



# SEC News Service

SERIES OF 2015

FEBRUARY 16, 2015

- SEC WARNS PUBLIC AGAINST DEALING WITH EMGOLDEX** [1]  
VG Cabuag, Business Mirror, p. A3
- INDRA RENEWS BID TO DISQUALIFY SMARTMATIC** [2]  
Joel R. San Juan, Business Mirror, p. B2
- SEC-CGFD ORDER NO. 024 SERIES OF 2015**  
PHILEQUITY PSE INDEX FUND, INC. [3]  
Business Mirror, p. B2-2
- SEC REGISTRATION OF SECURITIES:**  
**SUN LIFE OF PROSPERITY DOLLAR ADVANTAGE FUND, INC.** [5]  
Business Mirror, p. B2-2
- SEC REGISTRATION OF SECURITIES:**  
**ALVIERA COUNTRY CLUB, INC.** [6]  
Business Mirror, p. B2-4
- PSE EYES 2016 ASEAN LINKUP** [7]  
Daphne J. Magturo, Business World, p. 2/S1
- STOCK OPTION PLAN EXEMPTED FROM REGISTRATION RULES** [8]  
Daphne J. Magturo, Business World, p. S1/3
- GOV'T ISSUES WARNING AGAINST EMGOLDEX** [9]  
Daphne J. Magturo, Business World, p. 10/S1
- SEC OKS PHOENIX P1.5B CMM'L PAPERS** [10]  
Malaya Business Insight, p. A6
- SMARTMATIC DISQUALIFICATION FROM BID SOUGHT ANEW** [11]  
Leslie Ann S. Aquino, Manila Bulletin, p. 5
- EMGOLDEX IS A FAKE COMPANY—SEC** [12]  
Madelaine B. Miraflor, Manila Bulletin, p. B10
- PCCI EXEC IN TROUBLE, FACES DEPORTATION RAPS** [13]  
Manila Standard Today, p. B3
- SEC: BEWARE OF POSSIBLE MONEY SCAM VIA FACEBOOK** [14]  
Krystin Nika M. Lazo, Manila Times, p. B2
- PREFERRED SHARES ARE BORROWINGS THAT EARN DIVIDENDS, NOT INTEREST** [15]  
Emeterio Sd. Perez, Manila Times, p. A1
- NO GLITTER IN THIS GOLD INVESTMENT PLOY** [16]  
Doris C. Dumlao, Philippine Daily Inquirer, p. A1
- SEC ISSUES WARNING VS EMGOLDEX PHILIPPINES** [18]  
Richmond S. Mercurio, Philippine Star, p. C1

## SEC warns public against dealing with Emgoldex

By VG CABUAG

**T**HE Securities and Exchange Commission (SEC) has warned the public against dealing with Emgoldex Philippines, a company that promises huge returns on an investment of just P1,000.

The SEC released an advisory saying Emgoldex is not a registered corporation or partnership in the agency.

"Likewise, such entity is not authorized to solicit investments from the public, as it did not secure prior registration and/or license or permit to solicit investments from the commission," it said.

According to the SEC, Emgoldex has a program called "Pinoy-style Patak Patak," in which an investment of P1,000 will yield P5,000 to P10,000, while a placement of P35,000 will yield between P180,000 and P360,000 in payout.

"The public is hereby advised to exercise self-restraint from investing their money into such high-yield risk-investment scheme and to take the necessary precautions in dealing with [Emgoldex]," the SEC said.

The said scheme is being promoted in social-media sites like Facebook.

A similar web site on Emgoldex showed that the company specializes in "buying and selling of investment gold bars of different value. Our investment gold is procured and provided only by the top producers internationally."

"The company not only sells investment gold bars, but also provides a guarantee of buyback of gold from its customers with the most profitable prices. The customers of the company can use the service of certified depositories for gold and diamonds," it said.

# Indra renews bid to disqualify Smartmatic

By JOEL R. SAN JUAN

**T**ECHNOLOGY provider Indra Sistemas S.A. has asked the Commission on Elections (Comelec) anew to declare its rival Smartmatic-Total Information Management (TIM) Corp. ineligible to participate in the bidding process for the P2.5-billion Optical Mark Reader (OMR) machine lease project for the 2016 polls.

In its 18-page motion for reconsideration, Indra urged the poll body to declare Smartmatic-TIM as ineligible for the second stage of the public bidding for the OMR project citing its lack of legal capacity to bid as a joint venture.

"Verification, validation and ascertainment has shown, and proved, that Smartmatic-TIM has no legal capacity to participate in the bidding for the 2016 elections and undertake the project. Post-qualification would, therefore, be an exercise in futility," the motion stated.

The Spanish firm said it filed the MR under the belief the issue over the legal standing of Smartmatic-TIM should be resolved immediately and not reserved for the post-qualification stage.

