

## Postscript

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# PCGG finally drops Philcomsat: It's broke

**LIMP BAG:** The good news to its legitimate owners and the watching public is that after 22 years the Presidential Commission on Good Government has decided, finally, to lift its sequestration of the giant Philippine Communications Satellite Corp.

The bad news is that Philcomsat is broke, bled dry allegedly by PCGG agents sent to *kunwari* preserve its assets and keep it running while its true ownership is being determined. The owners cry that some P1.5 billion had been looted from it.

In 1991, revenues hit P954 million and net income before tax was P494 million (52 percent). Now Philcomsat owners — one of them the government itself — hold nothing but a limp bag of depleted assets.

The big question now is if the PCGG operatives and their partners in the courts and the supervisory agencies who had abetted the alleged thievery will be allowed to go scot-free.

**DECLINE:** Organized during the Marcos regime, Philcomsat was the telecommunications giant through whose exclusive window passed all telecom signals going in and out of the country.

Its decline began with a directive on March 14, 1986, by then PCGG Commissioner Ramon Diaz to one Carlos Farrales to sequester Philcomsat and its parent company, the Philippine Overseas Telecommunications Corp.

Since then, PCGG nominees have been in and out of the Philcomsat Group of Companies, electing themselves as directors and officers, receiving fantastic benefits and emoluments but doing nothing to further the principal business.

With each passing administration, the composition of the PCGG changed, and with it, the nominees sent to run Philcomsat (but who ended up running it to the ground since they had zero experience in telecommunications.)

**FOOT DRAGGING:** Despite the lack of evidence that it is to the public interest for Philcomsat to remain sequestered, the PCGG case in the Sandiganbayan dragged on, giving the commission the opportunity to continue playing with its sticky fingers.

Even when the Sandiganbayan finally resolved in December 1999 that the government owns 35 percent of the Philcomsat Group and that the remaining 65 percent belongs to the private stockholders, the PCGG fought the Sandiganbayan all the way to the Supreme Court.

It opposed the lifting of sequestration, even when the government only owned 35 percent. It was a tyranny of the minority, the tail wagging the dog.



**COSTLY SCANDALS:** Each new set of PCGG nominees gave rise to a new alleged scandal.

In 1997, Philcomsat paid over P200 million for parcels of land brokered by a PCGG nominee whose titles turned out to be fake. In 2000, Philcomsat advanced P390 million to a first cousin of a PCGG nominee. Neither interest nor principal has been paid.

In 2007, despite a court order annulling the election of the PCGG nominees, they allegedly ran away with P600 million of a subsidiary's funds.

In 2008, despite President Arroyo's replacement of PCGG nominees with bona fide nominees, the PCGG agents insist they are still Philcomsat directors and refuse to submit an accounting.

Since 1986, almost P2 billion have been allegedly lost, or unaccounted for, by the PCGG and its nominees. This includes a Toyota Camry gifted by the unsequestered Philcomsat Holdings Corp. to a PCGG commissioner, and millions for PR (public relations) and legal fees, TROs (temporary restraining orders) and court resolutions.

**PCGG WITHDRAWS:** The PCGG would have continued despite the criminal complaints for estafa filed against it and its nominees were it not for a public dressing down by Malacañang and Justice Secretary Raul Gonzalez.

The PCGG acknowledged the majority ownership of the private stockholders and, in a public rebuke of its own nominees, recognized the POTC and Philcomsat stockholders' meetings in November 2007 and the PHC meeting in December when the new government nominees and the private stockholders were elected by Malacañang itself and the private stockholders as a unified board.

The PCGG finally bowed out by turning over government shares to the Department of Finance and withdrawing the appointment to Philcomsat of its comptrollers/"asset monitors."

**BUT NO ACTION:** The PCGG resolution transferring Philcomsat to the DoF was issued in September 2007. Until now no action has been taken by the PCGG to notify the DoF.

The PCGG resolution ordering its nominees and their appointed officers to submit documents under pain of contempt was issued in May 2008. No action has been taken by the PCGG to enforce its directive.

The PCGG resolution recalling its comptrollers to Philcomsat was issued in June 2008. Yet, the Bangko Sentral ng Pilipinas, which implements the PCGG directive, has not yet been informed.

**FATAL REPORT:** The signal that the end was near for the PCGG came in the form of a Senate Report penned by Sen. Richard Gordon that exposed the PCGG's role in the fraud, abuse and wastage in Philcomsat.

The hearings were a comedy of sorts as PCGG Chairman Camilo Sabio refused to testify and staged his own arrest. The other commissioners hid from the Senate Sergeant-at-Arms, but were very visible on TV giving interviews.

When the Supreme Court en banc ordered the PCGG to cooperate with the Senate, the commissioners pointed at one another not knowing who was responsible for what.

In the end, the PCGG got exactly what it deserved. From an agency under the Office of the President, but with Cabinet rank, President Arroyo demoted it to a mere adjunct of the justice department.