



Republic of the Philippines
Department of Finance
Securities and Exchange Commission

ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

In the matter of

CHAMPION LIFESTYLE GLOBAL CORPORATION
SEC Company Reg. No. 2021030008446-31

SEC EIPD Case No. 2023-7567

For Revocation of Certificate of Incorporation for violation of the Corporation code of the Philippines in relation to 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

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ORDER OF REVOCATION

CHAMPION LIFESTYLE GLOBAL CORPORATION is a Stock Corporation registered with the Commission on 09 March 2021 under Company Reg. No. 2021030008446-31. Its principal office address is located at 20 UNIT 303 DILIMAN FSS BLDG 1 SCOUT TUAZON CORNER SCOUT CASTOR DISTRICT 4 Laging Handa, QUEZON CITY, SECOND DISTRICT, NATIONAL CAPITAL REGION (NCR), 1103. Its primary purpose as stated in its Articles of Incorporation is:

“To engage in, conduct and carry on business on direct selling of Food Franchise, Food Supplement, wellness and Beauty, insofar as maybe permitted by law;

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

The Department received numerous emails inquiring and reporting about **CHAMPION LIFESTYLE GLOBAL CORPORATION (CLGC)** and its alleged business activities.

Investigation conducted by the Department revealed that **CHAMPION LIFESTYLE GLOBAL CORPORATION** is engaged in a “Purchase and Redeem – Motorcycle Plan” which allowed those who availed thereof to receive a motorcycle subject to the conditions set forth in a “Memorandum of Agreement”. After verifying CLGC’s now deleted social media account, it appeared that such scheme was their primary business in contravention to the purpose stated in its Articles of Incorporation.

Thus, a **Show Cause Order** was issued against **CHAMPION LIFESTYLE GLOBAL CORPORATION** via email on 25 July 2023 to its official email addresses on file: championlifestyleglobalcorp@gmail.com and myramcajayon@gmail.com and via registered mail on 26 July 2023 sent to its principal address indicated in its Articles of Incorporation and to the incorporators and contact person/representative of the said entity **JOMAR CLOSE LORICA, ELONNA B. FRANCISCO** and **VIRGIL ANGELO DE JOYA BERI** ***directing the company to show cause why its Certificate of Incorporation should not be revoked 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 committing fraud in the procurement of its Certificate of Incorporation.***

On 31 July 2023, the Department received a letter addressed to the Department to show cause why **CHAMPION LIFESTYLE GLOBAL CORPORATION** corporate license should not be revoked. As mentioned in the letter reply:

“CLGC is never at all selling motorcycle units in contravention of its charter. Rather, CLGC is simply assisting the applicant in obtaining a motorcycle unit at the suggested retail price less a discount; and the interest on the motorcycle loan will be shouldered by CLGC. In this way, the applicant receives a motorcycle unit by paying for the discounted price only, and no more.”

CLGC’s alleged source of funds is from its conduct of business in pursuit of its primary purpose as stated in its Articles of Incorporation. By doing so, applicants who were assisted by CLGC automatically becomes a member who can buy CLGC products at a discounted price and sell them at a “high mark-up” price. CLGC disclosed that they could no longer afford to pay for the monthly interest on the amortization of several motorcycle units and decided to conduct a refund program which allegedly, remains successful.

It is important to emphasize that as a juridical person, **CHAMPION LIFESTYLE GLOBAL CORPORATION** is only allowed to exercise powers inherent to its existence as provided in the Revised Corporation Code of the Philippines and those conferred in its Articles of Incorporation (AOI) or Articles of Partnership (AOP). In other words, what a corporation or partnership can do is necessarily circumscribed by its primary purpose clause in its AOI or AOP.

The purpose clause in the Articles of Incorporation of against **CHAMPION LIFESTYLE GLOBAL CORPORATION** clearly and explicitly state, among others, that:

“To engage in, conduct and carry on business on direct selling of Food Franchise, Food Supplement, wellness and Beauty, insofar as maybe permitted by law.

This Certification DOES NOT AUTHORIZE INVESTMENT SOLICITATION AND INVESTMENT-TAKING WITHOUT A SECONDARY LICENSE FROM THIS COMMISSION.”

Nonetheless, the purpose stated in the Articles of Incorporation need not set out with particularity the multitude of activities in which the partnership may engage. The effect of broad purposes or objects is to confer wide discretionary authority upon the partners or management of the partnership 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 or partnership may exercise. In fact, the purpose stated in **CHAMPION LIFESTYLE GLOBAL CORPORATION’s** Articles of Incorporation ***prohibited them to operate an investment-taking scheme***.

Section 44 of the Revised Corporation Code of the Philippines, 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.”

In an opinion¹, 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

¹ SEC-OGC Opinion No. 11-33 dated 29 July 2011 addressed to Mr. Jesus B. Lapuz.

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.”

Under Section 6 of Presidential Decree 902-A, the Commission has the power to suspend, or revoke, after proper notice and hearing, the franchise or certificate of registration of 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 Revised Corporation Code of the Philippines (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 SEC, 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:

- xxx d) *Ultra Vires* acts committed in violation of the Revised Corporation Code;
- 2. Petitions for revocation² 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;
- 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, in SEC Admin Case No. 11-10-124 entitled *In re: PHILBIO Renewable Energy Resources Corp.*, promulgated on 27 April 2016, the Commission provided what constitutes 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 the primary purpose **CHAMPION LIFESTYLE GLOBAL CORPORATION** involves the procurement of motorcycle units, the declared primary purpose was done with fraudulent intent due to the large disparity of their declarations in the Articles of Incorporation and the actual activities of their business is considered an *ultra vires act* and therefore constitutes serious misrepresentation as to what the corporation can do or is doing to the great prejudice or damage to the general public which is a ground for the revocation of a corporation’s primary franchise or certificate of registration/ incorporation under PD 902-A.

² Revocation refers to involuntary dissolution of corporate registration pursuant to Section 138 of the Revised Corporation Code.

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.”

WHEREFORE, for violation of Section 44 of the Revised Corporation Code of the Philippines (R.A. No. 11232) in relation Section 6 (i)(2) of P.D. 902-A, the registration of **CHAMPION LIFESTYLE GLOBAL CORPORATION** is hereby **REVOKED**.

Accordingly, let this Order be 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, 27 September 2023.


OLIVER O. LEONARDO
Director