

Privilege Speech
Senator M.A. MADRIGAL
24 September 2008

Mr. President:

The founding generation of this chamber, the first senators of our country, took their integrity seriously. So seriously that in the year 1933, two of the founding fathers of the party to which our distinguished colleague from Taguig, and indeed, the president of this chamber, both belong, clashed in this chamber. They were party-mates, and admittedly rivals, but both operated on the principle that party was secondary to loyalty to country.

And so it was that when his devotion to independence was questioned, Senate President pro tempore Sergio Osmena delivered a privilege speech that lasted three days, detailing every political decision he'd made since he was Speaker in 1907. And when his personal integrity was questioned, Senate President Quezon descended from the rostrum to deliver a privilege speech that lasted two days in which he detailed his professional life, and made a full disclosure of every single property and asset he'd ever owned and earned.

Times, indeed, have changed, not only because today's nationwide coverage through radio and ANC would make 3 and 2 day speeches impossible; but also because the leaders of today would rather run than fight, would prefer to hide, instead of fully disclosing the truth.

I must bring up the past because for a chamber like this one, we have the benefit of the example and precedents established by the past presidents and members of this Senate.

These things didn't happen so long ago, as to be beyond living memory.

In 1933, when Osmena spent three days to explain to the people his public career, and when Quezon took two days to detail the story of his life and the particulars of his personal finances, our venerable colleague from Cagayan was nine years old. Our equally venerable colleague from Camarines Sur was six years old. Back then, in 1933, Quezon could proclaim before the senate and the public that "Real estate business can have no possible incompatibility with my duties as president of the senate or senator," and he was right—at the time.

But the times have changed. If 1933 was also a time so long ago that it was five months before our distinguished colleague from Cagayan de Oro City was even born, a full year before our distinguished colleague from Aurora was born, too, thirteen years before our current Senate President was born, and a quarter century before I saw the light of day, it was also a time before the rules changed. They are much stricter now, in reaction to our people's disappointment with their martial law leaders.

For those of us born long after 1933, let the words of our venerable colleague from Camarines Sur enlighten us. I've noted he was a strapping lad of six in 1933, but he has placed before us the proper perspective to consider the time that has elapsed between the Manuel who was Senate President in 1933 and the Manuel who is unfortunately Senate President in 2008, both Nacionalistas.

Last week, fortunately rescued from possible oblivion in the House archives, you and I Mr. President, together with our colleagues and the Filipino people, had our memory refreshed concerning a speech delivered by then-representative Joker Arroyo, concerning the business practices and ethics of then Speaker Manuel Villar Jr.

On August 17, 1998, then-representative Arroyo pointed out two sections of Article VI of our present Constitution, and explained that they were innovations in our charter, based on our tragic martial law experience as a nation. They were not in the Jones Law, in the 1935 or 1973 Constitutions, but they are in the 1987 Constitution.

I am submitting these as part of these remarks, Mr. President, but let me point out they are being flashed on the screen, now, for your reference:

(Slide 1)

Art. VI, Section 12. All Members of the Senate and the House of Representatives shall, upon assumption of office, make a full disclosure of their financial and business interests. They shall notify the House concerned of a potential conflict of interest that may arise from the filing of a proposed legislation of which they are authors.

Concerning Section 12, then Congressman Arroyo pointed out that then Speaker Villar never made such a disclosure, and never made any such notifications.

As for this:

(Slide 2)

Art. VI, Section 14. No Senator or Member of the House of Representatives may personally appear as counsel before any court of justice or before the Electoral Tribunals, or quasi-judicial and other administrative bodies. Neither shall he, directly or indirectly, be interested financially in any contract with, or in any franchise or special privilege granted by the Government, or any subdivision, agency, or instrumentality thereof, including any government-owned or controlled corporation, or its subsidiary, during his term of office. He shall not intervene in any matter before any office of the Government for his pecuniary benefit or where he may be called upon to act on account of his office.

Concerning Section 14, then Congressman Arroyo said of then Speaker Villar, that he had violated this provision, repeatedly, and indubitably.

