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of the Philippines)
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P.S. Resolution No. 005
Senate

RECEIVED BY: *[Signature]*

**RESOLUTION DIRECTING THE SENATE COMMITTEES ON FINANCE AND
WAYS AND MEANS TO CONDUCT AN INQUIRY IN AID OF LEGISLATION
ON THE PROPOSED SALE OF THE BLOCK OF GOVERNMENT OWNED
SHARES OF THE PHILIPPINE LONGDISTANCE AND TELEPHONE
COMPANY**

Introduced by Sen. Aquilino Pimentel Jr.

WHEREAS:

1. Some 111,415 shares of the Philippine Long Distance Telephone Company (PLDT) are being sold by the PCGG;
2. The shares constitute 6.3% of the total PLDT equity;
3. A public bidding was ostensibly done to cover the sale but it was allegedly not announced adequately and lacked transparency;
4. The bidding participants were Parallax and Pan Asia Presidio Capital, reportedly both are affiliates of or closely linked to Salim of Indonesia;
5. The "winning" bid pegged the price of the PLDT share at P2,025 while the prevailing market price per share is P2,455;
6. The shares are owned by the government and represent some 6.3 per cent of the total equity of the PLDT;
7. At the price for which the shares are being sold, the government potentially stands to lose, at least, P8 billion;
8. The shares were previously contested by many claimants, including the family of the late Ramon Cojuangco; Imelda Marcos, and others;
9. The Supreme Court resolved the issue by declaring the shares as government-owned and by dismissing motions for reconsideration with finality last December 9;
10. Weighty issues need to be resolved to remove doubts as to the propriety, legality and constitutionality of the sale, hopefully before its consumption;
 - (a) Why are the shares being sold at less than the market price when PLDT is a blue chip company that has earned billions for its stockholders?
 - (b) Would the "matching" of the bid of Parallax by a domestic company and a foreign firm breach the constitutional limit of 40% of shares in a telecommunications company like the PLDT?
 - (c) Why should not the Committee on Privatization hold an honest to goodness bidding and let the winner in a transparent business contest take possession of the shares?

NOW THEREFORE, be it resolved as the Senate hereby resolves to direct the Committees of Finance and Ways and Means to conduct an inquiry in aid of legislation on the said projected sale of the block of shares of the government in PLDT at below the market price to entities that may not qualify under the law and the Constitution to acquire the shares and in a manner that may well be highly irregular.

It is important that these issues are resolved clearly as soon as possible, so as not to unduly prejudice the parties-in-interest who would otherwise be put to so much expense, trouble and anxiety.

For purposes of the inquiry, it is requested that the following be summoned to attend and testify at the inquiry:

1. Sec. Margarito Teves of the Department of Finance, and chair of the Committee on Privatization;
2. The Commissioners of the PCGG and other officials involved in the projected sale;
3. The Undersecretaries of the Department of Finance having to do with the sale;
4. Officials of the PLDT having to do with the said sale, and former officials of the company who could contribute vital information regarding the sale; and
5. Others in the discretion of the Committees who can help elucidate on the circumstances, legality and constitutionality of the sale.


AQUILINO Q. PIMENTEL, JR