



REPUBLIC OF THE PHILIPPINES

S e n a t e

Pasay City

Journal

SESSION NO. 48

Tuesday, January 29, 2008

**FOURTEENTH CONGRESS
FIRST REGULAR SESSION**

SESSION NO. 48
Tuesday, January 29, 2008

CALL TO ORDER

At 3:42 p.m., the Senate President, Hon. Manny Villar, called the session to order.

PRAYER

Sen. Rodolfo G. Biazon led the prayer, to wit:

Heavenly Father,

As You usher a new year,
grant us the opportunity to influence
the course of history;
The foresight to anticipate that opportunity;
The conviction to plan for it;
The fortitude to give life to the plan;
The intensity of action to implement it;
The flexibility to alter it when it fails
to work as envisioned;
The humility to be able to admit our failure;
And the magnanimity that follows victory.

ROLL CALL

Upon direction of the Chair, the Secretary of the Senate, Emma Lirio-Reyes, called the roll, to which the following senators responded:

Aquino III, B. S. C	Lacson, P. M.
Arroyo, J. P.	Lapid, M. L. M.
Biazon, R. G.	Legarda, L.
Cayetano, A. P. C. S.	Madrigal, M. A.
Cayetano, C. P. S.	Pangilinan, F. N.
Ejercito Estrada, J.	Pimentel Jr., A. Q.
Enrile, J. P.	Revilla Jr., R. B.
Escudero, F. J. G.	Villar, M.
Gordon, R. J.	Zubiri, J. M. F.
Honasan, G. B.	

With 19 senators present, the Chair declared the presence of a quorum.

Senator Roxas was on official mission.

Senators Angara and Defensor Santiago were on official mission abroad.

Senator Trillanes was unable to attend the session.

APPROVAL OF THE JOURNAL

Upon motion of Senator Pangilinan, there being no objection, the Body dispensed with the reading of the Journal of Session No. 47 and considered it approved.

**ACKNOWLEDGMENT
OF THE PRESENCE OF GUESTS**

At this juncture, Senator Pangilinan announced and acknowledged the presence in the gallery of Israeli Ambassador Zvi Aviner Vheni, Mayor Romeo Gue of Salay, Misamis Oriental, and Vice-Mayor Isko Moreno and Councilor Manolet Zarcad of Manila.

Senate President Villar welcomed the guests to the Senate.

REFERENCE OF BUSINESS

The Secretary of the Senate read the following matters and the Chair made the corresponding referrals:

BILLS ON FIRST READING

Senate Bill No. 2008, entitled

AN ACT REGULATING THE PRACTICE
OF PLUMBING ENGINEERING IN
THE PHILIPPINES

Introduced by Senator Francis "Chiz" G.
Escudero *MS*

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To the Committees on Civil Service and Government Reorganization; and Finance

Senate Bill No. 2010, entitled

AN ACT DEFINING THE OFFENSES AND ABUSES AGAINST THE NATIONAL HEALTH INSURANCE PROGRAM (NHIP) AND PROVIDING PENALTIES AND SANCTIONS THEREFOR, AMENDING FOR THE PURPOSE ARTICLE X OF REPUBLIC ACT NO. 7875 OTHERWISE KNOWN AS THE NATIONAL HEALTH INSURANCE ACT OF 1995 AS AMENDED BY R.A. NO. 9241 AND FOR OTHER PURPOSES

Introduced by Senator Angara

To the Committees on Health and Demography; and Constitutional Amendments, Revision of Codes and Laws

Senate Bill No. 2011, entitled

AN ACT FURTHER AMENDING PRESIDENTIAL DECREE NO. 198, OTHERWISE KNOWN AS THE PROVINCIAL WATER UTILITIES ACT, AS AMENDED, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES

Introduced by Senator Loren Legarda

To the Committees on Public Works; Public Services; and Finance

Senate Bill No. 2012, entitled

AN ACT REQUIRING CERTIFICATION OF THE DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT TO DECLARE A "CHILD LEGALLY AVAILABLE FOR ADOPTION" AS A PREREQUISITE FOR ADOPTION PROCEEDINGS, AMENDING FOR THIS PURPOSE CERTAIN PROVISIONS OF REPUBLIC ACT NO. 8552, ALSO KNOWN AS THE DOMESTIC ADOPTION LAW, REPUBLIC ACT

NO. 8043, ALSO KNOWN AS THE INTER-COUNTRY ADOPTION ACT AND PRESIDENTIAL DECREE NO. 603, ALSO KNOWN AS THE CHILD AND YOUTH WELFARE CODE

Introduced by Senator Loren Legarda

To the Committee on Youth, Women and Family Relations

Senate Bill No. 2013, entitled

AN ACT STRENGTHENING PHILIPPINE DISASTER RISK MANAGEMENT CAPABILITY BY ESTABLISHING THE NATIONAL DISASTER MANAGEMENT COUNCIL AND INSTITUTIONALIZING THE NATIONAL DISASTER RISK MANAGEMENT PLAN, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

Introduced by Senator Ramon "Bong" Revilla Jr.

To the Committees on National Defense and Security; and Finance

Senate Bill No. 2014, entitled

AN ACT AMENDING CERTAIN PROVISIONS OF PRESIDENTIAL DECREE NO. 1464, OTHERWISE KNOWN AS THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED, AND FOR OTHER PURPOSES

Introduced by Senator Ramon "Bong" Revilla Jr.

