



Republic of the Philippines  
Department of Trade and Industry  
Securities and Exchange Commission  
SEC Bldg. EDSA, Greenhills, Mandaluyong City

In the Matter of:

No. 146  
Series of 2010

**THE FIRST GALLEON FAMILY FUND, INC.**

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**ORDER**

The records on file with this Commission show that in connection with the Audit conducted by the Department on 13-14 October 2009, the Fund was required to submit certain documents. Despite the extension given during the hearing held on 21 April 2010<sup>1</sup>, the Fund still failed to submit the following documents:

1. **Certified true copy** of the bank statements for the year ended December 31, 2008 and for the period ended January to September 30, 2009;
2. Board Resolution adopting the **Fund's** Anti-Money Laundering Manual; and
3. **Secretary's Certificate** that he has attended an Anti-Money Laundering Seminar conducted by the Bangko Sentral ng Pilipinas.

In addition, the Fund was assessed on 20 January 2010 the penalty of P48,800.00<sup>2</sup> for its failure to publish its net asset value per share, in violation of ICA Rule 35-1(e)(3) which provides that:

"Investment companies shall compute and post their net asset value per share on a daily basis and shall publish such daily prices in at least two (2) newspapers of general circulation in the Philippines xxx."

The Fund filed a request for reconsideration of the above assessment claiming good faith as it was not aware the Investment Company Association of the Philippines (ICAP) had stopped publishing its NAV and it has not received written communication about the matter.

The Department found the ground relied upon for said request without merit. Moreover, verification with ICAP belied the Fund's allegation.

The Fund was likewise assessed on 17 March 2010 the penalty of P80,500.00<sup>3</sup> for its failure to comply with the requirements of SRC Rule 68.1 and Philippine Accounting Standards 1 and 24.

The Fund filed a request for reconsideration of said assessment. The Fund was informed on 12 April 2010 that a Motion for Reconsideration is a prohibited pleading under the SEC Rules of Procedure. However, if there are questions of fact, or law or mixed questions of fact and law, it may elevate the matter to the Commission en Banc pursuant to Section 3-6 of the said SEC Rules.

<sup>1</sup> The Fund was represented during the hearing by Mr. Gaizka Garamendi, President of The First Galleon Fund Management Corporation and a certain Atty. Zenaida O. Acorda.

<sup>2</sup> Computed from 16 December 2009 until 17 January 2010.

<sup>3</sup> As of 12 April 2010, the penalty amounts to P128,500.00.

The Department's letter dated 12 April 2010 was received on 22 April 2010<sup>4</sup>. To date, the assessed penalty remains unpaid.

Finally, the Commission received complaints that the Fund failed to have their shares redeemed within 7 days, in violation of ICA Rule 35-1(e)(5). The

The Commission issued a letter to Mr. Garamendi directing the Fund to comment on said allegation within ten (10) days from receipt of the letter. Mr. Garamendi filed its comment on 15 February 2010 claiming that one of Ms. Baluyut's accounts has already been transferred to a certain Mr. Jamindang while the other accounts were used as bond to ensure proper liquidation and turn over of all amounts that have been collected by her, which will have to be subject to final accounting. As per its records, final accounting has not been made.

On 12 April 2010, the Commission directed the Fund to submit any affidavits of witnesses and documents to support the above allegations within ten (10) days from receipt of said letter, otherwise, it shall be constrained to impose the appropriate sanction.

Said letter was personally delivered to the Fund Manager and received by a certain Ms. Marivic Monteza on 19 April 2010.

To date, the Commission has not received the required supporting documents.

The Fund, as a reporting entity, is mandated to strictly comply with the reportorial requirements of ICA Rule 35-1.

In spite of notice and demand, the Club has failed to submit the required documents and pay the assessed penalties.

Pursuant to the Resolution of the Commission in its meeting on 13 May 2010, the Fund's registration of securities is hereby **SUSPENDED** for a period of sixty (60) days or until it is able to pay the assessed penalties and comply with the directives in connection with the audit findings and on NAV publication and redemption. Notwithstanding said suspension, the Fund shall continue processing requests for redemption of investments.

Should the company fail to comply with the above directive within the said period, the Commission shall immediately initiate proceedings for the revocation of its Registration of Securities.

Let a copy of this Order be posted in the Commission's official website for the information and guidance of the public.

**SO ORDERED.**

Signed this <sup>13<sup>th</sup></sup>~~11~~ day of May 2010 at Mandaluyong City, Philippines,

For the Commission:

  
**JUSTINA F. CALLANGAN**  
Director

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<sup>4</sup> The recipient merely affixed a signature which bears resemblance to the signature of Ms. Marivic Monteza.