIFACIO D. BILLONES
Bautista Compound, Tramo-Bantayan, Kawit Cavite, Region IV-A, Philippines
datubulawanbillones@gmail.com

ORDER OF REVOCATION

PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY, INC. was granted its Certificate of Registration by the Commission on 29 March 2021, under Company Registration No. CS202103783, with the following as incorporators:

Name	Citizenship	Residential Address
Jesser T. Cordova	Filipino	Unit 2819, Manila Residences, Bocobo Street, Barangay 666, Ermita, City of Manila, NCR, Philippines
Jeriz B. Ramos	Filipino	Unit 2819, Manila Residences, Bocobo Street, Barangay 666, Ermita, City of Manila, NCR, Philippines
Jay Ramil B. Ramos	Filipino	No. 330 M. Miranda Street, Santa Lucia, City of San Juan, Second District, NCR, Philippines
Odessa T. Odon	Filipino	46D Santan Street, Barangay 184, Pasay City, Fourth District, NCR Philippines
Valerian Bonifacio D. Billones	Filipino	Bautista Compound, Tramo-Bantayan, Kawit Cavite, Region IV-A, Philippines

The primary purpose of **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY, INC.,** as stated in its Articles of Incorporation is:

> *"To deliver quality education from nursery, kindergarten, elementary, secondary, college up to training and assessment to all aspiring seafarers for maritime courses but not limited to criminology, education, nursing, customs administration, hotel and restaurant management, cruise management, and other tech vocational students; to provide intellectual growth, Political & Civic, to help promote economic advancement, and to emphasize the importance of social quotient development; to deliver management and masteral doctoral courses related to each field of expertise such as education, engineering, business, theology, maritime and other possible courses in these level; highly committed to train and educate student with more emphasis in entrepreneurship, honing of specific skills and leadership transformation for them to become future leaders, this is to interact and secure commercial units in the premises for the benefit of the student.*
>
> *Provided that the corporation* ***shall not solicit, accept or take investment/placement*** *from the public neither shall it issue investment contract."*

Sometime in August 2022, the Commission received information that individuals or group of persons, representing an entity named **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY, INC. (PMOIT),** is enticing the public to invest in said entity.

Information gathered from reports received by this Department shows that **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY, INC. (PMOIT),** is inviting the public to invest and be a Venture Capitalist of *Phil Maritime and Ocean Institute of Technology,* a school located at Brgy. Punta, Calamba Laguna, for a minimum capital of Php 350,000.00 for a promise of receiving a 60/40 sharing on profits, a potential annual income of at least Php 206,000.00, or quarterly income of at least Php 51,000.00, and a return of investment within a period of 2 years.

It was further reported that the company's sources of revenues are the following: 1.) revenues from the school; 2.) earnings from the training center; 3.) revenues from the dormitory; and 4.) earnings from the commercial center of **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC. (PMOIT).**

In a document entitled Memorandum of Agreement which was presented to the Commission, **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC. (PMOIT)** guarantees that a Venture Capitalist will receive a Deed of Assignment and a Stock Certificate. In the same document, it was stipulated that the capital contribution of a Venture Capitalist shall be Php 350,000.00, and the Venture Capitalist will receive 40% as a profit of the net monthly revenue of the school and its training center, all the earnings from school facilities, such as student dormitory and the commercial establishment, which will be released and distributed every 3 months to the partner. Below is a screenshot of the said stipulations:

PMOIT
PHIL. MARITIME & OCEAN INSTITUTE OF TECHNOLOGY INC.
A world class maritime Academy Project

which covers the amenities and commercials 1.1-hectare School Campus, School Amenities and Facilities as well as its Commercials establishment in Brgy. Punta, Calamba Laguna. The Venture Capitalist will then receive a deed of assignment and stock certificate.

WHEREAS, as per above the Return of Investment will be fast considering this is a lifetime term business transaction and the market is captured.

WHEREAS, the SECOND PARTY is amenable and able to be a partner in PMOIT Inc. by putting up funds as an additional capitalization.

WHEREAS, the SECOND PARTY fully understands that this is **a business venture capitalist program** and that business endeavors are susceptible to certain challenges that may lead to deferment of intended return of capital and revenues. Moreover, being a partner and a co-owner, the SECOND PARTY must participate in business endeavor.

