ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

In the Matter of:

For Revocation of Certificate of Incorporation for violation of Section 44 of the Revised Corporation Code of the Philippines (R.A. 11232) and Section 6 i (2) of Presidential Decree No. 902-A for serious misrepresentation as to what the corporation can do to the great prejudice of or damage to the general public

TRANSNATIONAL ANTI-ORGANIZED CRIME-INTELLIGENCE GROUP (TAOC-IG), INC.

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ORDER OF REVOCATION

This refers to **TRANSNATIONAL ANTI-ORGANIZED CRIME-INTELLIGENCE GROUP (TAOC-IG), INC. (TAOC-IG for brevity),** a non-stock corporation registered with the Commission on 16 June 2014 under Company Reg. No. CN201431516 and with registered principal office address at the 4th Floor Crissant Condominium Bldg., 270 Commonwealth, Quezon City, Metro Manila, Philippines.

The primary purpose[1] of **TAOC-IG** is quoted, as follows:

1. *"To establish group in intelligence network in the Philippines in accordance with the provision of the Constitution of the Republic of the Philippines and in consonance with the mandate of the United Nations and according to the By-Laws of this organization*

[1] as amended on 10 February 2020.

2. *To work alongside the government's peacekeeping agencies in its fight against graft and corruption, criminality, poverty and environment concern;*
3. *To create establish intelligence networks in other countries;*
4. *To empower people and craft humanitarian activities via livelihood programs and trainings;*
5. *To secure funding from organization's membership fees, gifts, donations, solicitations and grants from either government or private institutions or fund raising projects both here and abroad;*
6. *To coordinate with international institutions on similar advocacies. Attend international conferences, seminars and such other activities that will enhance the organization's capabilities and knowledge and widen its sphere; and*
7. *To advocate for federalism."*

On 3 November 2020, the Commission received a letter from the Philippine Center on Transnational Crime (PCTC), INTERPOL National Central Bureau Manila (NCB-Interpol Manila), reporting to the Commission that a group of private organizations/entities using "INTERPOL" as part of their organizations or corporate names are not in any way connected with and much less, deputized by NCB-Interpol Manila, pursuant to Executive Order No. 100 s. 1999 *(Strengthening the Operational, Administrative and Information Support System of the Philippine Center on Transnational Crime).*

According to PCTC, it has received information that said groups have been recruiting members from various sectors of society enticing them with salaries and benefits, and privileges such as issuance of identification cards, badges and grant of police and military ranks upon payment of certain amount as membership fee.

On 31 August 2021, the Commission issued an Advisory against Paramilitary/PseudoLaw Enforcement Civic-Oriented Organizations-Associations.[2] In said Advisory, the Commission informed the public that:

> *"The Certificate of Registration as a corporation does not grant a license or authority to conduct these paramilitary activities without the approval from the relevant government agencies. These entities or functions are outside the scope that can be conferred by the Revised Corporation Code of the Philippines or by the Commission, nor can their paramilitary/law-enforcement activities can be considered as incidental to or part of their express powers as a corporation.*
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> *Further, the certificate of registration issued by the Commission cannot confer rights or authority to use the name and logo of the United Nations, Interpol and other international organizations. The use thereof is subject to the consent/authority of these international organizations. Neither can the*

[2] https://www.sec.gov.ph/advisories-2021/paramilitary-pseudo-law-enforcement-civic-oriented-organizationsassociations/

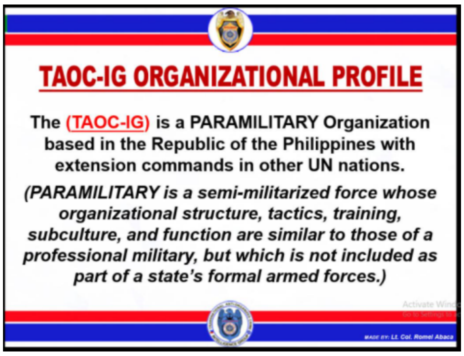
certificate of incorporation be used to create another form of government, state, or international organization.

Considering that these acts and practices blatantly constitutes misrepresentation and could advance fraudulent purposes or can be reasonably expected to cause significant, imminent, and irreparable danger or injury to public safety and welfare, the public is hereby warned that the Commission shall not tolerate the use of the corporate vehicle in proliferating these kinds of paramilitary activities/scheme.

