

# Top Filipino official faces graft charge

By Chaitanya Kalbag, Reuter

MANILA: A government-appointed special prosecutor yesterday ordered the filing of corruption charges against Philippine Central Bank Governor Jose Fernandez, who said he would contest the charges.

Ombudsman Raul Gonzalez said there was evidence to indicate that Mr Fernandez had misused his office in ordering the closure of the private Pacific Bank in July, 1985.

He said the charges against Mr Fernandez would be filed "within the week" in a special court for corruption cases, adding that a defendant could appeal such filings to the Supreme Court.

Mr Fernandez is in New York for talks with the Philippines' creditor banks on rescheduling US\$9.4 billion (HK\$75.2 billion) of the country's foreign debt.

A Central Bank statement quoted Mr Fernandez as saying Pacific Bank's closure and sale were in accordance with law.

"Mr Fernandez said that some

points may have been missed in the appreciation of the case, for which reason he will be filing a motion for reconsideration of the (ombudsman's) resolution," the statement said.

Mr Gonzalez said his order that the charges be filed after hearing submissions from Mr Fernandez and plaintiff Paula Paug, the President of the employees' union at Pacific Bank.

Ms Paug said Mr Fernandez had acted arbitrarily in ordering the closure of the bank and placing it under receivership without giving Pacific the right to appeal, throwing hundreds of employees out of work.

Ms Paug also said Mr Fernandez had not withdrawn his stockholding in Far East Bank and Trust Company, which took over Pacific Bank's assets, when he became Central Bank Governor in January, 1984. Mr Fernandez founded Far East in 1960.

She alleged Mr Fernandez had

misused his position by appointing two Far East Bank executives to Central Bank consultancies, giving them access to Pacific Bank

She also disputed Mr Fernandez' interpretation of Pacific's accounts from January, 1980 to May, 1985, claiming the bank made a profit, not a loss.

The Central Bank statement quoted Mr Fernandez as stressing that Pacific Bank was "repeatedly given notice of the continuing losses of the bank and the immediate need of putting up additional capital to eliminate insolvency."

It said the Central Bank tried to assist in a bid by Bank of Hawaii and Philippine sugar trader Antonio Chan to buy Pacific Bank, but the negotiations collapsed "because of certain legal impediments."

The statement said the Central Bank invited several banks to submit offers for Pacific, and the sale to Far East was approved by the

monetary board and not by Mr Fernandez alone.

Mr Fernandez was also quoted in the statement as saying he had divested himself of all interests in Far East Bank when he became Central Bank Governor.

A Far East Bank spokesman declined comment on the charges against Mr Fernandez.

Meanwhile, in **Tokyo**, Japanese tax authorities have fined companies accused of paying millions of dollars in bribes to deposed Philippine President Ferdinand Marcos, a leading newspaper reported yesterday.

*Mainichi Shimbun* said the national taxation agency had fined an undisclosed number of companies for misrepresenting the bribes as "entertainment expenses".

Because of the misrepresentations, the corporations had failed to report some 1.5 billion yen (HK\$78 million) owed in taxes between 1984 and 1986.