

The foggy financial history of Gloria Arroyo

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Multimillion pesos of net growth in stocks, real assets, cash on hand/in bank, and other personal properties could not be accounted for in the statements of assets and liabilities and net worth (SALNs) that President Arroyo filed from 1992 to 2008.

With expert help from tax analysts and fund managers, the PCIJ mapped Arroyo's financial history in the last 17 years she served as senator, then vice president, and finally, president.

Our findings:

1992: Arroyo declared a P243,936 car loan but acquired no new car. The value of her cars (P800,000) remained the same from 1991. She reported that a residential lot in Antipolo booked at P94,000 but with fair market value of P1.75 million was a "gift purchased" since 1986. Arroyo used another puzzling term, "pro-divided," for her pricey house and lot in Baguio City.

1994: The sources of Arroyo's net cash inflow of P595,572 could not be account-

ed for. The amount includes car loan payment of P533,791, additional P57,411 cash in bank, and P4,347 more in law books.

1995: Arroyo declared variable fair market values for the house and lot in Baguio City that she acquired in 1977 for P350,000. In 1991, she said the "pro-divided" property's fair market value was P14.9 million. In 1992-94, she said it dipped to P4.9 million. In 1995, she raised it to P27 million, for a 450-percent increase in value in just one year. In 1996-2008, she said the property's value had risen to P67.9 million.

1995: Arroyo sold two real estate properties – a residential lot in Las Piñas that she acquired in 1989 for P86,715, but which she said had fair market value that year of P922,500; and an island in Cagayan that she said she acquired in 1970 for P8,000 but did not quote any fair market value.

1995: Arroyo bought two pieces of real estate – an agricultural lot in Bulacan for

P1.17 million, and a commercial lot in Tayabas, Quezon, for P1 million, but reported no sales or cash inflow amounting to P2.27 million. In addition, she paid P238,010 in car loan, and reported P100,468 more cash on hand/in bank and P500,000 more in stocks. But she reported a P580 decline in the value of her jewelry (P950,580 in 1994, down to P950,000 in 1995).

1995: Arroyo's property purchases and net cash inflow totaled P3.95 million. If she sold the Las Piñas lot at fair market value of P922,500, she should have disposed the island in Cagayan at multiple times its acquisition value of P8,000 to account for her big net cash inflow.

1996: Arroyo reported no property sale or cash inflows to account for P2, 538,000 in new acquisitions – P1,458,910 worth of additional stocks (P5.8 million in 1996 from P4.4 million in 1995); P180,000 more for race horses (P420,000

from P240,000 in 1995); P148,742 additional cash on hand/in bank (P704,540 from P555,798); P650,000 more in appliances/furniture and office equipment; and P100,000 more in law books.

1997: Arroyo bought an agricultural lot in Nasugbu, Batangas for P550,000 and declared its fair market value at P1.5 million for a 200-percent increase in the same year.

1997: There are no property sales or cash inflows to account for Arroyo's new acquisitions of P5,107,964, and payment of P341,434 in car loan. Apart from the purchase of the Nasugbu lot, her net cash inflow consisted of P2.2 million more cash on hand/in bank (P2,860,711 in 1997, from only P704,540 in 1996); P180,000 more in race horses; P250,000 more worth of jewelry; P150,000 more in appliances and furniture; P900,000 more in law books; P141,090 more in stocks; P399,000 more in cars; and P1.27 million she spent for

improvements on her lot in Nasugbu, Batangas; her house and lot in Baguio; and a condominium unit in Ayala.

1997: For the first time, Arroyo declared "inherited properties in the process of transfer," following the death of her father, former President Diosdado Macapagal. In 1997, she booked this item at P5.4 million. She continued to enroll it among her "personal and other properties" until 2008, or for 11 years' running.

A tax analyst could not figure out why: "It is noteworthy that 'Inherited Properties in process of transfer' appears on the personal property column. Properties that are subject to registration are normally real property and shares of stock."

"These assets started appearing starting 1997 (up to 2008)," the analyst noted. "It cannot be land (since it appears in the personal property side) – if it is not land, what is taking them so long to put it in their name?"

1998: There are no sales or cash inflows to account for ac-

quisitions of P10.4 million, including P207,508 improvements on the Ayala condominium; P3.03 million more cash on hand and in bank; P800,000 more in jewelry; P1 million more in law books; P5 million more in stocks; and P1.08 million more in cars.

