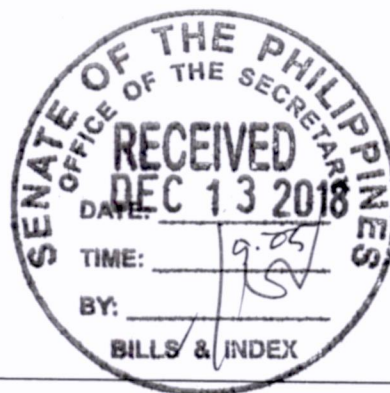


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

SENATE



COMMITTEE REPORT NO. 544

Submitted by the Committee on Accountability of Public Officers and Investigations (Blue Ribbon) on DEC 13 2018.

Re: **P.S. Res. No. 425** titled, "RESOLUTION DIRECTING THE SENATE COMMITTEE ON ACCOUNTABILITY OF PUBLIC OFFICERS AND INVESTIGATIONS (BLUE RIBBON) TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE P6.4 BILLION WORTH OF SHABU SHIPMENT FROM CHINA, ON THE POSSIBLE MALFEASANCE, MISFEASANCE, AND NONFEASANCE OF BUREAU OF CUSTOMS (BOC) OFFICIALS AND EMPLOYEES" by Senator Richard J. Gordon

Privilege Speech of Senator Panfilo M. Lacson titled "KITA KITA" (Sa Customs) delivered on August 23, 2017

P.S. Res. No. 843 titled, "RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY IN AID OF LEGISLATION INTO THE ALLEGED SHIPMENT OF PHP6.8 BILLION WORTH OF 'SHABU' SMUGGLED INTO THE COUNTRY AND THE POSSIBLE LACK OF COORDINATION AMONG THE BUREAU OF CUSTOMS, THE PHILIPPINE DRUG ENFORCEMENT AGENCY AND THE PHILIPPINE NATIONAL POLICE" by Senator Emmanuel D. Pacquiao

P.S. Res. No. 849 titled, "RESOLUTION DIRECTING THE SENATE COMMITTEE ON ACCOUNTABILITY OF PUBLIC OFFICERS AND INVESTIGATIONS TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, ON HOW A SHABU SHIPMENT WORTH PHP6.8 BILLION MANAGED TO ENTER THE COUNTRY THROUGH THE MANILA INTERNATIONAL CONTAINER PORT AND SLIP THROUGH THE INSPECTION OF BUREAU OF CUSTOMS" by Senators Trillanes IV, Hontiveros, Drilon, Aquino, and De Lima

Recommending the approval of the Committee Report.

Sponsor: Senator Richard J. Gordon

Mr. President:

The Committee on Accountability of Public Officers and Investigations (Blue Ribbon) has conducted an inquiry, in aid of legislation, on Proposed Senate Resolutions 425, 843 & 849, and the Privilege Speech of Senator Panfilo M. Lacson entitled "KITA KITA" (Sa Customs).

The Committee on Accountability of Public Officers and Investigations (Blue Ribbon) has the honor to submit to the Senate and its Report, after conducting an inquiry.

Recommending the adoption of the recommendations contained therein.

I. Introduction

"No country can be well governed unless its citizens as a body keep religiously before their minds that they are the guardians of the law, and that the law officers are only the machinery for its execution, nothing more."

It has not been very long since your Committee released Committee Report No. 168 (24 October 2017) on a drug raid, in Valenzuela City, netting a gargantuan amount of shabu, imported into the Philippines from China through our very front door, the Port of Manila.

We discovered that through the use of hollow metal cylinders, inserted with plastic bags of drugs, billions of pesos worth of *shabu* was introduced into the country. Fortunately, these were seized in a Valenzuela warehouse. What was alarming, however, was that the drugs entered the Philippines at all, nay, even made it outside the Bureau Customs jurisdiction.

There was eventually a raid conducted (on May 2017), and the drugs were seized and confiscated in a warehouse in Valenzuela City, just north of Manila. But the raid was not without its mishaps: utilizing a botched "controlled delivery" method, Customs opened the cylinders and exposed the drugs thus tainting them, and then proceeded to deliver drugs that were already outside the original containers; they also

eventually allowed the main players- mostly Chinese nationals- to escape the clutches of law enforcement.

We also discovered belatedly that a bigger haul got away when law enforcement authorities raided a house in San Juan City and discovered even more of the same metal-cylinder-types, already emptied of its contents, but testing positive for traces of shabu. Reportedly, the cylinders that got away contained an even larger amount of *shabu*. This made the Committee, given the circumstances surrounding the case, conclude that it was highly probable that the seizure in Valenzuela City was just a diversionary tactic- allowing the less significant amount to be caught, while the heftier ones, containing even more of the pernicious substance, were allowed to get away.

At the end of the investigation, during the last hearing on 20 March 2018, your Committee recommended, inter alia, the prosecution of several persons: a financier – Mark Taguba, go- betweens – Kenneth Dong and Manny Lee; a warehouse owner – Chen Ju Long aka Richard Chen, a broker – Teejay Marcellana, a “consignee for hire” – Eirene Marie Tatad, etc., all of whom are now in detention and facing trial. But the proverbial big fishes - mostly Chinese nationals - had gotten away.

And, we had thought we had learned our lessons then; and, that that was the end of using our piers and passing drugs through Customs.

Alas, we were wrong.

II. Another brazen drug smuggling attempt through the Bureau of Customs

Two Magnetic Lifters Found in Manila International Container Port (MICP)

In the middle of this year, 28 June, two metal lifters came in, with Container No. DFSU1941859, imported from Malaysia via AS Sicilia. The cargo was consigned to Vecaba Trading, a DTI-registered concern, but not accredited by the Bureau of Customs as a licensed importer. According to Bill of Lading No. 10810059922, it was listed to be delivered to 712 Galicia Street, Sampaloc, Manila but later on amended and delivered to a warehouse in GMA, Cavite (Lot 1-8, CRS Subd., Brgy F. Reyes, GMA, Cavite).

There were efforts to amend the documentation by: changing the contact person from Vedasto Cabral Baraquel to Mr. Zhang Quan; changing the description of goods from "door frames" to "lifting Electromagnet for Steel (with dimensions)". It should be noted here that this specific requested change was odd, to say the least. How can a thing transform from door frames to lifters by mere amendment? It could only mean that the original declaration was an inaccuracy or, worse, a falsity. Door frames do not transmute into something else in the middle of a sea voyage; and, lastly, changing the address from the one in Manila to the one in General Mariano Alvarez (GMA), Cavite-Warehouse Unit 4, Lot 1-8, CRS Subdivision, Barangay F. Reyes, GMA, Cavite.

For one reason or other the shipment, stayed inside MICP for over a month unclaimed, unreleased, and not declared abandoned by Customs after one month and one week. A tip supposedly was received by the Philippine Drug Enforcement Agency (PDEA) regarding drugs about to enter the Philippines. Further investigation and pursuit of leads brought the authorities to that abandoned container, containing two metal lifters.

It is important now to state, that this address is also the very same one where the other four magnetic lifters were delivered on 14 July which is, "Lot 1-8, CRS Subd., Brgy F. Reyes, GMA, Cavite", its contents removed on 15 July 2018; and, which was raided by PDEA on 08 August 2018 – a good 24 days after-the-fact.

However, even before the container that had in them two magnetic lifters were determined, found, and opened, a series of meetings were allegedly already being conducted by PDEA and Customs. In fact, as early as March 2018, Ismael Fajardo of PDEA already called the Bureau of Customs Deputy Commissioner of Intelligence Ricardo Quinto to inform the latter that drugs allegedly mixed with shipments of cigarette cartons were passing through Customs.

Up to the seizure of the MICP shipment on 07 August 2018, there were several meetings held between Customs and PDEA where Fajardo, Eduardo Acierto, and Jimmy Guban were always present (the 2nd week of March conference with Quinto, Archie Grande, and Randy Pedroso; the 02 July case conference between Fajardo, Acierto, and Guban; the 18 July case conference attended by Fajardo, Acierto, Atila, Salasalan, Salic, and Guban; PDEA casing operations from 11-18 July; and other case conferences, meetings, phone calls, and other forms of communication between and among Fajardo, Quinto, Acierto, Guban, and other select employees in the months of July and August). But what was talked about or what the result of the meetings were, we could not discern with exactitude because there seemed to have been no notes, aide memoires, or minutes that were made, in violation of the PDEA Manual of Procedures on Anti-Drug Operations, that there must always be reports, such as: After-Surveillance Report, After Casing Report, Spot Report, Progress Report, and After-Operations Report. There appears to us a disorganized work, as seen here: when Acierto supposedly received information that a shipment of illegal drugs was coming from Malaysia, which he then

reported to Fajardo, Guban informed *former* Dir. Adzhar Albani of the Customs Intelligence and Investigation Service (who was in Zamboanga at that time) that a ship carrying drugs will arrive. Why Albani was in the loop is strange, because he was at that time suspended on 13 June 2018 from service. Deputy Commissioner Gladys Rosales (Chief-of-Staff of Customs Commissioner Isidro Lapeña) was informed about the case, and she directed that the now Director for the Customs Intelligence and Investigation Service (CIIS), Jeoffrey Tacio, be also included. As to which role Tacio would perform we were not told. But why they allowed a suspended officer- Albani- to perform functions is not only strange, rather it is irregular.

