

Scandals: A guide to GMA's legacy

Research by LEI CHAVEZ

abs-cbnnews.com

(Third of a series)

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

Year 2003

Rotten rice!

In February 2003, Nueva Vizcaya Rep. Carlos Padilla revealed that 600,000 metric tons of rice imported from India was found to be rotten and

Turn to Page 10

legally classified documents from computers in Vice President Dick Cheney's office and the FBI and sending them to opposition leaders in the Philippines. The documents were primarily analyses of the Philippine political situation by US embassy officials.

Among others, the documents said that "Arroyo has always exhibited paranoia and the need to control the press and the press in the Philippines and politics. As time ticked off for her administration, it was clear the biggest problem was Arroyo herself."

Aragoncillo was charged with acting as an agent of a foreign government or official and faces up to 25 years in prison.

Mega-anomaly in Coleoc

According to Solicitor General Alfredo Benipayo, the botched P1.3-billion pilot modernization project of Coleoc was overpriced by P500 million. Coleoc ignored its own bidding rules and allowed a contractor to be the sole bidder, MegaPacific Corp. The SC deemed the process flawed and declared the contract null and void. The Office of the Ombudsman committee created by Ombudsman Eusebio D. Quinsion, headed by Commissioner Restreco Borra but cleared him a few months later. Then Coleoc chairman Benjamin Abalos and company were ruled to be not liable for the voided contract.

Lozano's complaints

Oliver Lozano filled an impeachment complaint against President Arroyo during the height of the "Hello, Garcia" scandal. After receiving the complaint to be technically defined, Lozano filed another impeachment complaint against President Arroyo in 2006. Like the first one, his second complaint was defeated due to lack of evidence. For the third time, Lozano filed his impeachment complaint against the President in 2007. Like the second version, this impeachment rap was dismissed for insufficiency in substance. However, if the impeachment complaints were moves to hinder the submission of a solid complaint against the President.

Weeks after former Arroyo ally Jose Di Venecia Jr. filed his impeachment complaint in 2008, Lozano took his fourth try with a four-page impeachment complaint penned with his daughter, Aily, Evangelina Lozano, and another lawyer, Ely Pamatong.

Imelda's jewelry

Former First Lady Imelda Marcos asked a Manila court to stop a Presidential Commission on Good Government (PCGG) from auctioning her jewelry collection. Marcos claimed the jewelry belonged solely to her. No restraining order was issued by the court.

The PCGG has two of the three jewelry collections in the vaults of the Banco de Manila. The court had planned to auction off majority of the jewelry in May 2009, with strong resistance from Mrs. Marcos.

(To be continued)

moldy. Kishore Hemlani, an Indian trader allegedly close to Arroyo, reportedly won the P3.5-billion contract for the rice importation.

Anthony Abad, head of the National Food Authority, had to dispose of some P2.2-million worth of moldy rice stocks and tried to dispose of the rice stocks in order to recover at least P2.5 billion.

Undeclared wealth in San Francisco

Since she got elected in 1992 as senator, Arroyo had failed to declare in her Statements of Assets, Liabilities and Net Worth the properties her husband Mike Arroyo bought in San Francisco through his California-based law firm, according to a filing to Newsbreak. Mike acquired, re-sold, and managed at least five properties with a total value of at least \$9.1 million in the Bay City from 1971 to 2000. The First Couple also owned a trust for Iggy Arroyo, Mike's younger brother.

Mike Arroyo's imported horses

In August, news broke out that presidential son Juan Miguel "Mickey" Arroyo planned to import 32 thoroughbred horses from Melbourne, Australia worth P384 million (at P12 million each). However, Mickey denied the allegation but admitted that he was in the horse-race business.

He owns Franchino Farms along with cousin Franchino Pamintan and a 100-acre property in Laguna. He requested for Mike's SALN but it has not been granted as of press time.