To the Committee on Ways and Means

RESOLUTIONS

Proposed Senate Resolution No. 280, entitled

RESOLUTION DIRECTING THE SENATE COMMITTEE ON JUSTICE AND HUMAN RIGHTS TO LOOK INTO, IN AID OF LEGISLATION, THE

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EFFECTIVENESS AND APPROPRIATENESS OF REPUBLIC ACT NO. 9344 OR THE JUVENILE JUSTICE AND WELFARE ACT OF 2006, SPECIFICALLY SECTION 6 THEREOF, AS IT SEEKS TO ADDRESS THE COMMISSION OF CRIMES BY MINORS, WITH THE END IN VIEW OF ENACTING LEGISLATIVE MEASURES TO ADDRESS THE SAME

Introduced by Senator Francis "Chiz" G. Escudero

To the Committees on Justice and Human Rights; and Youth, Women and Family Relations

Proposed Senate Resolution No. 281, entitled

RESOLUTION DIRECTING THE COMMITTEES ON CONSTITUTIONAL AMENDMENTS, REVISION OF CODES AND LAWS; AND NATIONAL DEFENSE AND SECURITY TO INVESTIGATE THE RECENT EXTENSION OF THE TERM OF AFP CHIEF OF STAFF HERMOGENES ESPERON JR. GIVEN BY PRES. GLORIA MACAPAGAL-ARROYO WHICH MAY BE IN VIOLATION OF THE CONSTITUTION, WITH THE END VIEW OF ENACTING REMEDIAL LEGISLATION

Introduced by Senator M. A. Madrigal

To the Committees on National Defense and Security; and Constitutional Amendments, Revision of Codes and Laws

Proposed Senate Resolution No. 282, entitled

RESOLUTION CONGRATULATING AND COMMENDING THE TWO FILIPINO WORLD CLASS GOLFERS MS. DOROTHY DELASIN AND MS. JENNIFER ROSALES FOR WINNING THE FOURTH EDITION OF THE WOMEN'S WORLD CUP OF GOLF AT SUN CITY, SOUTH AFRICA ON JANUARY 20, 2008

Introduced by Senator Manuel "Lito" M. Lapid

To the Committee on Rules

Proposed Senate Resolution No. 283, entitled

RESOLUTION URGING THE SENATE COMMITTEE ON ECONOMIC AFFAIRS AND THE COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE VIABILITY OF LAFAYETTE PHILIPPINES WHICH IS SEVENTY-FOUR PERCENT OWNED BY LAFAYETTE MINING LTD TO OPERATE THE RAPU-RAPU SPECIAL ECONOMIC ZONE IN THE LIGHT OF THE IMMINENT FINANCIAL FAILURE OF LAFAYETTE MINING LTD.

Introduced by Senator Loren Legarda

To the Committees on Economic Affairs; and Environment and Natural Resources


COMMUNICATIONS

Letters from Assistant Governor and General Counsel Juan de Zuñiga Jr. of the *Bangko Sentral ng Pilipinas*, dated January 16 and 18, 2008, respectively, furnishing the Senate with certified copies of the following, in compliance with Section 15(a) of Republic Act No. 7653 (The New Central Bank Act):

BSP Circular Nos. 593 and 594, S-2008, both dated January 8, 2008; 595, 596, 597, 598, S-2008, and Circular Letter No. CL-2008-003, all dated January 11, 2008.

To the Committee on Banks, Financial Institutions and Currencies

COMMITTEE REPORT

Committee Report No. 35, prepared and submitted jointly by the Committees on Ways and Means; Justice and Human Rights; and Finance, on Senate Bill No. 2009, with Senators Ramon 



“Bong” Revilla Jr. and Francis “Chiz” G. Escudero as authors thereof, entitled

AN ACT FURTHER EXPANDING THE ORGANIZATIONAL STRUCTURE OF THE COURT OF TAX APPEALS, AMENDING FOR THE PURPOSE CERTAIN SECTIONS OF THE LAW CREATING THE COURT OF TAX APPEALS, AND FOR OTHER PURPOSES,

recommending its approval in substitution of Senate Bill Nos. 801 and 1485.

Sponsors: Senator Francis “Chiz” G. Escudero

To the Calendar for Ordinary Business

SENATE CONFEREES

Upon nomination by Senator Pangilinan, there being no objection, the Senate President designated the following as members of the Senate panel in the Bicameral Conference Committee on the disagreeing votes of the two Houses on House Bill No. 3156 (Civil Aviation Authority Act of 2007): Senator Enrile as chairman, and Senators Zubiri and Honasan (vice Senators Arroyo and Angara) and Senators Gordon, Lacson and Aquino.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 3:51 p.m.

RESUMPTION OF SESSION

At 3:52 p.m., the session was resumed.

PRIVILEGE SPEECH OF SENATOR ENRILE

Availing himself of the privilege hour, Senator Enrile delivered the following speech:

I would like to seek the indulgence of the Senate and the leadership to take a little bit of their time to discuss an issue that, although dealing with a specific corporation, nonetheless,

may have a very deep impact on the condition and future of this country and I refer to the case of PHILCOMSAT Holdings Corporation.

I remember when I was young, a fabled story about Ali Baba, a woodcutter who happened to overhear a group of thieves, 40 of them, visiting their treasure store in the forest, where he was cutting wood. The thieves' treasure was kept in a cave, the opening of which was sealed magically and could only be opened when the words “Open, open Sesame” were uttered, and the cave would open and the immense treasure is bared. Ali Baba also noted that the entrance would seal itself when the words “Close, Sesame” were said.

One night, when the thieves were away, Ali Baba entered the cave all by himself and took all of the treasures home.

In other popular tales, this is where the narrator is supposed to say, “... and he lives happily thereafter.”

That was in the olden days. In our modern times, there is a similar situation, although not quite similar in all respects, but nonetheless, it parallels that of Ali Baba and the 40 thieves.

But in order for this Chamber to understand the problem, allow me to, first of all, lay out the corporate structure which will be the center point of our discussion.

During the Marcos years, when satellite communication was in its infancy, we were among the nations that aspired to have one satellite and we did have a satellite in our land. At that time, we organized the Philippine Overseas Telecommunications Corporation (POTC) which was the holding company of what is now known as the Philippine Communications Satellite (PHILCOMSAT) Corporation, the operating company. The POTC was organized by the government.

The government invested P55,000 in this corporation in order to control it. In fact, President Marcos was flabbergasted when he was told that all he needed to put up the project was P55,000. And so when it was explained to him, he said, “My God, why has this project languished in the hands of my Cabinet members for all six months without any result when after all the solution to the problem was so simple?” And so the government invested P55,000 of its money from the National Development Corporation (NDC) and the rest of the money needed for the project came from the pockets of the private sector. *W*

And the private sector in this case happened to be Mr. Potenciano Ilusorio who owned 18.1% of POTC; Manuel H. Nieto Jr., who owned 13.1%, Honorio Poblador, who owned 14.4%; Africa, who owned 7.1%; Roberto Benedicto, who owned 7.1%; Elizalde, who owned 1.01%; and yours truly who was asked to subscribe to 6.1% of the capitalization of POTC.

