

## Senate: Sack gov't men in telecom firms

### Philcomsat group found mismanaged

BY DENNIS GADIL

A JOINT Senate investigation has found that the Presidential Commission on Good Government (PCGG) has mismanaged Philippine Overseas Telecommunications Corp. (POTC) and related companies Philippine Communications Satellite (Philcomsat) and Philcomsat Holdings Corp. (PHC).

"What we found out was excessive money being taken out by the nominees. The PCGG has been extremely negligent in running the operations," said Sen. Richard Gordon, chair of the committee on government corporations and public enterprises.

The investigation that started September 2006 was jointly conducted with the committee on public services of Sen. Joker Arroyo. Arroyo did not sign the joint panel's 20-page report.

"The Committee found overwhelming mismanagement by the PCGG and its nominees over

POTC, Philcomsat and PHC resulting in deterioration of the financial condition of these corporations," the report said.

The report said the negligence of the PCGG "is clearly so gross as to amount to bad faith."

The Gordon panel recommended that the PCGG be banned from appointing nominees to POTC and Philcomsat and called for the immediate replacement "en masse" of Malacañang directors in both companies.

The report said that since it was already established that 35 percent of Philcomsat-POTC is owned by the government, "there should no longer be an issue of sequestration."

"The Committee recommends immediate turn-over of jurisdiction over the shares of the national government in POTC and Philcomsat to the Privatization Management Office (PMO) under the Depart-

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ment of Finance," the report said.

The joint panel said it was about time that the government shares in the Philcomsat and POTC be sold to the private sector.

It called on the Anti-Money Laundering Council, the Sandiganbayan, Supreme Court and the Bureau of Internal Revenue to look deeper into the anomalous transactions of PHC, POTC and Philcomsat.

The joint panel came short of recommending charges against PCGG and company officials responsible for the "looting" of POTC,

Philcomsat and PHC.

The report did not directly call for the firing of PCGG chair Camilo Sabio and commissioner Ricardo Abcede.

Abcede has been censured by Gordon's committee for receiving a brand new Toyota Camry that was paid for by the PHC.

Sabio tested the power of the Senate by refusing to attend the hearings and was arrested and detained in the Senate based on a warrant signed by Senate President Manuel Villar.

The joint panel discovered unjustified increases in operating expenses of PHC; a generous com-

ensation package of PCGG nominees; the establishment of PHC's Telecommunications Center Inc., where over P73 million had been advanced without any accountability; the release of P265 million; and the grant of P125-million loan to a relative of a Philcomsat official in 2000 that resulted in an estimated interest income loss of P11.25 million in 2004.

Philcomsat was organized in 1970 as a pioneer telecommunications firm that included the PLDT, ITT, Western Union and the US Military Bases clients.

When POTC was sequestered by the PCGG after EDSA,

Philcomsat still continued its operations and even raked in P1 billion in revenues.

But in 1998, under the auspices of the PCGG, Philcomsat posted its first ever loss in 25 years.

In 1996, Philcomsat acquired Liberty Mines with investments close to P1 billion and renamed it to Philcomsat Holdings Corp.

The PCGG appointed nominees for both Philcomsat and PHC and had remitted nothing to government since 1998. In 2000, two groups started to vie for the control of the POTC and its companies, with the PCGG siding with one of the group.