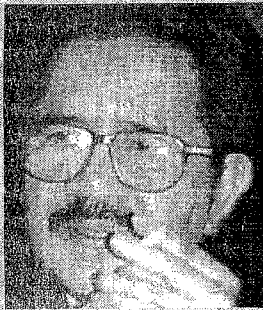


Plunder by PCGG

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Nothing could be worse except the fact that Bautista does not want to straighten up the mess. On the contrary, he may have a desire to perpetuate it.'

THE Supreme Court ruled as early as 2005 that the state acquired 35 percent of Philippine Overseas Telecommunications Corp. after Jose Y. Campos surrendered two companies, both stockholders of the country's first telecommunications giant, to the Presidential Commission on Good Government.

He said he was holding them for Ferdinand Marcos.

The two firms obviously acquired some of the shares from the holdings of Potenciano Ilusorio, the main proponent of satellite communications. Potenciano Ilusorio wangled a compromise agreement which then President Fidel V. Ramos approved.

The compromise deal gave Ilusorio 5 percent of the shares of the two Marcos companies surrendered by Campos.

Government was left with 35 percent. I have a copy of the stock certificate in the name of the Republic of the Philippines.

Somehow or other, a group headed by Benito "Bomboy" Araneta perpetuated the myth, a fraud, that the government had 40 percent. That number of shares co-mingled with the 13 percent in the name Manuel Nieto, Philippine Ambassador to Spain in the days of Ferdinand Marcos, would add up to 53 percent.

It must be pointed out that Nieto is an uncle of Araneta. Both of them are close relatives of Jose Miguel Arroyo, husband of Gloria Macapagal.

The Araneta group perpetuated the myth that it controls POTC and its subsidiaries.

The truth is with 35 percent owned by the state plus the stake of Nieto, the group was a minority of 48 percent. The 52 percent is owned by private stockholders including Ilusorio and his heirs and Senate President Juan Ponce Enrile who is now represented in POTC by his daughter Katrina.

The fiction of Araneta-Nieto control resulted in the loss of P1.8 billion in cash from Philcomsat, the operating wholly-owned subsidiary. Another subsidiary, Philcomsat Holdings Corp., lost P800 million.

As if that were not bad enough, Camilo Sabio, then chairman of PCGG, caused the annotation of the titles of more than 400 hectares in Pinugay, site of Philcomsat's earth station.

The losses appear to be fraudulent. For example, PHC's main business is investing funds in the money market. At the behest of Benito Araneta, more than P200 million earning 9.5 percent in money market placements was pre-terminated.

The money was loaned to Tonytan Araneta at 9 percent.

Up to his day, about 10 years later, not a cent of the loan has been paid.

A group of eight people claiming to be nominees of PCGG, controlled PHC from 2002 to 2007. The group includes Enrique Locsin, Manuel Andal, Julio Jalandoni, and Guy de Leon. Roberto Abad, first cousin of Locsin, Philip Brodett and lawyer Luis K. Lokin who was suspended by the Supreme Court on the complaints of Erlinda Bildner, daughter of the late Potenciano Ilusorio.

How did it happen that only two of the controlling stockholders were represented in the board? Connection to power, that's what.

After the Supreme Court ruled that the holdings of two companies of the family of Ferdinand Marcos surrendered by Jose Y. Campos was bought with ill-gotten wealth and therefore belonged to the state, the issue of ill-gotten wealth was resolved in favor of the government.

The shares that remained sequestered were the 107 of Manuel Ni-

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eto and one nominal share of Jose Africa. Combined, they represent a measly .8 percent of total outstanding shares of 13,527 shares.

However, the government refused to lift the sequestration after the Supreme Court ruled that the state owns 35 percent of POTC and its subsidiary, Philippine Communications Satellite Corp.

Strangely the PCGG not moved against the .8 percent sequestered shares. In fact, the PCGG considers all of the outstanding shares, including the 35 percent of government, as sequestered.

Is that how Andres Bautisa, dean of law and chairman of the PCGG, understands the law?

The PCGG withdrew its controllers in POTC/Philcomsat. That was a year after the same PCGG

turned over the shares of the state to the Department of Finance. The withdrawal of the officers is manifest indication that sequestration has been lifted. But the PCGG does not want to make it official.

The "asset monitors" of the PCGG understandably failed to monitor the looting of PHC which is not even sequestered.

It was also in 2007 that PHC was wracked with scandals involving plunder, malfeasance, mismanagement and anomalous losses. And to think that the company is not even sequestered.

How did Camilo Sabio, then chairman of the PCGG cause the annotation of the titles of 432 hectare property of PHC in Pinugay, Tanay, Rizal? The PCGG or Sabio did not have authority to annotate the titles of the property.

The land is the most precious as-

set of PHC. But who would buy a property that has annotations on the title?

Bautista refuses to see the anomaly of annotating the titles of a non-sequestered company.

The stupidity of it all is Bautista expressing a desire to sit in the board of Philcomsat. But why not if he is nominated by the Department of Finance which now has the 35 percent share of the state?

In fact, the state is entitled to three seats. It is foolish for Bautista to tell Philcomsat President Katrina Ponce Enrile that he wants to sit in the board together with two other PCGG commissioners.

The representative of the state need not be PCGG commissioners. Least of all asset monitors or sequestrators. They sit in the board as representatives of the state. They can be anybody cho-

sen by the Secretary of Finance on orders of the President. The three directors represent the share of the state. Their duty is not to prevent the dissipation of the asset of the company.

To begin with, the assets were not preserved. They were stolen, looted or illegally disbursed. The PCGG did more harm than good as it did in practically all sequestered companies.

The case of PHC is worse because the P800 million in Philcomsat money used to capitalize the company disappeared with a trace. There are records to prove plunder or theft of a company not sequestered.

Nothing could be worse except the fact that Bautista does not want to straighten up the mess. On the contrary, he may have a desire to perpetuate it.