

Postscript

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Philcomsat says no to PCGG returning

GOING BACK: After pulling out from the Philippine Overseas Telecommunications Corp. and turning over to the finance department the government's minority shares in the firm, the Presidential Commission on Good Government now wants to return to POTC and its subsidiary the Philippine Communications Satellite Corp. (Philcomsat).



The PCGG wants to go back to the scene after its agents have, in the words of the private shareholders, "looted" and "plundered" the firms to the tune of P2.89 billion in 15 years of abuse.

Having recovered and its subsidiaries highly profitable again, the Philcomsat companies are attractive anew?

INSISTENT: The PCGG insists on keeping as sequestered POTC and Philcomsat, despite:

- POTC complying with PCGG conditions for lifting sequestration per PCGG Commissioner Mary Concepcion Bautista letter of Oct. 3, 1986.
- The government being owner of 35 percent of POTC per Sandiganbayan Resolution of December 1999.
- Supreme Court's affirming with finality the above facts per SC ruling in September 2005.
- No more ownership issues as of 2000, per Justice Secretary Leila de Lima in November 2010; and her directive to the PCGG to lift sequestration. (The PCGG is now under the justice department.)
- PCGG's relinquishing the 35-percent block of POTC shares to the Department of Finance; and pulling out its controllers from POTC/Philcomsat per PCGG Resolution 2008-009.
- Only 0.8 percent or 108 out of 13,527 POTC shares remain sequestered as of 2010.

ENRILE SHARES: The POTC is owned 35 percent by the government, whose shares are now held by the finance department, not by the PCGG. The remaining equity is held by private interests.

In turn, POTC wholly owns Philcomsat, which controls 81 percent of Philcomsat Holdings Corp., a listed company that has never been sequestered.

The PCGG points out that some private shareholders, including Senate President Juan Ponce Enrile, are defendants in a Sandiganbayan civil case, and are thus tainted with "ill-gotten wealth" issues involving their POTC shares.

In an Aug. 23, 2011, letter to POTC president/CEO Katrina Ponce Enrile, PCGG Commissioner Richard Amurao said: "The government's interest in the corporations also stems from pending ill-gotten wealth cases relating to individuals and companies owning POTC and Philcomsat shares."

PROOF WANTED: Of the five family groups impleaded in that Sandiganbayan case filed in 1987, two groups (Ilusorio and Benedicto) have entered into presidentially- and judicially-approved compromise agreements, while two other groups (Nieto and Africa) have final Supreme Court decisions lifting the sequestration over their POTC shareholdings.

This presumably leaves one other private shareholder group with "ill-gotten" taint — Juan Ponce Enrile with his ownership of POTC shares through his family firm JAKA. Records show that the Enrile/JAKA-owned shares were fully paid for.

But the Sandiganbayan resolution dated April 1, 2003, requires the defendants — starting with Africa, then Nieto, the Marcoses and lastly Enrile, in that order — to present evidence that their shareholdings are not "ill-gotten."

NDC PROFITS: Narrating the history of the government's involvement in Philcomsat, Enrile cites the phenomenal investment return by the National Development Co. which put in P55,000 for 55-percent equity (with private investors owning 45 percent).

When NDC wanted out of the hugely profitable telecommunications company in early 1980, Philcomsat paid the government firm P184 million cash over four years. Enrile says this represented an annual return of over 57 percent per year, on a compounded basis.

Never has the government had such a lucrative return on an investment, he notes, considering at the time big NDC investment fiascos such as National Steel Corp. and Luzon Stevedoring.

GOV'T DIDN'T PAY: With the PCGG having sequestered 40 percent of POTC shares, a compromise agreement was reached in 1996 giving the government 35 percent, with Ilusorio getting the remaining 5 percent.

That was how the government ended up with 35 percent of POTC, which owns 100 percent of Philcomsat, without paying for this equity position.

Thus, Enrile says, in Philcomsat it is the government that has ill-gotten wealth. It took 35 percent of equity for free.

It was this minority interest that PCGG used to get its agents entrenched in Philcomsat — allegedly milking it of billions — until the PCGG was removed in 2007 when the companies were near insolvency.

LOOTING?: Philcomsat companies record what they call the PCGG's "P2.89-billion looting and plunder spree" when these were under its control.

The alleged plunder is broken down into P1,000 million in Philcomsat from 1992 to 1998; P1,065 million from 1998 to 2000; and P825 million in PHC from 2000 to 2008.

In 2007, a Senate investigating committee found the PCGG to have "overwhelmingly mismanaged" the Philcomsat companies and failed in its duty to protect the interest of the government.

For this, the PCGG was removed from the Office of the President and pulled out of Philcomsat. The PCGG nominees were replaced with government representatives to serve on the board as investors, and not as PCGG nominees who supposedly sit as "conservators."

RAIDERS BARRED: Philcomsat officials lament that the PCGG continues to inflict damage on the companies through:

1. Its notice of sequestration in 2009 and annotation of Philcomsat land titles for 432 hectares in Pinugay, Rizal, making the land unmarketable despite its estimated value of P432 million.

2. Its refusal to rescind a 2005 letter to the Philippine Stock Exchange blocking the listing of 800 million shares of never-sequestered PHC shares, which then had a market value of more than P1 billion but rendered untradeable by the PCGG letter.

The Philcomsat companies said they were ruined by the PCGG and its nominees whose control from 1998 to 2007 resulted in boardroom feuds, extravagant spending, rump boards, and looting.

As a result, the POTC/Philcomsat boards have resolved not to accept as directors or officers individuals representing parties involved in suits against the firms, or who have damaged the interests of the owners.

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