It noted that issue over the qualification of Smartmatic should be resolved immediately since there are already clear evidence available as early as last year against Smartmatic.

Indra pointed out that Smartmatic's Articles of Incorporation indicated its limited capacity to exercise corporate powers only in relation to the 2010 national and local elections. "To unnecessarily further delay the determination of the legal

capacity of Smartmatic-TIM for the post-qualification stage despite notice to respondent bids and awards committee [BAC], would be a needless waste of government resources, effort and material time," Indra said.

Indra pointed at the pending application of Smartmatic-TIM to the Securities and Exchange Commission as another proof that their rival company is aware of their lack of legal capacity to participate in the bidding.

"In fact, the submission of the Certificate of Pending Amendment on behalf of Smartmatic-TIM, which is not even required under the Invitation to Bid or the Bid Data Sheet, simply bolsters the position of Indra that they, Smartmatic-TIM, have no legal capacity to participate in the project," it added.

Indra had already raised the issue before the Comelec-BAC during the first stage of the bidding but was merely "noted" by the panel.

Indra and Smartmatic-TIM are the only ones bidding for the lease of 23,000 voting units to supplement the old Precinct Count Optical Scan (PCOS) machines to be used in the 2016 polls.

The Comelec-BAC already unanimously declared Indra as eligible in

the First Stage of the Bidding based on its Eligibility Documents and the Initial Technical Proposals.

In contrast, Smartmatic-TIM barely qualified for the next stage after it was declared eligible via a majority vote of three to two from the Comelec-BAC.

The Comelec-BAC is set to open later this month the second stage of bidding wherein bidders would be asked to present their respective final technical proposals and financial proposals for the OMR contract.

Earlier, election watchdog Citizens for Clean and Credible Elections (C3E) accused Smartmatic President Cesar Flores of lying when he claimed the company was the owner of the OMR technology and manufacturer of counting machines it supplied to the Comelec used in the 2010 and 2013 elections.

C3E co-convenor Melchor Magdamo said Flores lied before the Joint Congressional Oversight Committee on automated elections recently just to defend its P269-million "midnight" deal with the Comelec for the diagnostics of the more than 80 PCOS machines.

"While it has been established that Jarltech International manufactured the PCOS machines using the technology of Dominion Voting Systems of Canada, Smartmatic continues to make a fool of Congress and the people by making it appear it holds the proprietary rights over the PCOS," Magdamo said in a statement.

Defending Comelec's award of the P269-million contract, assailed as a sweetheart deal, for the diagnostic and repair of the PCOS to Smartmatic, Flores said it was the right thing to do owing to Smartmatic's proprietary rights over the machines.

But Magdamo, a former Comelec lawyer, said the Philippine government became the owner of the 82,000 PCOS machines when the poll body bought them from the Venezuelan reseller for a hefty P1.7 billion in 2012.

"The sale alone already nullified the proprietary claim of Smartmatic over the machines," he insisted.

The C3E has been lobbying to ban Smartmatic from participating in any bidding process for the 2016 elections due to its alleged failure to comply with the country's election laws.



Republic of the Philippines  
 Department of Finance  
**Securities and Exchange Commission**  
 SEC Building, EDSA, Greenhills, Mandaluyong City  
 Corporate Governance and Finance Department

SEC-CGFD Order No. 024  
 Series of 2015

IN THE MATTER OF

PHILEQUITY PSE INDEX FUND, INC.

**ORDER**

Upon consideration of the Amended Registration Statement filed by PHILEQUITY PSE INDEX FUND, INC., the Commission in its meeting on January 27, 2015 resolved to approve the following amendments:

Subject	Original	Proposed Amendment	Reasons
1. Minimum Initial Investments	Php200,000.00	Php10,000.00	(i) To accommodate more subscribers and provide investment opportunities to those who come from the lower income brackets of society; and
2. Additional Investment	Php50,000.00	Php5,000.00	(ii) To reflect the trend in the pooled fund industry of having a lower required minimum initial and additional investments compared to other investment vehicles and instruments.

The company is directed to upload its amended prospectus at [www.philequity.net](http://www.philequity.net).

SO ORDERED.

EDSA, Greenhills, City of Mandaluyong, Metro Manila, Philippines.

January 27, 2015.

  
 JUSTINA F. CALLANGAN  
 Director

BM - February 13 & 16, 2015



Republic of the Philippines  
Department of Finance  
**Securities and Exchange Commission**  
SEC Bldg. KDSA, Greenhills, Mandaluyong City 1554  
**CORPORATE GOVERNANCE AND FINANCE DEPARTMENT**

SUN LIFE OF PROSPERITY : Registration of Securities  
DOLLAR ADVANTAGE FUND, INC. :

### NOTICE

Notice is hereby given that on December 5, 2014, an Amended Registration Statement was filed with the Securities and Exchange Commission on behalf of SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC. for the registration of FIFTEEN MILLION (15,000,000) common shares with per value of P1.00 each, representing the latest increase in its Authorized Capital Stock.