Jose Pidal accounts

In August, opposition Sen. Panfilo Lacson accused First Gentleman Jose Miguel Arroyo of money laundering; he allegedly siphoned off at least P321 million in campaign funds and contributed to the government in July. Arroyo had a bank account under the name Jose Pidal. He also supposedly used the names of his aides in three other accounts. According to Lacson, among them were Ben Rep, Mark Tinianez who gave P8 million, Arroyo's younger brother Iggy came forward and admitted he is Jose Pidal.

Oakwood mystery

Defense Secretary Angelo Reyes' alleged involvement in selling arms and ammunitions to guerrilla and bandit groups moved 300 young officers and enlisted men of the AFP to support the government in July. Reyes was forced to resign a few weeks later. The rebel soldiers were detained.

The 321 armed soldiers apologized for the failed rebellion. In 2004, 111 of the soldiers were captured. Capt. Nicolas Alonzo, one of the alleged leaders, escaped in December 2005. Four other leaders escaped after Faelon died. Faelon was captured in

2007 but escaped again a few months later.

Reyes, since then, has held other Cabinet posts: environment secretary and energy secretary.

Congress vs Supreme Court

The clash of the two co-equal bodies was all about the billions of pesos in Judiciary Development Fund (JDF) and how it was spent. The Nationalist People's Coalition (NPC) and its allies in Congress, peeved that they were being ignored by the Supreme Court, went after Chief Justice Hilario Davide. They almost impeached him.

President Arroyo acted on the coalition only when it reached critical proportions. She was balancing between competing interests: her political support from Eduardo "Danding" Cojuangco's NPC and Davide's tenure on the Court.

The super-rich general

In December, Maj. Gen. Carlos Garcia's son was apprehended by US Customs officials at the San Francisco airport for carrying P1,000 in undeclared cash. AFP Chief of Staff Ramon Abaya asked Garcia to explain and transferred him to another position.

Later in the year, US Customs and the FBI's Bureau of Investigation transmitted to the office of Ombudsman Simeon Marcelo a list of the amounts that General Garcia had brought into the US from 1993 to 2007, which was estimated at P71 million.

In October 2004, Garcia was charged with violating Articles of War 95 (conduct unbecoming of an officer and gentleman) and 96 (acts dishonorable) for grossing out military discipline) for failing to declare all his assets in his Statement of Assets, Liabilities and Net Worth and for possessing a US green card. In April 2006, the military court sentenced Garcia to prison, but he was fined without pay and allowance and dishonorably discharged. Garcia also faced graft charges in the same court.

After Garcia's son was arrested in February 2009, Garcia's sons, Juan Pablo and Ian Carl, were implicated in the US with one bank conspiracy to commit bank cash smuggling, failing to file a report of monetary instruments, and providing false statements to US government agencies. The sons were placed in US custody until proven innocent. On the same month, Garcia was found guilty of misdeclaring his assets and good order and privilege. He was acquitted from two other perjury cases.

In June 2009, the Sandiganbayan acquitted Garcia of the last perjury case, saying there was no proof that the retired general lied in his affidavit. However, the first charge is still facing plunder and forfeiture cases in the Sandiganbayan and is still being detained in

No bidding for Northrail

The Northrail project started during Ramos's administration but it was only in the last year that the Finance Secretary Juanita Amang entered into a credit loan agreement with the Export-Import Bank of China. The agreement granted the Philippine government a \$400-million loan to finance the construction of the project.

Critics said the interest rate on the loan per annum (three percent) is much higher than the rate on other loan packages that the Philippines has only used for its infrastructure. National Machinery and Equipment Corp. was designated as the prime contractor for the project without public bidding. The Senate probed the contract. The financing was stalled in 2005 after Malacañang issued EO 464, requiring Cabinet members to seek presidential clearance before they could testify in congressional hearings.

