

Following the trail of Marcos' money

Philippine investigators recover millions by seizing funds of ex-leader's 'cronies'

By Chaitanya Kalbag
REUTERS

MANILA — Former President Ferdinand Marcos and his associates still control vast amounts of funds circulating in the country's economy, the head of a government panel tracking the ousted leader's "hidden wealth" said Sunday.

Ramon Diaz, chairman of the Presidential Commission on Good Government, said in an interview, "There is every reason to believe that the cronies and President Marcos and his family were able to hide millions and millions of pesos before they fled."

"As a matter of fact, we have been able to get hold of crates of newly printed currency," Diaz said. He said he had personally seen large quantities of mint-fresh 50-peso (\$2.50) bills that carried no serial numbers.

Diaz did not cite figures but said the panel believed Marcos and his associates "still have a lot of funds. These are the funds that they will use in the coming elections. These are the funds that they used to stage those coups."

He was referring to congressional elections scheduled for May 11 and to the three coup attempts against President Corazon Aquino since she toppled Marcos a year ago. The election is being contested by parties across the political spectrum.

Diaz said the presidential commission had so far recovered cash and property valued at \$400 million and seized shares of stock of at least 286 companies.

"We have achieved more than what we thought we could achieve in one year," he said. "It has been a very fruitful year."

The commission, set up by Aquino in February 1986, has sweeping powers of seizure and inspection of bank accounts.

Diaz said the panel's main task is to gather evidence for legal prosecution.

He said dividends from seized shares were held in trust funds pending court verdicts, adding several Marcos associates had made confessions about their wealth. He did not name them.

"They are very concerned and afraid that if their names appear something may happen to them," he said.

The government announced last week that businessman and Marcos associate Antonio Floirendo had turned over \$3.5 million in cash to the commission and pledged to surrender titles to property in New York and Hawaii worth another \$9 million.

In return, the commission said it had lifted freeze orders on Floirendo's properties.

Diaz said similar preliminary agreements already existed with another Marcos associate, Roberto Benedicto, who had large sugar interests during Marcos' rule.

He said Benedicto had surrendered control of several newspapers and radio and television stations and agreed the commission could nominate two-thirds of the directors on the boards of a bank and a hotel he owned in the Philippines.

Diaz said the commission based its estimates of illegal wealth on the income-tax returns and land titles of Marcos associates. "Anything over and above reported income — that's what we have to recover," he said.

He said a commission decision last week to probe "street certificates" held by brokers was prompted by suspicion that illegal funds were in circulation.

Street certificates describe securities held in the name of a broker or another nominee instead of a customer so as to permit easy trading or transfer.

Diaz said the commission's suspicions were aroused by a stock market boom over the past year. The Manila Stock Exchange jumped 224 percent from 131.32 points to 424.81 in 1986.

"We want to make sure that these stock exchanges are not being manipulated by the cronies because maybe they want to launder their pesos and that is why the prices are just skyrocketing," Diaz said.

Share prices at the two exchanges reacted nervously last Tuesday when news of the probe leaked. The Manila Stock Exchange fell 18.61 points to 451.51, while the Makati exchange slipped 1.7326 to close at 63.0618. There was a slight recovery the following day.

The presidents of the two exchanges appealed to Diaz to carry out the probe discreetly so that investors were not scared away.

Diaz said the panel would limit its probe to seized stock in brewery giant San Miguel Corp., the Philippine Long Distance Telephone Co., mining conglomerate Benguet Corp. and Oriental Petroleum and Minerals Corp.

Shares of the four companies are among the most frequently traded on the two stock exchanges.

The panel scored a major victory against Marcos when a U.S. court ruled last November that all Marcos properties in New York should be frozen. The following month the panel filed a \$650 million suit in a Manila court against Marcos, his family and several associates.



Kris, daughter of Philippine President Corazon Aquino, sings during a Senate campaign rally

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