1999: Arroyo's cash on hand/in bank declined by P2.07 million. But she reported acquiring P500,000 more in jewelry; P3 million more of stocks; and reported "inherited properties in process of transfer, Diosdado Macapagal Sr. and Evangelina M. Macapagal" at a bigger value of P7.43 million.

2000: Arroyo sold her Ayala condominium that she said had fair market value of P23.4 million, and which she reportedly acquired for P619,625 in 1980. Minus the six percent capital gains tax on fair market value, her net proceeds would be P12,604,695. Her cash on hand/in bank, however, went up by P32.6 million.

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Minus the money she raised from the Ayala condominium, Arroyo's net cash inflow of P19.95 million could not be accounted for.

2001: Arroyo stopped listing three companies she reported in her SALNs from 1992 to 2000 in which First Gentleman Mike Arroyo had business interests or financial connections. These are the LTA Inc. (real estate) and LTA Realty (real estate agent), both based in Makati City, and JJ Agricultural Corp. (agricultural-family business) based in Bacolod City. From 1992 to 1999, Arroyo said her husband was also involved in Aviatika Travel (travel agent) and the Arroyo Law Office.

2001: In the next seven years or 2007, Arroyo enrolled not a single company in which she or the First Gentleman had any business interests or financial connections.

2001: Arroyo's stocks suddenly went missing. It was last booked at P7.5 million in 2000. In the next four years or until 2005, Arroyo declared zero stocks. This would return in a huge way in 2006 - already worth P55 million.

2001: Arroyo's cash on hand/in bank went up by P17.95 million (up P54.3 million, from just P36.4 million in 2000). Her "inherited properties in process of transfer" declined in value to P1.4 million, from P5.4 million in 2000.

2001: Arroyo reduced by half the value of jewelry (P1.2 million) and kept this figure unchanged in the next

two years. In 2004, she said her jewelry nearly tripled in value to P3.4 million, a figure that would remain static in her next five annual SALNs.

2001: The horses (last booked at P600,000) suddenly disappeared from her SALN. If she had given the horses to her sons, without any cash exchange, then she did not raise additional money at all but should have paid donor's taxes. If she sold the horses, she would have raised P600,000 at least to make up for the increase in her cash assets, but should have also paid capital gains taxes. Whether or not the First Gentleman disposed of his shareholdings in the three companies his wife had listed in prior years is unclear from the President's SALNs. If he did, the proceeds should have been reflected in the President's succeeding SALNs, and the First Gentleman should have paid capital gains taxes.

2005: Arroyo bought a piece

of raw land in Coron, Palawan supposedly for P2.05 million, but did not indicate its fair market value.

2006: Arroyo's personal assets went up by P9,303,564.41, her stocks surged all too suddenly to P35.7 million, but her cash on hand/in bank made a big dip of P44,254,143, and her notes payable rose to P2.14 million. In 2005, she reported having cash on hand/in bank of P53,483,015, and the next year, reported this to have thinned to P11.23 million.

2007: Arroyo's assets went up by P7.72 million. She purchased a fishpond in Malolos, Bulacan at book value of P507,800 and again did not indicate its fair

market value. Her stocks increased by P7.2 million, even as she did not at this time enroll any companies in which she or her husband had any shareholdings. Her cash on hand/in bank declined by just P37,981, or from P11,228,872 in 2006 to P11,266,853.

2008: Arroyo reported record net growth in cash and assets of P45.06 million. This included P26.18 million in additional cash on hand/in bank (P37.45 million, or thrice more

than the P11.27 million she declared in 2007); and additional stocks of P51.88 million (P110.47 million in 2008, from P62.91 million in 2007). Arroyo also reported taking out a P33-million loan (notes payable) but did not say from which bank or entity.

2008: Arroyo sold her agricultural lot in San Rafael, Bulacan, signing with the First Gentleman the deed of sale on Dec. 23, 2008. Arroyo said she acquired the 2.9-hectare agricultur-

al lot in 1995 for P1.2 million, but said its fair market value by 2007 was only P4.7 million. This is based on her SALNs. In the deed of sale, the First Gentleman said he bought the land in 1996 for only P100,000. The Arroyos sold the lot for P41.5 million, or nearly 10 times more than the declared fair market value of the lot nestled in the foothills of the Sierra Madre.

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