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*Without fear or favor*

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## PCGG asked to account for 20 years of plunder

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The Senate probe of the anomalies that have resulted in the frittering of assets of sequestered telecommunications firm Philippine Communications Satellite Corp. (Philcomsat) and its units saw

### **SPECIAL REPORT**

*Second of three parts*

the inherent defect of bringing in government nominees to supposedly protect state interests in business operations.

The Senate said it, being representatives of the people,

should, in the exercise of its oversight functions, continue its investigation of the Presidential Commission on Good Government (PCGG) and "its effectiveness in the management of the interests of the national government in other sequestered corporations" with a view

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# PCGG asked to account for 20 years of plunder

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toward definitively resolving the need to abolish, maintain, or further strengthen, the commission.

The Senate Committees on government corporations and public enterprises and on public service noted the PCGG has been in existence for over 20 years, saying it is time for the PCGG to be put to task and to be required to render a "detailed accounting to the people concerning its accomplishments."

"How many illegal and anomalous transactions had the PCGG or its nominees done hidden under the protection of its unconstitutional mantle of immunity?," the Senate asked in a resolution.

"From the findings under this (Philcomsat) investigation, it is clear that there is an urgent need to revisit the PCGG and put an end to all such fraud, abuse and wastage," it said.

A summary of the Senate report on the Philcomsat investigation said the committees that conducted the public hearings on the Philcomsat anomalies "found overwhelming mismanagement by the PCGG and its nominees over Philcomsat, its units Philippine Overseas Telecommunications Corp. (POTC) and Philcomsat Holdings Corp. (PHC) resulting in the deterioration of the financial condition of these corporations."

Among the irregularities found during the course of the Senate investigation was 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.

In numerous instances, the negligence of the PCGG in performing its mandate of preserving the interest of the national government is clearly so gross as to amount to bad faith, the Senate reported.

It also came across a the lack of transparency and accountability of the PCGG in the course of its investigation.

The Senate cited for instance PCGG Chairman Camilo Sabio who wrote Senate committee on government corporations and public enterprises chairman Richard Gordon on Sept. 6, 2006 to state that no one from the PCGG would attend hearings to be conducted on the Philcomsat issue.

Sabio invoked Section 4 of Executive Order (EO) 1 signed by former President Corazon Aquino that created the PCGG, which exempted PCGG members or its staff from testifying in any judicial, legislative or administrative proceeding.

"In his letter, Sabio also said he would not testify or produce evidence before the Senate concerning matters within the official cognizance of the PCGG. He added he advised his fellow members and their government nominees to do likewise," according to the Senate report.

An arrest order was subsequently issued against Sabio by the Senate.

The conflict between the Senate and the PCGG later on reached the Supreme Court (SC), which upheld the position of the Senate and affirmed the chamber's power of inquiry.

The SC also declared that the purported immunity of the PCGG is inconsistent with the Congress' power of inquiry, principle of public accountability, policy of full disclosure and right to public information.

The tribunal added instead of encouraging public accountability, the provision in EO 1 giving immunity to the PCGG "only institutionalizes irresponsibility and non-accountability."

The Senate also noted that during a Dec. 4, 2006 hearing, Sabio said PCGG Commissioners Ricardo Abcede and Nicasio Conti would be the most competent to answer questions concerning POTC, Philcomsat and PHC as these matters were assigned to them.

Conti then reported that a study group was formed by the PCGG to examine the intra-corporate controversies between two groups of private shareholders, the Nieto group and the Africa-Bildner group, over the three affiliated firms.

"Interestingly, however, at the Jan. 31, 2007 hearing, Abcede said he is not the one in charge of the POTC-Philcomsat-PHC issue and had never been in charge of these corporations in spite of his position of commissioner in charge of PCGG's asset management department," the Senate report said.

Sabio then said during a hearing on Feb. 5, 2007, in the face of all the evidence that has been revealed throughout the Senate inquiry, he would be calling an en banc meeting of the PCGG to tell the other commissioners that he would already be taking "personal responsibility for POTC, Philcomsat and PHC."

The report also revealed that under "suspicious circumstances," Abcede personally negotiated the purchase of a brand-new Toyota Camry for PHC and was allowed to use the vehicle despite him having no legal connection with the corporation.

The Senate discovered that Abcede "himself (went) to the Toyota branch on Metropolitan Avenue in Makati City to collect the Camry and that the vehicle was delivered to his home where he personally received it."

"When asked if it was regular practice among commissioners of the PCGG to be provided vehicles by private corporations, Sabio said as far as he knew, "this was the first time it happened."

To explain the authority given by PHC for the purchase of the vehicle in Aug. 2006, PHC acting Chairman Enrique Locsin submitted to the Senate minutes of an executive committee meeting of PHC dated May 14, 2002, "or over four years prior to the actual purchase," according to the Senate report.

**(To be concluded)**