# SEC action sought on 'deceptive' disclosures by PRCI management

Filipino shareholders of the Philippine Racing Club, Inc. (PRCI) recently called on the Securities and Exchange Commission (SEC) and the Philippines Stock Exchange (PSE) to investigate the management and several members of the PRCI board for alleged violation of the Code of Corporate Governance and "false, deceptive, and misleading disclosures..

In a letter to SEC Chairperson Fe Barin, the Filipino shareholders alleged that the PRCI management and board refused to allow them to inspect corporate books and records "including minutes of board meetings."

"Repeated requests by shareholders have been consistently refused and perfunctorily denied," the Filipino shareholders said through legal counsel Brigido Dulay, who added that "all our attempts to obtain material information relating to the disbursement of company funds have been stonewalled."

Dulay also said the PRCI management and board had also failed to disclose the compensation awarded to its chief executive officer and the top four most highly paid officers as provided for by the Code.

Meanwhile, in the letter to PSE president Francis Lim, the Filipino shareholders warned that the PRCI management and board may have misled the bourse when they disclosed that the supposed proceeds of a recent ₱55.4 million stock rights offering "will be used to partially fund the completion of a new racetrack in Cavite."

Dulay told Lim that the PRCI board had earlier agreed that the said stock rights offering was not for the Cavite racetrack "but for the purpose of curing the excess foreign equity in PRCI which was beyond that allowed by law and the Philippine constitution".

It will be recalled that some time in 2007, the PRCI was included in a report by the PSE that some publicly-listed firms in the country may have exceeded the ceiling on foreign equity.

"There was no discussion or approval by the PRCI board to use said proceeds to fund expenditures on PRCI's Naic, Cavite racetrack," Duly said.

Dulay also questioned a PRCI disclosure alleging that the board has authorized PRCI president Solomon Cua to enter into an agreement with JTH Davies for a property-for-shares swap "on the condition that the transaction would not be subject to tax.".

Dulay said there is no PRCI board resolution on the said condition.

"The board approved the swap without any such condition," he pointed out.

He branded as "a gross and fraudulent misrepresentation" another disclosure by the PRCI that the swap deal was discontinued "in accordance with the condition attached to the approval by the PRCI board and stockholders of the swap transaction.".