

GMA getting richer

Faster than Erap, FVR, Cory

By MALOU MANGAHAS

*Philippine Center for Investigative Journalism
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A fortnight ago in her ninth State of the Nation Address, Gloria Macapagal Arroyo fired sharp, staccato broadsides at her critics, and in a tone bold and boastful declared: "I am falsely accused, without proof, of using my position for personal profit."

"There isn't a day," she said, "I do not work at my job or a waking moment when I do not think through a work-related problem. Even my critics cannot begrudge the long hours I put in."

"A president must be on the job 24/7, ready for any contingency, any crisis, anywhere, any time," Arroyo continued, because "the people deserve a government that works just as hard as they do."

By all indications, President Arroyo has

worked very hard. In fact, she has worked so hard that during her first years as president, official records show her declared wealth as growing faster, and by amounts much bigger, than the combined growth in the declared wealth of three presidents before her.

The late President Corazon C. Aquino's declared net worth grew by only 4.8 percent from 1989 to 1992. By comparison, Fidel V.

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Ramos' rose by 34.2 percent from 1992 to 1998, and Joseph "Erap" Estrada's, by 72 percent from 1994 to 2001.

PCJ reports in 2000, though, revealed that the mansions and other assets held by Estrada and his mistresses were worth much more money than his declared net worth. Less than a year later, Arroyo came to power after a hotly contested trial of Estrada for unconstitutional impeachment.

Exponential growth

But the lessons of Estrada's downfall seem to have been lost on Arroyo. In her eight years in office, Arroyo's declared net worth more than doubled (pegged only on the book or acquisition value of her assets), from P66.8 million in 2001 to P143.54 million in 2008. The increase of P76.74 million represents a growth rate of 114 percent.

If her statements of assets, liabilities, and net worth (SALNs) are plotted for 17 years ago when she first served as president, Arroyo's net worth charts an exponential growth of 2,000 percent.

Her net worth in 1992 was only P6.73 million; for eight years she only grew by P1.07 million or a rise of 890 percent.

Since she got into Malacañan in 2001, Arroyo added P143 million to her net worth year on year, or 20 times more than her lawful gross salary as president of only P45,000 a month.

If various allowances are thrown in, her monthly net worth would total at most P100,000 or P1.2 million a year before tax. Yet even then, this represents only 10 percent of the net worth average annual increase in Arroyo's net worth since 2001.

Arroyo's SALNs, however, offer few clues on how she earned this big difference, or whether she has other lawful sources of income. Since 2001, the president has apparently taken the path of token compliance in getting a report for full disclosure in form and substance of her assets and liabilities, according to the Constitution and law. As a result, her SALNs for the last eight years have been remarkably full of gaps in data.

For sure, they pale in comparison to the detailed documentation that former Presidents Ramos and Estrada explicated in their SALNs. Both Aquino and Ramos even attached to their SALNs photographs of their income-tax returns. In describing the accounting to payments they made with the Bureau of Internal Revenue, Arroyo did not attach her ITRs.

Not a good example

At the very least, Arroyo's SALNs may not pass as what should be expected from the president. In 1992, she set the example for all of the country's 1.5 million civil servants.

Comments Karina Constantino-David, who worked as Civil Service Commission (CSC) chairperson under Arroyo: "When a high official like the president is unable to fulfill the responsibilities expected of him, how can the institution, how can the conviction other public servants to take seriously the dictum 'Public office is a public trust'?"

In an era when we seek compliance with the law on filing SALNs had caused mayors, military officials, customs and revenue officials, and other civil servants of less senior status jail terms, stiff fines, and dismissal or suspension from work.

Failure to disclose properly in the status in-law and Armed Forces general Carlos Garcia a two-year stint in jail.

While in the National Bureaus of Prisons for murder and rape, the former Laguna mayor Antonio Sanchez was also fined P5,000 per year for four years for what lawyers say passes for perjury by omission. He was convicted of non-compliance with the SALN law.