While the government paid P5.00 for each share of its stockholding in POTC, the private investors paid P500 per share for their shares that they acquired in this corporation. And with this money, PHILCOMSAT Corporation was organized and set up the satellite station in Pinugay, in the town of Baras, province of Rizal.

True to the estimate of those who studied the project, although this was not shared at that time by the government, the venture became so profitable that even after the EDSA Revolution of 1986, PHILCOMSAT continued to pay dividends to the government all the way to, I think, 1998, and the government received a total of almost a billion pesos in dividends during that period. PHILCOMSAT was one of the most envied corporations in the country in its time.

After the EDSA Revolution, the Presidential Commission on Good Government (PCGG) was organized supposedly to take over and preserve what is termed as the ill-gotten wealth of the Marcos regime to be held in trust and for the benefit of the Filipino people. In the course of time, the PCGG assigned after every administration PCGG agents in PHILCOMSAT, and the corporation was looted and plundered.

Under this present Administration, about 2004, when I was no longer in this organization because I used to chair it since its inception up to the time I got out of the Aquino government in 1986, the corporation was systematically plundered. I understand that the bright minds, but not quite lawful, who were sent to PHILCOMSAT to represent the PCGG, thought out a very neat way of further plundering this business organization. They bought a small moribund but listed company in the stocks exchange for a sum of money and transferred almost P1 billion in cash and assets to this corporation and they changed its name into what is now known as PHILCOMSAT Holdings Corporation.

In the course of time, from 2004 to 2007, what happened to the money that was transferred from PHILCOMSAT to PHILCOMSAT Holdings Corporation (PHC)?

SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

It was 4:03 p.m.

RESUMPTION OF SESSION

At 4:04 p.m., the session was resumed.

PRIVILEGE SPEECH

(Continuation)

We may be surprised to know that during this period of four years, from 2004 to 2007, the PHILCOMSAT Holdings Corporation was plundered to the extent of P481.2 million. And where did this money go?

Summary of looted, plundered, embezzled and unaccounted for amounts disbursed by PHC directors, officers and staff from 2004 to 2007:

1. Excessive, unreported, surreptitious compensation of PCGG nominees, relatives, lawyers and cronies in PHILCOMSAT Holdings Board and Management amounts to P161.1 million;
2. PHC cash advances, mostly unliquidated without disbursement vouchers or authorization, cashed at BPI Pacific Star Branch, P41.9 million;
3. Legal fees and expenses, including cash for legal services, amounts to P84.7 million;
4. PR and media expenses, including cash for PR and media expenses, P56.1 million;
5. Donations, contributions to philanthropic, religious, political or otherwise, causes of Enrique Locsin, a certain Mr. Andal, Philip Brodett and Johnny Tan, the accountant of this company, P7.1 million;
6. Phony cash advances to affiliates, POTC and PHILCOMSAT which were never received by either POTC or PHILCOMSAT but were actually compensations to PCGG nominees and cronies, P119 million;
7. Direct payments or cash gifts or in kind to PCGG, SEC, Supreme Court, Sandiganbayan, Bureau of Internal Revenue allegedly, including the Office of the Solicitor General and other government agencies, P11.3 million.

A total of P481.2 million.

Where did this money go? As I have already indicated, they went to the enormous compensation, exorbitant travel allowances and inordinate

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wasteful expenditures of directors and their cronies and payment for expensive lawyers.

I have a listing here in this record of those who are responsible for this sordid affair in PHILCOMSAT Holdings.

I would like to recite their names for the record of the Senate, one by one.

First is **Mr. Benito Araneta**. Who is Mr. Benito Araneta? He is the son of Ramon Araneta, nephew of Salvador Araneta, Grace Araneta and Antonio Araneta – all popular, influential, honorable and respectable men of our society.

Bomboy Araneta, as he is fondly called, was a nominee to the POTC and PHILCOMSAT during the time of the regime of President Joseph Estrada. In the course of time, he worked his way into PHC, a corporation that was once cash-rich, a public corporation, not sequestered, and did nothing but put its funds in money placements. That was the only business it had. And before one year was over from the time he got to PHILCOMSAT Holdings, President Estrada fired Mr. Bomboy Araneta but he did not leave PHILCOMSAT Holdings. He remained there. In fact, he was able to wiggle his way and has remained in that company until today because the company was not a sequestered company, and he happened to ally himself with his relative, Mr. Manuel Nieto Jr.. He remains as a director in this company, an authorized bank signatory in this company, and a recipient of most of the PHILCOMSAT Holdings funds. By way of compensation, fees, allowances, reimbursements and cash advances, Benito "Bomboy" Araneta received P5.2 million, including US\$10,000 in travel allowances from 2004 all the way to 2007. He chaired the executive committee of this PHILCOMSAT Holdings, and this executive committee granted P125 million loan to Ansear Corporation, an entity owned by his cousin Tonypet Araneta, without collateral, only on the basis of a promissory note and without interest. The check was issued the same day the Executive Committee approved it without the ratification of the Board of Directors of PHILCOMSAT Holdings Corporation. The minority stockholders of this listed company could not do anything. Why? Because somehow the people who were able to control this corporation had strong influence and connection with the bureaucracy of the government.

In addition, Benito "Bomboy" Araneta – and this is probably one of the most extraordinary things in this sordid affair — had advances

amounting to P3.6 million and he was granted the authority to handle a P67-million money of the corporation. For what reason and under what law this was done, I could not say. And this money of P67.7 million was placed by Mr. Araneta in certain banks as placements.

And lo and behold! The whole P67.7 million disappeared. As someone said, "The millionaires do not steal," but I cannot say that Mr. Araneta stole P67.7 million. Until today, however, in spite of the repeated letters of the management of PHILCOMSAT Holdings for Mr. Araneta to explain the whereabouts of the P67.7 million, the fact is that, he never answered the inquiry of the corporation that entrusted the money to him, let alone show where the money is.

