

PCGG bled Philcomsat dry

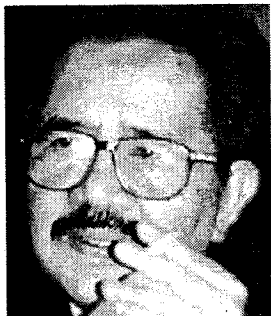
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OPINION

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Is it the intention of Bautista to cooperate with the officers of these companies although they should no longer be considered sequestered?

THE Presidential Commission on Good Government violated its mandate of preserving assets of a sequestered company by running a profitable firm to the ground.

The records prove it all.

In the nineties, Philippine Overseas Telecommunications Corp. and its wholly-owned subsidiary, Philippine Communications Satellite Corp., lost P300 million in unauthorized stock purchases.

Lost because through the years, the value of the stock came down to a miserable P30 million.

Other private stockholders did not miss the opportunity of turning the companies belly up.

In 1993, Philcomsat paid P200 million to bail out and rehabilitate Montemar Beach Club bought on orders of Baby Boy Poblador, son of an original stockholder of POTC.

In 1997, Philcomsat paid P200 million for parcels of land whose titles turned out to be spurious. The purchases were brokered by a PCGG nominee.

In 2000, Philcomsat lent P390 million to a cousin of another PCGG nominee. The loan, supposedly secured by real estate, remains in default.

Philcomsat, now under the control of private stockholders led by Katrina Ponce Enrile and Mrs. Erlinda I. Bildner, is trying to collect the loan. The borrower refuses to pay saying his signature was forged in the loan documents.

The Court annulled the election of the board of directors of Philcomsat Holdings which is 81 percent controlled by Philcomsat. The holding company was capitalized by Philcomsat to the extent of around P800 million. The PCGG nominees whose seats were declared illegal in 2006 squandered P600 million of the company's funds. The nominees were ordered by the Court to render an accounting of the "missing" funds.

They continue to defy the court order.

All told, about P2 billion in company funds has been dissipated since 1986. The disbursements were allowed by government and were allegedly used for public relations, legal fees to non-lawyers and illegal payments, in fact maybe bribes, to the judiciary presumably for temporary restraining orders and some such legal requirements.

After an 11-session hearing, the Senate discovered the extent of "fraud abuse and wastage" committed by PCGG nominees. It was probably this discovery that prompted Malacañang, under Executive Order No. 643, July 2007, to practically shame the PCGG commissioners by transferring the agency's functions to the Department of Justice.

In effect, the PCGG became a mere adjunct of the DOJ.

It took about one year until 2008 for the PCGG to recognize the

A5

PCGG

validity of the elections of officers by the beneficial stockholders in 2007. The PCGG nominees did not exactly go but the agency's controllers were withdrawn after the shares of the Republic of the Philippines were turned over to the Department of Finance for privatization.

The funny part about all these is that while the PCGG recognized that Philcomsat may no longer be considered sequestered, it kept its nominees in Philcomsat. The remarkable difference is the fact that this time the nominees joined forces with the private stockholders who practically had full control over the company.

Finally, a unified board was elected about 2.5 years ago. Rehabilitation began. The company has not recovered all the money that

PCGG caused to be lost.

For all intents and purposes, Andy Bautista, new PCGG chairman, is not exactly sincere in saying that he intends to wind down the agency in two years. In the first place, he did not have to say that if he believes that the PCGG's job has been taken over by the Department of Justice.

So the agency does not have to be wound down. Bautista is relying heavily on Executive Order No. 42 issued recently in the name of the President by Executive Secretary Paquito Ochoa.

The EO says that the PCGG has the power to replace the nominees of the President in sequestered or surrendered companies. In a manner of speaking, the PCGG usurped the powers of the President usually exercised in "I desire..." letters.

The first flaw here is lumping together sequestered companies

with those which have been surrendered. The surrendered firms have been transferred to the Department of Finance.

Incidentally, Ochoa is known as having told Dodot Jaworski, son-in-law of spouses Peping Cojuangco and Tingting delos Reyes that he has nothing to do with appointments to sequestered companies. But of course, he gave the power to the nominees themselves to pick their replacements.

But then, Bautista has also been heard that his boss is not the secretary of justice but Executive Secretary Ochoa. Clearly, there is an attempt on the part of Bautista to come close to the power dispensers in Malacañang.

It sounds like mumbo jumbo but there are companies like Philcomsat and Philcomsat Holdings which have been rehabilitated by the beneficial owners and are now

in sound financial shape.

Is it the intention of Bautista to cooperate with the officers of these companies although they should no longer be considered sequestered? Philcomsat and PHC has hundreds of millions that may be squandered by the PCGG if it so desires. It has happened before. It may happen again under Bautista if he does not watch out.

Why not leave the companies alone to their beneficial owners? After all they took the risk and saw it grow only to be bled dry by the PCGG.

If only for this reason, the PCGG should exist only in name. Its functions have been taken over by the Department of Justice. Strangely, Bautista does not seem to recognize the import of the transfer. His boss should be the Secretary of Justice. But he chose Ochoa instead.