Cases vs. token fry

Meanwhile, the docket of the Ombudsman, which he tasked to investigate and file cases against public officials, is littered with complaints of defective or non-compliant SALNs. Most of the defendants are local executives and mid-level civil servants. The president is required to submit his or her SALNs direct to the Ombudsman under Section 8 of the Code of Conduct and Ethical Standards for Public Officials (Republic Act No. 6713) requiring full disclosure by all public officials and employees of their:

- real property, its improvements, acquisitions costs, assessed value and current fair market value;
 - personal property and acquisition cost;
 - all other assets such as insurance, cash on hand, in banks, stocks, bonds, and the like;
 - liabilities; and,
 - all business interests and financial connections.
- The Ombudsman officials "have an obligation to accomplish and submit declarations under oath of, and the public has the right to know, their assets, liabilities, and business and financial and business interests including those of their spouses and of unmarried children under eighteen (18) years of age living in their households."

Arroyo took her oath of office as president before the Constitution whose Article XI defines the "accountability of public officers" thus: "Public office is a public trust. Public officers are accountable, at all times, be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency; act with fairness, justice, and lead modest lives."

The Constitution also prescribes that "the President, the Vice-President, the Members of the Cabinet, and the Members of the Constitutional Commissions, and the Ombudsman may be removed from office on impeachment on the ground of grave or flagrant violation of the Constitution, treason, bribery, graft and corruption, other high crimes, or betrayal of public trust."

Generous, then stingy

By now, filing SALNs without in clear bounds sufficient form and substance should be routine. After all, she has been a public servant for more than two decades, starting with her stint as trade and industry assistant secretary in 1987, then as Laguna mayor Antonio Sanchez was also fined P5,000 per year for four years for what lawyers say passes for perjury by omission.

Arroyo's earlier SALNs demonstrated relative generosity in terms of information. Beginning 2001, however, Arroyo shifted to a more transparent disclosure. For example, she reported a phenomenal growth in stocks she owns - from P55 million in 2001 to P110 million in 2008 - but disclosed only that and nothing more.

Stocks, also called shares or equities, represent claims of ownership in a company.

Arroyo stacked up her stock portfolio even as the global financial crisis sent stock prices falling down, and the national economy posted sluggish growth.

Unfortunately, she is silent on which companies she invests in, and how she built up her stock portfolio. These data are sorely missing in her SALNs, making it difficult to assess the veracity of Arroyo's net worth, especially since 2008, when she reported 17.5 million worth of stocks. But this amount disappeared in her 2002 SALN, which showed no financial connections.

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Galloping revenues?

Among other things, the new SALNs form would have required Arroyo and other officials to list the acquisition value of the stocks they acquired. But since this detail is missing in the forms filed by Arroyo, it is also possible on the possibility that she invested P7 million more in stocks in 2007, and an additional staggering sum of P46 million in 2008. It is possible as well that Arroyo has interests in corporations blessed with galloping revenues.

But by the limited information in 2008, Arroyo has equity in just one company: La Vista Investments and Holdings, Inc.

From 1992 to 2000, when she was senator and vice president, she listed a few companies, all small, all not significantly profitable, including LTA, Inc. and LTA Realty, both based in Malabon City, and in Malabon City owned by the family of the First Gentleman, Jose Miguel "Mike" Arroyo; and JJ Agricultural Corp. based in Bacolod City.

From 2001 to 2007, however, she listed no firm in which she or the First Gentleman had any interests. Her SALNs from 2001 to 2007 also have no entry regarding her interests to liabilities of the First Gentleman, a lawyer and scion of the landed Tauson clan. The First Gentleman thus appeared as if he had no property of his own, and was jobless as a penniless for seven years.

David says the "possibility" offered is that the First Gentleman was being "doing nothing" and is fully dependent on the president for his keep. "But I find that hard to believe," she says, "because it's often said that the First Gentleman is one who is rich, the one with many real estate properties."

In her 2008 SALN, when President Arroyo finally took the oath, she reported, she listed La Vista Investments and Holdings Inc. as a company based at the LTA building, and in which the First Gentleman became a partner. It is supposedly only in December 2008.

Yet PCJ's research at the Securities and Exchange Commission (SEC) yielded more information. Arroyo is an enrolled either as incorporator, stockholders, or beneficial owners.