We are dismayed by the irregularity of the processes these law enforcement officers followed: Acierto was a former PNP anti-drug operative; he was re-assigned later to the Firearms and Explosives Office of the PNP, where he got into real trouble. At the time that these events were transpiring, he was already assigned to Civil Security Group, PNP. He was participating in an investigation that should have been handled by another office. He had no mission order or authority from his superiors to perform the acts he had discharged; Albani was a suspended official who also was brought into the discussions, and this was done supposedly just as a favor to him to make Albani look good before the authorities and earn brownie points what with his then- current suspension; Fajardo, who attended all the case conferences and was intimately connected with the whole operations was Deputy Director General (DDG) for Administration of PDEA, not DDG for Operations. Where was the DDG for Operations and why was Fajardo most active here?

On 16 July, Acierto allegedly received a tip from an alleged confidential informant that drugs were coming in from Malaysia, which information was relayed to Fajardo. We must now view this information with great suspicion, for at this time the magnetic

lifters that contained drugs had already arrived on 28 June. Also, if the tip referred to the other shipment or lifters in GMA, Cavite, the container had already arrived in Manila, released from Customs, delivered to Cavite, and its contents emptied the day before or on 15 July! Huli na ang lahat! That the tip was supposedly received and relayed only on the day after the Cavite magnetic lifters were already emptied does not, convenient, too ominous to be considered mere coincidence.

Allegedly more case conferences led by Fajardo and Acierto, were held to track the container consigned to Vecaba Trading. More research and follow-up finally led them to where the container could be found. Thus, on 07 August 2018, when the container was seized and opened in the presence of PDEA and Customs officials, found inside the container were two magnetic lifters, and in the bowels of the magnetic lifters, 154 aluminum packs of *shabu*, weighing 355 kg., were discovered.

The events and discovery of drugs in MICP could have been said to be a time for congratulations, as we were able to seize the drugs before they entered the local supply chain to harm more and more persons. We, however, soon found out in the hearings that it dreadfully was not so, au contraire.

Four Magnetic Lifters Found at a Warehouse in GMA, Cavite

The day following, on 08 August 2018, four metal lifters of the same make and design were found in a warehouse in GMA, Cavite after a raid conducted by PDEA. But at the time of the raid, said lifters had their bottoms already opened revealing a space inside wide enough to hold contraband, and by this time emptied of contents. A canine sniffer was sent by PDEA to the site to detect the presence of drugs. It is reported that the PDEA dog sat upon sniffing the lifters, manifesting the presence of *shabu*. But,

government, with its left hand not knowing what the right hand was doing, sent out differing signals to media and to the public. The swabbing conducted by Philippine National Police (PNP) and PDEA Crime Laboratory yielded negative traces for dangerous drugs inside the lifters. The Bureau of Customs echoed said findings. But, PDEA asserted otherwise. It is thus no surprise why confusion reigned.

Your Committee, because of the similarities in the issues dealt with in Proposed Resolution Numbers 425, 843, and 849, and the Privilege Speech “Kita Kita” assumed jurisdiction over this case in continuation of previous hearings. We have conducted all in all – fourteen (14) hearings and specifically seven (7) hearings for this issue on drug smuggling through Customs using magnetic lifters as containers.

III. Timeline

In order for us to be able to understand this matter better, here is the timeline of the events in issue:

DATE	MICP (Consigned to VECABA TRADING)	GMA, Cavite (Consigned to SMYD TRADING)
March 2018 1 st Week	Fajardo called BOC DepCom of IG through cellphone informing him that allegedly drugs mixed with cartons of cigarettes in container vans were passing though BOC ¹	
March 2018 2 nd Week	BOC DepCom of IG (Quinto) with newly detailed BOC personnel (Archie Grande and Randy Pedroso) met Fajardo in his office to discuss the report. Agreement was made for the backtracking of the alleged shipments with PDEA as lead. ²	
March-July 28, 2018	NO REPORT was received by DepCom IG from BOC and PDEA ³	
May 8, 2018		James Pong or Fong inquired about the

¹ Memorandum of Quinto to Lapena, August 22, 2018
² Memorandum of Quinto to Lapena, August 22, 2018
³ Memorandum of Quinto to Lapena, August 22, 2018

		GMA Cavite warehouse. ⁴
May 9 and 11, 2018		Ocular inspection was made. ⁵
May 11, 2018		Robert Cantemprate, GMA Cavite warehouse owner representative, talked to Roy Wang and agreed to meet him the next day in Luk Foo Restaurant in S&R Shaw Blvd. ⁶
May 12, 2018		Contract of Lease was signed. At Luk Foo Restaurant, one male individual introduced himself as Roy Wang , the other Chun , signed the contract. The other 2 stayed a little distance away. Owner of Warehouse: Vicenta Cantemprate Payment made: 2 months deposit, 4 months advance Rent per month: P150,000.00 ⁷
June 13, 2018	Dir. Albani was preventively suspended from BOC. ⁸	
June 30, 2018		Shipment was loaded in Uni-Accord (Haiphong, Vietnam)
July 2, 2018	Case Conference: Regarding the alleged shipment of illegal drugs from an unknown origin and destination ⁹ Attended by: 1. Fajardo (PDEA) 2. Acierto (PNP) 3. Guban (BOC)	
July 10, 2018		Transshipped (From Vietnam to Taiwan bound for Manila, Philippines)
July 12, 2018		Import Entry No. was logged in Customs Broker: Katrina Cuasay
July 13, 2018		Import Assessment in Customs and payments of duties and taxes was made Examiner: Jenaline Garcia Appraiser: Girlie Umali 2 cars were seen entering the warehouse in GMA, Cavite, as seen on CCTV - Ford Expedition, Plate no. XNX 588 -

⁴ Memorandum by the Investigation Committee CSO. 74-2018 for Lapeña, September 12, 2018

⁵ Id.

⁶ Affidavit of of Robert Cantemprate, dated August 15, 2018

⁷ Memorandum by the Investigation Committee CSO. 74-2018 for Lapeña, September 12, 2018

⁸ TSN, October 10, 2018, pp.

⁹ PDEA PowerPoint Presentation, Timeline NCR

		Owner: Rogelio Valiente - Toyota Rav4, Plate no. ABF 7229 – Owner: John Trapse
July 14, 2018 7:34AM 9:04AM 12:21PM 1:40PM		X-ray inspection of container Examiner: Noli Martinez – “no suspect” Cleared to exit Delivered to Cavite Forty-footer container arrived in the warehouse
July 15, 2018		Unloaded from truck using a forklift at 7:20AM Forklift Operator: Angelo Ramilo Note: A grinder was heard from outside the warehouse. “Nang matapos ng maibaba, nagkabayaran na kami at isinara na ang pintuan at nagpatulong sa akin na isara ang warehouse dahil hindi sila marunong magsara at doon na sila sa loob kasama ang pitong (7) Chinese at narinig kong may grinder na bakal. ” – Eric Rodelas Maisa (Warehouse Helper) ¹⁰
July 16, 2018	Acierto received information regarding a shipment of illegal drugs from Malaysia from a confidential informant and relayed to Fajardo ¹¹ <hr/> Albani (while in Zamboanga) received information from Guban that a shipment which contained drugs will arrive. *Informed Gladys (COS of Lapeña) of the “raw information”. Gladys was informed that a Case Conference will be conducted by PDEA. *Gladys informed Guban to include Tacio in the Case Conference. ¹²	
July 18, 2018 12NN	Case Conference: Continuous efforts by PDEA in coordination with BOC and Acierto to locate and identify the shipment for possible negation ¹³	

¹⁰ Affidavit of Eric Rodelas y Maisa, dated August 15, 2018

¹¹ PDEA PowerPoint Presentation, Timeline NCR

¹² TSN, October 10, 2018.

