

PRESS RELEASE

“PCGG SEEKS RECOVERY OF PHP4.2B PROPERTY, FILES ADVERSE CLAIM”

21 JUNE 2011

The new Presidential Commission on Good Government (PCGG) took the crucial first step in contesting a grossly disadvantageous sale entered into by the previous Commission under the Arroyo Administration.

The new PCGG today filed an affidavit of adverse claim, in an effort to prevent the transfer of a 12-hectare property located along the C-5 Road in Pasig City worth at least PhP4.3 Billion pesos—which was sold for less than PhP1 Billion in May 2010. The property was sold to Consolidated Property Development Corporation, a member-corporation of SM Development Corporation.

“The transaction is evidently fraudulent and the implementing contracts grossly disadvantageous to the government,” stated the Commissioner-in-Charge of the PCGG’s Legal Department, Gerard A. Mosquera, in the affidavit of adverse claim filed with the Register of Deeds for Pasig City.

PCGG Chairman Andres Bautista called the deal, “another midnight transaction initiated, negotiated, and executed during the final eight months of the previous administration.”

The loss to the government as a result of the transaction is conservatively estimated at PhP3.4 Billion pesos.

History

The property was originally leased by GSIS-subsiary Meat Packing Corporation of the Philippines (MPCP) to Philippine Integrated Meat Corporation (PIMECO) in 1975 under a lease-purchase agreement. In 2009, the period of the lease ended, and PIMECO’s right to purchase the property matured.

The Republic (through PCGG) owns thirty percent (30%) of PIMECO. (The latter owns the right to purchase the subject property.) The remaining 70% of PIMECO’s capital stock was sequestered and is being claimed by the Republic in an ill-gotten wealth case pending before the Sandiganbayan docketed as Civil Case No. 0024. In sum, the PCGG maintains the legal position that the government owns 100% of PIMECO.

Anomalous Transaction

Former officials of the PCGG and the Office of the Solicitor General, in conspiracy with Peter Sabido, son of Marcos crony Roberto Sabido, executed a Memorandum of Agreement whereby the PCGG waived all of its rights and interests to the property for approximately PhP100 Million (in favor of the SM Group). For his part, former GSIS President and General Manager Winston Garcia facilitated the transfer of the property to the SM Group for PhP1.1B billion pesos: PhP300M of which was paid by GSIS to the government as transfer tax. This arrangement left less than PhP900M as net compensation, received by both PCGG and GSIS for the property (whose value is more than quadruple that price).

THE PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT

Legal Action

The new PCGG and GSIS management is seeking to recover the multi-billion peso property on the contention that the transfer from GSIS to the SM Group (through PIMECO) and the waiver by the PCGG of the Republic's rights and interests over the property was fraudulently effected and obtained, with the connivance of previous officials of the PCGG and GSIS.

PCGG and GSIS intend to file a motion with the Sandiganbayan to nullify the compromise agreement entered into by PCGG and the SM Group, on the grounds of fraud and that the contract was grossly disadvantageous to the government. In the meantime, its adverse claim will be annotated at the back of the certificates of title of the property and serve as notice of the government's claim and intent to recover the said property.