



MEMORANDUM – 2019-032

TO : THE INVESTING PUBLIC AND ALL TRADING PARTICIPANTS

SUBJECT : UPDATES ON THE INVESTIGATION ON UNAUTHORIZED TRANSFERS OF SHARES INVOLVING R& L INVESTMENTS, INC.

DATE : 29 NOVEMBER 2019

On 08 November 2019, after an evaluation of the facts and records pertinent to the unauthorized transfer of shares from R & L Investments, Inc. ("R & L"), the Capital Markets Integrity Corporation ("CMIC") issued an order placing R & L under involuntary suspension, in accordance with Article X, Section 7 of the CMIC Rules, among other securities laws.

For the information of the investing public and all trading participants, CMIC advises as follows:

1. On 14 November 2019, CMIC commenced the takeover of operations of R & L, upon receipt of the order from the Securities and Exchange Commission ("SEC"), directing the takeover of the trading participant's operations, pursuant to Rule 33.1(d) of the 2015 Implementing Rules and Regulations of the Securities Regulation Code ("SRC Rules").
2. CMIC is currently conducting a special audit of the books and records of R & L, focusing on the circumstances that resulted in the fraudulent movements of the shares from the trading participant, establishing the acts that may be in violation not only of the securities rules, but also of the penal laws. Once the special audit is finally concluded, a report shall be submitted to the SEC, which, if warranted, shall institute administrative and criminal actions against the responsible persons.
3. CMIC has received and begun to validate claims of customers of R & L.
4. CMIC is preparing a plan for the allocation and liquidation of the trade-related assets of the trading participant and has implemented other necessary actions to protect customer accounts including, but not limited to, preservation of the assets, books, and records of R & L. CMIC continues to execute acts essential to carry out its express powers, as provided by the CMIC Rules, SRC Rules, and the SEC takeover order.
5. As stated in *CMIC Memorandum 2019-031*, clients of R & L are requested to submit their

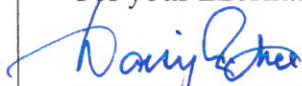
claims involving the trading participant to info@cmic.com.ph. They may also call CMIC at (02)8876-4580, (02)8876-4578, or (02)8876-4585.

6. CMIC is likewise conducting a special audit of the pertinent books and records of the trading participant, which—based on initial findings and the allegations of Mr. Marlo Moron, who admitted to perpetrating the unlawful transfers—received the subject securities from R & L. Upon the conclusion of its special examination of the said trading participant, CMIC, in accordance with the substantive and procedural rules, shall submit its findings for resolution and imposition of the appropriate disciplinary actions on the responsible persons and/or entities, as warranted by the facts and records.
7. As in the R&L case, CMIC shall also issue a report and recommend to the SEC the filing of criminal and/or administrative charges against the culpable parties, if any.
8. The Philippine Stock Exchange (“PSE”) is conducting a parallel examination of brokers.
9. The SEC is concurrently conducting its own investigation relative to the incidents involving R&L.
10. CMIC has extended and will continue to extend all the assistance that both PSE and SEC may require.
11. CMIC has been notified that charges have been filed before the regular courts against Mr. Marlo Moron by R&L, the proper party authorized by law to file such charges. CMIC will extend its assistance to the proper authorities for the immediate resolution not only of the pending cases but all cases that may be subsequently filed.

CMIC is mindful of its principal mandate to enforce the securities laws and to protect the interests of the investing public. CMIC reassures the market participants and the investing public that the integrity of the market is maintained and the risk to the investing public is minimized, if not eliminated, by ensuring that the trading participants adhere to all pertinent regulatory requirements.

CMIC will regularly publish material updates on this issue. Should there be any information relevant to this matter, the same may be sent to info@cmic.com.ph.

For your information.


DAISY P. ARCE
President

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