

ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

In the matter of:

SEC EIPD CASE NO. 2024-8027

PURPLE DISH GROUP INC.

Company Registration No. CS201804813

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PURPLE DISH GROUP INC.

Block 4 Lot 20, Phase 20
Greenwoods Executive Village
Gardenia St. San Juan, Cainta, Rizal
Region IV-A Philippines

VELMOR DELA CRUZ DE RONA

Block 4 Lot 20, Phase 20
Greenwoods Executive Village
Gardenia St. San Juan, Cainta, Rizal
Region IV-A Philippines

CHEERYL LOVE CHUA ISIDRO

Block 4 Lot 20, Phase 20
Greenwoods Executive Village
Gardenia St. San Juan, Cainta, Rizal
Region IV-A Philippines

SUSANA CHUA ISIDRO

2048 M Reyes Corner Tinio Street
Bangkal
City of Makati NCR, 1233

RODOLFO MENDOZA ISIDRO

18 Camella Home 4 Boracay Drive
Poblacion, City of Muntinlupa NCR,
1776

**VICTORIO DELA CRUZ DE RONA
JR.**

10 Maypajo, Purificacion Street,
Barangay 35
Caloocan City, NCR 1410 ✓

REVOCATION ORDER

PURPLE DISH GROUP INC. was granted its Certificate of Registration by the Commission on 04 April 2018 under Company Registration No. CS201804813 with the following incorporators namely:

Name	Citizenship	Residential Address
Velmor Dela Cruz De Rona	Filipino	Block 4 Lot 20, Phase 20 Greenwoods Executive Village Gardenia St. San Juan, Cainta, Rizal Region IV-A Philippines
Cheeryl Love Chua Isidro	Filipino	Block 4 Lot 20, Phase 20 Greenwoods Executive Village Gardenia St. San Juan, Cainta, Rizal Region IV-A Philippines
Susana Chua Isidro	Filipino	2048 M Reyes Corner Tinio Street Bangkal City of Makati NCR, 1233
Rodolfo Mendoza Isidro	Filipino	18 Camella Home 4 Boracay Drive Poblacion, City of Muntinlupa NCR, 1776
Victorio Dela Cruz De Rona Jr.	Filipino	10 Maypajo, Purificacion Street, Barangay 35 Caloocan City, NCR 1410

The purpose/s of **PURPLE DISH GROUP INC.** as stated in its Articles of Incorporation is:

“To engage in food catering business. Provided that the corporation shall not solicit, accept or take investments/ placements from the public neither shall it issue investment contracts”

Sometime in October 2024, the Commission received reports regarding the online investment solicitation of **PURPLE DISH GROUP INC.**, through presentation, publication, promotion and advertisement of its co-ownership business model or program in social media sites and other means.

Based on the reports and as posted in its Instagram Page, **PURPLE DISH GROUP** is inviting the public to become an investor or a co-owner of one of their upcoming restaurants under the name **“Food Market Subic”**, by investing any amount for a promise of high profits or returns ranging from 10%-30% or Php 165,000.00 semi-annually for every 2% preferred shares equivalent to Php 450,000.00 per 1% share; one (1) free



franchise fee for any branch of PURPLEDISH's franchise restaurant; and complimentary services with the proprietary marks owned by Purple Dish Group Inc.. Below is a screenshot copy of the said FB post:



foodmarketmanila BE A RESTAURANT OWNER WITH A FRACTION OF COST.

Co-own a food business that's not only operate as a restaurant but also Catering operation with Online Delivery System.

Earn passive income including additional earnings of 10-30% profit from rebates.

Furthermore, enjoy the perks of 20-30% discounts from dine-in, catering and online delivery.

Send us DM for more details.

July 3, 2023

In the same Instagram Page, **FOODMARKET MANILA** a restaurant concept of **PURPLEDISH GROUP INC.** posted a **CO-OWNERSHIP** offering. Below is a screenshot copy of the said Instagram post: 4



foodmarketmanila

...



♡ 748 📍 195



foodmarketmanila We are excited to introduce our 24-hour Japanese restaurant food hall, a unique "restaurant within... more

August 20



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Further, upon online verification with DTI's Business Name Registration System (BNRS), it was discovered that the name **PURPLE DISH GROUP INC. and one of its businesses, FOODMARKET MANILA** does not appear in its system. Attached are screenshot copies of the said BNRS results:

BNRS
BUSINESS NAME REGISTRATION SYSTEM

SERVICES - BUSINESS NAME SEARCH

Home - Business Name Search

BUSINESS NAME SEARCH

Enter Keyword(s)
PURPLE DISH GROUP INC.

Criteria
☒ Exact Match

Sort By
Business Name ☐ Ascending ☐ Descending

0 search results found.

BUSINESS NAME	BUSINESS TERRITORY	OWNER'S NAME	CERTIFICATE NO. / BNN	TRANSACTION/ REGISTRATION DATE	STATUS	BUSINESS SCOPE
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Note:
The verification of a specific **Business Name** is limited to exact name search only. Random searches are not allowed.

BNRS
BUSINESS NAME REGISTRATION SYSTEM

SERVICES - BUSINESS NAME SEARCH

Home - Business Name Search

BUSINESS NAME SEARCH

Enter Keyword(s)
FOODMARKETMANILA

Criteria
☒ Exact Match

Sort By
Business Name ☐ Ascending ☐ Descending

0 search results found.

