

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

6 AUG 15 2006

SENATE P. S. R. No. 543

RECEIVED BY



Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE COMMITTEE ON LABOR AND EMPLOYMENT, IN ITS ONGOING INQUIRY IN AID OF LEGISLATION, ON THE ALLEGED OWWA LOSS OF ₱480 MILLION TO FOCUS ON THE CULPABILITY OF THEN PRESIDENT FIDEL RAMOS, THEN OWWA ADMINISTRATOR WILHELM SORIANO, AND R-II BUILDERS OWNER REGHIS ROMERO II.

WHEREAS, the *Philippine Daily Inquirer* of 13 August 2006, page A-2, carried the headline story, "OWWA Loses Millions to Smokey Mountain" by Maricar Tolosa of *Inquirer Research*;

WHEREAS, reportedly the Commission on Audit (COA) Reports of 2004 and 2005 found that OWWA has still-unpaid claims of ₱479.3 million against the Home Guaranty Corporation;

WHEREAS, it appears that the Smokey Mountain Project was a joint venture of the National Housing Authority and R-II Builders, to develop the Tondo garbage dump into a residential and commercial complex;

WHEREAS, to finance the development, Asset Participation Certificates with 8.5 percent annual interest were issued, and the APCs were fully guaranteed by HGC;

WHEREAS, in December 1995, OWWA reportedly invested ₱ 459.47 million with a face value of ₱500 million;

WHEREAS, allegedly R-II Builders, owned by businessman Reghis Romero II, defaulted when the APCs matured in 2000, and had amounted to ₱835 million;

WHEREAS, after R-II Builders defaulted, OWWA sought payment from HGC, which agreed to pay ₱500 million and to issue debenture bonds worth ₱335 million, plus interest of 8.5 percent annually;

WHEREAS, in January 2003, HGC paid OWWA ₱500 million in cash; but only ₱72 million worth of bonds;

WHEREAS, although HGC promised to release ₱300 million worth of bonds in June 2005, HGC failed to set a definite timetable for the complete settlement;

WHEREAS, the COA 2005 Report states that in October 2005, HGC issued the bonds, but only for ₱100 million;

WHEREAS, although on paper OWWA should have earned ₱40.5 million when HGC paid the ₱500 million, the payment was made only after seven years, and was reportedly much lower than what OWWA could have earned if only R-II Builders had paid its obligations;

WHEREFORE, be it resolved by the Senate, to direct the Committee on Labor and Employment, in its ongoing inquiry in aid of legislation, to focus on the criminal and civil culpability of the public officials and the businessmen who, in 1995, with malicious intent and in evident bad faith, facilitated the disastrous OWWA investment; notably including then President Fidel Ramos; then OWWA administrator Wilhelm Soriano, said to be a Ramos protégée; businessman Reghis Romero II, owner of R-II Builders, Inc., and reportedly also a protégée of President Ramos; and others.

Conceding without admitting that there are certain requirements for a legislative inquiry, *ex abundante cautela*, it is here stated that the legislation involved is the possible amendment of the Securitization Act and the OWWA Charter; and that the inquiry will question the legal basis, if any, for the OWWA investment in a failed development project, contrary to the legal policy of OWWA to ensure “the efficiency of collection and the viability and sustainability of the fund through sound judicious investment and fund management policies,” notably including the alleged lack of approval for the investment by the OWWA Board of Trustees at that time.

Approved,


MIRIAM DEFENSOR SANTIAGO