The next gentleman who was involved in this dissipation is **Mr. Enrique L. Locsin**. In the books of the corporation, Mr. Locsin is abbreviatedly referred to as ELL. Enrique L. Locsin is a son of a very respectable and upright man, Teodoro Locsin Sr., who was the former publisher of the *Philippine Free Press*. He was appointed to his position in PHILCOMSAT by the incumbent President and then later on he was made by the PCGG as a nominee in PHILCOMSAT Holdings from 2004 to 2006. Like Bomboy Araneta, ELL or Enrique L. Locsin worked his way into that corporation until finally he became, I think, the president and vice-chair.

He was replaced by President Arroyo recently but he refused to be replaced. He decided to remain in PHILCOMSAT Holdings and I can understand the reason – because his position is so lucrative that I suppose Mr. Locsin can never find such a position somewhere else in this nation for him to earn that much money that he was earning or he is earning in PHILCOMSAT Holdings. He remains a director of PHILCOMSAT Holdings, although he has already been fired by the appointing power. He claims to be still an authorized bank signatory and he continues to receive funds from PHILCOMSAT Holdings by way of compensation, allowances, reimbursements and cash advances. Enrique "Henry" Locsin received P26.1 million from 2004 to 2007 from this ailing, plundered, looted corporation known as the PHILCOMSAT Holdings Corporation. In addition, he is getting US\$10,000 travel allowance from the company and a housing allowance of P4.5 million. He has unliquidated cash advances of P300,000.00.

Among the benefits that Mr. Enrique Locsin got from the corporation was a P180,000 hearing aid in spite of the fact that he was getting fat

salaries and allowances from this corporation. He charged PHILCOMSAT Holdings for a hearing aid that cost P180,000.00. On top of this, this gentleman bought a laptop costing P275,000.00 paid for by the corporation, and after three weeks, he claimed to have lost this laptop and asked the corporation to buy him another one which cost the corporation P320,000.00 plus a Pierre Cardin leather case for the laptop and a wallet. That is how these distinguished men treated PHILCOMSAT Holdings – *parang alkansiya po nila itong korporasyon na ito.*

In addition, Mr. Locsin is not satisfied to get these perquisites from the corporation. He also asked money for the charities of his wife, the Far East Court No. 1, Order of the Amaranth, where the corporation had to pay out P100,000 and an additional P3.2 million for LR Publications, the publisher of the *Philippine Free Press*. *Gratis et amore* from PHILCOMSAT Holdings Corporation.

The third gentleman who is involved is **Ronaldo “Ronnie” Salonga**. He was a PCGG nominee to POTC and PHILCOMSAT during the regime of President Estrada.

During that period, he worked his way into PHILCOMSAT Holdings Corporation. Not quite a year after, Mr. Salonga was fired by then President Estrada; nonetheless, he remained in PHILCOMSAT Holdings until 2004 when he was finally removed. Three years later, in 2007, Mr. Salonga was gifted by the management of PHILCOMSAT Holdings, Mr. Henry Locsin, *et al.*, with a very expensive car allegedly for services rendered.

The next persona in this sordid affair is a certain **Manuel D. Andal**. In the records of PHILCOMSAT Holdings, he is denominated as MDA. This gentleman was supposed to be a Bicol farmer – this is how he described himself. He also described himself as a chief financial officer and treasurer of PHILCOMSAT Holdings. But that is his claim. He is not doing the work. Now, what was his benefit from the corporation? He received P18 million as compensation fees, cash advances and allowances, including also a yearly travel grant of \$10,000. These dollars were granted at the time when the exchange rate was almost P55 to a dollar. Among the wonders of Mr. Andal was that he received reimbursements from the corporation for five to eight restaurant expenses and three to five gasoline receipts, all incurred on the same day. In addition, he also asked for reimbursement of the salaries of his personal secretaries: Monet Pangilinan, Tricia

Ina Tuazon, and Jay R. Baguio. PHILCOMSAT Holdings also paid for Andal’s charities. They are in the records. I cannot remember the exact magnitude, including PR expenses in the Peñafrancia Broadcasting Corporation, and for the Miss Naga beauty contest. That is how wasteful the dissipation of the corporation’s funds has been. While Andal claims to be the chief finance officer and treasurer of the corporation, only in name, lo and behold, he signed several requests to the Bank of the Philippine Islands to honor immense PHC checks issued in millions of pesos, as will be shown later.

Next is **Mr. Julio J. Jalandoni**, appointed as nominee to PHILCOMSAT Holdings. He worked his way into PHC and remains entrenched there with Locsin and Andal. He received P1.6 million in compensation fees, reimbursements, and cash advances. In 2006, PHC disbursed P1.2 million allegedly as “advances to Telecommunications Center, Inc. (TCI), a 100% owned subsidiary of PHILCOMSAT Holdings.” The check ended in a corporation known as Calistoga Corporation of 13 Apostol Street, San Lorenzo Village, Makati, where Julio Jalandoni was the owner of 47.1% and a certain Sylvia Jalandoni owns the rest of the shares of stock of the Calistoga Corporation. Telecommunications Center, Inc. never received the money, the P1.2 million, that was drawn from PHILCOMSAT Holdings.

Next is a certain **Guy S. de Leon** who was a PCGG nominee to POTC. Later on, he joined the board of directors of PHILCOMSAT Holdings. This gentleman was fortunate enough to receive a compensation of P6.5 million representing fees, allowances, reimbursements and cash advances including a 2004 Mazda Tribute and a travel allowance of \$10,000 per year.

Now, here is the main character in this drama, **Philip Gould Brodett**. The BIR assessed that he has an P8-million tax deficiency; the BIR also discovered that he had two tax identification numbers with different addresses. He claims that his only source of income is PHILCOMSAT Holdings Corporation for which he received *only approximately P1 million a year*. But he has several bank accounts running to P10 million if not hundred of millions. He is the chief money laundering officer of the PHC. He received P26 million from PHC by way of compensation, fees, allowances, reimbursements and cash advances including a \$10,000 yearly travel allowance. He charged PHC between P5,000 and P10,000 daily for reimbursement expenses. He declared only P1 million annual income. He has more cars than ^{AB}

I. He purchased 10 luxury vehicles in his name or in the name of dummies and children: a 2003 BMW; a Lincoln town car; a 2005 Cayenne; a 2000 Honda CRV; a 2004 Ford Explorer sport; a 2003 Chevrolet Tahoe; a 1999 Ford Expedition; a 1996 Porsche; a 1991 Mercedes Benz; and a 2001 E150 Chateau. Expenses for repairs and maintenance, gasoline and oil were all paid for by PHC. He opened a joint account in his name, a Manuel Nieto, in the Export and Industry Bank where PHC corporate funds were being diverted to by the hundreds, by the tens of millions.

