Securities and Exchange Commission
PHILIPPINES

## CORPORATE GOVERNANCE AND FINANCE DEPARTMENT

**In the matter of:**

**For: VIOLATION OF SEC MEMORANDUM CIRCULAR NO. 18, SERIES OF 2019 ON THE PROHIBITION ON UNFAIR DEBT COLLECTION PRACTICES OF FINANCING COMPANIES (FC) AND LENDING COMPANIES (LC)**

**UNIPESO LENDING COMPANY, INC.**
(Company Reg. No. CS201800172)
*Respondent.*
x-------------------------------------------x

**TO:**

**MR. HAOLONG LI**
*President*
Unit 701-A Salcedo One Center
170 Salcedo Street, Legaspi Village
Makati City
E-mail: rizza@unipeso.com
corporategovernance@unipeso.com
lihaolong@unipeso.com

**Greetings:**

Please take notice that on 03 December 2020, an Order, copy hereto attached, was issued in the above-entitled case, the original of which is now on file with the Commission.

Please acknowledge receipt hereof.

03 December 2020. Pasay City.

Remalante

**RACHEL ESTHER J. GUMTANG-REMALANTE**
*Director*

Securities and Exchange Commission
PHILIPPINES

**CORPORATE GOVERNANCE AND FINANCE DEPARTMENT**

CGFD Order No. **132**
Series of 2020

**In the matter of:**

**For: VIOLATION OF SEC MEMORANDUM CIRCULAR NO. 18, SERIES OF 2019 ON THE PROHIBITION ON UNFAIR DEBT COLLECTION PRACTICES OF FINANCING COMPANIES (FC) AND LENDING COMPANIES (LC)**

**UNIPESO LENDING COMPANY, INC.**
(Company Reg. No. CS201800172)
*Respondent.*
x---------------------------------------------x

## ORDER

This resolves the Formal Charge dated 24 September 2020 issued by this Department (the "*Formal Charge*") against Unipeso Lending Company, Inc. (hereinafter referred to as "*Respondent*") for violations of SEC Memorandum Circular No. 18, series of 2019 on the Prohibition on Unfair Debt Collection Practices of Financing Companies (FC) and Lending Companies (LC) (the "*SEC MC 18*").

## I. STATEMENT OF FACTS

Respondent is a licensed lending company under SEC Registration No. CS201800172 with Certificate of Authority to Operate as a Lending Company ("*CA*") No. 2641.[1] On 24 September 2020, the Corporate Governance and Finance Department (the "*CGFD*" or the "*Department*") formally charged the Respondent company for committing multiple violations of SEC MC 18 in relation to complaints received from its borrowers.

Section 1 of SEC MC 18 defines unfair debt collection practices, thus:

*Sec 1 Unfair Collection Practices - FCs, LCs, and TPSPs hired by them may resort to all reasonable and legally permissible means to collect amounts due them under the loan agreement, provided that, in the exercise of their rights and performance of their duties, they must observe good faith and reasonable conduct and refrain from engaging in unscrupulous and untoward acts. Without limiting the general application of the foregoing, the following conduct shall constitute unfair collection practices, which shall be subject to the penalties provided herein:*

1 Registered on 18 January 2018.

*(a) The use or threat of use of violence or other criminal means to harm the physical person, reputation, or property of any person;*

*(b) The use of threats to take any action that cannot legally be taken;*

*(c) The use of obscenities, insults, or profane language the natural consequence of which is to abuse the borrower and/or which amount to a criminal act or offense under applicable laws;*

*(d) Disclosure or publication of the names and other personal information of borrowers who allegedly refuse to pay debts, except as may be allowed under Section 2 hereof;*

*(e) Communicating or threatening to communicate to any person loan information, which is known, or which should be known, to be false, including the failure to communicate that the debt is being disputed, except as may be allowed under Section 2 hereof;*

