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Message

On the 28th of February 2013, the Commission ushered in its 27th year.

For an ad hoc agency that was not envisioned to last this long, every anniversary has become both a milestone and a reminder. Its “birthday” recalls its historic creation as the first official act under our newly restored democracy in 1986 and its welcome as the pivotal first step in the transition from dictatorship to democracy.

But such yearly commemoration also reminds us to make the most of our limited time. This year’s anniversary in particular admonishes us to make the most of the moment, especially given the current favorable environment marked by an administration bent on good governance and reform, an economy progressing at a prodigious pace, and a people filled with renewed hope. This calls to mind an old English proverb –

When the sun shineth,
make hay.
Which is to say –
Take time when time
cometh,
Lest time steal away.

There is of course no denying the reality that there were low points in the Commission’s history when its reputation had been – with good reason – called into question, whether for benign neglect or outright corruption.

But the Commission’s own story has yet to be finally written and the current stewards are determined to improve upon the legacy it will ultimately bequeath the Filipino people.

In this report, we seek to make an accounting of what went on in the year that was. We hope that through this rendering, our constituents would be able to determine for themselves the value(s) added by the Commission.



Andres D. Bautista
Chairman



Introduction



Buoyed by President Benigno Aquino's mandate and inspired by his "straight path" directive, the current men and women of the Commission have been working hard with a renewed sense of purpose and pride.

There is a rekindling, as it were, of a determination to be public servants with values, working in an institution of values; realizing perhaps that without such a commitment, they would be viewed as bureaucrats without value, forever associated with an agency that will be remembered by history as having added little value.

Adding value – this was the mantra of the Commission in 2012. We strove to...

- push corporations under our care to be more judicious in their operations and to enhance the bottomline by proactively looking for investment opportunities;
- improve the monitoring of cases at various levels of litigation and be vigilant in protecting the legal interests of the Republic;
- investigate and pursue credible leads; and
- ensure that we remitted back to the National Treasury more than what we spent.

In this Report, we give a full account of the year that was.

Recoveries and Remittances

On a budget of PhP93 million in 2011, the Commission remitted PhP268.481 million back to the Bureau of the Treasury.

In 2012, with a budget of PhP96 million, the Commission remitted six-fold that amount or approximately PhP567 million.

This latter figure does not include the PhP56.5 billion which the Commission remitted on 5 October 2012 after recovering the 24% San Miguel Corporation (SMC) Preferred Shares. Along with the escrowed dividend payments and accrued interest which total an additional PhP13.7 billion at the end of 2012 – this constitutes the largest single recovery of the Commission to date.

Between 1986 and December of 2012, the total remittances by the Commission to the National Government have reached PhP164,153,772,065.65.



Highlights

Contingency/Litigation Fund

Soon after the Supreme Court's 2003 decision ordering the forfeiture of the Swiss deposits in favor of the Republic, the Yorac Commission authorized the creation of a Contingency/Litigation Fund. *[See box below.]*

PNB retained 5% or approximately US\$30 million as contingency for any potential lawsuit against PNB or the Republic in connection with the Swiss funds. This was also meant to cover the costs that may be incurred in the recovery and transfer of approximately US\$60 million in New York and Singapore.

Arelma matter in New York. On 25 April 2012, the Philippine Supreme Court affirmed a Sandiganbayan decision forfeiting all Arelma assets in favor of the Republic. The Marcoses filed a motion for reconsideration against this decision. Moreover, on 26 June 2012, the New York Court of Appeal dismissed the turnover proceed-

ing over the Arelma assets commenced in 2009 by a representative of the martial law human rights victims.

WestLB matter in Singapore. On 10 August 2012, the Singapore High Court rendered a judgment allowing the claim by PNB over the West LB accounts. The Commission viewed this decision positively since it is undisputed that PNB holds title to the funds as escrow agent for the benefit of the Republic. While this judgment is the subject of appeals to the Court of Appeal, we are hopeful that finality is forthcoming.

[For a more detailed account of these two legal matters, please refer to Part IV of this Report.]

Considering these positive developments in 2012, the Commission decided to remit a portion of the Fund – specifically US\$10 million or PhP422.83 million – to the Bureau of the Treasury.

PCGG Resolution No. 2004-Y-002

NOW THEREFORE, be it RESOLVED as it is hereby RESOLVED, that ... PNB is authorized to retain five per cent (5%) of the amount recovered to cover the necessary administrative and litigation expenses in the recovery of the ARELMA account and the approximately Twenty-two Million U.S. Dollars (US\$22M) still in West Landesbank in Singapore, as well as necessary expenses that may arise in relation to the Escrow Agreement.

RESOLVED further that this authority shall expire upon termination of the ARELMA and West Landesbank cases but in no case shall this authority exceed ten (10) years.

1990 MFI-PCGG Compromise Agreement

In August 1990, Meralco Foundation, Inc. (MFI) and the Commission entered into a compromise agreement for the sale of the Meralco shares held by MFI and sequestered by the Commission in 1987. The Three-Man Board that was created to oversee the disposition of the shares and the remittance of the proceeds was believed to have completed its task in 2008, after successfully disposing of the shares and remitting PhP18 billion to the national government.

In May 2011, two accounts – in the name of MFI but arguably

related to the 1990 compromise agreement – were discovered after a due diligence review of the transactions.

Firmly believing that a substantial part of these monies rightly belong to government, the Commission commenced negotiations with MFI. This led to the recovery and remittance to the Bureau of the Treasury in December 2012 of PhP60 million from the funds deposited with DBP. The Commission is looking to remit an additional amount of PhP70 million representing its share of the Meralco cash dividends.

SMC Shares/Coco Levy (PhP56.5B + PhP13.7B)

On 24 January 2012, the Supreme Court, in an 11-0 decision, adjudged the 24% CIIF block of SMC shares as having been purchased with the coconut levy funds which were in turn declared to be public. On 4 September 2012, the Supreme Court unanimously denied the Motion for Reconsideration filed by COCOFED.

On 5 October 2012, the Commission remitted PhP56,538,623,400.00 to the National Treasury after the redemption of the 753,848,312 SMC Series 1 Preferred Shares.¹

Along with the escrowed dividend payments and accrued interest which total an additional PhP13,700,669,652.86², these monies are to be used “only for the benefit of all the coconut farmers and for the development of the coconut industry.”

[This amount – at PhP70.24 billion – constitutes the largest single recovery of the PCGG to date. For a short history of the conversion, see box on the following page.]

¹ Prior to the subject conversion, the 14 CIIF Holding Companies (14 CIIF HCs) were, collectively, the registered owners of 753,848,312 common shares in SMC – approximately 24% of the total.

² Fund balance as of December 2012



Short history of the SMC shares' conversion

On 24 July 2009, COCOFED filed a motion with the Supreme Court to approve the conversion of the 24% CIIF block from common to preferred shares in accordance with SMC's Conversion Offer.

The Office of the Solicitor General (OSG) had earlier opined that the conversion is legally valid as long as PCGG's approval is obtained for the amendment of the SMC Articles of Incorporation.

On 2 September 2009, the previous PCGG approved the conversion and requested the OSG to seek the Supreme Court's approval for the proposal.

On 8 September 2009, the Department of Finance confirmed to PCGG that the proposed conversion is advantageous to the National Government from a purely financial standpoint.

On 17 September 2009, the Supreme Court approved the conversion; and on 5 October 2009, the common shares were converted into preferred shares.

On 5 October 2012, SMC exercised its option to redeem the preferred shares at PhP75/share. Given the price of PhP110.8 for SMC common shares on that date, the transaction was, in hindsight, not "advantageous to the National Government from a purely financial standpoint."

On 5 October 2012, PCGG remits PhP56.5B to the National Treasury – the largest single recovery in its existence.

"The plight of our coconut farmers has long haunted our country. We trust that this recovery will be used to ease their burdens in a concrete and a significant manner."

Andres D. Bautista

2012 Privatization

Two Baguio City properties were successfully privatized in 2012.

Banaue Inn Compound

The Banaue Inn Compound is a 2,677 sq. m. property located along Baguio-Itogon Road. It was initially put up for public bidding in August 2012 with a floor price of PhP7.496 million. After a failure of bidding – there having been only one qualified bid received – the property became the subject of a negotiated transaction with Love Development Corporation (LDC), consistent with existing privatization rules and regulations. The latter's offer of PhP10 million was endorsed by the Commission to the Privatization Council (PrC) which approved the sale in November of 2012.