Of the Brodett/Nieto account, P3.2 million went to Bomboy Araneta; P100,000 was given to Johnny Tan; P300,000 was in cash.

SUSPENSION OF SESSION

Upon motion of Senator Enrile, the session was suspended.

It was 4:30 p.m.

RESUMPTION OF SESSION

At 4:32 p.m., the session was resumed.

PRIVILEGE SPEECH

(Continuation)

Philip Gould Brodett, who is supposed to earn only P1 million a year, drew a check for P30 million from his deposit account in BankWise, and this check was drawn in favor of a certain Leonides Val Ortega who, I understand, is the president of BankWise. This Leonides Val Ortega, in turn, deposited this P30 million in his personal account at the Rizal Commercial Banking Corporation. Thirty million pesos of PHC fund was stolen by modern Ali Baba thieves, not for the benefit of the corporation stockholders but for personal benefits of certain individuals.

Next is Luis Lokin, a lawyer. He is the chief legal operator of PHC. He was sued by his former law firm partners, Atty. Mario Raval and Vice Governor Rolex Suplico, for *estafa*. He was suspended by the Supreme Court from the practice of law; faced disbarment complaints in the Integrated Bar of the Philippines; and is the subject of many contempt charges in the Sandiganbayan. This gentleman is not only a director and operator, he also earned fantastic legal fees for himself and for his law firm from PHC. He received P31 million as compensation,

fees, allowances, reimbursements and cash advances, including P2 million supposedly for the Sandiganbayan TRO and P2 million supposedly for public relations for the Supreme Court injunction.

I am not saying that the Supreme Court or the Sandiganbayan is involved here. I am only saying that this is the record I found when I scrutinized the documents that were given to me by the present management of the PHILCOMSAT Holdings. If this is true, and if, indeed, the judicial branch is involved in this kind of affair, which I do not believe, for Heaven's sake, the time has come for us to look closely into our structure of government and throw the book against whoever may be involved. Unless we do this, we can never repair the destructive corruption that we see in these records.

Now, who is **Concepcion Poblador**? She is the daughter of Honorio Poblador, a girlfriend of a well-known columnist, a non-income, pension-dependent socialite. She was made a PHILCOMSAT chairman last year allegedly to represent the Poblador family group. I know her father to be a very honorable man. He was my colleague in PHILCOMSAT and in the Marcos administration. The Poblador family denied authorizing her to act on their behalf as regards the PHILCOMSAT Group of Companies since the shares are held by the family, a family-owned corporation known as El Nor Investment Incorporated, of which Rafael Poblador is the president, administrator, authorized proxy and administrator of the estate of Honorio Poblador, Jr.

Concepcion Poblador claims authority from a piece of paper bearing the thumbprint of her ailing mother which she forcibly obtained, I understand, naming her as proxy for whatever shares are in her mother's name. There are no shares in the name of the mother.

She withdrew P16.6 million from the funds of PHILCOMSAT Holdings in just one week from the corporation's bank account at the *Banco de las Islas Filipinas* or Bank of the Philippine Islands allegedly as reimbursements and cash advance.

She was later spotted at the Sandiganbayan where she had filed a case against Usec Enrique Perez, son of an honorable man, Rodrigo Perez, and the PCGG because of the removal of the old board and their replacement with more honorable men and women by the President, perhaps after realizing that many of the people that were replaced were indeed scoundrels and relatives

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of the 40 thieves of Ali Baba. I am not saying this to connect the Sandiganbayan to any improprieties. The Sandiganbayan issued a TRO against the new board of PHILCOMSAT Holdings. This TRO was signed by only two members of the 5th Division of the Sandiganbayan.

The next gentleman that I will name is **Camilo Sabio**. He is the current PCGG chairman. He is facing anti-graft charges for diverting P10 million dividends due the government for the sequestered company, the IRC, to his personal account. He wrote the Philippine Stock Exchange to block the listing of PHILCOMSAT Holdings Corporation, the very reason why PHILCOMSAT, the operating company, transferred almost P1 billion in cash and assets to the PHILCOMSAT Holdings in order that it be listed in the stock exchange so that the former employees and executives of PHILCOMSAT Satellite Corporation would benefit by selling their shares, by investing their retirement pay in PHILCOMSAT Holdings and liquefy it after the listing of PHILCOMSAT Holdings is made. But lo and behold, they transferred their funds, their retirement pay, to this company, believing that they will benefit out of it. Sadly, their dream was shattered because their money did not return, it went into the pockets of the *tulisans*.

Mr. Sabio received a cash advance of P350,000 from PHILCOMSAT Holdings. For what reason, I do not know. This is not a sequestered company. It is not under his jurisdiction but nonetheless, he received P350,000 from Mr. Locsin, *et al.* and compelled PHILCOMSAT Holdings to contribute P1 million to the PCGG Christmas party in 2005.

My God! If these gentlemen think that they are so powerful they can compel a corporation to dish out P1 million for a Christmas party, something must be really wrong.

Ricardo Abcede, PCGG commissioner, *nakita ko po siya na sumasayaw sa television, pakendeng-kendeng. Kasama niya ang dating First Lady Imelda Marcos*. As a reward to himself for having successfully prevented the calling of the 2006 PHILCOMSAT Holdings annual stockholders meeting, he went to Toyota Makati, chose a Toyota Camry, had the car delivered to his house and demonstrated it to his driver. When this became a scandal – and it was investigated by the distinguished chairman of the Committee on Government Corporations and Public Enterprises, Senator Gordon – Ricardo Abcede claimed that he only borrowed the Camry because his car broke down. There is no

logical justification for PHILCOMSAT Holdings to loan Abcede a car since PHILCOMSAT Holdings is not a sequestered corporation. But that is how brazen PCGG is and some of its commissioners, not all, to be fair to them.