*(f) The use of any false representation or deceptive means to collect or attempt to collect any debt or to obtain information concerning a borrower; and*

*(g) Making contact at unreasonable/inconvenient times or hours, which shall be defined as contact before 6:00 A.M. or after 10:00 P.M., unless the account is past due for more than fifteen (15) days, or the borrower has given express consent that the said times are the only reasonable or convenient opportunities for contact.*

*Such consent which shall be evidenced by written, electronic, or recorded means, may be given prior to, during, or after the execution of the loan agreement.*

*(h) Notwithstanding the borrower's consent, contacting the persons in the borrower's contact list other than those who were named as guarantors or co-makers shall also constitute unfair debt collection practice.*

Respondent's violations of SEC MC 18 which were discussed in the Department's Formal Charge are as follows:

**Table 1. Summary of Respondent's SEC MC 18 violations**

| | Complaint | Violations | Frequency |
|---|---|---|---|
| 1 | Jonathan Carlos | Section 1(c) | 1st (paid) |
| 2 | Karen Badang | Section 1(c) | 2nd (paid) |
| 3 | Bernard Sarte | Section 1(f), (h) | 3rd |
| 4 | Kimberly Reyes | Section 1(c), (f), (h) | 4th |
| 5 | Rhea Quintana | Section 1, Section 1(a), (c), (h) | 5th |
| 6 | Darryl Jane Pedrosa | Section 1 | 6th |

Pursuant to the 2016 Rules of Procedure of the Securities and Exchange Commission (the "*2016 Rules*"), the Respondent was ordered to submit a verified answer to the Formal Charge, explaining why its CA should not be revoked for violating SEC MC 18 six (6) times.

On 28 September 2020, the CGFD attempted to serve the Formal Charge via personal delivery to Respondent's last known address per official Commission records [2] Such an attempt was, however,

---

2 Per 2019 General Information Sheet: Unit 701-A. Salcedo One Center, 170 Salcedo Street, Legaspi Village, Makati City

unsuccessful as there was no one to receive the said document. On the same day, the Formal Charge was sent via registered mail to the said address.

On 29 September 2020, a scanned copy of the Formal Charge was likewise sent via email to Respondent's official email addresses declared in its Consent Form.[3]

On 09 October 2020, the Formal Charge was returned unserved because there was no one to receive the same.[4]

## II. ISSUE

The sole issue for the Department's determination is whether or not Respondent's CA should be revoked for its commission of several violations of SEC MC 18.

## III. THE CGFD'S RULING

In view of Respondent's failure to respond to the Formal Charge despite receipt thereof through its official email addresses, and the unsuccessful service of hard copies of the Formal Charge via personal delivery and registered mail to Respondent's last known address as reflected in official SEC documents, the Department is thus constrained to rule upon this matter based on available records.

The Department finds that the revocation of Respondent's CA is in order.

**The gravity and the number of Respondent's violations of SEC MC 18 warrant the revocation of its CA.**

Section 5 of SEC MC 18 lays down the applicable penalties for violations thereof, to wit:

*Sec. 5. Applicable Penalties. - Violation of this Circular shall subject FCs and LCs to the following penalties:*

| | *LCs* | *FCs* |
|---|---|---|
| *First Offense:* | *P25,000.00* | *P50,000.00* |
| *Second Offense:* | *P50,000.00* | *P100,000.00* |
| *Third Offense:* | *Subject to the facts, circumstances and gravity of the offense, the Commission, at its discretion, may impose a Fine of not less than twice the fine for the second offense but not more than P1 Million (1,000,000) Pesos; or* ***Suspension of lending and financing activities for a period of sixty (60) days; or Revocation of Certificate of Authority*** *to operate as a Financing or Lending Company, as appropriate for each circumstance. xxx* (Emphasis supplied) | |

3 rizza@unipeso.com, corporategovernance@unipeso.com, and lihaolong@unipeso.com

4 Per Makati City Central Post Office's Certification dated 30 October 2020.

It is clear from the afore-quoted provision that a third violation of SEC MC 18 merits the imposition of either a monetary fine, suspension, or revocation of the CA, depending on the facts, circumstances, and gravity of the offense. In the instant case, **Respondent was found to have violated SEC MC 18 six (6) times.** This much is supported by the proofs submitted by the individual complainants.