¹³ PDEA PowerPoint Presentation, Timeline NCR

	<p>Attended by:</p> <ol style="list-style-type: none"> 1. Fajardo (PDEA) 2. Acierto (PNP) 3. Atila (BOC - CIIS) 4. Salasalan (BOC - CIIS) 5. Salic-o (BOC - CIIS) 6. Guban (BOC-CIIS) 	
July 28, 2018 2PM	<p>Case Conference: Updates relative to the shipment¹⁴</p> <p>Attended by:</p> <ol style="list-style-type: none"> 1. Fajardo (PDEA) 2. Acierto (PNP) 3. Atila (BOC - CIIS) 4. Salasalan (BOC - CIIS) 5. Salic-o (BOC-CIIS) 	
July 29 or 30, 2018	<p>Fajardo called BOC DepCom IG re. The alleged drug shipment in a container van. Quinto told Fajardo, "Ok magusap tayo."</p> <p>Fajardo: "Papuntahin ko nalang si Guban dyan para mabrief ka"¹⁵</p>	
July 30, 2018	<p>Quinto said that Fajardo had a case conference with Guban and instructed Guban to go to him (Quinto)</p>	
August 1, 2018 6PM	<p>Guban went to the office of BOC ESS and discussed the shipment. Said that it needed further evaluation and analysis. Quinto and Guban to further validate the report.¹⁶</p> <hr/> <p>Case Conference: Shipment was <u>tracked and already with the shipping lines</u>; Intensive efforts were made to identify and track the members of the syndicate responsible for the said shipment</p> <p>BOC Deputy Commissioner for Intelligence Quinto was informed by Fajardo¹⁷</p> <p>Attended by:</p> <ol style="list-style-type: none"> 1. Fajardo (PDEA) 2. Acierto (PNP) 3. Atila (BOC - CIIS) 4. Salasalan (BOC - CIIS) 	

¹⁴ PDEA PowerPoint Presentation, Timeline NCR

¹⁵ Memorandum of Quinto to Lapena, August 22, 2018

¹⁶ Memorandum of Quinto to Lapena, August 22, 2018

¹⁷ PDEA PowerPoint Presentation, Timeline NCR

	<p>5. Salic-o (BOC - CIIS)</p> <p>6. Guban (BOC-CIIS)</p> <hr/> <p>Gorgonio Necessario was instructed by Guban to make a fake ID under the name of Vedasto Cabral Baraquel.</p>	
August 2, 2018 12NN	<p>Meeting: Contact person of the alleged shipment was identified as a certain Vedasto Cabral Baraquel with address in Brgy Lalud, Calapan, Oriental Mindoro¹⁸</p> <p>Agents Bagawe, Martinez and Soriano were directed by Fajardo to coordinate with Guban</p>	
August 4, 2018	<p>Albani was again informed by Guban through phone (while at UPLB). Guban told him that they already have the Bill of Lading Number and consignee.¹⁹</p> <hr/> <p>Guban sent a text to Quinto, "Good morning Sir FYI papunta ng shipping line mga tropa para makuha detalye." Quinto replied "OK"²⁰</p> <hr/> <p>Fajardo Jr. directed Agent Reyes to coordinate with Gorgonio Necessario.²¹</p> <p>The team proceeded to BENLINE AGENCIES PHILIPPINES INC. located at 701A, 7th Floor E-Com Tower Two, Palm Coast Ave., Mall of Asia, Pasay City however the shipping company was closed because it was a weekend.</p> <hr/> <p>Necessario was asked to go to Benline to inquire if a shipment arrived under Vecaba Trading and to amend the same.</p>	
August 6, 2018 Before 9AM	<p>Necessario proceeded to Benline but did not retrieve the information of the shipment.</p> <p><i>*WRONG DETAILS</i></p> <p>1. VECABA instead of VENCABA</p> <p>2. BOL No. 3108100599-22 instead of BOL No. 3108100699-22</p>	

¹⁸ PDEA PowerPoint Presentation, Timeline NCR

¹⁹ TSN, October 10, 2018.

²⁰ Memorandum of Quinto to Lapena, August 22, 2018

²¹ PDEA PowerPoint Presentation, Timeline NCR

<p>10:18AM</p>	<p>3. Container No. DFSU 1941859 to Container No. DFSU 1941859</p> <hr/> <p>SIU operatives together with Gorgonio proceeded to BENLINE AGENCIES</p> <p>Verification of Vecaba Trading and Container No. DFSU 1941859 under Bill of Lading (BL) 3108100699-22 yielded negative on the list on the said company (The information was reported to Dir. Fajardo Jr and Agent Guban and the team was advised to return to the CIIS office)</p> <p>Guban instructed the team to return to the company and again verify the said container number and B/L number.</p> <p>The said container number was identified as DFSU 1941859 under BL 3108100599-22 loaded in vessel AS Sicilia to be downloaded at Manila International Container Port (MICP)</p> <p>Information on Consignee: VEDASTO CABRAL BARAQUIEL > From Brgy Lalud, Calapan City, Mindoro > Casual employee of the Traffic Management Office (TMO) under PSD for 4 years > Has a brother-in-law identified as a certain NESTOR CHUA, suspected to be a Chinese national > Records check with Calapan City Drug Enforcement Unit yielded negative for any derogatory records on illegal drugs²²</p> <hr/> <p>Lapeña was informed about the alleged shipment during the Conference break. The shipment was immediately alerted thru MICP District Collector Baquiran.²³</p>	
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²² PDEA PowerPoint Presentation, Timeline NCR

²³ Memorandum of Quinto to Lapena, August 22, 2018

SPM	Case Conference: Developments pertinent to the shipment ²⁴	
August 7, 2018	<p>Coordination with BOC at the Container Freight Station 3, MICP Compound, MICP Access Road, Brgy 20, Zone 2, District 1, Tondo, Manila</p> <hr/> <p>PDEA Authority to Operate was issued. Area of Operation: Port of Manila (Signed by: Gaiserica Salic-o)</p> <hr/> <p>PDEA Pre-Operation Report</p> <ul style="list-style-type: none"> - Mr. Lu, AKA Xiao, AKA Peter, AKA Marie and cohorts - The office received from a confidential informant that the personalities are involved in importation, manufacture, and distribution of illegal drugs particularly SHABU. <p>MICP Raid</p> <p>2 magnetic Lifters were seized containing a total of 154 aluminum packs of suspected shabu</p>	
August 8, 2018	<p>PDEA Spot Report re. the Seaport Interdiction Operation</p> <ul style="list-style-type: none"> - 2 magnetic lifters seized - The said operation was the result of the information provided by a confidential informant handled by PSSUPT EDUARDO ACIERTO of the PNP Civil Group on July 16, 2018, under the leadership of Fajardo, regarding the plan of an international drug syndicate to smuggle into the country large volume of dangerous drugs <hr/> <p>Collaborative Backtracking Efforts of PDEA²⁵</p> <p>Attended by:</p> <ol style="list-style-type: none"> 1. Fajardo 2. Plaza 3. Ramos 	<p>Angelo Ramilo saw the MICP raid from the news and told Eric. They decided to tell it to the warehouse owner (Vicenta Cantemprate).</p> <p>They reported it to Brgy Chairman Rogel Llanes and later to PDEA.</p> <hr/> <p>PDEA Authority to Operate was issued (Signed by Team leader Gaiserica Salic-o; Noted by: Erwin Magcamit; Recommending Approval: Joel Plaza)</p> <hr/> <p>PDEA Pre-Operation Report Control No. 5000-082018-0030</p> <p>Name of Target: AKA Mr. Lu, AKA Xiao, AKA Peter, AKA Marie and cohorts</p> <p>Specific Area of Operation: NCR</p> <p>Summary of Information: "... importation, manufacture, distribution</p>

²⁴ PDEA PowerPoint Presentation, Timeline NCR

²⁵ PDEA PowerPoint Presentation, Timeline NCR

	4. Atila 5. Atty Atienza 6. Atty. Agtay 7. Salasalan 8. Reyes 9. Magcamit 10. Salic-O 11. Ballelos Fajardo was able to communicate with MARIA LAGRIMA CATIPAN aka Mrs. BABY CATIPAN (wife of VEDASTO CABRAL BARAQUIEL) regarding the surrender of Baraquel	of illegal drugs in the country particularly SHABU.” <hr/> GMA, Cavite Raid 4 magnetic lifters were seized
August 10, 2018	PDEA 1 ST Progress Report re. the Seaport Interdiction Operation <ul style="list-style-type: none"> - The filing of the case is in progress... continuing investigation is conducted by the office. - More progress to follow 	
August 15, 2018		PDEA After Operation Report Operatives conducted Casing and Surveillance Operations against the persons allegedly involved. (AKA Mr. Lu, AKA Xiao, AKA Peter, AKA Marie and cohorts) Continuous monitoring for possible anti-drug operations.
August 22, 2018	Memorandum of Ricardo Quinto For Lapeña (Subject: Timeline on the Coordination between BOC and PDEA re. shipment of 355 kilos of illegal drugs at MICP)	

IV. How it was done

There are two (2) incidents in question: the two magnetic lifters found in MICP; and the four magnetic lifters found in GMA, Cavite. We will discuss the events *brevatim et seriatim*:

a. MICP

These are the two (2) magnetic lifters that arrived in Manila on 28 June via AS Sicilia, from Malaysia.

