



ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

In the matter of:

SEC EIPD CASE NO. 2024-7718

NEW SEATAOO CORPORATION

Company Registration No. 2023050098912-03

SEATAOO INFORMATION TECHNOLOGY, OPC

Company Registration No. 2022100070764-07

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**NEW SEATAOO CORPORATION/SEATAOO
INFORMATION TECHNOLOGY OPC**

12th Floor Cocolight Building, 11th Avenue Fort
Bonifacio, Taguig City, Fourth District, NCR, 1630

adminph@seataoo.com

josephty49@yahoo.com

REVOCATION ORDER

SEATAOO INFORMATION TECHNOLOGY OPC was granted a Certificate of Registration by the Commission on 4 October 2022 under Company Registration No. 2022100070764-07 with Mr. Jayson Corono Clidoro as the sole stockholder.

The primary and secondary purposes of **SEATAOO INFORMATION TECHNOLOGY OPC** as stated in its Articles of Incorporation, is

Primary:

"To operate, manage, and engage in the business of data processing, web hosting and related activities by providing infrastructure for these activities as well as provision of search facilities and other portals activities for the internet. Subject to the provision of Data Privacy Act of 2012 (RA 10173).

Secondary:

"To engage in the business of software development, trading, e-commerce, retail and services.

In the matter of **NEW SEATAOO CORPORATION and
SEATAOO INFORMATION TECHNOLOGY OPC
ORDER OF REVOCATION**

On 12 May 2023, **NEW SEATAOO CORPORATION** was granted a Certificate of Registration by the Commission under Company Registration No. 2023050098912-03 with the following incorporators:

Name	Nationality	Residence
Anna Rose Jangao Tero	Filipino	Block 3, Lot 4, Villa Paraiso Visayan Village, City of Tagum, Davao Del Norte, Davao Region
Jonathan Tuazon Garcia	Filipino	2568 Crisolita Street, San Andres Bukid, Santa Ana, Barangay 766, Manila, NCR
Danny Narciso Sudaria	Filipino	Ventenilla, Paniqui, Tarlac, Region III
Lew Yean Yee	Malaysian	12 th Floor, One Town Square Place, Zapote, City of Las Piñas, Fourth District. NCR
Seow Kai Sheng	Malaysian	Rm 309, Alea Residences, Las Piñas, Talaba Diversion Road, Zapote, City of Las Piñas, NCR

The primary purpose of **NEW SEATAOO CORPORATION** as stated in its Articles of Incorporation, is

“The company will engage in e-commerce retail business”

As advertised on social media (Facebook, Youtube), **NEW SEATAOO CORPORATION** and **SEATAOO INFORMATION TECHNOLOGY OPC** “collectively herein **SEATAOO**” is a cross-border e-commerce that features a “Dropshipping Platform” and provides a seamless and secure online shopping experience to customers worldwide. **SEATAOO** offers its services by accommodating sellers to have their own shop by using Seataoo’s platform of Application where a seller can manage and monitor his/her own shop.



About the Company

▶ Seataoo is a leading online cross-border e-commerce platform that provides a seamless and secure online shopping experience to customers worldwide. Founded in 2020, BRICS E-COMMERCE PTE. LTD. is the parent company of Seataoo.

