Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION
SEC Bldg. EDSA, Greenhills, Mandaluyong City

In the matter of
DONCIL FINANCE CORPORATION,

SEC Admin. Case No. 09-12-160
For: Revocation of Corporate Registration

ENFORCEMENT AND PROSECUTION
DEPARTMENT,
Petitioner,
x---x

DECISION

This resolves the Petition, filed by the Enforcement and Prosecution Department ("EPD"), praying for the revocation of the Certificate of Registration of **DONCIL FINANCE CORPORATION** ("Doncil Finance") for its continued defiance of the lawful order of the Commission to comply with its reportorial and other requirements in accordance with Sec. 6 par. (l) (3) and (l)(6) of Presidential Decree No. 902-A (PD 902-A).

Summons was duly served upon Doncil Finance, through its Corporate Secretary Presentacion M. Llanto, on 16 October 2012. No Answer was filed within the prescribed period of fifteen (15) days from notice. Thus, Doncil Finance is considered as "in default" pursuant to Section 3-12 of the 2006 SEC Rules of Procedure, which reads:

> "Sec. 3-12. Effect of Failure to Answer. — If the respondent fails to answer the complaint within the abovestated period, he shall be considered as in default. The Hearing Panel or Officer shall, motu proprio, proceed to render judgment granting the complainant such relief as the complaint may warrant, unless the Hearing Panel or Officer determines that the complainant should be required to submit ex parte additional evidence."

Hence, we resolve the petition based on its allegations supported by substantial evidence.

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Doncil Finance is a financing corporation duly registered with the SEC on 21 June 2004 under SEC Registration No. CS2004002272.[1]

In 2006, the Corporation Finance Department ("CFD") of the Commission conducted a desk audit on Doncil Finance to determine its compliance with Republic Act No. 8556[2] and its Implementing Rules and Regulations (IRR) and found out that Doncil Finance failed to pay its 2006 annual fee in violation of Section 8 of the IRR.[3] An Assessment Letter was issued to Doncil Finance directing it to pay an initial fine of Php13,600.00 and Php12,625.00 representing its 2006 annual fee.[4] On 09 August 2006, Doncil Finance paid only the annual fee.

On 22 August 2007, the CFD again issued another Assessment Letter to Doncil Finance directing it to pay an initial fine of Php17,200.00 for its failure to pay its 2007 annual fee and to pay Php12,625.00 as annual fee.[5] However, Doncil Finance paid only the annual fee.

On 8 February 2008, CFD issued another letter to Doncil Finance directing it to show cause why its Certificate of Authority (CA) to operate a financing company should not be suspended on the ground of non-payment of its penalties.[6] Again, despite receipt of said letter, Doncil Finance did not reply.

On 11 September 2008, CFD conducted another desk audit and found that Doncil Finance failed (1) to file its 2007 4th Quarterly Report, 2008 Interim Financial Statements, 2007 Special Form for Financial Statements and 2004 to 2008 General Information Sheets; and (2) to pay its 2008 annual fee and penalties for late payment of its 2006 and 2007 annual fees.[7] Based on the foregoing, CFD ordered Doncil Finance to pay the maximum penalty of Php100,000.00.[8] However, despite receipt of CFD's Letter-Order, Doncil Finance did not comply or sent a reply.

On 12 December 2008, CFD issued another show cause letter to Doncil Finance and directed it to explain why its CA should not be suspended for violations of Section 8 and 13(a) of the IRR of RA 8556 and Section 26 of the Corporation Code.[9] Despite receipt of said letter, Doncil Finance failed to pay the assessed penalties.

On 17 March 2009, CFD sent notices of hearing to the directors and officers of Doncil Finance directing them to explain why the CA of Doncil Finance should not be revoked. Notwithstanding receipt of said notices, no one appeared on behalf of Doncil Finance.[10]

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[1] Records, page 71.
[2] Financing Company Act of 1998.
[3] Records, pp. 33 – 34.
[4] Id., p. 32.
[5] Id., p. 31.
[6] Id., pp. 28 - 29.
[7] Id., pp. 26 - 27.
[8] Id., pp. 24 – 25.
[9] Id. pp. 22 – 23.
[10] Id., pp. 19 – 21.