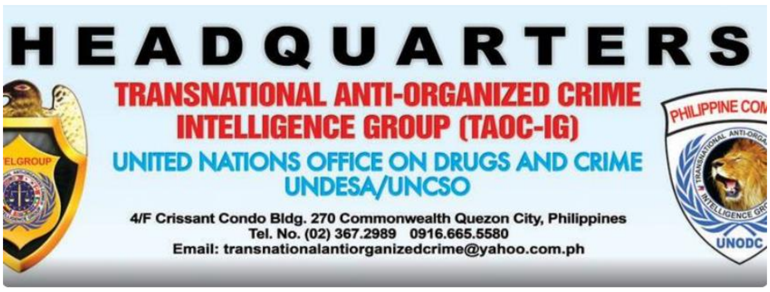
The Commission shall not hesitate to impose corresponding penalties under the Revised Corporation Code for violations committed by these corporations, without prejudice to liabilities individuals representing these corporations/entities may face for violations of the Revised Penal Code of the Philippines."

Based on investigation, it appears that **TAOC-IG** is conducting the following activities:

1. Appropriation of military ranks to engage in activities or undertakings pertaining to the functions/mandates of the PNP, AFP, INTERPOL, UNITED NATIONS (UN) and its affiliate without any **authority/deputation from these law enforcement agencies and international organizations**;



2. The **use of an unregistered trade name** "Philippine Command", "UNODC" and "INTELGROUP"; and



3. The **<u>appropriation and use of the United Nation</u>**'s name and logo without written authority to use the same.

On 29 March 2022, the Commission issued a **SHOW-CAUSE ORDER** directing **TAOC-IG** and its Board of Trustees to show cause in writing 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.

The Show Cause Order further informed **TAOC-IG** that its identified activities or functions are outside the scope that can be conferred by the *Revised Corporation Code of the Philippines* (**Republic Act No. 11232**) or by the Commission, nor can such paramilitary/law-enforcement activities be considered as incidental or part of its express powers as as a corporation.

On 4 April 2022, the Department received the Answer of **TAOC-IG** to the Show Cause Order.

Accordingly, the factual backdrop of this case having been laid, we now resolve the instant proceedings on the basis of available evidence.

Preliminarily, it must be noted that every SEC registered corporation such as **TAOC-IG**, 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 an 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."*

Thus, 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 ***<u>ultra vires</u>***. The purpose clause of the articles of incorporation indicates the extent as well as the limitations of the powers which a corporation may exercise.

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

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 misrepresentation as to what the corporation can do or is doing 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:

> *xxx "1. Investigations and administrative actions involving the following:*
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> 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*[4] *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:

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

"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."

In the instant case, the Department was tasked to carefully determine whether or not **TAOC-IG** has committed serious misrepresentation as to what it can do or is doing to the great prejudice of or damage to the general public, on the basis of available evidence presented.

In the determining the issue, the primary purpose of **TAOC-IG**'s Articles of Incorporation as approved by the Commission is reiterated herein as follows:

1. *"To establish group in intelligence network in the Philippines in accordance with the provision of the Constitution of the Republic of the Philippines and in consonance with the mandate of the United Nations and according to the By-Laws of this organization.*
2. *To work alongside the government's peacekeeping agencies in its fight against graft and corruption, criminality, poverty and environment concern;*
3. *To create establish intelligence networks in other countries;*
4. *To empower people and craft humanitarian activities via livelihood programs and trainings;*
5. *To secure funding from organization's membership fees, gifts, donations, solicitations and grants from either government or private institutions or fund raising projects both here and abroad;*
6. *To coordinate with international institutions on similar advocacies. Attend international conferences, seminars and such other activities that will enhance the organization's capabilities and knowledge and widen its sphere.*
7. *To advocate for federalism"*

Corollary to the Articles of Incorporation is the **Certificate of Incorporation issued by the Commission which states that such certificate does not constitute an authority to undertake activities for which other government agencies require a license or permit**, to wit:

"This Certificate grants juridical personality to the corporation but does not authorize it 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 company, pre-need plan issuer, general agent in pre-need plans and time shares/club shares/membership certificates issuers or selling agents thereof. ***Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit."*** ***(Underscoring ours)***

It must be noted that **TAOC-IG's** principal purpose is to *"**to establish group in intelligence network in the Philippines** in accordance with the provision of the Constitution of the Republic of the Philippines and in consonance with the mandate of the United Nations and according to the By-Laws of this organization; 2)* ***to work alongside the government's peacekeeping agencies*** *in its fight against graft and corruption, criminality, poverty and environment concern; and 3) to create establish intelligence networks in other countries.*

The above-mentioned purpose was affirmed in its Answer to the Show-Cause Order, *viz.:*

Concerning "Appropriation of military ranks to engage in activities or undertakings pertaining to the functions/mandates of PNP…" Our primary purpose again is (1) To establish a group of intelligence network… through coordinating government agencies in preventing and controlling crimes. "We never appropriate military ranks to do the role and functions of the Philippine military and the likes. Our function is confined solely to information gatherings. We do intelligence gatherings and coordinate and present it with the proper authority and let them do the appropriate actions."