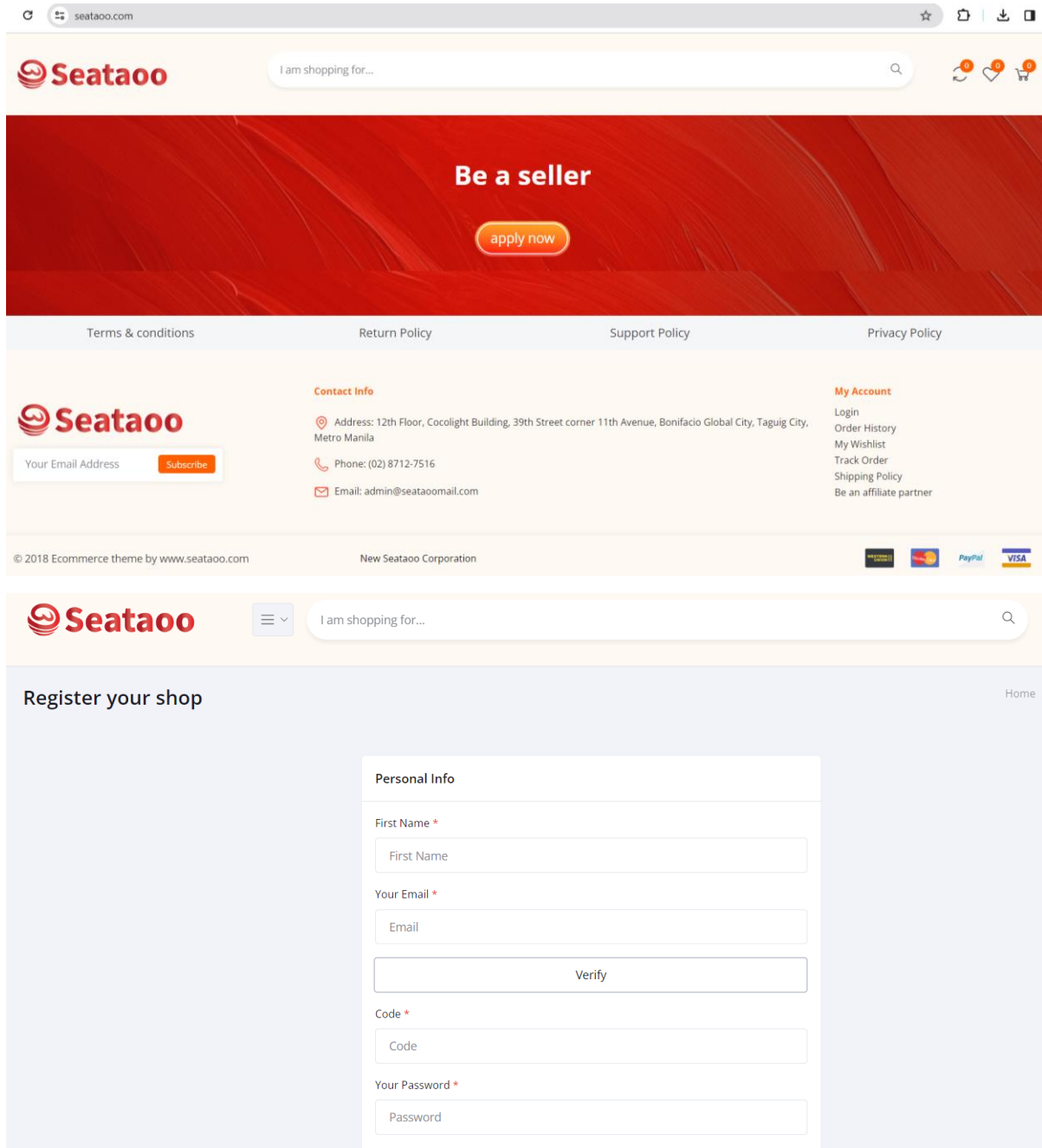
▶ Seataoo Philippines, also known as Seataoo Information Technology OPC, was established on October 4, 2022. The company is committed to delivering the highest level of customer satisfaction by offering a wide range of quality products at competitive prices.

▶ With a team of dedicated professionals and a robust technology platform, Seataoo Philippines is poised to revolutionize the e-commerce landscape in the Philippines and beyond.