Hans Menzi Compound

The Hans Menzi Compound is a 3,875.57 sq. m. property located along Outlook Drive (North).

It was successfully bid out on 24 April 2012 for PhP93,017,555.57 – a price that was 150% higher than the minimum bid price of PhP37,245,850.00. On 9 May 2012, the PrC approved the PCGG's proposal to award the sale to Comnet Management Corporation.



*Legal Matters**

Case Developments

- I. Updates on Legal Matters Abroad*
- II. Coco Levy Cases*
- III. Cases involving Payanig sa Pasig*
- IV. Behest Loans Cases*
- V. Other Cases*

Other Developments

- I. Savings on Legal Costs*
- II. Additional Interest Income*
- III. NY Paintings*

* This Section discusses legal developments in 2012 and should by no means be considered an exhaustive or comprehensive summary of cases.

Updates on Legal Matters Abroad

West LB Case in Singapore

Swiss Federal Supreme Court's Ruling. In 1997, the Swiss Federal Supreme Court ruled that there was little doubt about the criminal provenance of the secret Marcos accounts and securities hidden in Swiss banks. It ordered their transfer to the Republic of the Philippines, subject to certain conditions including a final enforceable judgment of a competent Philippine court. Another condition set was that these accounts and securities be placed under escrow with the Philippine National Bank (PNB) and could be reinvested only in banks with Standard & Poor's "AA" rating.

The Swiss Federal Supreme Court also dismissed the petition of the Pimentel class of human rights claimants on the ground that they were creditors without proprietary rights and that, as human rights victims, their remedy was to present their claims before the probate proceedings involving Mr. Marcos' estate.

The Court further ruled that the human rights claimants could not proceed against the bank accounts on the basis of human rights violations because there is no connection between the graft offenses which generated the assets in Switzerland and the claims of the Pimentel class.

Philippine Supreme Court Judgment. The Commission thereafter filed a petition for forfeiture against the Marcos assets. In the meantime, PNB deposited the monies in various Singaporean banks which met the Swiss court's condition. One of these banks was West Landesbank (WestLB).

In 2003, the Philippine Supreme Court granted an *in rem* forfeiture judgment over the Marcos bank deposits. Hence, PNB was able to remit most of the monies to the National Government except for two WestLB accounts worth US\$16.8 million and GB£4.2 million that had not yet matured.



Interpleader Proceeding in Singapore. In September 2003, the Pimentel class filed a claim over these accounts with WestLB. The latter in turn decided to file an interpleader proceeding in Singapore which ultimately involved the Pimentel Class, PNB, the Republic, and the so-called Marcos Foundations.

On 10 August 2012, Judge Andrew Ang of the Singapore High Court rendered a judgment allowing the claim by PNB since it acquired legal title to the funds via the Escrow Agreements (with the Republic). He was of the view that PNB holds legal title to the funds as trustee and that when the Swiss authorities ordered the funds to be transferred to PNB, it was done with the intention of making PNB a stakeholder as the Escrow Agreements clearly imposed on PNB a duty to hold the monies pending the outcome of “a final and enforceable judgment of the Sandiganbayan or any final and enforceable judgment of any competent court in the Philippines.”

The Commission viewed this decision positively since it is undisputed that PNB holds title to the funds as Escrow Agent for the benefit of the Republic. Nevertheless, disagreeing with the basis of the decision and in view of the fact that the other parties were appealing to the Court of Appeal (the upper division of the Supreme Court of Singapore), the Republic also filed an appeal – arguing that it has established its beneficial claim to the funds through the application of the “act of state” doctrine; and alternatively, that it is entitled to the funds as the conditions of the Escrow Agreements had been satisfied by the 2003 Philippine Supreme Court decision.

All parties to the appeal were heard by the Singapore Court of Appeal on 7 February 2013; the Court subsequently appointed an amicus curiae to help resolve a number of issues under consideration.

The European Commission approved the restructuring plan for WestLB on 20 December 2011. WestLB became Portigon on 2 July 2012.



[<http://www.portigon.com/cm/content/portigon/i/en/ueber-portigon/westlb-archiv.html>]

Arelma Case in New York

The Arelma account, now worth approximately US\$40 million, was placed with Merrill Lynch New York but the company's share certificates are held in escrow by PNB.

A turnover proceeding over these assets was commenced in New York in 2009 by a representative of the martial law human rights victims who had won a class suit in a Hawaii Federal District Court against the Marcos estate. They sought an order: (a) declaring the assets to be part of the Marcos estate and (b) directing Merrill Lynch to transfer the assets to the fund administered by the Hawaii federal court.

PNB, as escrow agent, intervened and sought the dismissal of the proceeding. *[The Republic was not a party in this case as it asserted sovereign immunity.]*

The New York State Supreme Court denied PNB's motion but the Appellate Division reversed the lower court's order. It held on 16 June 2011 that the plaintiffs' suit ought to be dismissed as the case should not proceed in the absence of the Republic and that to require the Republic to participate would be to violate its sovereign immunity.

Petitioners appealed to the NY Court of Appeals which affirmed the dismissal on 26 June 2012.

We are awaiting finality of the Philippine Supreme Court decision (discussed below), this being necessary before the Republic can commence an enforcement action in the United States.

It bears noting that in the 2008 case of *Republic v. Pimentel* (which also dealt with the Arelma assets), the US Supreme Court had dismissed the proceeding, in accordance with the principles of international comity and sovereign immunity. To our mind, the New York litigation was simply a thinly veiled argument to revive this earlier litigation.

Philippine Supreme Court Judgment. The New York State's high court decision came on the heels of our own Supreme Court's decision on 25 April 2012, penned by then Associate (now Chief) Justice Lourdes Sereno, which affirmed the earlier Sandiganbayan decision forfeiting all Arelma assets in favor of the Republic.

The Marcoses filed a motion for reconsideration in June 2012. However, we are hopeful that this matter will soon be concluded with finality.



Coco Levy Cases

Philippine Coconut Producers Federation, Inc. (COCOFED), et al., v. Republic, G.R. Nos. 177857-58 & G.R. No. 178193

By an 11-0 unanimous vote, the Supreme Court on 24 January 2012, affirmed with modifications, the Partial Summary Judgments of the Sandiganbayan in Civil Case No. 33-A (re: Anomalous Purchase and Use of [FUB] now [UCPB]) and Civil Case No. 33-F (re: Acquisition of SMC Shares of Stock).

• *Civil Case No. 33-A: The Supreme Court affirmed the Partial Summary Judgment dated 11 July 2003 as amended by a Resolution dated 5 June 2007, to the effect that “the so-called ‘Farmers’ UCPB shares’ which constitutes 64.98% ownership of UCPB are conclusively owned by the Republic of the Philippines.”*

• *Civil Case No. 33-F: The Supreme Court likewise held that the CIIF Companies, as well as the 14 HCs, and “the CIIF Block of SMC Shares of Stock totalling 33,133,266 shares as of 1983 together with all dividends declared, paid and issued thereon as well as any increments thereto arising from, but not limited to, exercise of pre-emptive rights are declared owned by the government to be used only for the benefit of all coconut farmers and for the development of the coconut industry, and ordered reconveyed to the government.”*

In a subsequent Resolution dated 4 September 2012, the Supreme Court affirmed its 24 January 2012 decision. However, while the earlier Janu-

ary decision makes reference to the 33,133,266 shares (CIIF-Block SMC shares of stock as of 1983), the Supreme Court – in the later pronouncement – resolved “to clarify that the 753,848,312 SMC Series 1 converted preferred shares of the CIIF companies, with all the dividend earnings as well as all increments arising from, but not limited to, the exercise of preemptive rights subject of the September 17, 2009 Resolution, shall now be the subject matter of the January 24, 2012 Decision...” The modification, the Court reasoned, was made in view of the development that altered the factual situation then obtaining in G.R. Nos. 177857-58 which is the 17 September 2009 resolution that granted the conversion of the 753,848,312 SMC common shares to Series 1 preferred shares.

This alleged “modification/clari-fication” is potentially problematic as it may be seen to effectively exclude the 4% SMC shares (“Treasury Shares”) from the original block of SMC shares¹. This led the Republic to file a motion to, among other things, amend the Resolution promulgated on 4 September 2012 to include the Treasury Shares which is part of the 33,133,266 CIIF Block of SMC Shares as of 1983 and which is the subject of final and executory Sandiganbayan Resolutions affirmed by the Supreme Court as far back as 2000.