Ricardo Abcede, with his fantastic allowances and salaries from the PCGG, had to pass on P52,000 cellphone bills to PHILCOMSAT Holdings, including P165,000 cost for the bodyguard services that he used, the P52,000 salary of his driver, and P12,500 lifetime membership in the Integrated Bar of the Philippines. All told, without any authority at all because PHILCOMSAT Holdings is not under the jurisdiction of the PCGG. Mr. Ricardo Abcede received a total of P2.5 million funds of PHILCOMSAT Holdings. I do not know whether he has paid his income tax on this.

Gener Reyes, number 12. He is a PCGG comptroller and assets monitor. Rumored to be the boyfriend of Abcede, he was assigned to check POTC and PHILCOMSAT disbursements of the new board members but refused to check the POTC and PHILCOMSAT disbursements of the Locsin Group. The Locsin Group set up fictitiously POTC and PHILCOMSAT entities to which they diverted the funds of PHILCOMSAT Holdings, not the real POTC and PHILCOMSAT that exist, but only entities that exist in the minds of these deluded government officials. Yet, in spite of his ineptness, he received an additional P600,00 by way of honoraria and gasoline reimbursements from PHILCOMSAT Holdings, compliment of his boyfriend, Commissioner Ricardo Abcede.

Now, **J. Ermin Ernest Miguel**, director for legal of PCGG and credited by Commissioner Ricardo M. Abcede for having assisted in the plot to cancel the annual stockholders' meeting of 9 May 2006 and for the convening of the special stockholders' meeting solely for the purpose of extending the PHILCOMSAT Holdings Corporation's corporate life. I was there. It was a charade. He filed the petition for *habeas corpus* of PCGG Chairman Camilo Sabio with the Supreme Court against the Senate. For his service, he received P230,000 and booked by PHILCOMSAT Holding as liquidation for PR funds.

Johnny R. Tan, assistant vice president and accountant of PHILCOMSAT Holdings Corporation, received P21.6 million as an accountant from PHILCOMSAT Holdings by way of compensation fees, allowances, reimbursements and cash advances, including a 2006 Toyota Hi-Lux and unliquidated cash advances of P10 million. All told, more than P30 million of

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PHILCOMSAT Holdings Corporation's money was dissipated in his case.

Roberto B. San Jose, he started the intra-corporate dispute in PHILCOMSAT Holdings Corporation in 2001 by refusing to recognize the new government nominees who were appointed to replace Araneta and Salonga. Because of his wrong decision as PHILCOMSAT Holdings Corporation's corporate secretary to refer to the PHILCOMSAT Holdings Corporation Board, then controlled by Araneta and Salonga, the question of which PHILCOMSAT proxy to honor, one to Salonga and another to the new government nominee Carmelo Africa, San Jose allowed the Araneta-Salonga group, which later became the Locsin group, to entrench itself in PHILCOMSAT Holdings Corporation. And for his effort or lack thereof and as a reward to him, he received P1.2 million in director's fees and his law office received P5.4 million in legal fees.

Delfin Angcao, he used to work in the SEC. He provided PHILCOMSAT Holdings with connections in the SEC. He was an assistant of San Jose and an associate of Castillo, Laman Law Office. He provided most of the legal documentation of the fraud, making them appear to be corporate transactions — sham transactions. He assumed the position as corporate secretary when embarrassment and shame caused San Jose to resign as director and corporate secretary.

Vernette G. Umali-Paco, she is the Securities and Exchange Commission's general counsel. What did she do? She issued SEC orders, grossly favorable to the Locsin group, which appointed both Locsin and Lokin as members of the three-man Commission on Elections for the supposedly annual stockholders' meeting of PHILCOMSAT Holdings Corporation. She did not act on petitions for the cease and desist orders against the Locsin's group for the appointment of a receiver or a management committee for PHILCOMSAT Holdings. She refused to heed the plea of the majority stockholders of PHILCOMSAT Holdings. For that, according to the records of PHILCOMSAT Holdings at the time she issued her orders, the corporation disbursed P250,000 in cash as PR for SEC matters.

Sikini C. Labastilla, he is an associate of Lokin, who filed a complaint with the Sandiganbayan omitting material facts and containing misrepresentations for which he was censured. He appeared as counsel for Andal and Locsin in some cases and claimed to be counsel for POTC and PHILCOMSAT even though both the PCGG

and the SolGen denied that he was. He was claimed by Attorney Lokin to be the recipient of a P2 million payoff to the Sandiganbayan. He received a total of P13.7 million from the funds of PHILCOMSAT Holdings Corporation.

Alma Kristina O. Alobba, rumored to be the mistress of Lokin Jr., claimed to be the assistant corporate secretary of POTC and PHILCOMSAT. She filed a petition for TRO on behalf of Manuel H. Nieto Jr. which Nieto denied to have authorized and subsequently ordered to be withdrawn because his signature was falsified. Despite the withdrawal, despite the denial of Nieto that he authorized the filing of that case before the Court of Appeals, the CA granted Alobba's petition for TRO and injunction.

Now, **Pitero M. Reig**, he belongs to the Locsin group, lawyer and outsource lawyer of Lokin, he filed the complaint for Concepcion Poblador with the Sandiganbayan and successfully procured a TRO directing the PCGG and Usec Enrique Perez not to recognize President Gloria Macapagal Arroyo's new appointees in the POTC and PHILCOMSAT, despite the letters written by the President to replace the Locsin group. And for this, his law office received P5 million in legal fees.

Former Sen. Rene Saguisag. He called for President Macapagal Arroyo's resignation several times, yet represents Enrique Locsin who claims to be a government representative and presidential appointee. He received P11.1 million in legal fees from PHILCOMSAT Holdings Corporation allegedly in trust. In trust for what? I would like to ask and for which I would like an answer.

He connived with the Bank of the Philippine Islands to prevent the disclosure of PHILCOMSAT Holdings Corporation's bank statements. This bank refused to freeze the PHILCOMSAT Holding Corporation's accounts in spite of the overwhelming evidence of two parties claiming authority to operate the accounts. This bank abetted and caused damage to PHILCOMSAT Holdings Corporation.

