

Scandals: A guide to GMA's legacy

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(First of a series)

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The following is a yearly calendar of shock-and-awe stories that involve corruption in high places and weak leadership.

2001

'Payola' for FG

Barely had President Arroyo warmed her seat when the first in a series of scandals involving the First Family erupted. Correspondence secretary Veronica "Bing" Rodrigo accused First Gentleman Mike Arroyo of taking a P50-million bribe in July 2001.

The bribery was said to be for President Arroyo to recall her veto on two franchise bills.

The first bill involved the Philippine Communication Clearinghouse which sought a franchise to operate a clearinghouse where telco firms were to interconnect for a certain fee. The second bill granted APC Wireless Interface Network a franchise to build a wireless telecommunication system nationwide.

The companies were allegedly owned by Jaime Dichavez, a close friend of former President Joseph Estrada, who allegedly used Pacifico Marcelo as his dummy.

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According to Rodrigo, a woman named Malou Nufez from the office of the Presidential Legislative Liaison Office under Gabriel Claudio approached her, inquiring about the request to veto the bills.

Rodrigo is a friend of the president, having been classmates in grade school and high school. Their parents were close friends.

Marcelo alleged that President Arroyo called him to stop lobbying for the franchise and that the three of them – the First Couple and Marcelo – will establish their own company. Marcelo turned down the offer.

The President did not recall her veto of both bills. Arroyo also said that the First Gentleman never asked her to recall the veto. Her husband denied receiving any money and claimed that Rodrigo was the one who received the bribe. Rodrigo later retracted her allegations in the Senate blue ribbon committee hearing.

PCSO funds for admin candidates' campaign

In October 2001, Roberto Rivero, former consultant of the Philippine Charity Sweepstakes, claimed that the first gentleman used almost \$5 million of PCSO funds to finance the campaign of some senatorial candidates and to bribe radio commentators. President Arroyo asked the Office of the Ombudsman to investigate her husband. The PCSO denied Rivero's accusations. When asked by the Ombudsman for evidence, Sen. Panfilo Lacson, who exposed this, was unable to present any.

Years later, in May 2007, another former PCSO senior executive, Cirilo Avila, said the funds were made to appear as payment for ad placements but were really used as People Power Coalition campaign funds. Avila narrated that the PPC requested the funds and manager Ver Angelo took it up with the board. The request was approved.

Nani Perez's 'extortion'

Four days after assuming office, Arroyo awarded a \$470-million contract to Argentine firm Industrias Metalurgicas Pescarmona Sociedad Anonima (IMPISA) to rehabilitate a power plant in Laguna. A few months later, former Manila representative Mark Jimenez, the man who brokered the deal, accused Justice Secretary Hernando Perez of extorting \$2 million in exchange for a justice department opinion that favors the deal.

Jimenez told Senator Lacson that the entire amount was actually \$14 million: Perez received \$2 million, the National Power Corp. "boys" got \$1 million, Malacañang was given \$4, and \$7 million went to Jimenez.

In April 2008, the office of the Ombudsman, headed by Mercedes Gutierrez, filed graft charges against Perez, his wife Rosario, Ernest Escaler, and Ramon Antonio Arceo Jr.

But the graft and robbery charges were junked by the Sandiganbayan in November 2008 as the Ombudsman failed to expedite the complaints, making Perez immune from the charges, indirectly acquitting Perez.

Perez's pending case with the Sandiganbayan is on his falsification of public documents.

In May 2009, Perez filed his third petition asking the Sandiganbayan to dismiss the charges of unethical practices filed against him for allegedly not declaring \$1.7 million in his 2001 Statement of Assets and Liabilities and Net Worth (SALN) saying that Arroyo herself approved his SALN when she assumed office. Perez was then a mem-

ber of her cabinet.

The godmother's ties to the Pinedas

President Arroyo agreed to be the godmother of alleged *jueteng* boss Bong Pineda's son. In an interview with *Time*, she said that she sought advice from Manila Archbishop Jaime Cardinal Sin who said, "The sins of the father are not the sins of the son."

Later events revealed the nature of Arroyo's ties to the Pinedas. In 2005, during the height of the Senate probe on the "Hello Garci" scandal, Army Capt. Marlon Mendoza quoted Virgilio Garcillano and said Pineda gave P300 million to fund Arroyo's presidential bid in 2004.

Another witness, Michaelangelo Zuce, nephew of Garcillano claimed that Pineda's wife, Lilia Pineda, handed out envelopes containing P30,000 each in January 2004 during a party hosted by the president in her La Vista home in Quezon City.

Profit from anti-poverty bonds?

Conceptualized by the Caucus of Development (Code-NGO), the PEACE bonds (Poverty Eradication and Alleviation Certificates) were issued by the government supposedly to help raise funds for the anti-poverty activities of its member organizations. But there were allegations that Code-NGO used its political connections to profit P1.4 billion in a series of transactions from the PEACE bonds worth P35 billion pesos.

Code-NGO was chaired by Socorro Camacho-Reyes, sister of then Finance Secretary Jose Isidro Camacho. Camacho-Reyes denied, in a Senate hearing, that her brother helped her.

Silencing the Marines

Rear Adm. Guillermo Wong, then Flag Officer in Command of the Philippine Navy, exposed irregularities in the Philippine Marines' procurement of equipment worth P3.8 million.

This did not sit well with Marine officials. Then Armed Forces chief of staff Angelo Reyes offered Wong another post, chief of the Northern Command, practically demoting him. This forced Wong to resign.

When asked to comment, President Arroyo said Reyes had done "the right thing." Fresh from retirement, Reyes was immediately appointed defense secretary.

A foul deal

In 2007, the Philippine National Construction Corp. (PNCC, formerly Construction Development Corp. of the Philippines or CDCP) and Radstock Securities signed a compromise agreement obliging the PNCC to pay Radstock P6.2 billion in the form of: 19 pieces of real estate properties; 20% of the outstanding capital stock of PNCC; and 50% of PNCC's share in the gross toll revenue of the Manila North Tollways Corp. for 27 years.

Senators Sergio Osmeña III and Franklin Drilon cried foul because it disposed of almost all the assets of PNCC, a company acquired by the government after President Marcos forced government financial institutions to exchange debt owed to them by the company for stocks.

The deal, they said, gave Marubeni/Radstock preferential treatment over other bigger creditors, particularly government. As of December 2002, the PNCC owed the government through the Assets Privatization Trust P41.39 billion, according to the Commission on Audit, and has pending liabilities amounting to P6.9 billion, a bulk of which was from the Philippine government.

(To be continued)