¹ The Treasury shares are subject of another case docketed as Civil Case No. 102.



**Eduardo Cojuangco, Jr. v. Republic,
G.R. No. 180705 (Civil Case No. 33-A)**

On 27 November 2012, the Supreme Court affirmed with modification Part C of the Partial Summary Judgment dated 11 July 2003 which was modified in a Resolution dated 5 June 2007. The Court declared, among other things, that the transfer by PCA to Cojuangco of 14,400 shares of stock of FUB [now UCPB] from the “Option Shares” and the additional FUB shares subscribed and paid by PCA is unconstitutional, and that these shares are

conclusively owned by the Republic to be used only for the benefit of all coconut farmers and for the development of the coconut industry. Moreover, the shares of the alleged nominees of Cojuangco which form part of the 72.2% UCPB shares likewise belong to the Republic.

Cojuangco filed a Motion for Reconsideration which is presently pending.

**Republic vs. Eduardo Cojuangco, Jr., et al.
(Civil Case No. 33-E)**

There are two basic allegations in this case: (1) Cojuangco misappropriated and dissipated the coconut levy funds by withdrawing tens of millions of pesos in order to pay damages adjudged against United Coconut Oil Mills, Inc. (UNICOM), headed and controlled by him, in an anti-trust suit in California; and (2) Cojuangco misused, dissipated and unlawfully disbursed coconut levy funds with the active collaboration of the other defendants for projects of Imelda Marcos and for purposes completely alien

to those for which the funds were collected.

In a resolution dated 17 June 2012, the Sandiganbayan denied the Republic’s motion for summary judgment; the subsequent motion for reconsideration was also denied on 20 July 2012.

The Republic filed a Petition for Certiorari with the Supreme Court on 8 October 2012.

**ECJ & Sons Agricultural Enterprises, et al. vs. PCGG
(Civil Case No. 0112)**

This involves Sequestration Orders Nos. 86-0089 and 86-0126 issued by the Commission in 1986. The petitioners are alleged UCPB stockholders whose shares were sequestered. While the petition to have the writs lifted were initially allowed in 2011, the Sandiganbayan granted the Republic’s motion for reconsideration and reinstated the writs on 21 December 2012.

According to the anti-graft court, to insist on lifting the said sequestration orders would necessarily disturb the Supreme Court pronouncement on the government’s right to vote the UCPB sequestered shares deemed to be *prima facie* sourced from public funds. The petitioners filed a motion for reconsideration on 16 January 2013.

Cases involving Payanig sa Pasig

Ortigas & Company Limited Partnership (OCLP) vs. PCGG, et al. (Civil Case No. 0093)

This case stemmed from a 1990 complaint for annulment of documents and titles concerning the 18.48-hectare *Payanig sa Pasig* property, estimated to be worth between PhP10-14 billion, which were included in the properties surrendered by Jose Y. Campos to PCGG in 1986. The complaint alleged intimidation and undue influence exercised by former President Marcos on Francisco Ortigas, resulting in vitiated consent (and grossly disadvantageous terms) when the latter executed the contracts of sale in favor of Mid-Pasig Land Development Corporation (MPLDC). It was argued that the surrender made by Campos was null and void since MPLDC – had no valid right

to acquire and hold the same.

In a Resolution dated 10 September 2012, the Sandiganbayan affirmed the denial of the various motions for summary judgment filed by the parties. It ruled that it is only after trial on the merits that the issue as to vitiation of consent could be settled, taking into consideration, among other things, the extent of the business relationship between Ortigas and Marcos and the reasonableness of the price of the property.

A Petition for Certiorari was filed by PCGG on 29 November 2012.

Ricardo C. Silverio, et al. vs. PCGG, et al. (Civil Case No. 0147)

This is a case related to and consolidated with the immediately preceding one.

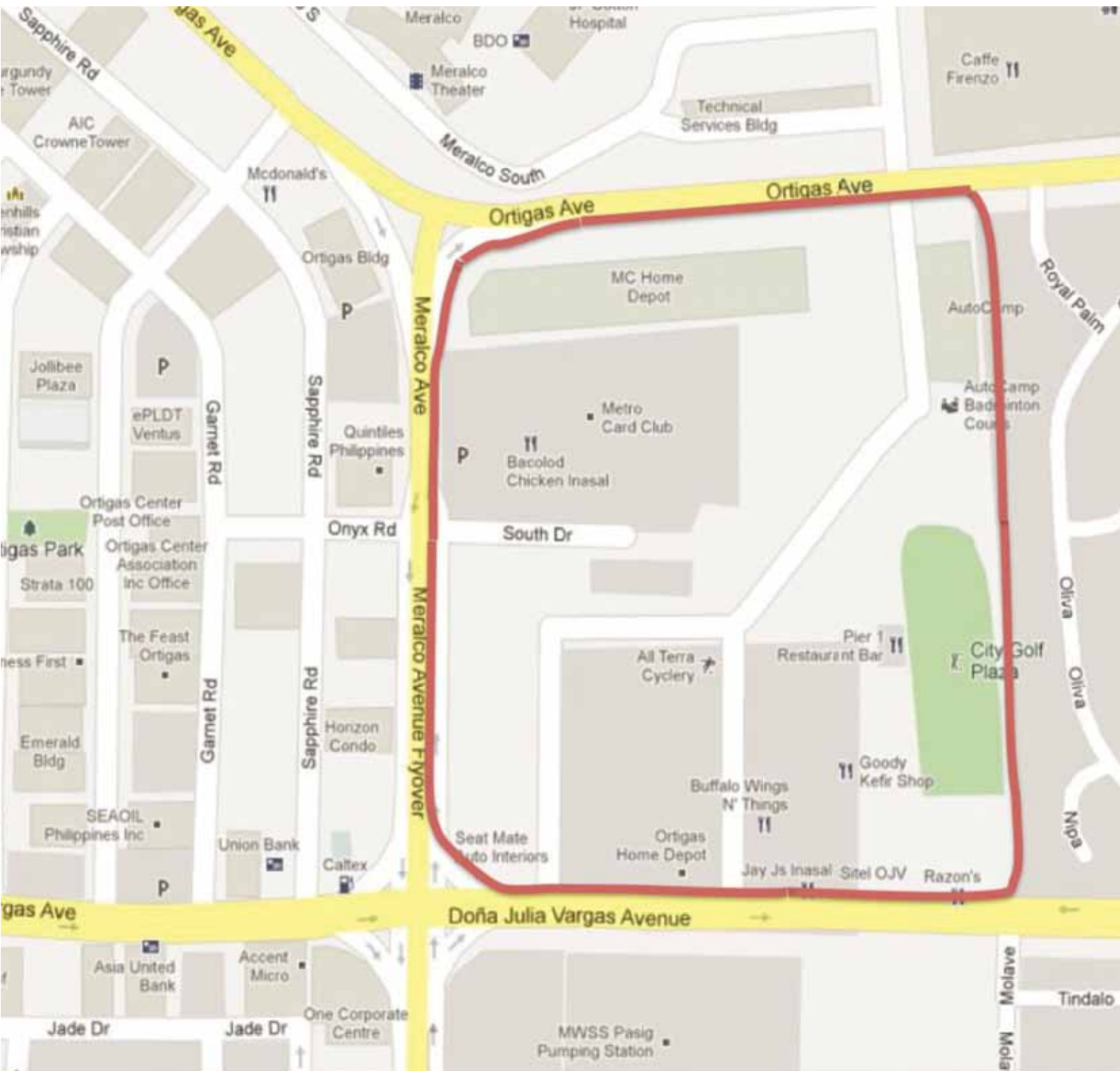
Suing in his own right as stockholder as well as asserting a derivative stockholder's suit in behalf of Anchor Estate Corporation (AEC), Silverio prayed for the reconveyance of the *Payanig* properties. He claims that AEC bought the land from OCLP in 1968 but that AEC management then fraudulently transferred its rights to MPLDC.

In a Resolution dated 10 September 2012, the Sandiganbayan affirmed its Partial Summary Judgment dated 26 March 2012. The court found that Silverio only held the shares representing 30% of AEC for and in behalf of then President Marcos, and did not beneficially own said shares.

A Petition for Review on Certiorari was filed by Silverio before the Supreme Court on 16 January 2013.