NOW THEREFORE, in consideration of the premises and of the mutual premises, covenants, stimulations hereinafter mentioned, the parties have agreed as follows;

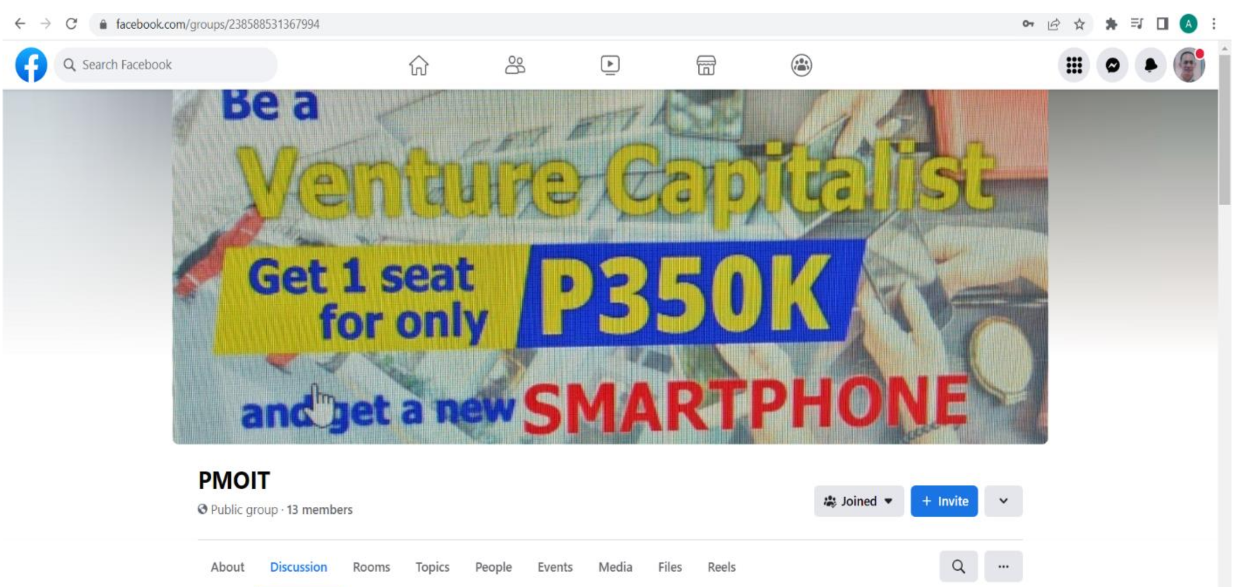
1. The principal and official place of business of the Headquarters is 14TH Floor Coherco Financial Tower, Madrigal Business Park, Alabang, Muntinlupa City

2. AMOUNT OF CAPITAL CONTRIBUTION AND INCOME

   2.1 The capital contribution of the SECOND PARTY shall be in the amount of Three Hundred Fifty Thousand Pesos Only (P350,000.00), considering school facilities, training center, amenities and commercial establishment. The SECOND PARTY's will receive 40% as a profit of the net monthly revenue of the school and its training center, all the earnings from school facilities such as student dormitory and the commercial establishment will be released and distributed every 3 months to the partner with a report as an attachment.

In a PDF file document which was also presented to the Commission, **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC. (PMOIT)** advertised the investment opportunity being offered by it to their would-be Venture Capitalists, to wit:

In its Facebook Page, **PMOIT** posted an advertisement enticing the public to be a Venture Capitalist for an amount of Php 350,000.00 per seat. Below is a screenshot of the said FB Page post:



As earlier mentioned, **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.,** is registered with the Securities and Exchange Commission (SEC) under Company Registration No. CS202103783. However, it is not authorized to solicit investments from the public, as **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.** did not secure prior registration and/or license to solicit investments from the Commission, as prescribed under Section 8 of the Securities Regulation Code as evidenced by the Certifications issued by the Corporate Governance and Finance Department and Market and Securities Regulation Department of the Commission.

Consequently, on 13 September 2022, the Commission issued a SEC Advisory informing the public that **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.:**

> xxx is not **AUTHORIZED** to solicit investments from the public as this entity did not secure prior registration and/or license to solicit investment from the Commission as prescribed under Section 8 of the Securities Regulation Code (SRC). The public is advised to exercise caution in dealing with any individual or group of persons soliciting investments for and on behalf of **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC. (PMOIT).** The public is further advised **NOT TO INVEST** or **STOP INVESTING** in the investment scheme being offered by **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.** or its **representatives** xxx

On 07 October 2022, a ***Show Cause Order*** was issued against **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.,** addressed to the company's registered principal office address, and to its stockholders-directors-incorporators, namely; Jesser T. Cordova, Jeriz B. Ramos, Jay Ramil B. Ramos, Odessa T. Odon and Valerian Bonifacio D. Billones, ***directing the company 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*** **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC** ***and/or its incorporators, directors and officers for violation of the Securities and Regulation Code and other pertinent laws, rules and regulations of the Commission.***

On 10 October 2022, the Show Cause Order were sent through the declared email addresses of company as reflected in the records of the Commission, which apparently are also the emails of its incorporators namely; Jeriz B. Ramos at jerizramos1989@gmail.com and Valerian Bonifacio D. Billones at datubulawanbillones@gmail.com

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 marketing and/or compensation plan of **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.,** as advertised in its FB Page and PDF File document, shows that it is offering securities to the public in the form of investment contracts through its 'Venture Capitalist Program." It would appear that the promised profits and returns would be derived from the investments of **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.'s** new member/investors. Necessarily, this scheme is unsustainable, as it must rely on a continuous inflow of new investors in order to make payouts to earlier investors, all the more made glaring considering that it has no actual operations yet to speak of.