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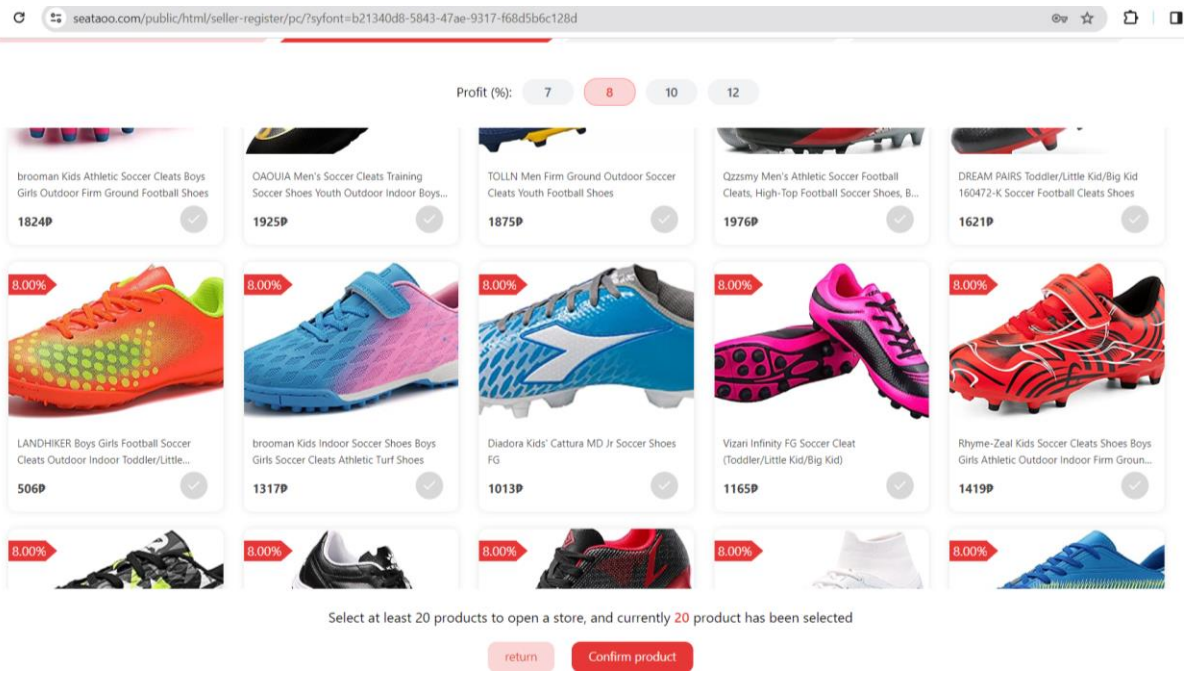
In the month of April 2023, the Commission began receiving inquiries and information from the public that individuals or group of persons representing an entity named “SEATAOO” was soliciting and/or collecting money from the public in the form of investments.

To be a seller, a prospective investor may click the “apply now” button on their website, where upon clicking it, it will go directly to a registration page.



Once done with the registration as a seller, he/she can choose the products that he/she wants to sell. A seller must select 20 products to start and open a store.

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Once a seller starts a store, he/she just have to wait for a buyer to buy his/her products. However, it has been noted that a prospective buyer will not or there is no way he/she can find the store of each seller/member of **SEATAOO**. The link provided and scattered in social media particularly on Facebook is not the link to the store of each seller.

If in the dashboard of each seller, there is a pending order, the seller will pay first the amount of the item that was allegedly bought by a buyer. After a few days or weeks, the money will go back to each seller's wallet together with the profit.

On 22 March 2024, a **Show Cause Order** was issued against **NEW SEATAOO CORPORATION** and **SEATAOO INFORMATION TECHNOLOGY OPC.**, *directing the company to show cause why no administrative sanctions and/or criminal charges should be imposed/filed against NEW SEATAOO CORPORATION and SEATAOO INFORMATION TECHNOLOGY OPC., and/or its incorporators, directors or 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 NEW SEATAOO CORPORATION and SEATAOO INFORMATION TECHNOLOGY OPC., and its incorporators, directors or 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 ultravires 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 NEW SEATAOO CORPORATION and SEATAOO INFORMATION TECHNOLOGY 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.*

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The Show Cause Order was sent through the declared email address of the company as reflected in the records of the Commission at adminph@seataoo.com, josephth49@yahoo.com, clidorojayson.w@gmail.com and info@lessaccountingservices.com.

On 4 April 2024, the department received an email from the counsel of **SEATAOO** submitting the advance copy of their *Verified Answer* in response to the Show Cause Order issued by the Enforcement and Investor Protection Department.

In the said *Verified Answer/Explanation*, it was stated that **SEATAOO** operates as an e-commerce platform offering retail business as well as dropshipping business model. Dropshipping is a retail fulfillment method for e-commerce business. It is an e-commerce strategy where the seller/user sells products on **SEATAOO**'s platforms without having them in stock. Sellers/users do not have to open a physical store, hire employees, pay overhead, or stock products. Instead, sellers/users open an online store and buy from manufacturer (**SEATAOO**) who already have products and warehouse space.

In paragraph 40 of the said *Verified Answer*, **SEATAOO** denies the department's findings that once a prospective investor become a seller, he/she can choose the products that he/she wants to sell for the reason that sellers are not considered as investors. **SEATAOO** actively markets its e-commerce platform, individuals choose to register as sellers voluntarily, without the need to invest money or expect guaranteed profits from the alleged investment within a specified timeframe.

As further argued in paragraph 41, there exists a clear distinction between online sellers who can earn profits from their sales and investors in a company. It is important to emphasize this differentiation as it forms the basis of a valid defense.