The *Payanig sa Pasig* properties are the source of many a challenge for the Commission. There are other cases over these properties including ejectment suits and petitions for certiorari on a number of incidents such as the suit filed by BLEMP Commercial when its intervention in the main case was denied.



Behest Loans Cases

A number of behest loan cases suffered setbacks in 2012.

The Office of the Ombudsman issued resolutions: (1) dated 18 June 2012, dismissing the complaint against Roberto Ongpin, et al. in connection with suspected behest loan accounts of Marbella Club; and (2) dated 11 October 2012, dismissing the complaint against Roberto Benedicto, et al. in connection with suspected behest loan accounts of Molave/Aklan/Coron/Fuga Bulk Carrier. The Commission filed motions for reconsideration in both cases.

On 12 July 2012, the Sandiganbayan acquitted Rafael Sison of the charge of violating Section 3(e) of R.A. No. 3019. This case involved the alleged behest loans of Sta. Ines Steel and Mining Corporation.

On 18 June 2012, the Supreme Court affirmed the Office of the Ombudsman's decision to dismiss the case against Cezar Zalamea, et al. and the alleged behest loans of Menzi Development Corporation. No abuse of discretion was likewise found in the dismissal of the case involving Placido Mapa and the suspected behest loan of Floro Cement.

Other Cases

Republic vs. Ferdinand E. Marcos, et al. (Civil Case No. 0002)

This is a complaint for reconveyance, restitution, reversion, accounting and damages against the Marcoses and other defendants.

In a Decision dated 8 February 2012, the Supreme Court dismissed the case against the Marcos children and other defendants. However, the

Marcos children were maintained as defendants in their capacity as compulsory heirs of Ferdinand Marcos.

This is a complicated suit which involves several assets and properties and is subject to a host of other pending incidents.

Republic vs. Herminio T. Disini, et al. (Civil Case No. 0013)

This case involves the recovery of ill-gotten assets from the Marcoses and their nominees, Herminio Disini and Rodolfo Jacob.

In a Decision promulgated on 11 April 2012, the Sandiganbayan declared as ill-gotten the "commissions" received by Disini in connection with the Bataan Nuclear Power Plant transaction amounting to \$50,562,500.00.

Disini was ordered to reconvey the total amount with interest until fully

paid. The Sandiganbayan however dismissed the complaint as against the Marcoses, stating that while the close relationship between Marcos and Disini was established, there is insufficient evidence to prove that the former actually obtained any part of the commissions.

The motions for partial reconsideration filed by both parties were denied by the Sandiganbayan in a Resolution dated 24 October 2012.



Republic vs. Jolly R. Bugarin (Civil Case No. 0039)

In a Decision promulgated on 6 August 2012, the Supreme Court affirmed the Sandiganbayan Resolutions which ordered the forfeiture of properties of former NBI Director Jolly Bugarin; properties acquired from 1968 to 1980 which were disproportionate to his lawful income during said period. Said resolutions order the forfeiture of Mr. Bugarin's real properties in Metro Manila (spe-

cifically in North Greenhills, San Juan; Valle Verde 3, Pasig; and BF Homes, Quezon City), Tagaytay and Mindoro, and membership shares in Manila Polo Club and Makati Sports Club.

The Supreme Court affirmed said Decision in a Resolution dated 22 October 2012. This decision became final and executory on 13 December 2012.

Republic vs. Fabian Ver, et al. (Civil Case No. 0017)

The complaint in this civil action against the Marcoses, Fabian Ver, Roberto Ongpin and 13 other defendants to recover ill-gotten wealth alleged that in 1983, the defendants organized the "Binondo Central Bank" to engage in the buying and selling of US dollars and bringing them out of the country without clearance from the Central Bank of the Philippines.

In a 19 January 2012 Decision,

the Sandiganbayan dismissed the case against Ongpin; granted the demurrer to evidence filed by the Ver children; dismissed the case against Fabian Ver and the Marcoses due to lack of evidence; and ordered the lifting of sequestration of the properties involved in said case.

A motion for reconsideration was filed by the Republic on 17 February 2012 and remains pending.

Republic vs. Jose Africa, et al. (Civil Case No. 0009)

This is a case for reconveyance against the Marcos spouses, Jose Africa, and other defendants involving Philippine Overseas Telecommunications Corporation (POTC), Philippine Communication Satellite Corporation (PHILCOMSAT), and related corporations.

One of the incidents in this case is the Republic's Amended Urgent Petition for Appointment of Receiver which the Sandiganbayan dismissed with finality in a Resolution dated 21 July 2012. The Republic filed a Petition for Certiorari before the Supreme Court on 12 October 2012.

PHILCOMSAT vs. PCGG (SB-12-CVL-0001)

The Sandiganbayan, in its Resolution dated 3 May 2012, dismissed the case filed by PHILCOMSAT/PHC for specific performance regarding the objection of PCGG to the listing of PHILCOMSAT's

shares in the Philippine Stock Exchange. Said resolution was affirmed on 14 August 2012. A petition for certiorari was filed by PHILCOMSAT/PHC with the Supreme Court on 24 August 2012.

Republic vs. Andres Genito, et.al. (Civil Case No. 0004)

The complaint in this case for reconveyance and damages against the Marcos spouses, Andres Genito Jr., and other associates alleged that Genito acted as a Marcos dummy in receiving bribes from those entering into contracts with the government. It also alleged that the defendants received best loans and other improper accommodations from government financial institutions.

In a 19 April 2012 Decision, the Sandiganbayan dismissed said complaint, stating that the

commissions were derived from private transactions of the defendants with foreign suppliers. It ruled that the government failed to establish convincingly its entitlement to the commissions derived from projects in connection with the Reparations Law and the Overseas Economic Cooperation Fund.

The Republic's motion for reconsideration was denied on 21 February 2013. The Republic has filed a Petition for Review on Certiorari with the Supreme Court.

Republic vs. Lucio Tan, et al. (Civil Case No. 005)

The complaint in this civil action for the recovery of alleged ill-gotten wealth accumulated by Lucio Tan, the Marcoses, and several other defendants alleged that defendant Tan's businesses – such as Allied Bank, Fortune Tobacco Corporation and Asia Brewery, Inc. – were formed and organized through an unlawful partnership with former President Marcos; and that because of this partnership, said corporations received various government concessions,

including improper tax exemptions.

In a resolution dated 26 September 2012, the Sandiganbayan affirmed its earlier Decision dismissing the case against Tan, et al. for alleged failure on the part of the Republic to prove its allegations.

The Republic filed a Petition for Review with the Supreme Court on 29 October 2012.





Savings on Legal Costs

For work done from May 2009 to June 2010 in relation to the Arelma litigation in New York, the law firm of Paul Hastings billed the Republic a total of US\$1,008,917.94. When the present members of the Commission assumed office in October 2010, US\$252,271.30 had already been paid by the previous Commission and US\$756,646.58 remained outstanding.

After a series of discussions which took the better part of a year, the Commission was able to obtain a 50% discount on the total bill which meant paying an additional US\$252,187.61 as full settlement for all previous billing statements. This translates to savings of approximately US\$504,459.03.

Additional Interest Income (West LB + PNB)

As discussed in the preceding sections, part of the Swiss funds recovered is still the subject of litigation in Singapore (the WestLB funds) while another part is deposited with PNB as the Contingency/Litigation Fund (the PNB fund).

In 2011, the Commission noticed the low interest rates being earned by these funds and directed PNB and the Singapore court-appointed manager to immediately canvass for higher rates. This move led to additional annual revenue of approximately PhP5 million.

<i>Consolidated 2012 Figures</i>					
Fund	Amount	Original Rate	New Rate	Additional Income	In Pesos
WestLB US\$ Fund	\$20,000,000	.20%	.48%	\$56,000	P2.30M
WestLB GB£ Fund	£ 5,300,000	.60%	.76%	£ 8,480	P.55M
PNB US\$ Fund (Jan-June 2012)	\$18,000,000	1.0%	1.5%	\$45,000	P1.85M
PNB US\$ Fund (July-Dec 2012)	\$8,000,000	1.0%	1.5%	\$20,000	P0.82M
Total					P5.52M

Paintings in New York

In November 2012, the New York District Attorney's Office announced the indictment of Ms. Vilma H. Bautista, the social secretary and confidante of former First Lady Imelda R. Marcos, and her two nephews for conspiring to possess and sell valuable paintings they did not own, and thereafter hiding the proceeds from tax authorities. Ms. Bautista was arrested and arraigned on 20 November 2012.