BUSINESS NAME	BUSINESS TERRITORY	OWNER'S NAME	CERTIFICATE NO. / BNN	TRANSACTION/ REGISTRATION DATE	STATUS	BUSINESS SCOPE
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Note:
The verification of a specific **Business Name** is limited to exact name search only. Random searches are not allowed.

As earlier discussed, **PURPLE DISH GROUP INC** is a registered corporation under Company Registration No. CS201804813. However, it 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.

Acting on the alleged online solicitation of investments by **PURPLE DISH GROUP INC**, this Department conducted a fact-finding investigation to determine the veracity of the reports/complaints against the corporation.

On 17 December 2024, a **Show Cause Order** was issued against **PURPLE DISH GROUP INC.** addressed to the company's registered principal office address, and to its Incorporator, Nominee and Alternate Nominee, respectively, namely; Velmor Dela Cruz De Rona, Cheeryl Love Chua Isidro, Susana Chua Isidro, Rodolfo Mendoza Isidro and Victorio Dela Cruz De Rona Jr., ***directing the company to show cause why no administrative sanctions and/or criminal charges should be imposed/filed against PURPLE DISH GROUP INC. and/or its incorporators, directors and officers for violation of the Securities Regulation Code and other pertinent laws, rules and regulations of the Commission and to show cause why no administrative sanctions and/or criminal charges should be imposed/filed against PURPLE DISH GROUP INC. and its incorporators, directors of 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 among others.***

On 18 December 2024, the Show Cause Order was sent through the declared email address of the company as reflected in the records of the Commission at j2911as@yahoo.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 raised in the aforementioned Show Cause Order. Hence, we now resolve the instant proceedings on the basis of available evidence.

DISCUSSION:

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 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.

In this particular case, the Department carefully examined the characteristics of the investments offered by **PURPLE DISH GROUP INC.** 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 **PURPLE DISH GROUP 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 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.
- The money invested is placed in a **common enterprise;**
- The **investors expect to derive profits** as they are primarily attracted to join **PURPLE DISH GROUP** for a promise of a passive income of 10%-30% or Php 165,000.00 semi-annually for every 2% preferred shares equivalent to Php 450,000.00 per 1% share; one (1) free franchise fee for any branch of PURPLEDISH's franchise restaurant; and complimentary services with the proprietary marks owned by Purple Dish Group Inc.
- The investors expect to earn profits derived primarily from the efforts of others or from **PURPLE DISH GROUP INC.**

Clearly, **PURPLE DISH GROUP INC.** is offering an investment scheme which is within the definition of securities under Section 3.1 of the SRC that is 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 enterprise with the expectation that they would earn a profit through the efforts of the promoter or of someone other than themselves.² 

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

²Ibid. 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.

It is noteworthy to mention that **PURPLE DISH GROUP INC.** 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 **PURPLE DISH GROUP INC.** in soliciting investments from the public without the necessary secondary license from the Commission is unauthorized.

It is important to emphasize that **PURPLE DISH GROUP INC.** 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 **PURPLE DISH GROUP INC.** Articles of Incorporation as approved by the Commission, it is clearly provided that the business of the subject company is:

"To engage in food catering business. 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 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 **PURPLE DISH GROUP INC.**'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."

To exacerbate matters, the scheme being offered by **PURPLE DISH GROUP INC.** is clearly in the nature of a *ponzi* scheme⁴ where the profits or payouts shall be taken from

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

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

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.”

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)

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 ✓

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)

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themselves and the offering or selling of investment schemes to the public without a license.

Under Section 6(i)(2) 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 prejudice of or damage to the general public. Likewise, Section 5.1 (m) of the SDRC and Section 179 (j) of the Revised Corporation Code of the Philippines 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:

“1. Investigations and administrative actions involving the following:

xxx.

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 revocation⁶ 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.” ✓

⁶ Revocation refers to involuntary dissolution of corporate registration pursuant to Section 138 of the Revised Corporation Code.

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 **PURPLE DISH GROUP INC.** is authorized to engage in the selling or offering for sale of securities to the public neither is it stated in its secondary purposes that it is authorized to raise capital or borrow money from the public, the activity of **PURPLE DISH GROUP 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 violations of Section 44 of the Republic Act No. 11232 otherwise known as the Revised Corporation Code of the Philippines (RCC), Sections 8.1, 26.1 and 28.1 of the Securities Regulation Code, Section 11 of the Financial Products and Services Consumer Protection Act, Section 6(i)(2) of P.D. 902-A in relation to Section 179 (j) of R.A. 11232 and Section 5.1 (m) of the SRC, the Certificate of Incorporation and the registration of **PURPLE DISH GROUP INC.** 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.”

Hence, a fine of ONE MILLION PESOS (**P1,000,000.00**) is hereby imposed against **PURPLE DISH GROUP INC.** for offering securities to the public without prior registration and license from the Commission and **PURPLE DISH GROUP INC.** and its incorporator and nominee is 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, 13 February 2025.


FILBERT CATALINO F. FLORES III, MNSA, CESO IV
Director

E3/E51/I