Everyone in this chamber and the country knows that our venerable colleagues from Camarines Sur and Cagayan clashed repeatedly during martial law, and the lesson of that era was never to make an allegation not borne out by the facts. Then-congressman Arroyo bristled with facts, and one will suffice to illustrate how powerful his arguments were.

Speaker Villar, said Congressman Arroyo, controlled the Capitol Bank, of which Mrs. Villar was the Chief Executive Officer. The Capitol Bank received loans, financial accommodations and guarantees from the Bangko Sentral ng Pilipinas from 1992 to 1998 while he was a Representative. That was constitutionally forbidden.

Despite repeated interpolations, his congressional colleagues could not dispute this and other facts. Such as, then Speaker Villar's companies were developing or have developed 5,950 hectares or almost 60,000,000 square meters of CARP Lands into residential subdivisions without the appropriate DAR issuances that would authorize such lands to be used for residential purposes. A traducement, according to then Congressman Arroyo, of the constitutionally directed CARP Law.

But wait, there's more, much, much more.

(Slide 3- Housing Structure/40% profit of Villar)

The members of the House should also have been made aware of how the businesses of then-congressman Villar cornered forty two percent of the housing contracts for that program. That program, Mr. President, amounted to forty billion pesos, and so from it, the corporations of then congressman Villar made at least 12 to 16 billion pesos.

Labing dalawang bilyong piso, Ginoong Presidente, ang pinakamaliit na ibinayad ng taong bayan sa mga korposayon ni dating kongresista Villar, bilyones na galing sa sipag at tiyaga ng mga ordinaryong mamayang na pinagkitaan, na ginatasan, na ginamit, sa pamagatan ng areglo at pagka wa-is sa mga patakaran ng pamahalaan, sa panig ng mga korporasyon di dating kongresista, at naging Ispiker at Pangulo ng Senado Manny Villar. Dahil dito, halos bumagsak ang SSS at GSIS sa laki ng pondong ginamit para sa programang ito.

What the National Home Mortgage Finance Corp.'s (NHMFC) Unified Home Lending Program (UHLP) did, Mr. President, was to “fast-track” payments for houses built by companies owned by our presiding officer during the Ramos years. By fast track it seems that applications for these houses were unduly prioritized to the extent of being color coded so that they were attended to first, and so got paid for ahead of other applications.

Ito po ay isang kaso –isa sa maraming mga kaso- kung saan ginamit ng kasalukuyang Pangulo ng Senado ang kaniyang poder upang matubigan at hindi lang maambunan, ang kaniyang mga korporasyon, sa pamamagitan ng pangdilig ng perang galing sa kaban ng bayan at hindi sa kaniyang sipag at tiyaga.

Nakakalungkot lamang na ginugulo pa ang isyu ng mga dating kaaway ng Pangulo ng Senado, na ngayo’y matalik na kaibigan niya sa pulitika.

To be sure, our venerable colleague from Camarines Sur has made the remarkable transformation from the congressman who thundered we cannot have a nation run by a thief, to being the paladin in this chamber of a president who stole the presidency. If he could make that transformation it shouldn’t surprise anyone that he could attack Speaker Villar and then become a champion of Senate President Villar.

But the point made by then congressman Arroyo, though lost in the mists of time and the haze brought on by the cozy political relationship he has since established with former Speaker Villar, remain the same.

That point is, that during our term of office, it is unlawful for any of us to author any law or resolution that would benefit or favor us financially. This prohibition applies to every legislator, even to the extent of prohibiting merely recommending, and not even authoring, the enactment of any such financially-beneficial law.

Could it be that since the People's Dragon breathed fire on then Speaker Villar, by the time he became Senate President Villar, some sort of change had taken place?

No, Mr. President. Ang maling klaseng sipag at tiyaga na noon ay tinuligsa ni kongresista Arroyo ay ginagawa pa rin ng Pangulo ng Senado hangang sa ngayon kahit ayaw na itong bigyan pansin ni senador Arroyo.

Capitol Bank is gone, Mr. President, and the names of the real estate ventures that earned the presiding officer of this chamber a fortune, have changed too. But let us look at just one corporation, to see how certain names have not changed, and how the behavior of those who bear those names hasn't changed, either.