The investigation was commenced when the NYDA was alerted to the suspicious sale of a water lilies painting by Claude Monet in late 2010 by Ms. Bautista and her co-defendants.

In July 2011, aside from bank

accounts containing tens of millions of dollars, the New York authorities seized three paintings of internationally significant value from Ms. Bautista and her relatives: (1) Claude Monet's *L'Eglise a Veuthevil*; (2) Albert Marquet's *Le Cypres de Djenan Sidi Saïd*; and (3) Alfred Sisley's *Langland Bay*. These are currently in the custody of the New York court.

These paintings are also included in the PCGG's Missing Paintings list, and have been recorded with Art Loss Register, the world's largest private database of lost and stolen art.

The Republic is asserting a legal claim on the subject assets and monies involved.



Image from New York Times

Vilma Bautista was employed, first as a clerk in the 1960s, then as a Foreign Service Officer assigned to the Philippine Mission to the UN in New York from the early 1970s until February 1986. Unofficially, during that period, and for some time after, Bautista acted as the New York-based personal secretary of Imelda Marcos.

Before the Marcos regime fell (and during the days leading up to the EDSA Revolution), a significant amount of artwork and other valuables disappeared from Philippine government properties including the townhouse located at East 66th Street in Manhattan which at one point housed the Philippine Consulate and Mission to the UN.

The Seized Paintings



CLAUDE MONET (1840-1926)
L'Eglise à Vétheuil
oil on canvas

ALBERT MARQUET (1875-1947)
Le Cypres de Djenan Sidi Saïd
oil on canvas



ALFRED SISLEY (1839-1899)
Langland Bay
oil on canvas

Sequestered and Surrendered Assets

The Various Jewelry Collections

In November 2012, the Commission – together with the Office of the President's Asset Management Office (OP-AMO), the Commission on Audit (COA), and the Bureau of Customs (BOC) – undertook a comprehensive inventory of the jewelry collections stored in the vault of the *Bangko Sentral ng Pilipinas* (BSP).

These jewelry collections are:

(1) Malacañang Collection – Consisting of jewelry retrieved from Malacañang Palace right after the EDSA Revolution and turned over to the PCGG in 1986, the issue of ownership over this collection is still pending with the Sandiganbayan in Civil Case No. 141. The Commission, through the OSG, filed a motion for partial summary judgment in June 2009 and a motion to resolve the incident in October 2012.

(2) Roumeliotes Collection – This was seized at NAIA by the BoC from a Greek national, Demetrious Roumeliotes, as he was attempting to bring the jewelry out of the country in 1986. The confiscation was affirmed by the Supreme Court on 18 July 1994.





(3) Honolulu Collection – Confiscated from the Marcoses in February 1986 when they arrived in Hawaii, it was turned over to the Philippine Government by the U.S. District Court of Hawaii on 18 December 1992. These items were recovered pursuant to a settlement agreement between RP/PCGG and Imelda R. Marcos dated 15 October 1991, and by virtue of the Conveyance, Grant and Bill of Sale executed by Mrs. Marcos transferring to PCGG all rights, title and interest in these items.

These three sets were collectively (and conservatively) valued between US\$6-8.5 Million by Christie's in April 1991.

The Commission is working towards a 2013 public exhibit of the Collections, with the primary objective of highlighting the impact and consequences of intemperance, profligacy, and plunder.





Time and again, the Commission has stressed the importance of memorializing and commemorating historical facts to counter actions of revisionism. Insofar as the atrocities of Martial Law and the profligacy of the Marcos conjugal dictatorship are concerned, it is important to establish mechanisms of remembrance. The proposed public exhibit is one such mechanism.

Sequestered and Surrendered Corporations (and Corporations with Sequestered or Surrendered Shares)

Individual Performances

Unless otherwise indicated, the 2012 figures are based on the unaudited financial statements of the subject corporation.



BASECO

Bataan Shipyard and Engineering Corporation (BASECO) was incorporated in August 1972 as a shipbuilding, dry-docking and ship repair corporation, and was once identified with Marcos in-law Alfredo “Bejo” Romualdez. The current business operations of BASECO involve the leasing of properties in Mariveles, Bataan and the City of Manila.

The Bataan property covers around 300 hectares under a Joint Venture (49% BASECO - 51% Bataan) corporation with the Province of Bataan. The Manila property, commonly known as Engineering Island, covers around 6 hectares abutting the Pasig River and Manila Bay.

BASECO	2012	2011	2010
Revenues	70,194,922	51,360,073	37,163,070
Net Income	54,318,888	17,128,715	(19,353,480)



IRC

Independent Realty Corporation (IRC) was incorporated for the primary purpose of acquiring, selling, leasing, investing, and dealing with real estate properties. The company and its subsidiary corporations (the “IRC Group”) were voluntarily surrendered by Mr. Jose Campos in 1986 in favor of the Republic.

The IRC Group owns *Payanig sa Pasig*, the 184,970-hectare property situated in the heart of the Pasig business district, and valued between Php10 to Php14 billion. Approximately 78% of the property is presently occupied by illegal tenants or non-paying former lessees. These are currently subject of ejectment cases filed by the Republic and IRC.

IRC	2012	2011	2010
Revenues	88,773,252	86,931,129	71,866,423
Net Income	40,556,513	39,323,705	31,190,020



UCPB

Established in 1963, the United Coconut Planters Bank (UCPB) was the first private Philippine bank to become a universal bank, obtaining its expanded commercial banking license in 1981. Today, the bank and its subsidiaries operate 183 branches nationwide, delivering a full range of commercial banking services.

UCPB	2012	2011	2010
Revenues	7,162,000,000	6,151,000,000	6,019,000,000
Net Income	3,727,000,000	3,048,000,000	2,454,000,000



COCOLIFE

United Coconut Planters Life Assurance Corporation (COCOLIFE) is the 9th largest life insurance company in terms of premium income. The company offers a wide range of life insurance products as well as accident and health insurance.

COCOLIFE	2012	2011	2010
Revenues	3,260,039,000	3,236,170,000	3,097,151,000
Net Income	325,924,000	244,478,000	212,301,000



UCPB GEN

UCPB General Insurance Company (UCPB GEN) is the wholly owned non-life insurance subsidiary of Cocolife. Its main business covers motor, property, liability and casualty, marine, personal accidents and bonds. In terms of premium income, it is the 8th largest non-life insurance company.

UCPBGEN	2012	2011	2010
Revenues	2,404,836,000	1,885,001,000	1,711,151,000
Net Income	68,680,000	54,053,000	1,974,000



Chemfields

Chemfields, through UST Cedres, its 80% owned Joint Venture Company with the University of Sto. Tomas, manages laboratory facilities and provides drug research and evaluation services for pharmaceutical companies. Its key services include bioavailability and bioequivalence (BA/BE), monograph (potency) and dissolution tests for local generics companies and clinical trials in partnership with leading pharmaceutical companies and Clinical Research Organizations (CROs).

Chemfields	2012	2011	2010
Revenues	12,134,476	17,763,000	2157,165
Net Income	(1,996,130)	4,380,000	(757,681)



COCO CHEM

United Coconut Chemicals, Inc. (COCO CHEM) is engaged in the manufacturing of various oleochemical products that are sold in the domestic and foreign markets. It plays a major role in the supply of raw materials - fatty alcohol and glycerine – for the soap and detergent industry in the Philippines.

Cocochem	2012	2011	2010
Revenues	1,324,660,000	2,191,842,000	809,105,815
Net Income	(334,222,000)	(320,548,000)	(10,512,000)

The recent financial losses and resultant shutdown were caused by a number of interlocking reasons:

- *The marketing strategy used during the early years of its operation relied on legislation to protect a domestic market but hindered it from expanding in growth areas abroad.*
- *The absence of resources that could have allowed it to expand, resulting in the loss of its position in an increasingly competitive market.*
- *Failure to attract capital from possible investors due to its ownership issues.*
- *Failure to upgrade facilities also led to the company's inability to manufacture products that conform to updated specifications.*
- *Questionable decisions of previous managements which include, among others, the termination of a supply agreement that accounted for 30% of its production volume despite positive contribution margin.*
- *Setbacks in plant operations due to retrenchment in 2009.*
- *The lack of working capital which limited operating rate at 60% giving rise to an inefficiency cost in 2011 estimated at PhP84 million.*
- *The collapse of fatty alcohol prices beginning June 2011 and the high costs of fuel and chemicals.*

On a broader scale, the lack of growth in coconut production in the country rendered oleochemical companies in the Philippines less competitive both on price and quality with its ASEAN neighbors.