According to the papers/documents presented on December 5, 2014, the following persons are the directors/officers of the corporation:

Name	Position
Rizalina G. Mantaring	Chairman and Director
Ma. Karenina M. Casas	President and Director
Valerie N. Pama	Director
Oscar S. Reyes	Independent Director
Oscar M. Orbos	Independent Director
Hong Thiam Ong	Treasurer
Jemilyn S. Camania	Corporate Secretary
Maria Cecilia V. Soria	Asst. Corporate Secretary
Conchitina D.L. Gregorio	Compliance Officer

Said Amended Registration Statement and other papers/documents attached thereto are open to inspection by interested parties during business hours and copies thereof, photostatic or otherwise, shall be furnished to any party upon request at such fees as the Commission may prescribe. The Amended Registration Statement dated November 28, 2014 may also be downloaded from [www.sunlife.com.ph](http://www.sunlife.com.ph).

  
JUSTINA F. CALLANGAN  
Director

BM - FEBRUARY 13 & 16, 2015



Republic of the Philippines  
 Department of Finance  
**SECURITIES AND EXCHANGE COMMISSION**  
 SEC Building, EDSA, Greenfield, Mandaluyong City, Metro Manila 1554  
**CORPORATE GOVERNANCE & FINANCE DEPARTMENT**

IN THE MATTER OF  
**ALVIERA COUNTRY CLUB, INC.** Registration of Securities  
 -Registrant-

**NOTICE**

Notice is hereby given that on February 11, 2015, a sworn Registration Statement was filed with the Securities and Exchange Commission on behalf of **ALVIERA COUNTRY CLUB, INC.** for the registration of up to Php2,295,000,000.00 worth of Class B and Class C shares in a secondary offering of the following:

Class of Shares	Number of Shares	Minimum Offer Price	Maximum Offer Price
Class B	2,000	P 450,000.00	P 750,000.00
Class C	2,000	\$50,000.00	1,150,000.00

According to the documents presented, the following persons are the key officers/directors of the Corporation:

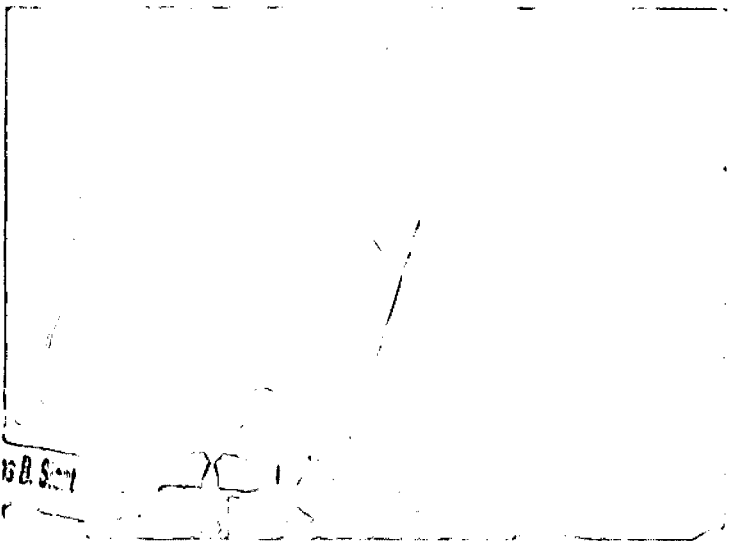
Director/Officer	Position
Bernard Vincent O. Dy	Chairman and Director
Lawrence N. Leonio	Vice-Chairman and Director
Anna Ma. Margarita B. Dy	President and Director
Augusto D. Bengzon	Director
Leonardo L. Leonio	Director
Arturo G. Corpuz	Director
Clarissa Teresita L. Asuncion	Director/Treasurer
Jaime E. Ymael	Director
Carlo Leonardo N. Leonio	Director
Liberio P. Laus	Independent Director
Oscar S. Reyes	Independent Director
Sandra A. Luna-Arias	Corporate Secretary

The said Registration Statement and other documents attached thereto are open to inspection by interested parties during business hours and copies thereof, photostatic or otherwise, shall be furnished to any party upon request at such fees as the Commission may prescribe. The Registration Statement may also be downloaded from <http://www.alviera.ph/>.

**JUSTINA F. CALLANGAN**  
 Director

BM- February 14 & 16, 2015

# PSE eyes 2016 ASEAN linkup



BW FILE PHOTO

HANS B. SICAT, president and chief executive officer of the Philippine Stock Exchange, said if the Securities and Exchange Commission is admitted to the International Organization of Securities Commissions this year, "it means that we'd have to figure out how we can move... by next year" to link up with Southeast Asian peers.

**PSE,**  
from SI/1

The ASEAN Trading Link connects the stock markets of six ASEAN members to promote them as a single asset class.