Mr. President, before you on the screen you will see a chart, which outlines the corporate structure of Brittany Corporation: a company surely familiar to our presiding officer.

(Slide 4 – Corporate Structure of Brittany Corporation)

You see, our presiding officer had a plan, that plan involved speculation, that plan required his direct and self-interested intervention as a lawmaker.

The 16 billion pesos earned from the “fast-tracked” housing payments I've mentioned facilitated, in turn, the purchase of properties along Carlos P. Garcia Avenue, more commonly known as C-5.

Recall, Mr. President, that the 200 million peso road project along Carlos P. Garcia Avenue detailed by my colleague, Senator Lacson, was and is directly connected to our presiding officer having a direct financial interest in the area. Both in terms of funding the right of way the project funded –a

right of way involving property owned by our presiding officer, and also in terms of other investments of the Senate President.

Mr. President, before you on the screen you will see a chart, which the outlines the corporate structure of Brittany Corporation: a company surely familiar to our presiding officer.

As per the GENERAL INFORMATION SHEET (GIS) submitted to the Securities and Exchange Commission (SEC) for the year 2008 (filed on April 17 2008), Brittany Corporation is 99.96% owned by **VISTA LAND & LANDSCAPES, INC.**

As per the 2007 GIS submitted to the SEC on 9 July 2007, VISTA LAND's stockholders included the following:

- i. FINE PROPERTIES, INC. (67.2% ownership)

As per the 2007 GIS submitted to the SEC on 4 June 2007, Fine Properties' stockholders included the following:

MANUEL B. VILLAR, JR. (51.02% ownership)

CYNTHIA A. VILLAR (48.86% ownership)

MANUEL PAOLO A. VILLAR (0.02% ownership)

- ii. ADELFA PROPERTIES, INC. (12.2% ownership)

As per the 2007 GIS submitted to the SEC on 20 February 2007, Adelfa Properties' stockholders included the following:

MANUEL B. VILLAR, JR. (52% ownership)

CYNTHIA A. VILLAR (48% ownership)

Now you may be curious, Mr. President, though not as curious as the rest of the country surely is, as to what, exactly, Brittany Corporation has to do with anything.

Brittany Corporation has properties and unduly profited from the government sponsored construction of C5 extension. These properties are located in proximity to infrastructure developments that bear discussing in detail, Mr. President.

Let us review a cardinal principle of real estate development: it's all about location, location, location. What makes for a good location? Among other things, proximity to major thoroughfares.

Mr. President, let me show you an official map, showing the plans of the national government, for the improvement of connections between the major arteries of Metro Manila.

Let me call your attention to the portion of the map on the lower left.

And let us focus on this area, to give you, Mr. President, and our people, a closer look at the infrastructure being built in this area.

Mr. President, it is in this area, and these projects, that have caused our presiding officer such embarrassment, because of this project, which I am showing you now:

(Slide 5 : Map with GAA and double entries)

Having been enumerated, not once, but twice, in the General Appropriations Act or National Budget for 2008. Our venerable colleague from Cagayan says one of these enumerations was inserted upon your initiative, Mr.

President. And so far, the public focus has been on the same project being mentioned twice in the budget.

But it seems to me, Mr. President, that at the heart of any possibility of wrongdoing lies the question of motive.

Mr. President, let me now present to you newly discovered evidence which came into our possession this afternoon. This evidence will prove without the iota of doubt how greed and corruption through **singit at taga** made the man rich as he now presents himself.