Fertilizer fund scam

The controversy started when President Arroyo was accused of using fertilizer funds for the 2004 election. The fund, worth P728 million, fell under the jurisdiction of the Office of the Ombudsman. Jocelyn Bolante, agriculture undersecretary and regarded as the architect of the fund, left the country and sought asylum in America. He came back to the country in 2008 and faced charges of falsifying documents.

Bolante told the Senate that (1) he does not know who nominated or recommended him to be an agriculture undersecretary, (2) it was former Agriculture Secretary Luis Lopez who transmitted the resolution of the fund, (3) the fertilizer fund was valid and legal and was approved by the DA, and (4) when he left the department in August 2004, 91 percent of the fertilizer fund was still in the hands of the DA.

The committee recommended the filing of plunder and other criminal cases against him and nine other persons but no case was filed. In January 2009, the panel which investigated Bolante's case recommended to disapprove the proposed resolution to Ombudsman Mercedes Gutierrez.

No reports on the investigation have been released from both the DA and the Ombudsman's department. In March 2009, Bolante disclosed a plan to run either as governor or congressman in Capiz, Roxas.

PhilHealth cards for campaign

Six weeks before the May 2004 elections, two lawyers filed a disqualification case against President Arroyo, saying she was behind the enhanced PhilHealth card program. He was accused of using PhilHealth cards or GMA program. Public funds were allegedly spent to enroll families in PhilHealth for one year. The premium cost of P1,200 for each family member was chargeable to PhilHealth. The PCGG also listed Arroyo's picture and name, were coincidentally distributed during the start of the election campaign.

More than a year after the election, a recording of a telephone conversation between Arroyo and the Philippine ambassador in Manila, Carlos Garcillano was released to the public. In this conversation, Arroyo directed him to make sure she wins by one million votes. After weeks of ducking the issue, Arroyo apologized for the conversation. He said he was with an election commissioner but explained that she merely wanted to protect her votes.

Hyatt 10

Eight Cabinet members and two bureau chiefs, called the Hyatt 10, filed their irrevocable resignations in the aftermath of the "Hello, Garcia" scandal and requested Arroyo to resign. The Hyatt 10 included Secretaries Florencio Abad (education), Juan Santos (trade and industry), Emila Boncodon (budget and management), Cesar Purisima (finance), Dinky Soliman (justice), and the former secretary of the Presidential Commission on Good Government (PCGG), Alberto Lina (customs), Guillermo Parayno (internal relations), Teresita Quintos Deles (adviser on the peace process), and Imelda Nicolas of the national anti-corruption tasking.

Jueteungate

In Senate hearings on jueteungate that began in May 2005, jueteung operators and bagmen said that President's husband Mike Arroyo, Mickey, and his brother-in-law Ignacio or Iggy were among those who received monthly payoffs from gambling lords. The payoffs ranged from P500,000 to P1 million. Arroyo's former secretary of State, woman Sandra Cruz, testified that in December 2004, she personally delivered the cash to Mickey and Iggy at the home of representatives; the money came from retired Chief Supt. Restituto Alayon, former director of the Bureau for Bicol and alleged partner of jueteung operators in Luzon.

Richard Garcia and Demosthenes Abraham Riva also told a Senate hearing that the three Arroyos had been receiving monthly payoffs from jueteung operators in Bicol. Michaelangelo Zuze, an aide of former commissioner Virgilio Garcillano and a former staff member of presidential adviser on political affairs, said he was also involved in the President to jueteung by saying that before the 2004 elections, the President distributed money to several election officials in her house in La Vista, Quezon City, including members of Bong Pineda's family, Lilia Pineda.

Garcia and Riva retracted their statements a few months later and said they were merely "coached" by Sen. Panfilo Lacson. Zuze's testimony failed to corroborate Zuze's claim. Former Ilesba Gov. Raustino Dy Jr., who was also said to have been present at the La Vista meeting, flew to the US and refused to come to Manila to testify.

Aragoncillo, the spy

Leandro Aragoncillo, a Filipino-American in the US Federal Bureau of Investigation, was arrested for al-