The link, which went live in 2012, so far involves just three bourses: the Stock Exchange of Thailand, Bursa Malaysia and the Singapore Exchange.

The PSE, the Indonesia Stock Exchange, as well as the two equity markets of Vietnam — Hanoi Stock Exchange and Ho Chi Minh Stock Exchange — have yet to join the trading link.

"We're really looking forward to our SEC completing that exercise. So if they get that (IOSCO membership), that would be a good condition for us to evaluate now," Mr. Sicat said.

The IOSCO develops, implements, and promotes adherence to internationally recognized standards for securities regulation, according to its Web site.

The securities regulators of Thailand, Malaysia and Singapore are all members of the IOSCO board, according to the Paris-based international body.

## POSITIONING

SEC Commissioner Teresita J. Herbosa had said in July last year that the Philippines hopes to attain full membership by November 2015, as the IOSCO board still has to assess if SEC is "compliant."

Ms. Herbosa had said at the time that the Philippines could be part of the ASEAN Trading Link by 2015 once it clears IOSCO.

The PSE announced its plan to join the ASEAN Trading Link as early as 2008, but

KUALA LUMPUR — The Philippine Stock Exchange (PSE) is not yet ready to link up with Southeast Asian bourses this year, its chief executive said, with participation possible in 2016 instead as it seeks to clear hurdles and expand its products to match those offered by other equity markets in the region.

The PSE is "waiting" for corporate regulator Securities and Exchange Commission (SEC) to become a member of the International Organization of Securities Commissions (IOSCO), the Paris-based international body made up of the world's securities regulators.

The Philippines had been seeking IOSCO membership since 2008, which would serve as a vote of confidence that its local regula-

tions governing stocks are in line with global standards and would facilitate cross-border transactions.

"So if they (SEC) do that — let's say, by this year or by the end of the year — it means that we'd have to figure out how we can move in by next year," PSE President and Chief Executive Officer Hans B. Sicat said in an interview here on Feb. 12.

## ONE ASSET CLASS

Chief executives of the so-called ASEAN Exchanges — formed by six members of the Association of Southeast Asian Nations (ASEAN) that want to link up their bourses — met in Malaysia on Feb. 11-12 for a dialogue on how to integrate the region's capital markets.

PSE, SI/2

postponed its participation indefinitely as it sought more time to improve trading volumes and implement reforms.

In 2013, it implemented a three-year plan that would transform it into a "world-class" exchange and make it at par with its peers.

The three-year plan includes introduction of more products such as the exchange-traded fund and the list of Shariah-compliant stocks, the planned merger of the local stock and fixed-income markets, and the implementation of an electronic disclosure system.

## 'A LOT OF THINGS TO DO'

Asked if the attainment of all the targets in the three-year plan would be sufficient for the PSE to join the link, Mr. Sicat replied: "Yes, we have a lot of things to do."

"We should be able to make most, if not all, of what we planned for ourselves."

Bursa Malaysia Chief Executive Officer Tajuddin Atan, who spoke at the conference in Kuala Lumpur, noted stock markets in the region should be able to link up in due course.

"The solution is to allow participants to come in at different stages," he said, reflecting ASEAN's traditional preference for allowing members with varying development levels to participate in regional schemes at their own pace.

"Collaborative competition is the unique characteristic of ASEAN," he explained.

"We are all looking at greater share of investment flows in ASEAN, but we also want to grow independently in our own countries."

— Daphne J. Magturo

## Stock option plan exempted from registration rules

**By Daphne J. Magturo** *Reporter*

FRENCH multinational firm L' Air Liquide S.A. has secured regulatory approval to exempt from registration with the Securities and Exchange Commission (SEC) the €110,197 (P6.2 million) worth of shares it is issuing to its Philippine-based employees under an incentive plan.

In its en banc meeting on Thursday, the regulator approved the request of the industrial gas supplier, which cited the small number of its workforce in the country in seeking the registration exemption, Gerard M. Lukban, SEC commission secretary, said in a mobile phone reply on Friday.

Under the Securities Regulation Code of the Philippines, the issuance of stock options must be registered with the SEC.

In a regulatory filing on Feb. 4, L' Air Liquide said: "The proposed offer/issuance of the shares is of a limited character, since the offer/issuance will be made only to five employees/ existing stockholders, respectively, of the Issuer's subsidiary Air Liquide Phils, Inc."

The proposed 1,165 common shares to be issued is just 0.000371% of the company's outstanding capital stock of 313.83 mil-

lion, while the value of the issuance is 0.004391% of its total assets worth €25.09 billion.

The shares are listed on the Euronext Paris Stock Exchange. The shares closed on Feb. 13 at €115.95 apiece, up 0.13%.

The company is present in 80 countries and supplies gas to various industries, such as steel, food and beverage, electronics and pharmaceuticals, according to its Web site.