The goods were consigned to Vecaba Trading, with address at 712 Galicia Street, Sampaloc, Manila. Along the cargo's voyage, amendments were made to the bill of lading to reflect a change in contents **from door frames to lifting electromagnet for steel**, a change in consignee name from **Vedasto Cabral Baraquel to Mr. Zhang Quan**, and a change in delivery address from **712 Galicia Street, Sampaloc Manila to Warehouse Unit 4, Lot 1-8, CRS Subdivision, Barangay F. Reyes, GMA, Cavite** which is the same address where the four (4) other lifters were later on found.

When the magnetic lifters arrived in Manila on June 28, the goods could not be released instantly from the port yet: VECABA was not a registered importing entity. In fact, as the goods languished in the port, KC Chan had contacted his divorced wife in Mindoro to inquire from Benline on how the container could be "re-exported" back to Malaysia. Thus, Emilyn Luquingan, the ex-wife, then instructed her employee Virginia Baliente to come to Manila, on July 11, to inquire from Benline how to proceed.

At Benline, the latter was instructed to present original documents relating to the goods so they could process the return. Baliente then contacted KC Chan about the requirements. He texted to her via Messenger pictures of purported original documents, but which Benline refused to honor as they had wanted the originals. Baliente later said that she stopped talking or communicating, or texting with KC Chan because she could do anything about the errand what with the original documents not being sent to her. This was already in July.

The container never left the port (MICP); it stayed there from 28 June until 07 August, or 40 days. After receipt of information that the container might

contain drugs, Customs proceeded to open it in the presence of PDEA and Customs officers. What were discovered inside the "lata" (vernacular for steel container) were two magnetic lifters whose contents revealed shabu, weighing a total of 355 kilograms.

b. GMA, Cavite

The other four (4) magnetic lifters arrived in Manila on 12 July 2018 from Vietnam, by way of Taiwan. When the container arrived, an Import Entry Number was logged by Customs Broker Katrina Grace Cuasay. **On 14 July**, the cargo was released at 9:04AM, after it was x-rayed at 7:36AM by Examiner Noli Martinez, having a conclusion of "no suspect". It was delivered to GMA, Cavite by early afternoon.

On the following day, 15 July 2018 the container was unloaded from the truck which brought it, using a forklift operated by Angelo Ramilo. Later, the container was brought inside the warehouse where seven (7) Chinese went inside. When the doors were closed, the warehouse helper, Rodelas Maisa, heard from the outside the sound of a grinder being used on metal.

V. What Transpired

In the previous Committee Report (No. 168) dated 24 October 2017, your Committee was able to identify those responsible for the importation and entry of drugs into the Philippines. It involved a collaboration of: a player/financier – Mark Taguba; a "consignee-for- hire" – Eirene Marie Tatad, whose only role was to register a company with DTI and make it a consignee for whatever goods that may be imported into the

Philippines by the financier and his ilk; a crooked broker – Tee Jay Marcellana; go-betweens – Kenneth Dong and Manny Lee; a warehouse owner – Chen Ju Long aka Richard Chen; a corrupt “tara” system; and, criminally incompetent Customs officials (i.e. Nicanor Faeldon, Milo Maestrecampo, and Neil Estrella, among many), etc.

Here, for the first shipment, we also have a consignee-for-hire (Vecaba Trading, organized and registered by Vedasto Cabral Baraquel, at the suggestion of (KC Chan aka Pony aka Fony- a Hong Kong Chinese national). It must be noted that Vecaba, after organizing the sole proprietorship didn’t know what happened to it afterwards. He was not even aware that his sole proprietorship was used as a consignee for the two magnetic lifters that were seized and opened at MICP.

For the second shipment (delivered to GMA, Cavite), the process was not entirely dissimilar. We have SMYD Trading, owned and controlled by Marina Signapan as consignee; we also have her “suki” Customs broker Katrina Grace Cuasay, and the mother-in-law of Cuasay, Meg Santos, who orchestrated their activities in facilitating the release of the cargo. Noteworthy is the information culled that pointed to SMYD’s, Cuasay’s, and Meg Santos’s long-time business relationship. All of them occupied practically the same office where transactions were processed. SMYD (Signapan) and Cuasay jointly had caused the entry of about 90 importations just for this year, 2018, including the one that arrived in Cavite.

Here, your Committee was able to dig even deeper because of its discovery of government agents and officers who were as, if not more, responsible for the entry of the two (2) containers containing, all in all, 6 magnetic lifters - that had shabu inside those lifters.

From hereon we will treat the two events as part of a single design to import huge amounts of drugs, as will be borne by the facts and similarities we were able to establish.

This type of complex operation cannot be successfully or effectively pursued without the essential cooperation of many parties. Actions, from the packing of the drugs in a foreign country to its loading in cargo ships, arrival in port, release through Customs, and delivery to a warehouse will not occur unless the shipper, greedy consignee, crooked brokers, and corrupt public officers all played their indispensable roles in what happened.

We have to go back into the not too distant past, to the first week of March this year: Fajardo allegedly called Quinto to report that drugs mixed with cartons of cigarettes inside container vans were passing through the Customs area of control. About a week later Quinto, with newly-detailed BOC personnel Grande and Pedroso, allegedly met with Fajardo, and agreed to do a "backtracking" of the alleged shipments with PDEA performing a lead role. On 02 July 2018 an alleged case conference was held between Fajardo, Acierto, and Guban on the supposed shipment of drugs from purportedly an unknown origin to an unknown destination within the country. No activity related to these events are recorded subsequent to the first meeting until 16 July 2018, or for more than three months, until Acierto, so they say, obtained information from a reliable "confidential informant" that drugs were coming into the Philippines from Malaysia, a detail which he relayed to Fajardo. By that date however, the "MICP magnetic lifters" had already been in port for about 18 days; and, the GMA, Cavite electromagnetic lifters had already been drilled and its contents removed. But this will be further discussed later.

Several meetings were conducted to discuss the report of Acierto to ensure that the drugs were interdicted. After a series of meetings, backtracking, sleuthing, and even manufacturing a fake ID lasting from mid-July until early August, the container was finally seized in MICP on 07 August 2018, and opened. Inside were found two electromagnetic lifters which, when opened, with Acierto suggesting (over the phone perhaps) where the forklift operator was to force open - at the bottom - of the lifters, which yielded 355 kilograms of *shabu*, according to Guban.

While all these were happening, Customs was not even aware, or acted as if they were not aware, that on 14 July, four (4) lifters had already arrived in the Philippines, been x-rayed with conclusion of "no suspect," by X-ray operator Martinez, released from Customs, transported to Cavite, and, on 15 July, opened through the use of a grinder by several Chinese men (about 7 of them), and its contents spirited out.

Belatedly, it was only on 08 August when PDEA found out about the GMA, Cavite lifters when such was reported out by Angelo Ramilo (forklift operator) to Vicenta Cantemprate (warehouse owner), after he saw it in the news. While PDEA and Customs officers were, so it is claimed, frenetically busy with tracking the two MICP lifters, no action was apparently being done about the other four lifters that had come in. PDEA came in only after they were informed of similar lifters which were already delivered in Cavite. They were too late!

As earlier stated, the news of the drug seizure in MICP was shown on television. Angelo Ramilo (forklift operator) saw it and told Eric Rodelas Maisa (warehouse helper) about it. They decided to tell the warehouse owner, Vicenta Cantemprate, who together with the two reported the fact of similar lifters inside the warehouse, to Barangay Chairman Roger Llanes.

