

THIRTEENTH CONGRESS OF THE REPUBLIC )  
 OF THE PHILIPPINES )  
 Second Regular Session )

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SENATE  
 P. S. R. No. 455

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Introduced by Senator Miriam Defensor Santiago

## RESOLUTION

DIRECTING AN INQUIRY, IN AID OF LEGISLATION, ON THE ANOMALOUS LOSSES INCURRED BY THE PHILIPPINES OVERSEAS TELECOMMUNICATIONS CORPORATION (POTC), PHILIPPINE COMMUNICATIONS SATELLITE CORPORATION (PHILCOMSAT) AND PHILCOMSAT HOLDINGS CORPORATION (PHC) DUE TO THE ALLEGED IMPROPRIETIES IN THE OPERATIONS BY THEIR RESPECTIVE BOARD OF DIRECTORS

WHEREAS, the Philippine Communications Satellite Corporation (PHILCOMSAT) is a wholly owned subsidiary of the Philippine Overseas Telecommunications Corporation (POTC), a government-sequestered organization formerly held by Marcos cronies, to which the Republic of the Philippines holds 35% interest in its shares of stocks; PHILCOMSAT is an enfranchised and licensed Philippine Public Telecommunications Entity (PTE) with assets worth of about US\$62M;

WHEREAS, from 1986 to 1996, the government, through the Presidential Commission on Good Government (PCGG), regularly received cash dividends which total to P800 million from POTC; in 1998, the POTC experienced its first operating loss and presently continues to incur losses;

WHEREAS, Philcomsat Holdings Corporation (PHC), is a holding company whose main operation is collecting money market interest income of the PHILCOMSAT;

WHEREAS, the government has a substantial interest in PHC by virtue of its interests in POTC and PHILCOMSAT;

WHEREAS, PHC suffered a loss in 2004 amounting to P7 million despite its revenue of P84 million; the loss was attributable to its P90.6 million operating expenses;

WHEREAS, in 2002 and 2003, PHC's operating expenses were P35.5 and P36.9 million, respectively; in 2004, its operating expenses soared to P90.6 million, an increase of P55 million or 155% of its usual operating expenses;

WHEREAS, among the noteworthy increases in PHC's expenses are:

	2003 (PhP)	2004 (PhP)	Increase (PhP)	Increase in percentages
Professional Fees	1,900,000	11,500,000	9,600,000	505%
Representation	133,500	6,400,000	6,270,000	4,697%
Dues and Contributions	2,000,000	4,200,000	2,200,000	110%
Training and Services	0	4,000,000	4,000,000	100%

WHEREAS, in the last quarter of 2005, the representation and entertainment expense of the PHC skyrocketed to P4.3 million, as compared to the previous year's mere P106 thousand;

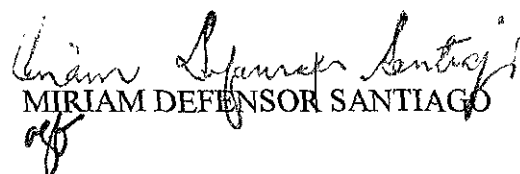
WHEREAS, some board members established a wholly owned PHC subsidiary called Telecommunications Center, Inc. (TCI), where PHC funds are allegedly siphoned; in 18 months, over P73 million had been allegedly advanced to TCI without any accountability report given to PHC and PHILCOMSAT,

WHEREAS, the *Philippine Star*, in its 12 February 2002 issue reported that the executive committee of Philcomsat has precipitately released P265 million and granted a P125 million loan to a relative of an executive committee member; to date there have been no payments given, subjecting the company to an estimated interest income loss of P11.25 million in 2004;

WHEREAS, there is an urgent need to protect the interest of the Republic of the Philippines in the PHC, PHILCOMSAT, and POTC from any anomalous transaction, and to conserve or salvage any remaining value of the government's equity position in these corporations from any abuses of power done by their respective board of directors;

WHEREFORE, be it resolved that the proper Senate committee shall conduct an inquiry, in aid of legislation, on the anomalous losses incurred by the Philippine Overseas Telecommunications Corporation (POTC), Philippine Communications Satellite Corporation (PHILCOMSAT), and Philcomsat Holdings Corporation (PHC) due to the alleged improprieties in the operations by their respective board of directors.

Adopted,

  
MIRIAM DEFENSOR SANTIAGO

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