## Gov't issues warning against Emgoldex

THE SECURITIES and Exchange Commission (SEC) has warned the public, especially Facebook users, to refuse to invest in a certain Emgoldex Philippines' "Pinoy Style Patak Patak," which reportedly solicits funds online promising high returns.

"Per verification, Emgoldex Philippines is not a registered corporation or partnership," the SEC said in an advisory on Thursday.

"Likewise, such entity is not authorized to solicit investments from the public as it did not secure prior registration and/or license or permit to solicit investments from the Commission as required under Section 8.1 of the Securities Regulation Code," the advisory read.

The regulator said Emgoldex lures individuals to shell out money by promising that a

P1,000 investment will earn profits from P5,000 to P10,000, and a placement of P35,000 will yield P180,000 to P360,000.

"[T]he public is hereby advised to exercise self-restraint from investing their money into such high-risk... yield-high investment scheme and to take the necessary precautions in dealing with the above-named entity," the SEC said. — **Daphne J. Magturo**

## SEC OKs Phoenix P1.5B comm'l papers

THE Securities and Exchange Commission has approved Phoenix Petroleum Philippines, Inc.'s P1.5 billion short term commercial paper.

The borrowing, underwritten by Multinational Investment Bancorporation and AB Capital and Investment Corp., is divided into three tranches with maturities of April 22, 2015, October 22, 2015, and a tranche that matures three months after it is issued.

The borrowing carries an interest of 3.875 percent for the April maturity, 4.125 percent for the October maturity, and a rollover interest rate for the three-month maturing tranche.

The papers will be issued at a discount to its face value, Phoenix Petroleum said.

The paper has been rated PRS-2 by local rating firm Philratings, with "above average capability for payment of interest and principal."

The proceeds of the fund raising will be used for working capital by Phoenix Petroleum.

# Smartmatic disqualification from bid sought anew

BY LESLIE ANN S. AQUINO

**I**ndra Sistemas S.A. is seeking the disqualification anew of Smartmatic-Total Information Management (TIM) Corporation in the Second Stage of the public bidding for the Optical Mark Reader lease project.

The company said Smartmatic-TIM should be declared ineligible by the Commission on Elections (Comelec) en banc due to its lack of legal capacity to participate in the bidding as a joint venture (JV).

"... its submitted Statement being that of a JV partner that does not have legal capacity to participate in the Two Stage Competitive Bidding for the Lease of the OMR System for the 2016 Elections; and (should) thus be declared ineligible to participate in the Second Stage of the Two Stage Competitive Bidding for the Project," read Indra's motion for reconsideration.

The Spanish firm said Smartmatic-TIMs pending application submitted with the Securities and Exchange Commission (SEC) is proof that it is aware of its lack of legal capacity to participate in the bidding.

"In fact, the submission of the Certificate of Pending Amendment on

behalf of Smartmatic TIM... simply bolsters the position of Indra that Smartmatic-TIM has no legal capacity to participate in the Project," Indra said.

The firm said there are already clear pieces of evidence since December 4, 2014 as shown in the Articles of Incorporation of Smartmatic-TIM indicating its limited capacity to exercise corporate powers in relation with the May 2010 national and local elections.

"Verification, validation and ascertain-

ment has shown, and proved, that Smartmatic TIM has no legal capacity to participate in the bidding for the 2016 elections and undertake the Project... Post-qualification would, therefore, be an exercise in futility," said Indra.

"To unnecessarily further delay the determination of the legal capacity of Smartmatic TIM for the post-qualification stage... despite notice to Respondent BAC, would be a needless waste of government resources, effort and material time," it furthered.

# Emgoldex is a fake company – SEC

**T**he Securities and Exchange Commission (SEC) has warned the public to be cautious against a fake company called Emgoldex Philippines, which is now out active in victimizing people with its tricky investment scheme.

The country's corporate regulatory watchdog issued this warning after receiving reports that users of social networking site Facebook are being invited or enticed to invest in Emgoldex Philippines.

Emgold Philippines particularly established an investment scheme called "Pinoy Style Patak Patak" for a promise of huge profit or high returns where an investment of P1,000 will earn profits ranging from P5,000 to P10,000 or a placement of P35,000 to P36,000.

"Per verification, Emgoldex Philippines is not a registered corporation or partnership," SEC said in an advisory over the weekend.

"Likewise, such entity is not authorized to solicit investments from the public as it did not secure prior registration and/or license or permit to solicit

investments from the Commission as required under Section 8.1 of the Securities Regulation Code," it added.

The public is now being advised to exercise self-restraint from investing their money into such high yield-high risk investment scheme and to take the necessary precautions in dealing with the above-named entity.

"Should you have any information regarding the operation of the said entity, please call the Enforcement and Investor Protection Department at telephone numbers 584-7187 or 584-7652," the commission noted.