Oil Mills Group

The six companies which comprise the CIIF Oil Mills Group were established or acquired with monies from the Coconut Industry Investment Fund (CIIF) which formed part of the coconut levy funds. These companies are engaged in the milling and refining of copra into processed products such as crude coconut oil and edible oil. Its best known product is Minola cooking oil.

CIIF-OMG	2012	2011	2010
Revenues	12,340,265,000	16,657,000,000	14,187,000,000
Net Income	100,632,000	139,958,000	120,000,000



IBC 13

IBC 13 operates radio, television and/or telecommunication stations. In 1992, IBC became a 100% government-owned station after a compromise agreement was entered into between PCGG and Roberto Benedicto.

[Pursuant to Executive Order No. 4 dated 30 July 2010, IBC was placed under the supervision and control of the Presidential Communications Operations Office (PCOO).]

IBC-13	2012	2011	2010
Revenues	284,354,062	203,065,081	120,000,000
Net Income	70,080,944	7,779,775	(26,230,000)



Anchor Insurance Brokerage Corporation (AIBC) was incorporated in 1983 to initially service the insurance requirements of companies owned by the Coconut Industry Investment Fund (CIIF) and other privately-owned mills. It is primarily engaged in brokerage for insurance, reinsurance, pre-need and health maintenance plans, consultancy and management including acting as insurance, reinsurance, pre-need and health maintenance plan broker and as general manager or general broker for any life or non-life insurance or reinsurance company doing business or authorized to do business in the Philippines.

In the early half of 2012, the Commission also established its presence in AIBC. Sequestered in April of 1986 and included in Civil Case No. 33 (Republic v. Cojuangco, et al.), the Commission's current representation in the AIBC board (one seat) is based on the government's interest in the CIIF-OMG companies which in turn own approximately 17% of AIBC.

In 2012, the CIIF-OMG received dividend income from AIBC amounting to PhP8 million.

AIBC	2012	2011	2010
Revenues	141,069,000	110,508,278	93,916,035
Net Income	45,637,000	29,937,498	23,328,004

Philcomsat

The Philippine Communications Satellite Corporation (PHILCOMSAT) is 100% owned by Philippine Overseas Telecommunications Corporation (POTC) which is in turn 35% owned by the Republic. It was organized for the primary purpose of providing telecom services through space relay and repeater stations mounted on communications satellite, and also to install, maintain and operate a satellite station.

As of this publication, elected PCGG representatives to the board of POTC have been unable to discharge their duties nor has PHILCOMSAT submitted any financial report to the Commission.

Consolidated Performance

Consolidated 2012 Net Income increased by about P770M, from P3.28B in 2011 to P4.05B, or a 23% improvement even if consolidated 2012 Revenues from the above-cited companies amounted to P27B, versus P31B in 2011; a 15% decrease.

Table 1. Consolidated Revenue of Surrendered/Sequestered Corporations

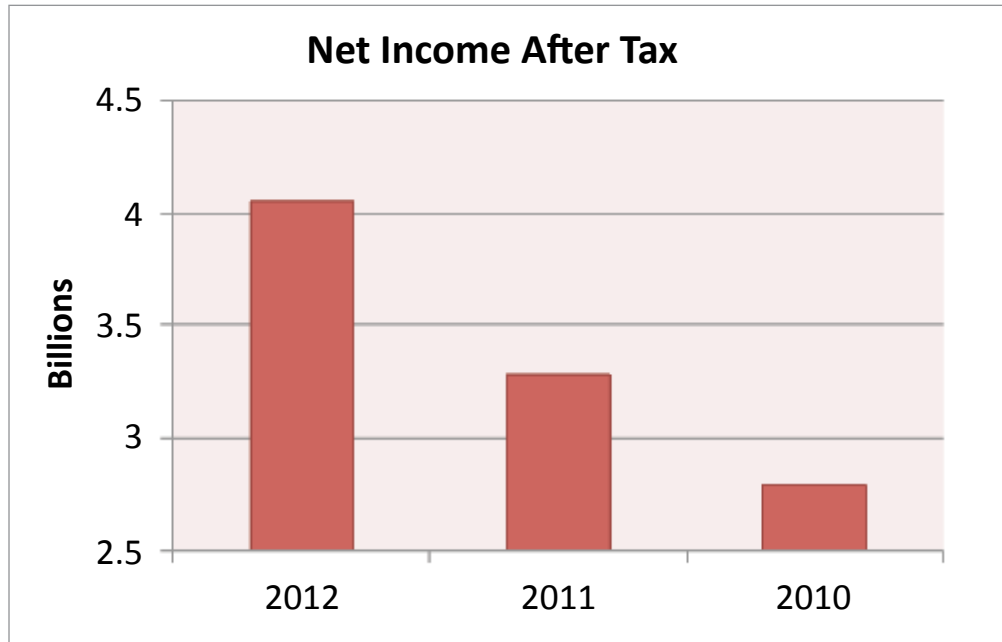
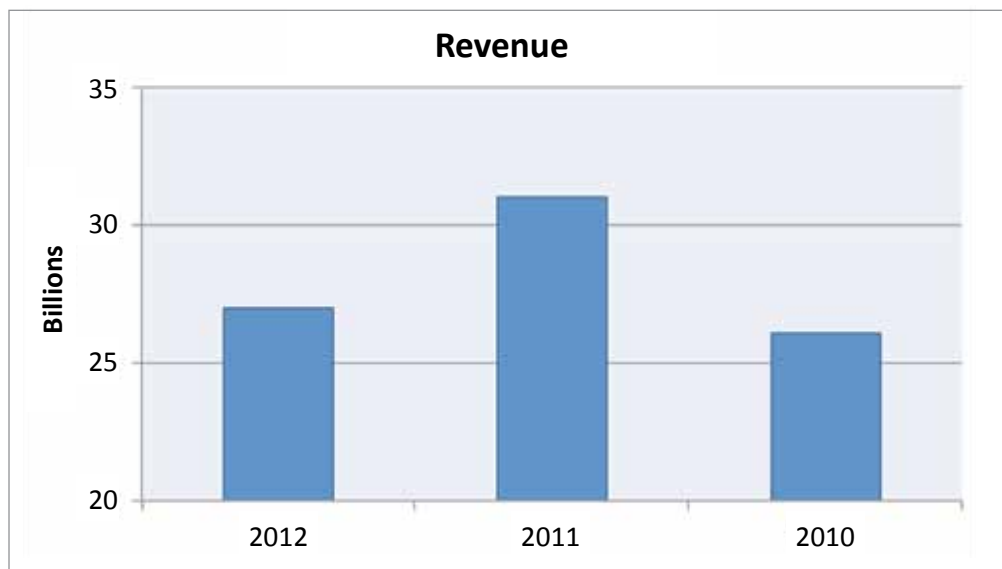


Table 2. Consolidated Net Income of Surrendered/Sequestered Corporations



Other Establishments with Governmental Interests

Coco Levy Related Concerns

The Coco Levy Companies currently coordinate corporate social responsibility undertakings through two developmental arms: i.e. the UCPB-CIIF Foundation, Inc. (COCOFOUNDATION) and the UCPB-CIIF Finance and Development Corporation (COCOFINANCE).



UCPB-CIIF Foundation, Inc. (COCOFOUNDATION)

COCOFOUNDATION was established as a non-stock, non-profit organization in 1987 to implement projects that assist coconut farming families improve their economic condition; it is primarily sustained by the contributions/donations of the Coco Levy Companies.

It launched the COCOFOUNDATION Scholarship as its flagship program in 2004. Financial assistance is provided to children of coconut farmers/farmworkers for them to pursue college education in state colleges and universities or to complete vocational/technical (VOCTECH) courses.

As of December 2012, 1,619 children of coconut farmers from 54 coconut-growing provinces have been awarded scholarships; 1,014 took up college courses while 605 opted for vocational programs. College graduates number 389 with 1 *summa cum laude*, 4 *magna cum laude* and 56 *cum laude* honors. On the other hand, 476 scholars have completed a VOCTECH course. This brings the total graduates to 865 since the COCOFOUNDATION Scholarship was launched.

In 2012, a total of 103 new scholars were admitted to 11 universities and colleges while 89 beneficiaries commenced VOCTECH courses in 7 training centers.