This bank claims that there is no sufficient evidence to justify and interplead their suit between the unified Board and the Locsin group and refused to recognize the unified Board as a claimant. As a consequence, not just a million but scores of millions of pesos of PHILCOMSAT Holdings Corporation had been dissipated because of this bank.

Number 22, **Joy Rodriguez**, branch manager of the Bank of the Philippine Islands-Pacific Star.

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She is reputed to be the girlfriend of Philip Brodett. She allowed encashment of checks amounting to millions—and they are all in the records. PHILCOMSAT Holdings Corporation's accounts did dwindle from P150 million to P1 million in one year. She claimed to have always requested clearance from PHILCOMSAT Holdings Corporation but does not know the name of the person who gave the clearance. She refused to freeze the PHILCOMSAT Holdings Corporation's bank accounts even with the TRO of the Regional Trial Court of Makati. It was known by this lady manager, Joy—for whose joy—Rodriguez. She did not stop honoring the checks being drawn to dissipate the money resources of PHILCOMSAT Holdings Corporation. She allowed the withdrawal of P30 million in one day, on the very day that the TRO was issued. She connived with the PCGG nominees and Brodett in suits filed by or against the unified board.

BankWise, this bank refused until recently to freeze the PHILCOMSAT Holdings Corporation's accounts. This bank claims to have frozen PHILCOMSAT Holdings Corporation's accounts but refuses to disclose how much deposit remains in that bank.

Number 24, **President Leonides Val Ortega**, in whose favor P30 million was drawn from the account of Philip Brodett which he in turn deposited in his RCBC personal account. Where is this money, whose money was it, and for what purpose was it paid to him is unknown. And I hope that with this revelation, the Anti-Money Laundering Council, as well as the Bureau of Internal Revenue, if indeed we want to clean up the mess in this country, would now immediately act to ask this bank, including the Bangko Sentral, why they allowed this kind of practice. Otherwise, this Representation will be forced to initiate a thorough investigation to open a can of worms that none will be able to stop or break or cover up.

Number 25, **Export and Industry Bank**. Who are the people involved in this? An Indonesian group, Donald Dee, Sergio Ortiz, *et al.* I regret to say that this is the chief laundry bank of the PCGG nominees and their cronies. This bank allowed the opening of dubious accounts named: "PHC, c/o Cesar Munsayac" and "Brodett/Nieto" account where company funds were diverted to Brodett and J. R. Tan, the accountant of PHILCOMSAT Holdings. Philip Gould Brodett denied knowing about the Cesar Munsayac account, but P44.9 million of PHILCOMSAT Holdings' money was deposited

in this account and withdrawn in just two months after the account was opened. Where is that P44.9 million? Like Ali Baba, "Open, open Sesame!"

Number 26, **Virgilio O. Santos**, the former external auditor of PHILCOMSAT Holdings Corporation. He allowed the booking of P119 million in salaries, fees, honoraria, allowances, reimbursements paid by the Locsin group to themselves as advances to affiliates without requiring proof of receipts of such funds by said affiliates. He examined the books of the corporation which contained the accounting entries that proved fraudulent transactions and passed them under his oath as a professional accountant.

Huge disbursements and bribery were recorded in these ledgers and accounting instruments but he passed them. He issued a clean opinion under his oath as a professional accountant for PHILCOMSAT Holdings Corporation. He was suspended from practice by the SEC for anomalies after discovering the financial statements of PHILCOMSAT Holdings Corporation and another listed corporation. I do not know whether he was disciplined. He was supposed to be disciplined by the Professional Regulation Commission.

Number 27, **Justice Vicente Q. Roxas** of the Court of Appeals. He was the *ponente* in a case allegedly filed by Emmanuel S. Nieto Jr. questioning the jurisdiction of the SEC in calling for the stockholders' meeting of the PHILCOMSAT Holdings Corporation. Nieto did not know about the petition filed in his name and did not even know his alleged counsel therein, Alma Kristina Alobba. Despite Nieto's manifestation sent to him formally as a justice that Nieto was withdrawing his petition, Justice of Court of Appeals Vicente G. Roxas did not object to the calling of the PHILCOMSAT Holdings Corporation stockholders' meeting. Instead, Justice Roxas issued a permanent injunction against the SEC to restrain it from enforcing the law that commands public corporations from calling annual stockholders' meetings. Around the time that Justice Vicente Q. Roxas issued the injunction, P10.5 million was taken out from the PHILCOMSAT Holdings Corporation funds for legal and PR expenses.

Justice Magdangal de Leon of the Court of Appeals issued the TRO to prevent the newly installed board from taking over the PHILCOMSAT Holdings Corporation from the Locsin group. When the Makati Regional Trial Court issued a decision invalidating the election

of the Locsin group as directors of PHILCOMSAT Holdings Corporation, PHILCOMSAT Holdings Corporation and Brodett filed a petition for *certiorari* with prayer for a TRO and injunction with the Court of Appeals. When the Court of Appeals refused to issue a TRO, Locsin filed his own petition with the Court of Appeals claiming to be POTC and PHILCOMSAT to avoid accusations of forum-shopping. Locsin's petition fell in the sala of Justice Magdangal De Leon. The new board complained about the forum-shopping committed by PHILCOMSAT Holdings Corporation, Brodett and Locsin. But Justice De Leon did not bother to look at the arguments. He issued a TRO against the implementation of the decision of the Regional Trial Court of Makati.

Even when the new board and the RTC sheriff advised the Court of Appeals that the RTC decision was implemented even before the CA issued the TRO, Justice De Leon still issued an injunction upon the expiry of the life of the TRO. Justice De Leon inhibited himself from further hearing the case, but not before PHILCOMSAT Holdings Corporation's funds were depleted by P4.5 million as legal fees and PR expenses.