## MST CHATTER

## PCCI exec in trouble, faces deportation raps

A TOP official of the Philippine Chamber of Commerce and Industry may soon be evicted from the Philippines, if deportation charges with the Bureau of Immigration finally proceed.

**Joseph C. Sy**, a member of PCCI's board and president of the P20-billion Global Ferronickel Holdings Inc. and Platinum Group Metals Corp., is facing a petition for deportation for allegedly faking his Filipino citizenship to legalize his mining investments in the country.

Sy, according to a complaint filed with the Bureau of Immigration by Olongapo City resident **Nestor Cas**, is not a Filipino but a Chinese citizen.

Sy's PGMC took over Global Ferronickel, formerly known as Southeast Asia Cement. Global Ferronickel in turn acquired 100 percent of Ferrochrome Resources Inc. and Southeast Palawan Nickel Ventures Inc.

FRI has two existing operating agreements in Zambales to explore, develop and utilize surface and underground chromite and other platinum group metals. SPNVI, on the other hand, has one operating agreement covering an area with nickel ore deposits.

Cas alleged that Sy falsified public documents and simulated his birth so he could pass himself off as a Filipino qualified to control companies that are into mining, a partly nationalized industry where foreigners are not allowed to hold a controlling ownership.

Cas has asked the BI to deport Sy for falsifying public documents and allegedly violating other local laws, such as the Anti-Dummy Law, the Immigration Act and the Corporation Code.

Sy, through several companies, controls PGMC and Global Ferronickel, a company listed at the Philippine Stock Exchange with a market capitalization valued at over P20 billion as of the end of January 2015. Being a miner, Sy serves as officer-in-charge of a mining committee in PCCI.

### Late birth registration

Sy defended himself in an affidavit for late registration of his birth on Dec. 28, 2007. But Cas, through ADBLACCC Law Office lawyer **Renny Domingo**, said the entries in the affidavit—executed 41 years after Sy's alleged birth on Oct. 10, 1966—were "incredible" and "proven false."

Domingo noted that "the only time in recent memory of the country that a group of people did not possess birth certificates for a certain period of time is during the 1970s with the discovery of the Tasaday Tribe" in Mindanao.

Sy in his affidavit claimed that he was the son of Filipino couple **Emilio Toledo Sy** and **Aida Samson Cue**, who married on June 18, 1964, in Balanga, Bataan.

Cas, however, claimed that a certification from the office of the Civil Registrar of Balanga disputed Sy's statement. The Civil Registrar of Balanga attested that while its archived records of marriages in 1964 were intact, it has "no record of marriage" between persons named Aida Samson Cue and Emilio Toledo Sy.

Sy's affidavit also gave an address—#31 Visayas Ave., Upper Sta. Lucia, Novaliches, Quezon City—as his place of birth. Domingo said the address had been "a vacant lot since 1901," adding the neighborhood did not know Sy nor his alleged parents.

BI records, meanwhile, showed that Sy had been travelling in and out of the country since 2001 presumably without a valid birth certificate, a requirement in getting a passport. Sy was eligible to get a birth certificate only after he executed the affidavit for late registration of birth, Domingo claimed.

"How did respondent Sy travel in and out of the country since 2001 when he only executed his affidavit for late registration of birth in 2007?" Domingo asked in the complaint he filed on behalf of Cas.

"The only plausible explanation as to the reason why respondent Sy executed [his affidavit] is to obtain Philippine citizenship in the most speedy and expeditious way in order to be allowed to own shares in mining companies, the latter being a partly nationalized industry which limits foreign ownership to 40 percent," Domingo said. **Ray S. Eñano**

# SEC: Beware of possible money scam via Facebook

**BY KRISTYN NIKA M. LAZO**  
REPORTER

**T**HE Securities and Exchange Commission (SEC) has warned the public against engaging with an unregistered entity that uses Facebook to entice investors by promising triple returns for their money.

In an advisory, the SEC declared that Emgoldex Philippines, which conducts transactions online via Facebook, is a non-reg-

istered company or partnership.

Also, the regulatory commission said the company is "not authorized to solicit investments from the public as it did not secure prior registration and/or license or permit to solicit investments from the Commission as required under Section 8.1 of the Securities Regulation Code."

"The SEC has received reports that Facebook netizens are being invited or enticed to invest their money in Emgoldex Philippines'

'Pinoy Style Patak Patak' for a promise of huge profit/high returns where an investment of P1,000 will earn profits ranging from P5,000 to P10,000. Or a placement of P35,000 will yield P180,000 to P360,000," the SEC said.

The SEC advised the public "to exercise self-restraint in investing their money into such high yield-high risk investment scheme and to take the necessary precautions" in dealing with Emgoldex Philippines.