The 2012 contributions to COCOFOUNDATION are as follows:

Donor/Corporation	Amount
UCPB Savings Bank	6,000,000
UCPB Leasing & Finance	4,500,000
COCOLIFE	4,000,000
CIIF OMG	3,500,000
COCOFINANCE	3,000,000
UCPB Gen	2,000,000
Baseco	2,000,000
Partners of COCOCHEM	728,778
IRC/MPLDC	500,000
Others	102,500
Total	26,331,278

UCPB-CIIF Finance and Development Corporation (COCOFINANCE)

COCOFINANCE stemmed from the collaboration between UCPB and COCOFOUNDATION through the Countryside Economic Development Program (CEDP).

Under the CEDP, COCOFOUNDATION undertook community-building and training activities through the formation and organization of coconut farmer cooperatives while UCPB provided funds for sustainable livelihood projects. However, due to the restrictions imposed by banking laws and regulations on commercial banks, COCOFINANCE was created in 1994 to

extend concessional credit facilities for small coconut farmers.

COCOFINANCE aims to transform coconut communities into productive and self-sustaining villages by providing enterprise development opportunities and accessible credit facilities.

COCOFINANCE also provides business development services such as providing assistance in marketing, management, organization and other concerns to its accredited cooperatives.



Cocofinance	2012	2011	2010
Revenues	92,821,036	91,628,049	68,919,022
Net Income	27,734,133	16,635,210	2,157,774

Philippine Development Alternatives Foundation (PHILDAF)



PhilDAF, formerly Technology Resource Center Foundation, was incorporated to engage in the mobilization, encouragement and support of resources and expertise in the formulation of researches, policies, and strategies for technology development, innovation, and adaptation. In 1986, the Foundation changed its name to reflect a broadening of its mission from primary specialization in technology transfer to direct involvement in urgent and complex development problems.

In the early half of 2012, a representative of the Commission was elected to PhilDAF's board. Currently, the PhilDAF is arguably under-utilized as a vehicle for "the exchange of ideas on various aspects of development and in-depth study of critical issues in the political, economic, social and cultural spheres."

However, PhilDAF is a promising medium of development which hopefully can take on more meaningful projects in 2013.

PhilDAF	2012	2011	2010
Revenues	13,329,050.73	11,016,366	10,494,593
Net Income	2,751,133.45	1,948,077	3,539,248



Commission Activities

Lecture Series

To commemorate its 25th anniversary in 2011, the Commission launched the Haydee Yorac Commemorative Lecture Series (HYCLS) – which seeks to generate a conversation among experts and stakeholders on the continued campaign on good government.

The first lecture was held in June 2011 with Mr. Tony Kwok, an internationally recognized anti-corruption expert from Hong Kong. The second forum tackled asset forfeiture and an assessment of the Commission. Held in September 2011, it also provided a platform for Sec. Butch Abad of the Department of Budget and Management to share the National Action Plan on Anti-Corruption and Good Governance.

In 2012, the HYCLS had two lectures featuring Judge Michael Hopmeier and Professor Robert Klitgaard.





3rd HYCLS Lecture with Judge Michael Hopmeier

Michael Hopmeier of the United Kingdom has had extensive experience in anti-corruption legislation, implementation and prosecution. In 2004, he was asked by the OSCE (i.e., the Organisation for Security and Cooperation in Europe) to deliver seminars to Judges and Prosecutors of the Organised Crime Court in Serbia and Montenegro on human rights issues and on fighting fraud and corruption. In 2008, he was appointed by the EU to be part of a 3-person Justice Assistance Mission to the Philippines. In 2010, he returned to Manila as Judicial Expert to assist the EU EJUST mission to the Philippines.

Supported by the British Embassy in Manila, Judge Hopmeier spoke on asset recovery as a necessary tool of anti-corruption work which, more often than not, requires active cooperation among various nations and jurisdictions. His lecture dealt with practical procedures and the effects of asset recovery and anti-corruption work in the UK, as well as mutual cooperation under UN and EU Conventions.

Atty. Vicente S. Aquino, Executive Director of the Anti-Money Laundering Council (AMLC), served as reactor to the three-hour lecture attended by 164 participants from various sectors.

Keen to optimize his presence in the country, the Commission arranged other activities for Judge Hopmeier. These included (a) courtesy calls with key government officials; (b) an RTD with the DOJ Asset Recovery Technical Working Group; (c) an "echo HYCLS lecture" in Cebu City; and (d) in partnership with the Philippine Judicial Academy, an FGD with judges on judicial rules on asset recovery.



4th HYCLS Lecture with Prof. Robert Klitgaard

Robert Klitgaard, a leading expert on anti-corruption and economic development, is also a University Professor at Claremont Graduate University, where he was President from 2005 to 2009. He has served on the faculty of the World Economic Forum and has advised many governments, including the Philippines, on economic strategy and institutional reform.

The forum, “Safeguarding Good Government for Economic Development”, considered the nexus between “transparent, accountable and participatory governance” and “rapid, inclusive and sustained economic growth”. As these are identified key result

areas of the Aquino Administration’s social contract with the people, the lecture was very useful in understanding the many ways by which the areas interface. 120 participants attended the lecture which also featured Bureau of Internal Revenue (BIR) Deputy Commissioner Estela Sales as reactor.

This final forum of the HYCLS was organized with support from the US Agency for International Development, and in partnership with the Hills Program on Governance at the Asian Institute of Management and the Management Systems International (MSI) Integrity Project.





University Roadshow Exhibit and Public Forum on Good Government

In 2011, the Commission undertook to conduct a series of public forums on good governance and a university roadshow of our commemorative exhibit.

The main goal of the public forum was to expose the post-EDSA generations to the Commission's functions, history and legacy, and the collective responsibility to combat corruption and to contribute to the achievement of good governance in the country.

The exhibit panels featured in the commemorative exhibit and which revolved around three main themes – the Marcos excesses, the subsequent recoveries and the continuing quest for good government – were lent to partner-institutions for their own weeklong displays.

The Commission visited 15 universities in 2011. The following colleges and universities were tapped in 2012:

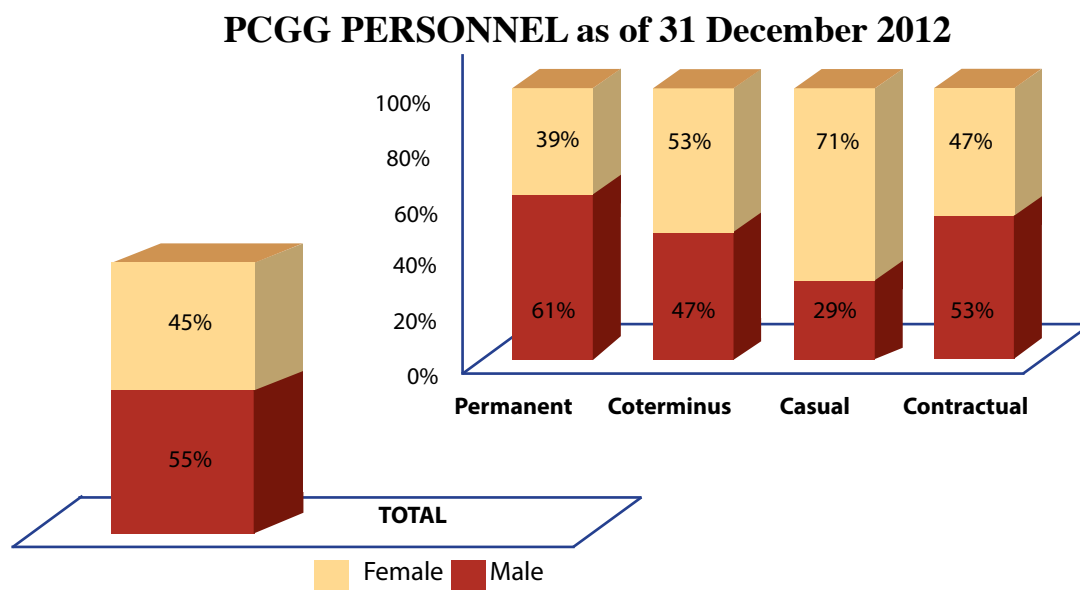
Partner-Institution (Center of Excellence)	Date
Saint Louis University (Baguio)	Exhibit: 23-27 Jan. 2012 Forum: 25 Jan. 2012
University of Batangas (Batangas)	Exhibit: 7-10 Feb. 2012 Forum: 10 Feb. 2012
Philippine Normal University (Manila)	Exhibit: 20-24 Feb. 2012 Forum: 23 Feb. 2012
University of the Philippines (Los Baños)	Exhibit: 5-9 March 2012 Forum: 9 March 2012

Gender and Development Programs

The Philippine Framework Plan for Women defines gender-responsive governance as that which enhances the abilities of women and men to contribute to and benefit from development. This is an objective the Commission has endeavoured to be more proactive about.