Careful examination of the Answer to the Show Cause Order, showed that **TAOC-IG** failed provide any evidence that it was duly authorized by any duly constituted authorities such as the Philippine Center on Transnational Crime (PCTC), INTERPOL National Central Bureau Manila (NCB-Interpol Manila) under Executive Order No. 62 dated 15 January 1999, the Armed Forces of the Philippines and the Philippine National Police to conduct such activities despite **TAOC-IG** avowed purpose "*to work alongside the government's peacekeeping agencies."*

To justify the appropriation of military ranks in its activities, **TAOC-IG** anchored its answer on its primary purpose as follows:

"*Regarding the "appropriation of military ranks."- As what was stated in our primary purpose (1) that TAOC-IG was… "formed by group of retired and active servicemen…" Since it was originally founded by servicemen, the "spirit" of being in the service was carried over but only within the bound of the organization for orderly function being fully aware that we are a Non-Government Organization (NGO). Our personnel are conferred with military ranks in order to enforce a higher degree of discipline among its membership. We never use nor brandish our "ranks" outside the organization.*

After a scrutiny of the Answer of TAOC-IG and its annexes,[5] the Department found its arguments as untenable. **TAOC-IG** failed to provide any evidence that would warrant any logical relation of the conferment of the act (military rank) to the corporate purpose (intelligence network and social works). These activities do not have any direct and immediate furtherance of the corporation's activities, nor is it fairly incident to the express powers nor reasonably necessary to their exercise.

TAOC-IG also conducts social welfare activities and/or social works. Further, it was allowed to "secure *funding from organization's membership fees, gifts, donations, solicitations and grants from either government or private institutions or fund raising projects both here and abroad."*

Cursory check of its Answer to the Show-Cause Order disclosed that **TAOC-IG** indeed conducted social works in partnership with private entities or thru its own initiative. Further, based on the Financial Statement (FS) submitted by **TAOC-IG,** it appears to have received donations from 2018- 2020:

YEAR	DONATION
2018	55,000.00
2019	10,000.00
2020[6]	55,000.00

Pursuant to the request of the Enforcement and Investor Protection Department as to whether **TRANSNATIONAL ANTI-ORGANIZED CRIME-INTELLIGENCE GROUP (TAOC-IG), INC.** acquired any registration, license or accreditation from DSWD to operate or conduct public solicitations and similar activities in accordance with the Revised Omnibus Rules and Regulations on Public Solicitation, the DSWD in its Certification dated 18 October 2021, certified that **TAOC-IG** has no record in its SWDA and National Fund Raising Campaign/Public Solicitation databases and therefore has no Registration and License to operate from DSWD.

In accordance with DSWD's Administrative Order No 14, Series of 2007 or the "***Revised Omnibus Rules and Regulations on Public Solicitations***" in reltion to the Solicitation Permit Law, any corporation, organization or association desiring to solicit or receive contributions for charitable and public welfare purposes such as **TRANSNATIONAL ANTI-ORGANIZED CRIME-INTELLIGENCE GROUP (TAOC-IG), INC.**, shall secure a DSWD registration/certification to operate as Private Social Welfare and Development Agencies (SWDA).

[5] The **Trustees' Certificate** dated 14 February 2020, **2016-2019 GIS** and **Answer to the Show-Cause Order** showed titles pertaining to military personnel.

[6] AFS 2021 not yet due.

Thus, it appears therefore that from the time of its incorporation up to the present, **TRANSNATIONAL ANTI-ORGANIZED CRIME-INTELLIGENCE GROUP (TAOC-IG), INC.** did not secure any registration, license, or accreditation from DSWD to operate as a non-governmental organization engaged in solicitation of funds for charitable and public welfare purposes. It did not provide any evidence that it can operate as a social welfare and development agency and/or accredited to conduct social works as required under Section 23 of R.A. 10847[7] which amended R.A. 1575[8] and the Republic Act Nos. 4373[a] or the Social Work Law.