# Preferred shares are borrowings that earn dividends, not interest

**BY EMETERIO Sd. PEREZ**  
COLUMNIST

**T**HE Zobel, majority owners of the Ayala group thru Ayala Corp. (AC),

are further expanding the conglomerate that they control with a gargantuan budget of P185 billion this year. With such a huge amount to spend, there is no doubt they could successfully

implement what AC described in a press release as "the massive expansion of its core business, particularly its real estate and telecom units."

➤ **PerezB1**

■ **PEREZ FROM A1**

## Preferred shares are borrowings that earn dividends, not interest

The P185-billion planned budget is no mean amount. Sadly, only the Zobel and their financial thinkers, and perhaps a few other company insiders privy to AC's financials, are aware of the potential sources of this funding requirement. Either they omitted the information or forgot all about the full disclosure policy that governs what should be honest trading in listed stocks.

A few words of caution: Whenever I take up the subject of money, I have often said that such and such company does not enjoy the monopoly of omission of facts in their disclosures. And I am adding this time that the posting of incomplete disclosures continues because of the failure of the Securities and Exchange Commission (SEC) to read the disclosures and explain them. Besides, even the public has become too passive to notice omissions in corporate postings on the Philippine Stock Exchange (PSE) website.

To go back to AC's press release, I think that basically, it provided the information on the amount of money – P185 billion – for "capital expenditures" in 2015. Incidentally, the sum of money being in the billions should make for a good headline. The question is where AC would get the money, which would be a guessing game among the public.

If anyone among the individual investors would look at AC's financials, they would find consolidated retained earnings of



**DUE DILIGENCER**

**EMETERIO Sd. PEREZ**

P105.2 billion, of which P73 billion represents accumulated equity in net earnings of subsidiaries and P5 billion covers treasury shares. Net of these two items, P27.3 billion is left for the public to make another guess if AC would really declare the whole amount as dividends either in cash or in stock.

Now let's look at AC's capital profile. As of Dec. 31, 2013, its authorized capital stock consisted of 900 million common shares with a par value of P50; 12 million preferred A shares with a par value of P100 and 40 million preferred C shares with a par value of P40. As of Sept. 30, 2014, which is the latest financial filing, AC had 20 million outstanding preferred B shares; 200 million voting preferred shares and 600.6 million outstanding common shares. In yesterday's PSE posting, AC reports it has a total of 619.4 million issued and outstanding shares which, when deducted from 900 million authorized common shares, would leave AC with 280.6 million unissued shares.

In a quarterly financial filing, aside from 600.6 million out-

➤ **Perez B4**

■ **PEREZ FROM B1**

## Preferred

standing common shares, AC also listed 40 million treasury shares—divided into 12 million preferred A shares and 38 million preferred B shares. At 500 per preferred share, AC could raise P200 billion, which could be an added burden on the holding company's profitability.

From January to September 2014, AC reported having short-term debt of P14.04 billion and long-term debt of P233.96 billion. In the same period, it said it paid its creditors P9 billion in "interest and other financing charges," up

24.6 percent from P7.2 billion paid to its creditors in the same period in 2013.

To a listed company, there is an advantage of issuing preferred shares because these shares represent ownership. As owners and not creditors, which they really are, they earn not interest but dividends, which are taken from retained earnings.

Pity the traders in listed common shares. A reader of Due Diligencer has already raised the alarm on listed companies' penchant for issuing preferred shares, but his complaint has apparently been totally ignored.

[esdperez@gmail.com](mailto:esdperez@gmail.com)

# No glitter in this gold investment ploy



By Doris C. Dumlao

IF IT offers hefty investment "rewards" that are too good to be true, beware

The Securities and Exchange Commission (SEC) has warned the public against putting hard-

earned money into suspicious investment schemes that use social media and promise huge returns in a short period of time.

In an advisory issued on Friday, the SEC warned about an entity calling itself Emgoldex

NO GLITTER/A21

From page A1

Philippines, which claims to have links with international gold-trading firms in Germany and the United Arab Emirates.

The corporate watchdog said Emgoldex was not authorized to solicit investments in the country and had not secured prior registration and license or permit to do so as required under the Securities Regulation Code.

The SEC received reports that Emgoldex was using popular social networking Facebook to lure investors into subscribing to its "Pinoy Style Patak Patak" with a promise of high returns.

### 1,100-percent return

The pitch was that an investment of P1,000 will earn profits ranging from P5,000 to P10,000 (400- to 900-percent return). A placement of P30,000 was being promised a 500- to 1,100-percent return, or P180,000 to P360,000.

Several promotional videos posted on YouTube and being circulated through various social networking sites claim that the hefty profits may be earned in at least seven days if the investor were to recruit two more people into the scheme.

Photos of deposit slips indicating payouts were posted on Emgoldex's Facebook page, apparently to show prospective investors that real profits were being made by real people.

"Per verification, Emgoldex Philippines is not a registered corporation or partnership," the SEC said.