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:

(a) Shares of stocks, bonds, debentures, notes, evidences of indebtedness, asset backed securities;

(b)**Investment contracts**, certificates of interest or participation in a profit sharing agreement, certificates of deposit for a future subscription;

(c) Fractional undivided interests in oil, gas or other mineral rights;

(d) Derivatives like option and warrants;

(e) Certificates of assignments, certificates of participation, trust certificates, voting trust certificates or similar instruments;

(f) Proprietary or non-proprietary membership certificates in corporations; and

(g) Other instruments as may in the future be determined by the Commission.

An investment contract on the other hand, 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."

Further, 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:

- A contract, transaction or scheme;
- 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 contract, 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 **offered or sold** or distributed

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. "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 **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.,** to determine if they satisfy the elements of an investment contract. In our evaluation, the elements of investment contracts are manifested in the investment scheme being offered by **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.,** which are as follows:

- By investing in the company, **the investor enters into a contract**;

- There is a **placement of money** from the public considering that they are required to place an investment in **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.** in order for them to earn the profits promised by the latter;

- The money invested is placed in a **common enterprise** which is **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.**;

- The **investors expect to derive profits** as they are primarily attracted to join **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.,** for a promise of receiving a 40% profits, as well as a return of investment within a period of 2 years; and

- The investors expect to earn profits derived primarily form the efforts of others or from the operation by the owners of **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.**

It is important to emphasize that **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.,** as a juridical person, is only allowed to exercise powers inherent in 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 **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.'s** Articles of Incorporation as approved by the Commission, it is clearly provided that the business of the subject company is:

> *"Primary Purpose: To deliver quality education from nursery, kindergarten, elementary, secondary, college up to training and assessment to all aspiring seafarers for maritime courses but not limited to criminology, education, nursing, customs administration, hotel and restaurant management, cruise management, and other tech vocational students; to provide intellectual growth, Political & Civic, to help promote economic advancement, and to emphasize the importance of social quotient development; to deliver management and masteral doctoral courses related to each field of expertise such as education, engineering, business, theology, maritime and other possible courses in these level; highly committed to train and educate student with more emphasis in entrepreneurship, honing of specific skills and leadership transformation for them to become future leaders, this is to interact and secure commercial units in the premises for the benefit of the student.*
>
> *Provided that the corporation* ***shall not solicit, accept or take investment/placement from the public neither shall it issue investment contract****". (Emphasis supplied).*

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 **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.'s** Articles of Incorporation expressly prohibits it to operate an investment-taking scheme.

In an SEC opinion[1], 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."

Likewise, the Certificate of Registration issued to **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.**, explicitly states that:

> This Certificate grants juridical personality to the corporation **<u>but does not authorize it to issue, sell or offer for sale to the public, securities</u>** such as but not limited to,

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

shares of stock, **investment contracts,** debt instruments and virtual currencies without prior Registration Statement approved by the Securities and Exchange Commission **nor to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as broker or dealer in securities,** government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity financial futures exchange/broker merchant, financing lending company, and time share, cash share/membership certificate issuers or selling agents thereof nor to operate a fiat money to virtual currency exchange. **Neither does this Certificate constitute a permit to undertake activities for which other government agencies require a license or permit.** (emphasis supplied)

To exacerbate matters, the scheme being offered by **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.**, is clearly in the nature of a *ponzi* scheme[2] 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."

Under Section 6 of Presidential Decree 902-A, 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 to the great prejudice of or damage to the general public. Likewise, Section 5.1 (m) of the SRC and Section 179 (j) of the RCCP 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:

---

[2] 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*).

> xxx "1. Investigations and administrative actions involving the following:
> 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[3] 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 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 constitutes 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 **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.,** is authorized to engage in the selling or offering for sale of securities to the public, the activity of **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.,** 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 violation of Section 44 of the Revised Corporation Code of the Philippines (R.A. 11232) and Sections 8.1, 28.1 and 26.1 of the Securities Regulation Code, P.D. 902-A and Section 179 (j) of the RCCP, the Certificate of Incorporation and the

---

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

registration of **PHIL MARITIME AND OCEAN INSTITUTE OF TECHNOLOGY INC.,** as a corporation, is hereby **REVOKED**.

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, 28 November 2022.

OLIVER O. LEONARDO
Director

Jpdp/abb