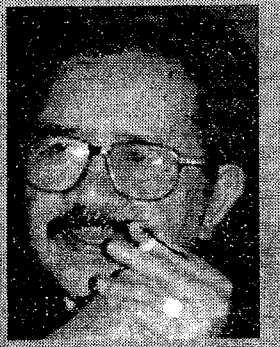


SEC sings sour note on Philcomsat

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"There is more than meets the idea in this case. I smell vengeance."



TRADING of shares of Philcomsat Holding Corp. was suspended as a result of the negligence of the board and management of a group declared illegal by the Supreme Court.

The simple task of filing annual statements with the Securities and Exchange Commission does not require brains. But the group of Benito Araneta failed to comply with SEC's "structured reportorial requirements" not just for one year for about ten years.

Consequently, the Securities and Exchange Commission ordered the suspension of trading.

After the legitimate Enrile group took over the company as ordered in a court ruling, it moved for the lifting of the suspension of trading.

A lawyer of the group went to the SEC to pay the fine (for failure to file annual statements) and discovered the negligence of the illegal board resulted in a liability of more than P15 million in fines.

Negotiations resulted in the reduction of the obligation to about P5 million. The Ponce Enrile group paid and expected lifting of the suspension. But SEC Commissioner Richard Amurao objected.

He cannot come to grips with the reality that in a market-driven system prices of listed shares of stocks are determined in open competition. Since trading of PHC shares are suspended, I would be forced to sell my shares for any reason on a bilateral basis. Whoever may be willing to buy knows I am trapped by the likes of Amurao. The prospective buyer will dictate the price. Not the market.

As former commissioner of the Presidential Commission on Good Government and now commissioner of the SEC, that simple reality should not escape the attention of Amurao. It did.

He said in a letter of 27 Aug. 2014 to the market and securities regulation department of the SEC: "...we wish to point out the SEC should consider any evaluation currently being undertaken by the Department of Finance as to the commercial and financial aspects of the request of PHC considering the Republic interest in PHC, Philcomsat and PHC."

Since when did the finance department have the authority to evaluate the conditions of a public corporation looted by an illegal board and management? The only obligation of

the finance department in this case is safe keeping the stock certificate proving the government owns close to 35 percent of the shares of POTC, the mother company.

Amurao also said the Office of the Solicitor General "had also brought to the fore other factors that should be considered in the lifting of the suspension order, the most important of which is the protection of public interest in the trading of securities."

I know OSG is official counsel of government in legal disputes. There is no legal dispute between the SEC and the present legal board and management of PHC. If there is one, Amurao himself created it. Why should the OSG be involved in the case of lifting the suspension of trading?

Amurao argues the government owns 35 percent of Philippine Overseas Telecommunications Corp. which wholly owns Philcomsat. By cascade the government has more than 25 percent interest in PIIC.

What, in the warped mind of Amurao, will the government gain from continued suspension of trading of PHC shares? We cannot imagine any. The claim of Amurao that lifting suspension might result in the public trading worthless shares is a baseless conclusion.

All listed companies strictly comply with full disclosure requirements. Buying or selling or selling of what he described as possible "worthless shares" is caveat emptor.

He is making a wild baseless guess of how prices of PHC shares will behave if traded, forgetting the fact the legal board brought it back to life as proven by more than P500 million cash assets.

The company was bone dry by the time the illegal board was yanked out by a court order. The danger that stymies capital market development is government's uncalled for intervention as in this case of Amurao preventing the lifting of the suspension of trading of PHC shares.

If there is a tinge of truth to the claim of Amurao PHC shares may be worthless, why does he ask who made them so? Why doesn't he ask the PCGG why it annotated the titles of more than 400 hectares of property in Pinugay, Tanay, Rizal, completely owned by PHC?

Who in Amurao's mind would buy shares of a company whose fixed assets may not be sold or developed because there are annotations at the back of the titles?

The illegal board bled the company. The PCGG had the titles of fixed assets annotated. Who is to blame for either? The legitimate board, in the mind of Amurao.

The issue here is the fact that Amurao refused to look back at the time when the company was being ravaged by the illegal management and board.

The Enrile group put the company back in good financial health. Why is Amurao punishing the legal board? As Americans in the South love to say, Amurao is "out of his cotton pickin' mind."

Amurao would not look beyond his nose. He refuses to know — although I suppose he knew — how the illegal board dissipated the assets of PHC. Is it just and conscionable to punish the legal board for undoing what the illegal board did? It is, in the misinterpretation of Amurao.

There is more than meets the idea in this case. I smell vengeance. But what did any member of the present legal board and management do to Amurao or his bosses including the secretary of finance and the Solicitor General to put him on the war path against a group that restored sanity in a company almost run to the ground by an illegal group? I see none. But there must be some.

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