"The public is hereby advised

to exercise self-restraint from [putting] money into such high-yield-high-risk investment scheme and to take the necessary precautions in dealing with the above-named entity," the corporate regulator said.

Asked about this matter, SEC Chair Teresita Herbosa said in a text message that her office had started looking at Emgoldex after it was brought to its attention by a third party. She said it had also received a complaint via e-mail.

### SEC hotline

People with information regarding the operations of Emgoldex were advised to report to the SEC's enforcement and investor protection department, Tel Nos. 5847187 or 5847652.

In its promotional videos, Emgoldex names a parent company, Gold & Silver Physical Metals, based in Munich, Germany. The mother firm was touted to be engaged in selling gold in quantities ranging from 1 to 100 grams on the Internet. It compared itself to reputable online platforms, like eBay, Lazada or Amazon.

The company pitches gold as a strong asset class, citing its strong return on investment and how this precious metal is a good hedge against inflation. In one of its many videos targeting Filipino audience, it claims to have about 500,000 investors globally.

The videos talk more about how a prospective client makes money through a multilevel marketing scheme but do not discuss how the company can earn and

guarantee the promised hefty returns.

### **No local address**

Unlike most reputable investment firms, Emgoldex does not indicate any local office address on its website ([www.emgold-ex.com.ph](http://www.emgold-ex.com.ph)) and cites only mobile phone numbers. It does not disclose its board of directors or key people behind it.

Companies with similar operations and using the same brand name have been the subject of complaints in other markets overseas, including in the United States.

Based on a report from the Boston Globe dated Oct. 22, 2014, for instance, civil fraud charges were filed by Massachusetts Secretary of State William Galvin against EmGoldex

Team USA Inc. and its four principals on allegations that this group was operating a "pyramid" scheme.

The group has reportedly lured investors into buying and selling gold bars through its online store.

### **Collapse of pyramid**

Pyramiding proponents make a lot of money by recruiting people into the scheme. The first ones to join typically earn a lot, thus prod- ding more people to join by spreading this "get-rich-quick" deal by word of mouth.

The scheme lasts only for as long as new people are recruited. Once the "pyramid" collapses, the latest recruits suffer the most.

Asked whether the SEC was investigating other companies in the Philippines involved in pyramiding schemes, Herbosa said:

"Pyramiding scheme [is] basically the same, different only in name, with kind of underlying asset/product and rate of promised return invariably on high side."

"We have new infomercials, nationwide financial education program," the SEC chair said, adding that the corporate regulator would formally coordinate with the Department of the Interior and Local Government (DILG) soon.

### **Warning from 'real' firm**

One website ([www.emgold-ex.com](http://www.emgold-ex.com)) that claims to be the real Emgoldex company selling bars of investment gold has also warned against using the brand name for "fraudulent actions."

The firm, which says it operates out of Seychelles and Ams-

terdam, issued a disclaimer on online marketing schemes using its brand name.

In a post on July 14, 2014, Emgoldex warned against copycats using the Internet to seek investors with the "promise of fast enrichment, the investment of your own funds and rapid increase of your return."

"They also consist of receipt- ing of potential customers funds in exchange for promises to create websites, similar to the style and design of the official website of the online store, but with the contradictory information.

"Moreover, they represent themselves or their legal entities as the employees of the company and online store, and many other unacceptable activities," the Emgoldex website said.

## BUSINESS

e-mail: business@philstar.net.ph  
business19862000@yahoo.com

Editor: ROMAN F. FLORESCA  
Assistant Editor: MARIANNE V. GO

Monday, February 16, 2015 C-1

## SEC issues warning vs Emgoldex Philippines

The Securities and Exchange Commission (SEC) is warning the public against investing their money in an entity called Emgoldex Philippines which claims to offer huge returns for every investment.

The country's corporate regulator said it has received reports that Facebook users are being invited to invest their money in Emgoldex Philippines' investment scheme called "Pinoy Style Patak Patak."

SEC said Emgoldex Philippines is luring the public to invest for a promise of high returns where an investment of P1,000 would earn profits ranging from P5,000 to P10,000 or a placement of P35,000 would yield P180,000 to P360,000.

Upon verification, the SEC said Emgoldex Philippines is not a registered corporation or partnership.

"Likewise, such entity is not authorized to solicit investments from the public as

it did not secure prior registration and/or license or permit to solicit investments from the Commission as required under Section 8.1 of the Securities Regulation Code," the SEC said.

"In view thereof, the public is hereby advised to exercise self-restraint from investing their money into such high yield-high risk investment scheme and to take the necessary precautions in dealing with the above-named entity," the regulator added.

The SEC has been stepping up its efforts to warn the public against fraudulent business practices following a large-scale investment scam back in 2012.

In 2012, Pagadian-based Aman Futures Group Philippines Inc. was exposed as a P12-billion investment scam, defrauding thousands of politicians, professionals, businessmen and employees.

— Richmond Mercurio