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ENERGY

SEC urges new vote for IFEC directors

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The Securities and Exchange Commission (SEC) has no authority to bar or dismiss persons who violate the SEC Act from their positions in non-listed companies and subsidiaries, says secretary-general Rapee Sucharitakul.

If shareholders of non-listed firms want to change directors or those at the management level, they must complete the process via voting through the parent company's board of directors, Mr Rapee said.

Inter Far East Energy Corporation Plc (IFEC) recently made news after two former IFEC chief executives — Wichai Thavornwathanayong and Suphanan Rit-tiphairoj — voted to remove Sumet Sutta-pukti, former chief executive of IFEC subsidiary Inter Far East Wind International Co Ltd (iWind).

Mr Sumet alleges that they removed him unlawfully because he disagreed with a fund transfer of 200 million baht from iWind to IFEC.

Mr Wichai was accused by the SEC of failing to disclose information about the firm's default on bills of exchange. He benefited from refraining to disclose related information because his IFEC shares, worth 57.46 million baht, were used as collateral for the company's margin trading and were not subject to forced sale.

Mr Suphanan was dismissed from his position by the SEC on grounds of insider trading and refusal to acknowledge a civil sanction.

Despite being removed from their positions in IFEC, both Mr Wichai and Mr Suphanan remain as directors in most of IFEC's subsidiaries, which consist of about 20 companies operating in alternative

energy and waste management.

Mr Rapee said IFEC shareholders should protect their interests if they disagree with the moves by IFEC former chief executives.

"My recommendation is IFEC shareholders should continue their push to set up a shareholders' meeting to appoint new directors as required by the law," he said. "Then IFEC's new board of directors can change the management structure of IFEC's subsidiaries.

"Solving this problem is not easy because amending the SEC Act has to be done through the cabinet and the parliament, which is a lengthy procedure."

Disputes between IFEC shareholders became public in late 2014. IFEC's stock has been flagged with a suspension symbol (SP) since December 2016.

Internal disputes and financial scandals have turned into a crisis for retail shareholders, as some members on IFEC's board of directors have continued to block scheduling a shareholders' meeting, leading investors to take matters into their own hands despite having market regulators in place.

"For IFEC, retail shareholders should use their rights to set up a shareholders' meeting in accordance with Section 100 of the Public Limited Company Act 1992," said a lawyer speaking on condition of anonymity.

Section 100 states that the combined shares among retail shareholders must reach 10% of total shares in order to set up a shareholders' meeting. Once this is completed, the board of directors must arrange such a meeting within 45 days.

Retail shareholders can also file a police report for litigation if there is evidence of fraud committed, the lawyer said.