Number 28, **Judge Joselito Villarosa** heard the complaint filed by the new board of directors of PHILCOMSAT Holdings Corporation against Bank of the Philippine Islands to compel the bank to freeze the PHILCOMSAT Holdings Corporation's account and to enjoin it from honoring checks of the Locsin group. The Bank of the Philippine Islands collaborated with the Locsin group. Judge Villarosa denied the prayer for a TRO on the flimsy ground that the new board only presented evidence of dissipation of the PHILCOMSAT Holdings Corporation's funds for the years 2004 and 2005 and did not present evidence for the dissipation of funds in 2006.

The records of transactions were with the Locsin group, and the Bank of the Philippine Islands refused to show the Philcomsat Holdings' statements of accounts. How can the new board present evidence?

Around the time of the issuance of the order of denial, approximately P3 million was taken out of the PHILCOMSAT Holdings Corporation's funds allegedly for legal fees and PR expenses.

Number 29, **Roberto Abad**, independent director of PHILCOMSAT Holdings Corporation, but is the first cousin of Enrique Locsin. He received P1 million in compensation, allowances,

reimbursements from PHILCOMSAT Holdings for doing nothing.

Number 30, **Amador Senando**, Bicol-based lawyer, used by PHILCOMSAT Holdings Corporation to launder money. Dealing letters found on Johnny Tan's computer suggest that Senando's statements of accounts were manufactured in PHILCOMSAT Holdings Corporation offices just to provide documentation for the fleecing of money from the coffers of the corporation. Senando claims to have represented Manuel Andal in various cases in Manila for which he was paid P2.25 million. Andal was sued in his capacity, and he is charging the corporation for these legal costs? Verification with the courts in which Andal is a party shows that his counsel is Sikini C. Labastilla and not Amador Senando.

Lawyers appearing as having paid legal fees but did not do any actual work for the company: (31) **Quial Ginez Paras** and (32) **Beltran**, they received P2.5 million; (33) **Valero and Associates**, they received P2.1 million; (34) **R. Z. Francisco**, he received P1.6 million; (35) **Flordeliza Cruz** received P720,000; (36) a certain **Attorney Madamba** received P150,000.

Media practitioners paid from PR fund: (37) **Gerry Zorilla**, P17 million; (38) **Veronica Nepomuceno**, P7 million; (39) **Resty Perez and company**, P3.1 million; and (40) **Melvin Martin**, P1.8 million.

Forty names. Forty relatives of Ali Baba. Records would show that an exorbitant amount of P56 million for PR and media relations fees for the period 2004 and 2007 had just been thrown away out of the cuckoo's nest of PHILCOMSAT Holdings.

There has been time in the past when this humble Representation was misinterpreted and misunderstood for being too vocal and forceful in my intent to pursue the investigation during the last Congress to unearth and expose the malicious lies and stealing committed in PHILCOMSAT Holdings.

Even when I inhibited myself from the investigation, I continued to observe and listen to the testimonies of the witnesses ready to refute and validate whatever pieces of evidence were presented, not because I have to protect the shares of my family in these corporations as I have long relinquished such responsibility to my daughter Katrina. But as a public servant, I believe it is my duty, as it is the duty of each and everyone of us in this hall, to protect the government's interest in this sordid affair. ✱

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As held by its decision dated June 15, 2005, the Supreme Court reaffirmed the finality that the Republic of the Philippines is the owner of 4,727 shares in POTC, equivalent to 35% of the outstanding capital stock of that corporation. The national government's ownership of 35% of POTC, therefore, entitles the same to 35% of PHILCOMSAT and its wholly-owned subsidiary. In turn, the national government's ownership of 35% of PHILCOMSAT gives it beneficial interest of over 28% of PHILCOMSAT Holdings Corporation, the publicly listed holding corporation of which approximately 81% is owned by Philippine Communications Satellite Corporation.

However, much to our utter dismay and frustration, PCGG, the concerned agency commanded, chartered and mandated by the government to gather, preserve and safeguard this supposed ill-gotten wealth, was even found to have exercised outright lack of transparency and accountability, abetted and aided in the looting and plundering of this corporation, as I have already narrated during the hours that I have imposed upon our colleagues' patience.

Who then are we to account for to protect the government's interest from further dissipation and debauchery? More than this, several government agencies have been, in fact, dragged into the quagmire of this corruption.

The Securities and Exchange Commission (SEC) was supposed to have received a substantial amount in exchange for an order favoring the Locsin group and allowing this minority block of 2/3 vote versus a 1/3 vote of the majority private owners in an election of the board of directors on July 8, 2004.

The Sandiganbayan was supposed to have received P2 million cash payment for a temporary restraining order it issued on September 23, 2005.

The Supreme Court's name was even dragged, supposed to have received P2 million payment for an injunction on August 16, 2006.

Again, the SEC supposedly received P1.5 million in exchange for an order indefinitely postponing the May 9, 2006 annual stockholders' meeting.

Even while the Senate inquiry was extensive and as much as practicable comprehensive, many questions still played in our minds and remained unanswered. We still await the day when all these will be explained and made clear, not only to us but to the people.

Clearly, Ali Baba's tale pales in comparison to the wanton and unjustifiable looting, pillaging and plundering of the resources of these corporations. Unless someone steps up, speak up and says the words "close Sesame," we can only hope and pray that POTC, PHILCOMSAT and PHILCOMSAT Holdings Corporation will not cave in for standing on empty and hollow financial ground.

MANIFESTATION OF SENATOR PANGILINAN

At this juncture, Senator Pangilinan manifested that Senator Pimentel has requested to be allowed to interpellate Senator Enrile in the next day's session.

Senator Enrile acceded to the request.

SUSPENSION OF THE PRIVILEGE HOUR

Upon motion of Senator Pangilinan, there being no objection, the Body suspended the privilege hour and as a consequence, interpellations on Senator Enrile's privilege speech were deferred.

SUSPENSION OF SESSION

Upon motion of Senator Pangilinan, the session was suspended.

It was 5:24 p.m.

RESUMPTION OF SESSION

At 5:31 p.m., the session was resumed.

ADJOURNMENT OF SESSION

Upon motion of Senator Pangilinan, there being no objection, the Chair declared the session adjourned until three o'clock in the afternoon of the following day.

It was 5:31 p.m.

I hereby certify to the correctness of the foregoing.

EMMA LIRIO-REYES

Secretary of the Senate

Approved on

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Approved on January 30, 2008