The CGFD hereby affirms its findings of Respondent's third up to sixth violations of SEC MC 18, as discussed in the Formal Charge. Summarized hereunder are the said findings:

**Third violation: Violation of Section 1(f) and (h) in connection with the complaint of Mr. Bernard Sarte.**

By loosely using legal terminologies, which, as a natural consequence, instill fear and anxiety to the minds of those who are not learned in the law like the complainant herein, Respondent violated **Section 1(f)** of SEC MC 18. False representation and deceptive means were employed, as Respondent's messages to the complainant unduly imply that non-payment of any debt will result in criminal prosecution for estafa.

The same violation was committed in relation to Respondent's name-dropping of the National Bureau of Investigation ("*NBI*") and threatening Mr. Sarte of having him blacklisted from the said institution.

The Respondent also violated **Section 1(h)** when, as admitted, it contacted Mr. Sarte's named references who were not named as guarantors or co-makers.

**Fourth violation: Violation of Section 1(c), (f), and (h) in connection with the complaint of Ms. Kimberly Reyes.**

Respondent violated **Section 1(c) of SEC MC 18** when, as admitted, it called Ms. Reyes dumb, thief, and liar.

In using and name-dropping the NBI, telling the complainant that she has been "*filled* (sic) *for BLACKLISTED* (sic) *to (NBI and Police Clearance/Bad Debt Record)*", Respondent also violated **Section 1(f) of SEC MC 18**, since it unduly implies that non-payment of any debt will be a ground for one to be blacklisted with the NBI.

Respondent's act of contacting Ms. Reyes' named references who were not necessarily her co-makers or guarantors, as it admitted in its response, Respondent also violated **Section 1(h) of SEC MC 18.**

**Fifth violation: Violation of Section 1(a), (c), and (h) in connection with the complaint of Ms. Rhea Quintana.**

The screenshots of messages sent to Ms. Quintana which she attached to her complaint clearly show foul and profane swearwords directed towards her, in violation of **Section 1(c) of SEC MC 18.**

In addition, Respondent violated **Section 1(a)** when it sent messages to Ms. Quintana saying that she will not live for another day and alluding to her being shot in the head.

Furthermore, for contacting the complainant's contacts who were not her guarantors or co-makers, Respondent violated **Section 1(h) of SEC MC 18.**

**Sixth violation: Violation of Section 1 of SEC MC 18 in connection with the complaint of Ms. Darryl Jane Pedrosa.**

By threatening Ms. Pedrosa that it will send messages to her contacts lest she pays her loan, Respondent committed an unfair collection practice, in violation of Section 1 of SEC MC 18. It is worthy to note that the language of SEC MC 18 does not limit unfair collection practices to those enumerated therein, but encompasses other unscrupulous and untoward acts in collecting debts, such as the aforementioned threats that were sent to Ms. Pedrosa.

All told, the complainants' allegations, the evidence they submitted in support thereof, and even Respondent's own admissions, clearly evince the unscrupulous manner by which it collects debt from its borrowers. Thus, the CGFD holds that the revocation of Respondent's CA is warranted, pursuant to Section 5 of SEC MC 18.

**WHEREFORE**, in view of the foregoing, the Certificate of Authority to Operate as a Lending Company of Unipeso Lending Company, Inc. (CA No. 2641) is hereby **REVOKED.**

**SO ORDERED.**

03 December 2020. Pasay City.

Remalante

**RACHEL ESTHER J. GUMTANG-REMALANTE**
*Director*