

THE DAILY Tribune

Without fear or favor

Vol. 8, No. 94 Manila, Philippines • Wednesday, June 13, 2007 • <http://www.tribune.net.ph> • ISSN#1908-6432 12 pages • P.15

STATE PLUNDER, PCGG STYLE

Philcomsat squeezed dry by nominees — Senate report

By Chito Lozada
Business Editor

A series of anomalous transactions that happened right under the nose of supposed state nominees placed by the Presidential

Commission on Good Government has prompted a Senate proposal to remove PCGG jurisdiction over the sequestered shares in the Philippine Communications Satellite Corp. (Philcomsat) and its affiliate Philippine Overseas Telecommunications Corp. (POTC). The Senate also proposed

the immediate sale of government shares in both companies.

In a resolution, the Senate noted that since 35 percent of POTC and Philcomsat have been

Turn to page 2

SPECIAL REPORT
First of three parts

Philcomsat squeezed dry by nominees — Senate report

From page 1

determined to belong to the Republic of the Philippines, "representation over such interest should no longer be under the PCGG."

The resolution said there should no longer be an issue of sequestration on both companies "as there is no longer a question of ownership over these shares."

A joint probe was conducted by the Senate committees on government corporations and public enterprises and on public services to determine the extent of alleged anomalies in both sequestered corporations that resulted in the dissipation of assets.

The Senate committees recommended the turnover of the shares of the national government in POTC and Philcomsat from PCGG to the Privatization Management Office (PMO) under the Department of Finance (DoF).

They also sought the replacement of the PCGG nominees in both companies.

"The investigation has revealed that the current government nominees in POTC and Philcomsat are clearly ineffective in protecting the interests of the national government in these corporations," the resolution stated.

The Senate submitted options on the replacement of the PCGG nominees in the

two telecommunication firms, which would have instead of PCGG nominees a representative from the PMO under the DoF; a representative from the Department of Science and Technology or the Commission on Information and Communications Technology under the Office of the President; or a representative from Land Bank since the bank's trust department is the recipient of the proceeds of privatization.

"In line with the need for improved accountability, all such nominees should, from the time of their appointment, be required to submit regular reports to the agencies they represent concerning the corporations to which they have been appointed," according to the Senate resolution.

After the transfer of the shares from the PCGG, it said, these shares should immediately be privatized.

"The prolonged sequestration proceedings have not only prevented what had once been an established leader in the satellite telecommunications industry from diversifying in line with changing times but have also seen the rapid decline in value of the shareholdings of the national government," the resolution added.

It recommended privatization as a solution to extricate the national

government from the continuous dissipation of assets from both firms.

"Under the DoF, the PMO can be mandated to negotiate a sale for the 35-percent block of the national government," the Senate resolution said.

It added the Office of the Ombudsman should also study the actions of the officials of the PCGG, the government nominees to POTC and Philcomsat, as well as other private individuals in Philcomsat Holdings Corp. (PHC), another Philcomsat affiliate, to determine their culpability based on the findings of the Senate investigation.

The resolution also urged the Anti-Money Laundering Council (AMLC) under the Bangko Sentral ng Pilipinas (BSP) to look into the existence of suspicious bank accounts revealed in the investigation and the operation of these accounts "to determine any culpability on the part of the POTC, Philcomsat and PHC officials, their agents, or any of the banks in which these corporations maintain accounts."

Sandiganbayan and Supreme Court investigations, it said, should also be conducted on accounting entries in Philcomsat affiliate PHC that suggested the Sandiganbayan and the SC had received huge amounts of funds from the firm.

(To be continued)