On 22 June 2011, CFD issued another notice of hearing to Doncil Finance and reiterated its earlier order. The notices were sent to the residences of the directors and at the principal office of Doncil Finance in Tondo, Manila. Except for Michelle Agrimano, the notices were returned to sender with the mark "No one to receive" or "moved out.[11]"

On 28 November 2011, CFD conducted an audit of the books and financial records of Doncil Finance and found that Doncil Finance failed (1) to pay its 2008 to 2011 annual fees amounting to Php50,500.00 and (2) to submit various reports and documents, namely, 2008 to 2010 Audited Financial Statements, 2007 to 2010 Special Form of Financial Statements, 2008 to 2011 (1st and 2nd semesters) Interim Financial Statements, 2005, 2006, 2008 to 2011 General Information Sheet, Revised Anti-Money Laundering Operating Manual and Anti-Money Laundering Compliance Form.[12]

On 13 January 2012, CFD recommended the revocation of Doncil Finance's CA to operate a financing company for its numerous violations of the RA 8556 and SEC Memorandum Circular No. 8, series of 2009 on reportorial obligations and for its continuous failure to pay the penalty for late payment of annual fees.[13] On 19 January 2012, the Commission En Banc revoked the CA of Doncil Finance.[14]

To implement said Order, CFD requested the assistance of the Business Permit and Licensing Office of Manila by revoking the business permit of Doncil Finance and post a Notice to the Public that its CA was revoked. It also endorsed to EPD the revoked CA of Doncil Finance for appropriate action. Thus, EPD filed the instant Petition.

The ultimate issue to be resolved in this Petition is whether there is sufficient ground to revoke Doncil Finance's Certificate of Registration.

Section 6, paragraphs (l) (3) and (6) of PD 902-A, as amended, expressly provides that refusal to comply with any lawful order of the Commission restraining commission of acts and failure to file reportorial requirements are some of the grounds for revocation of the certificate of registration of corporations, *viz* –

> "Sec. 6. In order to effectively exercise such jurisdiction, the Commission shall possess the following powers: xxx xxx xxx
>
> (l) To suspend, or revoke, after proper notice and hearing, the franchise or certificate of registration of corporations, partnerships or associations, upon any of the grounds provided by law, including the following: xxx xxx xxx

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[11] Records., pp 14 - 18.
[12] Id., pp. 12 – 13.
[13] Id., pp. 9 – 11.
[14] Id., p. 8.

(3) Refusal to comply or defiance of any lawful order of the Commission restraining commission of acts which would amount to a grave violation of its franchise;

xxx xxx xxx

(6) Failure to file required reports on appropriate forms as determined by the Commission within the prescribed period."

In the present case, Doncil Finance has continuously failed to submit the aforementioned reports required under RA 8556 and Section 13 of its IRR.[15] It also failed to file its 2008 to 2010 Audited Financial Statements and 2005, 2006 and 2008 to 2010 General Information Sheets, among other reports required by the Commission pursuant to Sec. 141 of the Corporation Code.[16] Clearly, there is sufficient ground to revoke the Certificate of Registration issued to Doncil Finance.

Moreover, Doncil Finance did not take heed of CFD's Letter-Order to pay its annual fees to operate a financing company and the maximum assessed penalty of Php100,000.00. It even moved out of its last known principal address in 2010 while proceedings are pending with the CFD without notifying the latter of its new forwarding address.[17]

Accordingly, the numerous violations committed and continuously being committed by Doncil Finance warrants the revocation of its Certificate of Registration pursuant to Sec. 6 pars. (l) (3) and (6) of PD 902-A.

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[15] Section 13. Periodic Reports. Every financing company shall file with the Commission the following reports:

(a) Within forty-five (45) days from the end of each fiscal quarter a quarterly report which shall include:
(1) Statement of Condition as of the end of the most recent fiscal quarter and Statement of Income and Expenses for the period between the end of the preceding fiscal year and the end of the most recent fiscal quarter;
(2) Schedule of aging of receivables xxx
(3) Schedule of liabilities xxx
(4) List of officers, directors and stockholders
(b) Within one hundred twenty (120) days after the end of the fiscal year, five copies of the audited financial statements;
(c) xxx
(d) Such other reports as the Commission may require; xxx"

[16] Sec. 141. Annual report of corporations.- Every corporation, domestic or foreign, lawfully doing business in the Philippines shall submit to the Securities and Exchange Commission an annual report of its operations, together with a financial statement of its assets and liabilities, certified by any independent certified public accountant in appropriate cases, covering the preceding fiscal year and such other requirements as the Securities and Exchange Commission may require. Such report shall be submitted within such period as may be prescribed by the Securities and Exchange Commission.

[17] Records, pp. 1 and 8.

WHEREFORE, foregoing premises considered, the instant Petition is **GRANTED**. Accordingly, the Certificate of Registration of **DONCIL FINANCE CORPORATION** is hereby **REVOKED**.

Let a copy of this Decision be furnished to the Company Registration and Monitoring Department, the Corporation Finance Department, the Enforcement Prosecution Department and the Economic Research & Information Department for their information and appropriate action.

SO ORDERED.

15 August 2013, Mandaluyong City, Philippines.

TERESITA J. HERBOSA
Chairperson

MA. JUANITA E. CUETO
Commissioner

MANUEL HUBERTO B. GAITE
Commissioner

ELADIO M. JALA
Commissioner

ANTONIETA F. IBE *
Commissioner

*on official business

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