The magnetic lifters found/seized in Cavite had drugs inside them

Later, in the day, PDEA seized the four magnetic lifters in GMA, Cavite. But by that time 24 days had passed since the Chinese men had the lifters opened and its contents retrieved and asported.

That the two incidents are of one and the same design – to bring in illegal drugs to the Philippines – and by the same group of people cannot be gainsaid:

- (a) The modus operandi is too similar to have been independently thought out of each other;
- (b) Both involved magnetic lifters: two (2) in one shipment; four (4) in the other that were of similar make or design;
- (c) All involved cargo brought in through the Port of Manila.
- (d) All lifters had hollowed - out portions where drugs were found in the MICP shipment; and, in the Cavite raids the four (4) lifters too had the devices' exact same bottom areas opened, exposing a hollow portion where drugs were secreted. Circumstances combine together to safely conclude that drugs were there too.
- (e) When they arrived in Cavite, the lifters were brought inside the warehouse where 7 Chinese persons went in with the lifters. Outside was heard the sound of grinders being used, apparently to open the metal bottoms of the said lifters.
- (f) The warehouse (at Lot 1-8, CRS Subd., Brgy F. Reyes, GMA, Cavite) which was rented out to James Pong or Fong, a Mr. Roy Wang, and a Mr. Chun was paid for with checks issued by Hsu Chung Chun and another Chinese signatory representing 2 months deposit, 4 months advance, at P150, 000 per month, in the middle of June. By 15 July, the Chinese had already taken out all the contents of the lifters. The Chinese men practically **used the warehouse for only two days** despite paying rent of nearly a million pesos. After the Chinese left and abandoned

the machinery, they never came back and neither did any person come to claim ownership of the lifters.

- (g) The address of the Cavite warehouse where the four (4) lifters were found is the same address as what was changed in the Bill of Lading, insofar as the MICP lifters were concerned – Warehouse Unit 4, Lot 1-8, CRS Subdivision, Barangay F. Reyes, GMA, Cavite.

It was said that the two incidents cannot be connected because the containers came from different ports. We say with confidence, however, that the dissimilarity ends there. The mode of importation, the use of either ignorant or willing consignees, the use of the same type of magnetic lifters with hollowed - out portions, and the sameness of the delivery address for both containers are enough to lead a reasonable man to conclude that they were done by the same people.

- (h) All lifters had the same "Made in Vietnam" markings, even if the two came from different ports.
- (i) PDEA further released a public statement and report that after the reweighing of the container and lifters (which were consigned to SMYD and delivered to Cavite), it was found that there was **a discrepancy of 1,600 kilograms or 1.6 tons on the shipment.**
- (j) The **x-ray** report of the operator, regarding the four Cavite lifters, said "no suspect." But your Committee in one of its hearing found a discrepancy in that findings. The BOC's- X-ray Division's former head, Atty. Ma. Lourdes V. Mangaoang, conducted an intensive investigation *in situ*, reviewed the files and records of the x-ray films and concluded that there were things inside the container. There were blacked-out or blackened portions in the slides indicating that in those hollow areas were suspicious- looking substances that, if the x-ray operator was more prudent or more competent or not part of the cabal, would

have recommended the opening of the container so a physical inspection would have been made. She was not alone in her findings, as the manufacturer representatives' themselves said that the thickness of the steel lifters sides was only 1 ½ inches, and the container van's sides 3 inches or a total of 4 ½ inches; the x-ray capacity is to penetrate up to 11 inches of steel. This, therefore, makes plausible the assertion of Mangaoang that there was something seen inside, which could have been noticed, if one wanted to.

- (k) Moreover, the actuations of the Chinese men in Cavite, using "grinder na bakal," tell us that there was something inside those lifters that needed to be removed, otherwise why need grinders?
- (l) On 16 July, Acierto allegedly received a tip from an alleged confidential informant that drugs were coming in from Malaysia, which information was relayed to Fajardo. We must now view this information with great suspicion, for at this time the magnetic lifters that contained drugs had already arrived on 28 June. Also, if the tip referred to the other shipment or lifters in GMA, Cavite, the container had already arrived in Manila, released from Customs, delivered to Cavite, and its contents emptied the day before or on 15 July! Huli na ang lahat! That the tip was supposedly received and relayed only on the day after the Cavite magnetic lifters were already emptied does not, convenient, too ominous to be considered mere coincidence.

Thus, these lead us to ask, were both the two shipments meant to enter and supply addicts, or would be addicts, with enough stock for a few months or was the one in MICP designed to serve as a sop to well-meaning authorities, while allowing the greater volume of drugs to enter? It could be one or the other. We note that the MICP lifters may have not been meant to go past Customs: it languished in the MICP area for weeks, and there was an attempt by Virginia del Rosario Baliente to ship it back to

Malaysia. There was no one who claimed it in that period of time. But, we also note that they were able to amend the Bill of Lading, through the database of Benline Agencies, on July 2 and July 4, which were approved by Ms. Noor Shariza and Ms. Yaya, respectively. We also note that Gorgonio Necessario used a fake ID purporting to be Vedasto Cabral Baraquel and attempted to amend the Bill of Lading on the pretext that they were investigating at Benline Agencies, Two E-Com Center, Mall of Asia Complex.

It is not, therefore, unreasonable to conclude that the shipment in MICP was meant to be a diversion: it was the purported pursuit of that container that occupied all the time and effort of PDEA and Customs officers, if their allegations of several meetings and case conferences is true- meetings and case conferences that took up most of the time and resources of the authorities. While all of these goings-on were occurring in pursuit of the supposed Malaysian cargo, the one that went to Cavite came in unnoticed, undetected, ignored. Strangely, Acierto shares information of an alleged tip on **16 July - the very day after the Chinese men had safely left the Cavite warehouse** where the four (4) lifters were- undiscovered, undisturbed, unobstructed, untouched by Philippine authorities. What your Committee has discovered, especially as to who Acierto is, in the many hearings held preclude the possibility that this was mere happenchance. Perhaps, Acierto and Fajardo opted to become less greedy- "temper(ed) their greed-"and thus sacrificed the two magnetic lifters that first entered the Port of Manila, for the bigger bonanza that Cavite was going to provide.

On the other hand, reasonable men can also disagree and say that the container in MICP was meant to enter the country, go past customs, delivered to Cavite eventually to be opened and its contents recovered, and then unleashed upon new victims. This idea may have basis, too, for why would Guban go through the trouble of

instructing Necessario to have a fake ID manufactured, if not to allow the latter to pose as Baraquel, who will claim the containers, and then have them spirited out to Cavite? We will have to assume then that Acierto, Fajardo, and their ilk remained avaricious by thinking that they could have successfully allowed the two containers to enter. That said, it really would not have mattered whether they intended to insert one or two containers; what is important is that we must punish those who were responsible for this recent effort to flood our country with illegal drugs. Suffice it to say that Acierto was facing cases left and right necessitating cash for him to put up a decent legal defense. Or, he could have claimed the accomplishment of discovering the MICP lifters as his, hoping for mitigation of his traitorous acts of selling more or less 1,000 AK-47s to the New People's Army (NPA).

VI. Dramatis Personae..."Since corrupt people unite among themselves to constitute a force, then honest people must do the same." – Leo Tolstoy

Our investigation, so far, identifies **Former PSSUPT Eduardo P. Acierto** as the linchpin in all these events. He is a member of PMA class 1985, was a PNP officer whose longstanding assignment was in the anti-drugs campaign. It was much later that he was re-assigned to other functions, e.g., licensing of firearms. He was dismissed from office by the Ombudsman after being found guilty of participation in the registration of more than 1,000 AK-47 rifles, which ended in the possession of a declared enemy of the state and, by Presidential Proclamation No. 374, tagged as a terrorist group - the New People's Army which has been waging an armed struggle to seize governmental power for the last 50 years. He is also on top of a so-called drug matrix, together with PDEA Deputy Chief Ismael Fajardo, Police Superintendent Lorenzo Bacia, among others, in a list released by the President.

Acierto admitted to operating the entry of the magnetic lifters by stating that it was a supposed legitimate operation by placing an asset to the syndicate, "Gusto siyang subukan, sir. Parang ang sabi ko nga, sir, is parang asset placement ito, sir, doon sa sindikato. Parang binibigyan siya ng opportunity na makapasok sa grupo, pero gawin mo muna ito." However, it must be noted that Acierto was acting under no authority since he was assigned to the PNP Civil Security Group which is in no way related to drug operations. He was also suspiciously present at the BOC premises, in no official capacity.