Undisclosed interests

Updated as of October 2008, SEC records showed that President Arroyo remains listed as having business interest and/or financial connections

in the following registered entities:

- Optima Research & Consultancy Agency Inc., incorporator, as of Sept. 15, 1980;
- L.T.A. Realty Corp., incorporator, as of Sept. 28, 1992;
- EVA Development Corporation, incorporator/ board member, as of May 18, 1990;
- Cirulo Pangumangue, as of Sept. 29, 1997; and
- Central Democra Information Asia, Inc., stockholder, incorporator, board member, as of July 24, 2005.

SEC records also show the First Gentleman as having business interest and/or financial connections in:

- Trans Realty Co., Inc., incorporator, as of Oct. 8, 1980;
- Raco-Travel Philippines, Inc., incorporator, as of Oct. 9, 1980;
- L.T.A. Realty Corp., incorporator, as of June 28, 1982;
- Aviativa Travel & Management Corp., incorporator, as of July 22, 1987;
- Eva Development Corp., incorporator, board member, as of July 24, 2005;
- Philippine Blooming Trade and Development Corp., incorporator, as of Sept. 5, 1995;
- Ateneo Law Class '72 Foundation, Inc., board member, as of March 14, 1996;
- Pacific Mint International Corp., incorporator, board member, as of May 15, 1997; and
- Kaibigan ni Gloria Macapagal Arroyo Foundation, board member, as of May 17, 1998.

Interestingly, the sudden lack of detail in Arroyo's SALNs coincided with her ascent to the presidency. This was also the period when she started to get a reputation of the best, and by many accounts, the most politically astute, lawyers in the land.

Former senator Rene A.V. Saguisa, who served as Code of Conduct and Ethical Standards for Public Officials, says that at the very least, "transparency is what I would expect" from Arroyo as president. "It does not hurt if your president leads by example," he adds.

But Saguisa concedes that Arroyo's token compliance with the law in the typical conduct of most high officials. "Of course, she did not list/ identify her stocks in her SALN," he says. "The iden in her SALN, however, this has been more honored in the breach than in the observance. Hindi yata nag-lisa si GMA, to be fair (GMA is probably not the only one doing this)."

For his part, Arroyo's chief presidential lawyer Raul Gonzalez says full and better compliance could have been enforced had the lesson of

inflicted by ex-President Estrada's fall from power not been heeded.

"Had it sunk a little further, had Erap not been pardoned, yes," Gonzalez says, "Arroyo would have proposed Arroyo's grant of pardon to her successor, who was detained for five years while being tried for plunder and other crimes."

Gonzalez notes that Estrada had been convicted in a huge plunder case, and yet "he went out scot-free." He asserts that if Estrada had not been pardoned, he would have allowed him to be imprisoned for some time to let the matter sink in the minds of the public.

"The pardon sent the wrong signal, says Gonzalez. "The message was that the very beginning there was political will to have him arrested, but that political will was diluted after he was convicted," he says. "Imagine, convicted sa, pinakamalayo mo pi (yet you set him free)!"

For this series of reports on the Arroyos' wealth, the PCJ combed the SALNs Arroyo filed in the last 17 years with the SALNs submitted by her own family members of the House of Representatives, Juan Miguel "Mikey" Arroyo (Pampanga) and Diosdado "Dato" Arroyo (Camarines Sur) by other relatives in public office.

The PCJ's report

Next, the PCJ corroborated the SALNs with corporate and other official records in the name of the Arroyos filed with the SEC and other relevant government agencies.

To validate the findings of its research, the PCJ obtained interviews with independent accountants and other established expertise on the subjects of inquiry, including lawyers, fund managers, and tax analysts.

To secure the side of Arroyo and members of her family, the PCJ requested interviews with her key officials, including Gonzalez, Executive Secretary of the Office of the Secretary General Remonde, and Presidential Deputy Spokesperson Lorelei Fajardo. Only Gonzalez agreed to be interviewed by the PCJ.

Finally, the PCJ also filed interview requests with Ombudsman Ma. Mercedes Gutierrez, Chairperson Ricardo B. Pangalanan, and the Public Commission, the lawyer and spokesperson of the First Gentleman, and Arroyo's former presidential legal counsel Avellino Cruz and Ombudsman Simcon Marcelo.

The PCJ database on the wealth of the Arroyos may be viewed on www.pcj.org and www.ombudsman.org/blog. (To be continued)

-With additional research by Karol Nagan, Azura Marie Dagatun, Ed Lingao/PCJ August 2009