The Civil Service Commission's data shows that approximately 59% of the total 1.31 million government personnel are women. However, they are likely to be technical personnel in the 2nd level while men are likely to be clerks or executives. It is interesting to note though that as of February 2012, the percentage of women occupying 3rd level (CES) positions was pegged at 46% up from 42% as compared to the same period in 2011.¹

As of December 2012, the gender-aggregated numbers in the Commission [206 employees: 114 male (55%) and 92 female (45%)] reflect a similar picture.



¹http://pcw.gov.ph/sites/default/files/documents/resources/factsheet_filipino_women_men_march_2012.pdf



In consonance with its Gender & Development (GAD) Plan for 2012, the Commission's Focal Point Group (GAD-FPG) implemented activities which sought to address the various needs and concerns of its employees with the end goal of promoting gender equality and enhancing productivity.

These included film showing, such as a viewing of the documentary "An Inconvenient Truth" during Women's Month in keeping with the theme of the Philippine Commission on Women – Women Weathering Climate Change: Governance and Accountability, Everyone's Responsibility.

Health and physical fitness were also identified as areas for improvement considering the largely sedentary nature of most of the employees' work. In cooperation with the PCGG Employees' Association, the GAD-FPG arranged for Zumba sessions. A medical doctor was also requested to give a forum on the early detection of common diseases.

Aware of the financial challenges faced by its employees and how a number of them were targets of exploitative loan sharks, the Commission convened a committee – with the Employees' Association and the Employees' Cooperative – to address the funding problems of the employees. Other potential loan facilities were explored and the employee-lenders admonished to stop usurious practices. In September and October 2012, arrangements were made for all employees (in 3 batches) to attend a seminar on managing personal finances to strengthen economic literacy conducted by wealth management resource speaker, Mr. Ferdinand "Chinkee" Tan.

Employee-led Activities



The PCGG Employees Association (PCGGEA) is the organization of rank and file employees in the Commission which is registered and accredited with the Civil Service Commission and the Department of Labor and Employment as the sole collective negotiating unit for said employees. The PCGGEA is a leading affiliate of the Philippine Government Employees Association (PGEA), the national umbrella organization of associations in the public sector.

The PCGGEA maintains the Employees Perpetual Fund (EPF) which extends soft loans to both members and non-members with minimal interest to assist employees encountering difficult financial situations. It also maintains the Mutual Assistance Program (MAP) which provides financial assistance to enrolled members and non-members. Under the program, each enrollee is entitled to register a maximum of 4 beneficiaries who would be entitled to financial assistance in case of hospitalization and/or death.

In 2012, the PCGGEA successfully renegotiated a 3-year Collective Negotiation Agreement with the Commission, and undertook several activities to engage the employees including the following:



National Workers Congress. By authority of the Public Sector Labor Management Council (PSLMC) chaired by CSC Chairman Francisco Duque III, the PCGGEA spearheaded and organized the National Workers Congress on 31 August 2012 at the Tent City of Manila Hotel. It was attended by about 659 delegates from the different public sector employees' associations and unions from all over the country.



Annual Cultural and Historical Visit. To celebrate Civil Service Month in September 2012, PCGGEA organized a trip to the Aguinaldo Shrine in Kawit, Cavite. Now on its 4th year, this annual undertaking aims to enhance the knowledge and awareness of government employees of the historical and cultural sites in the country.

Outreach Project under the Lingap Barangay Program. Now on its 5th year at the SAPINIT Elementary School in Antipolo City, the project involves a feeding program and gift giving during the Christmas season. The PCGGEA partnered with school officials for a twice-a-month feeding program for severely malnourished children and also distributed about 500 school bags and 300 t-shirts to the students in December 2012.

Blood-Letting Project. This was undertaken in February and July 2012 in cooperation with the Philippine National Red Cross (Rizal Chapter).

Government Employees Week. PCGGEA joined the activities in celebration of National Government Employees Week held during the 1st week of December, which culminated in the National Convention of Government Employees at the Heritage Hotel.

Botika ng Manggagawa. Launched in the first quarter of 2012, this year-round project provides employees with access to generic medicines at considerably lower prices payable through salary deduction. The project is in partnership with PGEA and the Department of Health through a P50,000.00 grant.



PCGG Employees' Multi-Purpose Cooperative

Established in May of 1996, the PCGG Employees' Multi-Purpose Cooperative (PCGGEMPC) was registered with the Cooperative Development Authority (CDA) in July of the same year. The Cooperative's common bond is institutional; i.e., its membership is open only to employees of the Commission.

PCGGEMPC's main objective is to encourage thrift and savings mobilization among its members for capital formation. It also aims to create funds in order to grant loans for productive and providential purposes, as well as provide other goods and services to its members. Pursuant to its objectives, it launched a lending facility in 2000 and this has become its primary concern. In March 2012, it entered into a Memorandum of Agreement with the Commission for the operation of the employees' canteen.

In the PCGGEMPC's Comparative Statement of Operations for 2011 and 2012, the net surplus showed an increase of 76% mainly due to the interest income earned from loans. In 2012, this resulted in the highest rate of dividends ever declared and released to its members.





Present Commission



Andres D. Bautista. Before his appointment to PCGG, Chairman Andy was the Chief Executive Officer of Kuok Group Philippines and Dean of Far Eastern University's Institute of Law. He co-founded the Master of Business Administration-Juris Doctor dual degree program of De La Salle Graduate School of Business and FEU. He graduated as Ateneo Law class valedictorian in 1990 and obtained his Master of Laws from Harvard Law School in 1993. He was previously Chairman and President of the Philippine Association of Law Schools, and a partner in an international law firm. He was also a member of the Constitutional Reform Commission under previous administrations.



Nelson Acebo. A CPA by profession, Commissioner Nelson obtained his Economics and Accounting degrees from De la Salle University in 1991 and his MBA degree from the Asian Institute of Management in 1996. Before joining the Commission, Nelson gained extensive financial and general management experience through his nearly 20 years as a senior executive in various multinational and local companies.



Richard Roger T. Amurao. A 2001 Ateneo law graduate, Commissioner Richard was awarded the Evelio Javier Leadership Award in recognition of his work as President of the Student Council. He completed his LL.M. degree at the London School of Economics in 2006 as a Chevening scholar. Before his appointment, he served as a consultant in the Asian Development Bank's Governance in Justice Sector Reform Program.



Ma. Ngina Teresa V. Chan-Gonzaga. Commissioner Maita graduated valedictorian from Ateneo Law School in 2002 and was also the recipient of the St. Thomas More Award (for the most distinguished graduate). She then placed 4th in the bar exams. She obtained her *Magister Juris* from Oxford University in 2008. She has focused her professional career on law teaching and human rights advocacy, and was with the Working Group for an ASEAN Human Rights Mechanism and the Ateneo Human Rights Center prior to her appointment.



Vicente L. Gengos, Jr. The newest member of the Commission (*vice* now Deputy Ombudsman for Luzon, Gerard A. Mosquera), Commissioner Benjie was past president of the Integrated Bar of the Philippines-Iloilo Chapter (1993-1995) and was elected as a member of the City Council of Iloilo for 3 consecutive terms (1995-2004), where he served as the Chairman of the City Council's Committee on Good Government. A 1987 law graduate (*cum laude*) of the University of Iloilo, he has been an active legal practitioner in the City and Province of Iloilo for the past 24 years.



Postscript

Writing this report has once again afforded us a chance to take stock. While much has been accomplished; much can still be done.

We will continue to strive to redeem the Commission's chequered reputation and to be a paradigm for this Administration's commitment – an example of a blighted institution's capacity to change into an instrument by which the government's social contract with the people is realized.

At 27, the Commission may be getting on in years but we find that there remains reason for optimism in the days yet to come. What Lord Tennyson wrote in *Ulysses* is applicable to this Commission –

One equal temper of heroic hearts,
Made weak by time and fate, but strong in will
To strive, to seek, to find, and not to yield.