According to Guban, to cover Acierto's involvement in the shipment he was the one who asked Guban to look for a "fall guy", Joel Maritana, who later on retracted his testimony and testified that Guban, through Romeo Naval, asked for his help to admit that he paid SMYD for P180,000.00. It must be noted that, it was through this Committee's efforts and those of PDEA's Alvin Alvarino and BOC's Joeffrey Tacio that Maritana admitted the fact that he was only gotten as the fall guy. This reversal led your Committee to pursue Guban until he gave up the names of his "handler", Acierto.

During the course of the investigations, Sr. Insp. Lito Pirote admitted delivering a "supot" containing money, P300,000.00 to be exact, to Guban from Acierto. The money, according to Guban, was for damage control purposes (ie. to get Maritana).

He professed in several hearings and meetings held that his anti-drug efforts against drug lords continued to be conducted even when he was already re-assigned to other functions, even if he did not possess mission orders for that purpose, and even after he was criminally charged by the Ombudsman before the Sandiganbayan. He had gone rogue, so to speak. And when asked why, his reply was that he wanted to help the country- "gusto kong makatulong."

He was the handler (although he called Guban his counterpart) of Jimmy Guban, who had instructed the latter what to do: nominate, contact and utilize a consignee (Signapan); which broker to use (Cuasay); gave him money, through Pirote, to pay for taxes and charges to facilitate the release of the cargo and for damage control. Acierto knew, according to Guban, that what they were allowing to enter the country was drugs.

He claimed that it was his Confidential Informant that had given him the information that drugs were coming in. All told, he was there from the start (knowing when the drugs were to enter) up to the finish (how and where on the lifters, at MICP, were most vulnerable for forcible opening by a forklift, told to Guban). His apparent participation, his role, the statements of Guban, and his own, would lead a reasonable person to think that indeed he was there all the way.

When he shared the purported tip on 16 July about drugs supposedly entering from Malaysia, the MICP container was already here for several days, and the Cavite lifters had already been opened by 7 Chinese males using a grinder.

In fact, during a meeting, he was told that the events and other particulars seemed to be pointing in his direction. His reply was to admit that indeed it seemed like that; but that he had no way of explaining how it turned that way except to say that all he was doing was "para makatulong."

Until and unless, there are other facts and circumstances that will surface in the future, it stands to reason that Acierto, indeed, was the main man.

Jimmy Guban is the acolyte of Acierto and Fajardo. As stated, his handler is Acierto who gives him instructions to follow. He had important roles to play: look for, deal with, and pay the consignee and broker; he monitored and facilitated the release of cargo; he also recruited Gorgonio Necessario (Customs agent) to have an ID contrived for him which would allow him to pose as Baraquel in dealing with Benline; and pointed to **Joel Maritana** to act as their "cover," the one who contacted SMYD.

Ismael Fajardo is the relieved PDEA Deputy Director General for Administration. He had been tagged by the President as part of the drug matrix, allegedly for recycling seized drugs. He is also the classmate of Guban while they were in college taking Criminology. He received a tip regarding the arrival of the shipment from Acierto, who shared the information with Guban. His active participation in the seizure of the MICP shipment, led operatives to concentrate on it, making them lose sight of the bigger shipment in Cavite. He was in all the meetings and case conferences discussing how an interdiction was to be made while the Cavite lifters were already freed of its contents. He was always pretending to be one step behind creating an impression that he was actively pursuing the shipment, but in truth and in fact, he was protecting the shipment, and deliberately misleading the operation, in conspiracy with Acierto and Guban.

While the drug seizure was made at MICP, he did not stay long but left in the middle of it because of a supposed lecture in Quezon City. This is quite unnatural an act; the drug haul was particularly huge, it should be enough to make a Deputy Head of PDEA stay to witness the opening, supervise the collection, and even bask in the glory of such a supposed massive accomplishment and probably even get promotion from the President. But what he did was the opposite – he left in the midst of the opening of the container. This engenders the belief that the smaller shipment at MICP was just eventually used as a sop for drug enforcers (after efforts of Acierto, Fajardo, Guban, et

al. of saving the shipment failed by trying to get it out), while hiding the whereabouts of the bigger shipment. He was caught on camera, during the hearings, pronouncedly elbowing or nudging Guban's arm, as the latter was about to answer the question of who his handler was. As required by the PDEA Manual of Procedures on Anti-Drug Operations, he failed to file after-operations report, casing operations from 11-18 July, back tracking effort, etc., there was no clear planning made in the raids; in short, he did not even follow their own rules, and worse, conducted some operation with his former colleagues in PDEA SOU3.

He was pointed out by Guban, in the hearing of December 3 as knowing the drugs were in the container at MICP, and when asked by the Chairman that *nilalakad nila Acierto at hinahanap yung box containing the drugs..yun ang palabas nila.*" Guban replied, yes, your Honor. And to the question: "and kasama nila ay sinu-sino, Fajardo? Guban answered, "yes sir. Director Fajardo, Colonel Acierto."

Meg Santos is a reputed big-time player at Customs, and is the putative owner behind SMYD Trading. Similar to the previous Report, she acted as the "Taguba" in dealing with Customs: financier, player, and fixer. Guban pointed to her as the one capable of handling big shipments with the BOC, even able to release red-tagged shipments expeditiously, through SMYD Trading and other consignees. According to Guban, malakas si Meg sa Customs examiner, appraiser, enforcer and CIIS. In fact, Meg admitted that Joseph or Libay Dimayuga, a Customs official, who provided SMYD Trading to Guban, is her longtime family friend.

Katrina Grace Cuasay is a licensed broker, and daughter-in-law of Meg Santos. She brokered the second drug shipment that was delivered to Cavite, with SMYD as consignee. In joint enterprise with SMYD, she had caused the entry of about 90

containers for the year 2018 alone, which included the container holding the drug-filled lifters.

Marina Signapan of SMYD Trading acted as the consignee of the second drug shipment. She allegedly accepted money to act as "consignee-for-hire." She was also seen to be not forthright in the conduct of the investigations. The Customs Modernization and Tariff Act (Section 404) further provides that the consignee is deemed the owner of the imported goods, thus, Signapan, being the consignee, is deemed the owner of the four (4) magnetic lifters in GMA, Cavite.

Joseph or Libay Dimayuga of the BOC - he was the one who provided SMYD to Guban and allegedly gave the payment of "tara" to various customs officials through Guban. It must be noted that he persistently refused to cooperate with the Committee.

Gorgonio Necessario of the Bureau of Customs admitted that he went to Benlines on August 4 to "kunwari i-amend" the Bill of Lading involving the VECABA shipment, as allegedly instructed by Guban.

X-ray examiner **Noli Martinez** signed off the lifters having a conclusion, "no suspect." The PDEA when they arrived discovered too that the lifters' bottom parts had been opened, bolstering further the conclusion that there were things secreted inside the equipment that had been taken out. Ang nagbubulag-bulagan ay wala talagang makikita.

The involved X-ray examiner Martinez and his supervisor, Appraiser Girlie Umali, Examiner Jenline Garcia, the District Collector, the Director of Customs Police, assigned agents and other Customs officials were pointed out

by Guban as receiving "tara" of P1,000 per "lata" or container, through Joseph Dimayuga. He further stated that, he too received tara when he was assigned "OIC at the Port of Manila." This tara system already discussed, and condemned in the previous hearings, and Committee Report apparently continues in the BOC.

CIIS Director Adzhar Albani was given information by Guban and was allowed participation in operations by his superiors at Customs even while he was on preventive suspension.

VI. Law violations and those responsible

According to Section XI of the Constitution, "Public office is a public trust. Public officers and employees must, at all times, be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency; act with patriotism and justice, and lead modest lives."

We find that the following needs be further investigated by the Department of Justice (DOJ), the Ombudsman, and by other concerned agencies of government for both administrative, and/or criminal culpability:

1. Eduardo Acierto

- Art. III, Sec. 4 of R.A. No. 9165 otherwise known as the "Comprehensive and Dangerous Drugs Act" states, "Importation of Dangerous Drugs and/or Controlled Precursors and Essential Chemicals.- .The penalty of life imprisonment to death and a ranging from Five hundred thousand pesos (P500,000.00) to Ten million pesos (P10,000,000.00) shall be imposed upon any person, who, unless authorized by law, shall import or bring into the Philippines any dangerous drug, regardless of the quantity and purity

involved, including any and all species of opium poppy or any part thereof or substances derived therefrom even for floral, decorative and culinary purposes.”