Furthermore, in paragraph 50, it was claimed that the seller who chose product warehouse solution, the seller pays **SEATAOO** for the products chosen and purchased by him/her from **SEATAOO**. This money is the purchase money or consideration for the sale between the seller and **SEATAOO** and is definitely not an investment.

To answer this argument of **SEATAOO**, as mentioned in the immediately preceding paragraph, the money is the purchase money or consideration for the sale between seller and **SEATAOO**. How come that a seller will be able to pay the products she wants to sell if he/she will not release or invest money. In this particular case, Seller pays the products first and the money he/she use is his/her capital investment.

In paragraph 53, **SEATAOO** claimed that if the link posted in social media is clicked, the potential buyer will be led to a page for the purpose of CREATING AN ACCOUNT as **SEATAOO** BUYER and not automatically as a seller, contrary to the department's findings as stated in the Show Cause Order.

However, it did not answer the findings that a prospective buyer will not or there is no way he/she can find the store of each seller/member of **SEATAOO**. The link provided and scattered in social media particularly in Facebook is not the link to the store of each seller.

On 16 April 2024 an email was sent to the counsel of **SEATAOO** which was initially scheduled on 18 April 2024, inviting them for a conference to present the business model of **SEATAOO**. However, it was rescheduled to 23 April 2024 due to unavailability of the counsel.

On 23 April 2024, during the conference with the counsel and a representative from **SEATAOO**, they were instructed to present the business model of the subject entity. They asked to present on the spot on creating an account as a seller and as a buyer. However, due to weak internet connection, the conference was rescheduled on 30 April 2024. **SEATAOO** was likewise required to submit the lists of its sellers (who uploaded their own products and who opted to sell Seataoo's products), latest audited financial statements or BIR stamped, report on the inventory movement and lists of merchant partners.

On 30 April 2024, the counsel of the **SEATAOO** showed up, however, they were not able to present and submit what was required of them. The department gave **SEATAOO** another chance to submit until 6 May 2024.

On 6 May 2024, the counsel only submitted the lease contract between **SEATAOO** and **Flashline Global Logistic Corporation** but not notarized and for the last time, they were given a chance to submit the documents within the day, initially through email to be followed by original copies the next day.

Given the chances that were given to **SEATAOO**, they failed to present us on how the business of **SEATAOO** is working from start to end. Also, they were not able submit documents as required by this Department. Hence, we now resolve the instant case on the basis of available evidence.

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.

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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.”

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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 **offered or sold** for 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. “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.

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In this particular case, the Department carefully examined the characteristics of the investments offered by **SEATAOO** 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 **SEATAOO**, which are as follows:

- By investing in the company, **the investor enters into a contract;**
- 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; as explained above, the money being paid to **SEATAOO** is a capital or investment.
- The money invested is placed in a **common enterprise;** in the sense that all the money is being pooled in **SEATAOO**.
- The **investors expect to derive profits** as they are primarily attracted to join **SEATAOO** for a promise of receiving profit; and
- The investors expect to earn profits derived primarily from the efforts of others or from **SEATAOO**.

In this particular case, an evaluation of **SEATAOO** marketing scheme reveals that clearly, the buying and selling of products and to act as an e-commerce is not present in **SEATAOO's** business operation as represented by the latter. **SEATAOO** is apparently the one who pretends to be the buyer in every registered seller and manipulates each seller's dashboard.

The Invoice that **SEATAOO** sends to each seller contains incomplete details. It must be noted that when issuing invoice to clients/customers, it should reflect and/or contain all the information required to be shown therein, i.e. Name, Address, Contact Numbers.

Seataoo		INVOICE			
Seataoo 12th Floor, Cocolight Building, 39th Street corner 11th Avenue, Bonifacio Global City, Taguig City, Metro Manila Email: admin@seataoemail.com Phone: (02) 8712-7516		Order ID: 202402212304146682504 Order Date: 21-02-2024			
Bill to: Colmao 7 Email: 5 Phone: 00886*****					
Product Name	Delivery Type	Qty	Unit Price	Tax	Total
Amazon Essentials Men's Standard Performance Cotton Short-Sleeve T-Shirt (M)	Home Delivery	1	488.16₱	0.00₱	488.16₱
					Sub Total 488.16₱ Shipping Cost 0.00₱ Total Tax 0.00₱ Coupon Discount 0.00₱ Grand Total 488.16₱

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INVOICE

Seataoo
12th Floor, Cocolight Building, 39th Street corner 11th Avenue, Bonifacio Global City, Taguig
City, Metro Manila
Email: admin@seataoomail.com
Phone: (02) 8712-7516

Order ID: 202402220522298288251
Order Date: 22-02-2024

Bill to:
Q.
7
Email: 5
Phone: +66 9*****

Table with 6 columns: Product Name, Delivery Type, Qty, Unit Price, Tax, Total. Rows include Gildan Heavy Cotton T-Shirt, Lucky Brand Boys' Short Sleeve Crew Neck T-Shirt, and Hanes Youth 5.2 oz. 50/50 ComfortBlend EcoSmart T-Shirt.