With regard to the issue of use of an unregistered corporate name, namely: "**Philippine Command**", "**UNODC**" and "**INTELGROUP**" it responded in the following manner:

> *The use of an unregistered trade name. "Transnational Anti-Organized Crime", "International Police Commission" and "Interpol"*[9] *despite the issuance of the SEC Memorandum Circular No. 9 series of 2019 (Amendment of Guidelines and Procedure for the Use of the Corporate Name and Partnership Names) which states:*
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> *"8. The name of an International governmental organization such as "International Criminal Police Organization", and "Interpol," International Monetary Fund (IMF) and "International Labour Organization" (ILO), may not be used as part of a corporate or partnership name unless duly authorized or allowed by the Commission.*
>
> *Along this line, every year we are renewing our GIS and we were never informed or reprimanded nor received any memo stating what was mentioned above.*

In this regard, Memorandum Circular No. 13 series of 2019 was duly published in the Manila Bulletin [10] on 25 June 2019. Thus, the contention that **TAOC-IG** was not informed about subject Circular is bereft of merit. Other than the above-argument, **TAOC-IG** miserably failed to provide any explanation as to the use of "*Philippine Command*", "*UNODC*" and "*INTELGROUP*" in its logo despite the opportunity to explain the same.

Using the logo embodying the words "*Philippine Command*", "*UNODC*" and "*INTELGROUP*" misleads the unwary public that TAOC-IG is a subdivision/affiliate of a law enforcement agency and worse, the United Nations Office of Drugs and Crimes.

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[7] An Act Lowering the Age Requirement for Applicants taking the Board Examination for Social Workers, Providing for Continuing Social Work Education, and Upgrading the Sundry Provisions relative to the Practice of Social Work.

[8] An Act to Amend Republic Act Numbered Four Thousand Three Hundred Seventy-Three, Entitled "An Act to Regulate the Practice of Social Work and the Operation of Social Work Agencies in the Philippines and for Other Purposes"

[9] The Answer to the use of an unregistered trade name: "Transnational Anti-Organized Crime", "International Police Commission" and "Interpol" pertains to the Show-Cause Order issued against INTERPOLCOM PHILCOM INTELLIGENCE GROUP (IPCIG) INC.

[10] a newspaper of general circulation.

As to the denial of the appropriation of the United Nation's name and logo, to wit:

We never authorize anyone to use the logo of the United Nation for our organization in whatever purpose or caused (sic).

The said individual who own the pictures are not authorized to use the logo. *(**Emphasis ours**)*

Please be advised that **TAOC-IG** claimed that its activities are "*in consonance with the mandate of the United Nations."* Posts showed that its activities are *"under the programs instituted by the UNITED NATIONS AND SOCIAL AFFAIRS (UNDESA)."*

It even used the name UNODC in its logo and activities, without the organization's consent:

Verification from the United Nations Office of Drugs and Crimes (UNODC)'s website yielded negative information that TAOC-IG is an accredited NGO of UNODC, United Nations Department of Economic and Social Affairs (UNDESA) nor was **TAOC-IG** in the list of non-governmental organizations in consultative status with the Economic and Social Council (UN-ECOSOC).[11]

Please be informed that these activities or functions are outside the scope that can be conferred by the Revised Corporation Code of the Philippines (Republic Act No. 11232) or by the Commission.

Taking into consideration the above facts and the general denials in the Answer of **TAOC-IG**, its continuous operation could advance a fraudulent purpose and can be reasonably expected to cause significant, imminent and irreparable danger or injury to the public safety and welfare and can take advantage of the credulity of the public.

Accordingly, incorporation is not a matter of right but a mere privilege granted by the state. The grant being a mere privilege, the state has the continuing interest in the existence of a corporation in a sense that this privilege be maintained only under the conditions of law including compliance with the mandatory requirements for corporations.

TAOC-IG's Certificate of Registration as a corporation does not grant it a license or authority to conduct paramilitary activities without approval from the relevant government agencies. These activities or functions are outside the scope that can be conferred by the Revised Corporation Code of the Philippines or by the Commission, nor can their paramilitary/law-enforcement activities be considered as incidental to or part of their express powers as a corporation. Further, the certificate of registration issued by this Commission cannot confer rights or authority to use the name and logo of the United Nations, Interpol and other international organizations without their written consent.

Considering that these acts and practices blatantly constitutes *ultra vires* acts and therefore constitute serious misrepresentation that could advance a fraudulent purpose or can be reasonably expected to cause significant, imminent and irreparable danger or injury to the public safety and welfare, the issuance of this ORDER is warranted.

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.

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[11] https://documents-dds-ny.un.org/doc/UNDOC/GEN/N21/055/43/PDF/N2105543.pdf?OpenElement

WHEREFORE, for violation of Section 44 of the Revised Corporation Code of the Philippines (RCC or R.A. 11232) in relation P.D. 902-A and Section 5.1 (m) of the SRC and Section 179 (j) of the RCC, the Certificate of Incorporation and the registration of **TRANSNATIONAL ANTI-ORGANIZED CRIME-INTELLIGENCE GROUP (TAOC-IG), INC.** as a corporation is hereby **REVOKED.**

Accordingly, let this Order be posted at 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

Pasay City, 26 May 2022.

OLIVER O. LEONARDO
Director