- Sec. 3 (a) of R.A. No. 3019 otherwise known as the “Anti-Graft and Corrupt Practices Act” states, “Persuading, inducing, or influencing another public officer to perform an act constituting a violation of rules and regulations duly promulgated by competent authority or an offense in connection with the official duties of the latter, or allowing himself to be persuaded, induced, or influenced to commit such violation or offense.”
- Art. 210 of the Revised Penal Code states, “Direct bribery. — Any public officer who shall agree to perform an act constituting a crime, in connection with the performance of this official duties, in consideration of any offer, promise, gift or present received by such officer, personally or through the mediation of another, shall suffer the penalty of prision mayor in its medium and maximum periods and a fine [of not less than the value of the gift and] not less than three times the value of the gift in addition to the penalty corresponding to the crime agreed upon, if the same shall have been committed.”
- Sec. 1. (i) of P.D. 1829 otherwise known as the “Penalizing the Obstruction of Apprehension and Prosecution of Criminal Offenders” states, “any person who knowingly or willfully obstructs, impedes, frustrates or delays the apprehension of suspects and the investigation and prosecution of criminal cases by committing any of the following acts:” “(i) giving of false or fabricated information to mislead or prevent the law enforcement agencies from apprehending the offender or from protecting the life or property of the victim; or fabricating information from the data gathered in confidence by investigating authorities for

purposes of background information and not for publication and publishing or disseminating the same to mislead the investigator or to the court."

2. Ismael Fajardo

- Art. III, Sec. 4 of R.A. No. 9165 otherwise known as the "Comprehensive and Dangerous Drugs Act" states, "Importation of Dangerous Drugs and/or Controlled Precursors and Essential Chemicals.- .The penalty of life imprisonment to death and a ranging from Five hundred thousand pesos (P500,000.00) to Ten million pesos (P10,000,000.00) shall be imposed upon any person, who, unless authorized by law, shall import or bring into the Philippines any dangerous drug, regardless of the quantity and purity involved, including any and all species of opium poppy or any part thereof or substances derived therefrom even for floral, decorative and culinary purposes."
- Sec. 3 (h) and (k) of R.A. No. 3019 otherwise known as the "Anti-Graft and Corrupt Practices Act" states, "(h) Directly or indirectly having financing or pecuniary interest in any business, contract or transaction in connection with which he intervenes or takes part in his official capacity, or in which he is prohibited by the Constitution or by any law from having any interest." And "(k) Divulging valuable information of a confidential character, acquired by his office or by him on account of his official position to unauthorized persons, or releasing such information in advance of its authorized release date."
- Sec. 7 (c) of R.A. No. 6713 otherwise known as the "Code of Conduct and Ethical Standards for Public Officials and Employees" states, "Disclosure and/or misuse of confidential information. - Public officials and employees

shall not use or divulge, confidential or classified information officially known to them by reason of their office and not made available to the public, either: (1) To further their private interests, or give undue advantage to anyone; or (2) To prejudice the public interest.”

- Art. 210 of the Revised Penal Code states, “Direct bribery. — Any public officer who shall agree to perform an act constituting a crime, in connection with the performance of this official duties, in consideration of any offer, promise, gift or present received by such officer, personally or through the mediation of another, shall suffer the penalty of prision mayor in its medium and maximum periods and a fine [of not less than the value of the gift and] not less than three times the value of the gift in addition to the penalty corresponding to the crime agreed upon, if the same shall have been committed.”
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3. Jimmy Guban

- Art. III, Sec. 4 of R.A. No. 9165 otherwise known as the "Comprehensive and Dangerous Drugs Act" states, "Importation of Dangerous Drugs and/or Controlled Precursors and Essential Chemicals.- .The penalty of life imprisonment to death and a ranging from Five hundred thousand pesos (P500,000.00) to Ten million pesos (P10,000,000.00) shall be imposed upon any person, who, unless authorized by law, shall import or bring into the Philippines any dangerous drug, regardless of the quantity and purity involved, including any and all species of opium poppy or any part thereof or substances derived therefrom even for floral, decorative and culinary purposes."
- Sec. 3 (k) of R.A. No. 3019 otherwise known as the "Anti-Graft and Corrupt Practices Act" states, "Divulging valuable information of a confidential character, acquired by his office or by him on account of his official position to unauthorized persons, or releasing such information in advance of its authorized release date."
- Sec. 7 (c) of R.A. No. 6713 otherwise known as the "Code of Conduct and Ethical Standards for Public Officials and Employees" states, "Disclosure and/or misuse of confidential information. - Public officials and employees shall not use or divulge, confidential or classified information officially known to them by reason of their office and not made available to the public, either: (1) To further their private interests, or give undue advantage to anyone; or (2) To prejudice the public interest."
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But, because of his vital cooperation in the investigation that allowed us to discover the methods used and who were responsible for these crimes; and, with the Committee's preliminary findings that he is not the "most guilty," we recommended that he be placed under the coverage of the Witness Protection Program (WPP) of the DOJ.

4. Marina Signapan

- Art. III, Sec. 4 of R.A. No. 9165 otherwise known as the "Comprehensive and Dangerous Drugs Act" states, "Importation of Dangerous Drugs

and/or Controlled Precursors and Essential Chemicals.- .The penalty of life imprisonment to death and a ranging from Five hundred thousand pesos (P500,000.00) to Ten million pesos (P10,000,000.00) shall be imposed upon any person, who, unless authorized by law, shall import or bring into the Philippines any dangerous drug, regardless of the quantity and purity involved, including any and all species of opium poppy or any part thereof or substances derived therefrom even for floral, decorative and culinary purposes.”

- Sec. 4 (b) of R.A. No. 3019 otherwise known as the “Anti-Graft and Corrupt Practices Act” states, “It shall be unlawful for any person knowingly to induce or cause any public official to commit any of the offenses defined in Section 3 hereof.”

- Violated the BOC Certificate of Registration which states:

I hereby undertake to (a) receive notice by email; (b) strictly abide with existing rules and regulations on the Statement of Full Description of Imported Articles covered by entry declarations; (c) notify the BOC-AMO of any changes in the information contained in the application for accreditation; (d) obtain knowledge of the contents of a declaration, and to attest to the veracity thereof.

I fully understand that failure to comply with the undertaking will result in the cancellation and revocation of the accreditation as importer, without prejudice to the imposition of any other criminal sanction for violation of the Tariff and Customs Code of the Philippines, and other customs laws and regulations.

5. Katrina Grace Cuasay

- Art. III, Sec. 4 of R.A. No. 9165 otherwise known as the "Comprehensive and Dangerous Drugs Act" states, "Importation of Dangerous Drugs and/or Controlled Precursors and Essential Chemicals.- .The penalty of life imprisonment to death and a ranging from Five hundred thousand pesos (P500,000.00) to Ten million pesos (P10,000,000.00) shall be imposed upon any person, who, unless authorized by law, shall import or bring into the Philippines any dangerous drug, regardless of the quantity and purity involved, including any and all species of opium poppy or any part thereof or substances derived therefrom even for floral, decorative and culinary purposes."
- Sec. 4 (b) of R.A. No. 3019 otherwise known as the "Anti-Graft and Corrupt Practices Act" states, "It shall be unlawful for any person knowingly to induce or cause any public official to commit any of the offenses defined in Section 3 hereof."

6. Joseph Dimayuga

- Art. III, Sec. 4 of R.A. No. 9165 otherwise known as the "Comprehensive and Dangerous Drugs Act" states, "Importation of Dangerous Drugs and/or Controlled Precursors and Essential Chemicals.- .The penalty of life imprisonment to death and a ranging from Five hundred thousand pesos (P500,000.00) to Ten million pesos (P10,000,000.00) shall be imposed upon any person, who, unless authorized by law, shall import or bring into the Philippines any dangerous drug, regardless of the quantity and purity involved, including any and all species of opium poppy or any part thereof or substances derived therefrom even for floral, decorative and culinary purposes."

- Art. 210 of the Revised Penal Code states, "Direct bribery. — Any public officer who shall agree to perform an act constituting a crime, in connection with the performance of this official duties, in consideration of any offer, promise, gift or present received by such officer, personally or through the mediation of another, shall suffer the penalty of prision mayor in its medium and maximum periods and a fine [of not less than the value of the gift and] not less than three times the value of the gift in addition to the penalty corresponding to the crime agreed upon, if the same shall have been committed."