Summary table with 2 columns: Item, Amount. Rows include Sub Total (1,302.48), Shipping Cost (0.00), Total Tax (0.00), Coupon Discount (0.00), and Grand Total (1,302.48).

Moreover, there is also an Affiliate Program being offered by SEATAOO where a referral code that is unique will be given to each seller. Once a prospective seller uses the referral code, he/she will become an affiliate. The seller will earn 3% commission from each successful order processes of his/her affiliate.

The business mechanics of SEATAOO contrary to its representations does not actually involve a scenario where as advertised by SEATAOO on social media (Facebook, Youtube), that it provides a "Dropshipping Platform" with a seamless and secure online shopping experience to customers worldwide. That it offers its services by accommodating sellers to have their own shop by using SEATAOO platform or Application where a seller can manage and monitor his/her own shop.

Rather, the seller is made to invest by paying first for the value of the alleged product ordered and it is only after the lapse of days or even weeks that the profit, together with the principal amount is paid to the seller. This scheme contains all the hallmarks of an "investment contract", a form of Security defined under the Securities Regulation Code (SRC).

SEATAOO 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

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



enterprise with the expectation that they would earn a profit through the efforts of the promoter or of someone other than themselves.²

SEATAOO 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 **SEATAOO** 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 **SEATAOO** 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 **SEATAOO** primary purpose in its Articles of Incorporation, it is clearly provided that the business of the subject company is:

“To engage in, conduct and carry on the business of buying, selling, distributing, marketing on wholesale and retail basis insofar as may be permitted by law, all kinds of goods, wares and merchandise of every kind and description, and enter into all kinds of contracts for export, import, purchase, acquisition sale on wholesale and retail basis and other disposition for its account as principal or in representative capacity as main distributor, manufacturer’s representative, merchandise broker, indentor, commission, merchant, factors or agents, upon consignment of all kinds of goods, services, merchandise or products whether natural or artificial without engaging in investment solicitation nor investment taking activity from public investors”.

Provided that the corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts.”

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

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.

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 **SEATAOO**.’s Articles of Incorporation expressly prohibits it to operate an investment-taking scheme.

In an SEC opinion³, 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 **SEATAOO**. explicitly states that:

This Certificate grants juridical personality to this corporation **BUT DOES NOT AUTHORIZED it:**

- a. **to issue, sell or offer for sale to the public, securities** such as but not limited to, shares of stock, **investment contracts**, debt instruments and virtual currencies without prior Registration Statement approved by this Commission
- b. **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 shares/cash shares/membership certificate issuers or selling agents thereof nor to operate a fiat money to virtual currency exchange **nor engage in investment solicitation and investment taking requiring a Secondary License from this Commission.**
- c. To act as a permit to undertake activities to which other government agencies require license or

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

permit.

To exacerbate matters, the scheme being offered by **SEATAOO**, is clearly in the nature of a *ponzi* scheme⁴ where the profits or payouts shall be taken from incoming investors/sellers 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 or 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 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

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)

prejudice of or damage to the general public. 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 **SEATAOO** is authorized to engage in the selling or offering for sale of securities to the public, the activity of **SEATAOO** 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 **SEATAOO** 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.”

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Hence, a fine of **ONE MILLION PESOS (P1,000,000.00)** is hereby imposed against **SEATAOO** for offering securities to the public without prior registration and license from the Commission and **SEATAOO** its incorporators and directors are 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, 10 May 2024.


FILBERT CATALINO F. FLORES III
Director

Copy Furnished:

COMPANY REGISTRATION AND MONITORING DEPARTMENT (CRMD)
gfdelrosario@sec.gov.ph

INFORMATION COMMUNICATIONS TECHNOLOGY DEPARTMENT (ICTD)
ictd@sec.gov.ph

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