

## Postscript

By **FEDERICO D. PASCUAL Jr.**

# President can't ignore looting of Philcomsat

**LION'S SHARE:** Since the Presidential Commission on Good Government is a creature of the President and its nominees to the board of sequestered companies are executive agents, any misconduct in their adopted firms would be laid at the door of Malacañang.

In the sequestered Philippine Communications Satellite Corp. (Philcomsat), any looting there and its subsidiary would be booked as a political liability of President Gloria Arroyo because the PCGG is her direct responsibility.

There will always be suspicion that the lion's share in the millions being stolen from sequestered firms ends up with somebody in, or close to, Malacañang. This is not fair, but that is how the public mind works.

The need for action comes at a time when Ms Arroyo, now a lame-duck president, is in search of a safe exit strategy and a rebound from the debacle of her senatorial team in the May 14 elections.



**PURGE PCGG:** It will serve the President's interest to include the PCGG and its notorious nominees in the top-level revamp she has been reported to be working out before the 14th Congress convenes in July.

A recent Senate inquiry pried open the Philcomsat can of worms despite the refusal of the PCGG to cooperate on the mistaken notion that the Executive Order creating the PCGG had shielded it from legislative scrutiny.

Acting on a privilege speech of Sen. Miriam Santiago on the Philcomsat mess, the Senate had ordered its Committee on Government Corporations and Public Enterprises under Sen. Richard Gordon to conduct an inquiry in aid of legislation.

The Gordon committee conducted 11 public hearings from May 2006 to February 2007, capped by an executive session on March 27, 2007.

**SOLE CARRIER:** The Gordon committee said it found "overwhelming mismanagement by the PCGG and its nominees over POTC, Philcomsat and PHC resulting in deterioration of the financial condition of these corporations... most notable of which are the soaring operating expenses of PHC, the generous compensation packages for government nominees, the PHC advances to its affiliates beyond the reach of PCGG comptrollers, and the existence of suspicious bank accounts."

"POTC" refers to the Philippine Overseas Telecommunications Corp. (the company that wholly owns Philcomsat) and "PHC" is the Philcomsat Holdings Corp. (a subsidiary of Philcomsat).

The government owns 35 percent of POTC's outstanding capital stock. Six private investor groups own the remaining 65 percent.

Organized in the 1970s, Philcomsat was a pioneer in the satellite telecommunications industry. It was a "Carrier's Carrier" as virtually all communication to and from the Philippines had to pass through its exclusive window.

Despite sequestration of substantial shares in POTC after the EDSA Revolt, Philcomsat became a P1-billion revenue company in 1991 and paid dividends to the government of around P800 million from 1986 to 1996.

**POWER PLAY:** Developments in telecommunications resulted in Philcomsat's financial decline beginning in 1998, when it suffered its first net operating loss after 25 years of operation. Since then, the government has not received any dividends from it.

Philcomsat acquired in 1996 around 81 percent of what was then Liberty Mines, a publicly listed corporation, investing close to P1 billion in it and renaming it as Philcomsat Holdings Corp.

In-fighting erupted in 2000, with two groups purporting to be the rightful board of directors of POTC and Philcomsat fighting for supremacy. The factions are the "Africa/Bildner group" (original owners) and the "PCGG/Locsin Group."

**CAN OF WORMS:** From the evidence submitted, the Gordon committee unearthed records that:

- P260,000 was disbursed March 3, 2004, for "printing 5,000 T-shirts for GMA."
- P2 million was disbursed as "cash gifts to the Sandiganbayan" for a "TRO on POTC/Philcomsat."
- P1,594,500 was taken from PHC funds to buy a PCGG commissioner a 2006 Toyota Camry vehicle.
- P150,000 was used for "PR for PCGG," covered by check No. 345712 (Nov. 8, 2004).
- P200,000 was used as "Cash PCGG gift, legal fees (ELL vs. Africa) gift for PCGG commissioner."
- A PHC account with Export and Industry Bank "c/o Cesar Munsayac" showed that on June 25, 2004, two deposits of P7.5 million each and a withdrawal of P10 million were made by this unknown Munsayac.
- PCGG nominees Enrique Locsin and Manuel Andal received total compensation in excess of P15 million and P11 million, respectively, from POTC, Philcomsat and PHC from 2003 to 2005, well above allowable limits.

**P.R. OODLES:** The media may be interested in the book entries for supposed PR (public relations) expenses for them. Samples of checks made payable to "Cash" for PR:

- Oct. 25, 2005 — P1,000,000 for "Cash - PR, media."
- April 28, 2004 — P50,000 "for PR."
- April 29, 2004 — P100,000 "for PR."
- June 2, 2004 - P50,000 "for PR."
- June 3, 2004 - P200,000 "for PR."
- June 24, 2004 - P1,000,000 "for PR."
- Sept. 13, 2004 - P250,000 for "PR media."
- Oct. 25, 2004 - P500,000 "for PR."
- Nov. 8, 2004 - P150,000 for "PR for media."
- Nov. 11, 2004 - P500,000 for "PR media."

**PCGG FAILURE:** Late yesterday, Postscript received a letter simply signed "PHC" purporting to respond to my initial comment on the Philcomsat mess. Such an unsigned letter cannot be used.

For better appreciation of statements, they should be signed by a responsible, identifiable spokesman.

But even at this point, the Senate committee has reported that "the PCGG, and its Asset Management Department in particular, was shown to have miserably failed in its mandate to preserve and protect the interest of the national government in POTC, Philcomsat, and PHC."

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