7. Gorgonio Necessario

- Art. III, Sec. 4 of R.A. No. 9165 otherwise known as the "Comprehensive and Dangerous Drugs Act" states, "Importation of Dangerous Drugs and/or Controlled Precursors and Essential Chemicals.- .The penalty of life imprisonment to death and a ranging from Five hundred thousand pesos (P500,000.00) to Ten million pesos (P10,000,000.00) shall be imposed upon any person, who, unless authorized by law, shall import or bring into the Philippines any dangerous drug, regardless of the quantity and purity involved, including any and all species of opium poppy or any part thereof or substances derived therefrom even for floral, decorative and culinary purposes."
- Sec. 1. (i) of P.D. 1829 otherwise known as the "Penalizing the Obstruction of Apprehension and Prosecution of Criminal Offenders" states, "any person who knowingly or willfully obstructs, impedes, frustrates or delays the apprehension of suspects and the investigation and prosecution of criminal cases by committing any of the following acts:" "(i) giving of false or fabricated information to mislead or prevent

the law enforcement agencies from apprehending the offender or from protecting the life or property of the victim; or fabricating information from the data gathered in confidence by investigating authorities for purposes of background information and not for publication and publishing or disseminating the same to mislead the investigator or to the court."

8. **Meg Santos**

- Art. III, Sec. 4 of R.A. No. 9165 otherwise known as the "Comprehensive and Dangerous Drugs Act" states, "Importation of Dangerous Drugs and/or Controlled Precursors and Essential Chemicals.- .The penalty of life imprisonment to death and a ranging from Five hundred thousand pesos (P500,000.00) to Ten million pesos (P10,000,000.00) shall be imposed upon any person, who, unless authorized by law, shall import or bring into the Philippines any dangerous drug, regardless of the quantity and purity involved, including any and all species of opium poppy or any part thereof or substances derived therefrom even for floral, decorative and culinary purposes."
- Sec. 4 (b) of R.A. No. 3019 otherwise known as the "Anti-Graft and Corrupt Practices Act" states, "It shall be unlawful for any person knowingly to induce or cause any public official to commit any of the offenses defined in Section 3 hereof."
- Art. 212 of the Revised Penal Code states, "Corruption of public officials.
— The same penalties imposed upon the officer corrupted, except those of disqualification and suspension, shall be imposed upon any person who shall have made the offers or promises or given the gifts or presents as described in the preceding articles."

9. **X-ray examiner Noli Martinez, Appraiser Girlie Umali, Examiner Jenaline Garcia**

- Art. III, Sec. 4 of R.A. No. 9165 otherwise known as the "Comprehensive and Dangerous Drugs Act" states, "Importation of Dangerous Drugs and/or Controlled Precursors and Essential Chemicals.- .The penalty of life imprisonment to death and a ranging from Five hundred thousand pesos (P500,000.00) to Ten million pesos (P10,000,000.00) shall be imposed upon any person, who, unless authorized by law, shall import or bring into the Philippines any dangerous drug, regardless of the quantity and purity involved, including any and all species of opium poppy or any part thereof or substances derived therefrom even for floral, decorative and culinary purposes."
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- Sec. 7 (a) of R.A. No. 6713 otherwise known as the "Code of Conduct and Ethical Standards for Public Officials and Employees" states, "Financial and material interest. - Public officials and employees shall not, directly or indirectly, have any financial or material interest in any transaction requiring the approval of their office."

10. KC Chan (who had issued instructions to Luquingan to inquire as to how the MICP container may be "re-exported" to Malaysia) , Hsu Chung-Chun (who issued checks for Reyca Property, the warehouse), Zhang Quan (amended name of contact person in MICP lifters), Lin Tien Yi & Lou Tian Yi (drug trafficking syndicate heads as per Acierto), Chen Minxuan and Fung, and Ping Cheung James (Lessee of Cavite Warehouse)

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So far, this report has reached and implicated public officers up to the Deputy Director General in PDEA and Deputy Commissioner in the Bureau of Customs. This is not to say that those involved cannot go any higher. We dread to think that it might; we fear for the country and for its citizens, and thus, the need to investigate more in order to determine with certainty ALL the people responsible for these abhorrent acts. *Fiat Justitia Ruat Coelum.*

VII. Recommendations and ways to move forward

1. Eliminate consignees for hire. Vecaba Trading is not even accredited with Customs. What is the process of amendment of shipping documents, for example, while an addressee change may be allowed, even a consignee; but an amendment/s to the contents of a container after it has sailed is highly irregular. As we said previously, there is absolutely no way that the contents can transmute in the middle of the sea.

2. Coordination and Cooperation between the Bureau of Customs, Bureau of Internal Revenue, and the Department of Trade and Industry in the registration and accreditation of consignees.

BOC, BIR, and DTI must, with all deliberate haste, jointly cooperate in the registration and accreditation of brokers, consignees, importers, and other who have business with the said agencies. Registrations for accreditation must be jointly made, determined, and approved. They should pursue the sharing of data so they can together determine who is paying what and for how much. The longer it takes for their data to be co- shared, the greater the failure of government to collect proper duties and taxes.

3. Lifestyle check of all involved and named in this Report- including investigation by the Anti- Money Laundering Council (AMLC).

4. Amendment of Sec. 710 of R.A. No. 10863 otherwise known as the Customs Modernization and Tariff Act (CMTA) to declare shipments as abandoned within a period of three (3) days as opposed to the current period of thirty (30) days.

5. Conduct periodic trainings to x-ray examiners.

6. Creation of a Customs Academy

Our previous suggestion that a Customs Academy be created must be pursued. Its purpose is not only to continuously train and update our officers in Customs; it is also to generate a pool of qualified personnel from where we can recruit immediate replacements for Customs officers involved in nefarious activities


7. Diplomatic and Commercial Efforts

We must, extensively and intensively, pursue the Philippines' diplomatic and commercial efforts through the Department of Foreign Affairs (DFA) and Manila Economic and Cultural Office (MECO), as well as with other neighboring countries, so we can jointly, with our neighbors, finally eradicate this existential threat to our country and people.

- 8. For the AMLC and SEC to investigate** alleged rampant use of fictitious names and fake Alien Certificates of Registration (ACR) in the opening of bank accounts, and business registrations for nefarious purposes.

"The world will not be destroyed by those who do evil, but by those who watch them without doing anything." – Albert Einstein

Respectfully submitted:



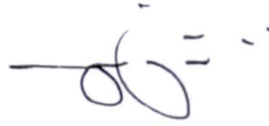
RICHARD J. GORDON

Chairman

Members

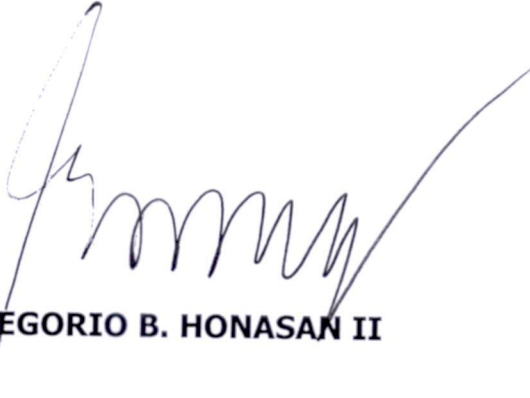


SONNY ANGARA



JOSEPH VICTOR G. EJERCITO

Vice Chairperson



GREGORIO B. HONASAN II



PANFILO M. LACSON



LOREN B. LEGARDA



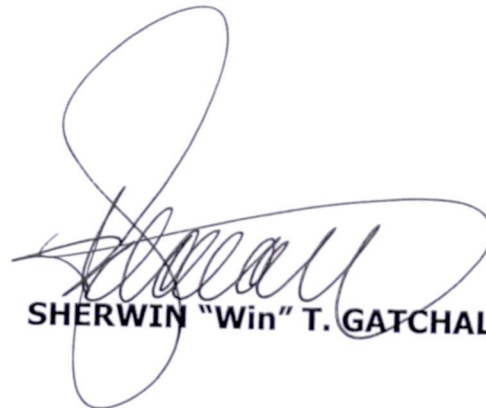
EMMANUEL "Manny" D. PACQUIAO

GRACE POE



CYNTHIA A. VILLAR

FRANCIS "Chiz" G. ESCUDERO



SHERWIN "Win" T. GATCHALIAN



AQUILINO "Koko" PIMENTEL III



MARIA LOURDES NANCY S. BINAY

ANTONIO "Sonny" F. TRILLANES IV

PAOLO BENIGNO IV "Bam" AQUINO

RISA HONTIVEROS

FRANCIS "Kiko" PANGILINAN

Ex Officio



FRANKLIN M. DRILON



JUAN MIGUEL "Migz" F. ZUBIRI



RALPH G. RECTO