Please bear with me as I relate to you the following timeline:

- In 1989, Azalea Corporation (now known as Brittany Corporation) bought a parcel of land consisting of 22,543 square meters located at Barangay San Dionisio, Paranaque City for only P5,635,750.00, or for P250.00/square meter. **SP VILLAR himself signed the Deed of Sale for Azalea Corporation as President.**
- In 1992, Azalea Corporation mortgaged the 22,543 square meter-property to Banco De Oro for P14,090,000.00. At the time of the mortgage, based on the bank's appraisal, the market value of the 22,543 square meter-property was about P22,000,000.00.
- Also in 1992, Brittany Corporation sold 187 square meters of the 22,543 square meter-property to the government for P280,500.00, or P1,500.00/square meter. Title to this property is already in the name of the Republic of the Philippines.
- In 2000, Brittany Corporation (formerly Azalea Corporation) negotiated with the government for the sale of a portion of the 22,543 square meter-property. Brittany Corporation sold 6,155 square meters to the government for P92,325,000.00, or for P15,000.00/square meter. The 6,155 square meter-property was bought by the government as road right of way for the C5 Road/Pres. CP Garcia Avenue Extension project.

- In 2003, Brittany Corporation sold 15,485 square meters from the 22,543 square meter-property to Ayala Corporation for P318,650,000.00. **The increase in value of the same property was attributed to the construction and expansion of the C5 Road/Pres. CP Garcia Avenue Extension project.**
- With a capital of only P5,635,750.00 and in only 14 years, Brittany Corporation profited Four Hundred Fourteen Million Nineteen Thousand Two Hundred Fifty Pesos (P414,019,250.00.)

(Slide 7: Matrix of Profit)

HOW CAN THE SAME PROPERTY INCREASE ITS VALUE 6000 PERCENT TIMES IN JUST TWELVE YEARS?

In 1989, Brittany Corporation, a.k.a. Azalea Corporation, purchased the 22,543 square meter-property at P250.00/square meter for a total of P5,635,750.00.

In 1992, Brittany Corporation mortgaged that property for P14,090,000.00. Thus, only after three years and in that mortgage transaction alone, Brittany Corporation already made a profit of P8,454,250.00.

In 2000 Brittany Corporation sold 6,155 square meters of the same property to the government for the road right of way of C5 Road/Pres. CP Garcia Avenue Extension at P15,000.00/square meter, or a total purchase price of P92,325,000.00. If we deduct the acquisition cost of 6,155 square meters x P250.00, or P1,538,750.00, the profit for the purchase of the road right of way the enormous sum of P90,786,250.00.

Then, three years later, or in 2003, Brittany Corporation sold a portion of the residual property consisting of 15,485 square meters to Ayala Corporation at P20,577.90/square meter, or a whopping amount of P318,650,000.00. Less the acquisition cost for the 15,485 square meters at P250.00/square meter, or P3,871,250.00, the scandalous profit is P314,778,750.00.

All in all, the total income of the Senate President's company, Brittany Corporation, from the construction of the C5 Road/Pres. CP Garcia Extension Project is unconscionable P414,019,250.00.

THIS SINGLE SERIES OF TRANSACTIONS IS PERPERTRATED BY GREED IN VIOLATION OF THE CONSTITUTION, THE ANTI-GRAFT AND CORRUPT PRACTICES ACT, AND THE CODE OF CONDUCT AND ETHICAL STANDARDS FOR PUBLIC OFFICERS.

In defense of the Senate President, his company, Brittany Corporation, claims it donated the properties for roads right of way to the government. If that was the case, WHERE IS THE DEED OF DONATION? There is even no annotation on the title that the property was donated to the government.

If Brittany Corporation already sold or donated the 6,155 square meter-property to the government, why is the title still in Brittany Corporation's name?

On the contrary, instead of a deed of donation, what the government and Brittany Corporation signed was a DEED OF ABSOLUTE SALE. In fact, to cover up the over-pricing, the Senate President's company even had the temerity to mention that the Bureau of Internal Revenue certified that the zonal value of the property was worth P25,000.00/square meter. However, in the official documents of the BIR, the fair market value of developed properties in that area is only around P10,000.00/square meter for commercial lands.

Also, without the on-going construction by the government of the C5 Road extension, the value of the property would not have increased.

On September 9 of this year, the Senate President met members of the press and all of us, Mr. President, can see for ourselves what he said:

Slide 8 [video of Villar Press Con]

Ibang ang bira ng ng bira sa bumubulong, sabay ngiti, ng "Hala Bira!"
habang kinakalikot niya ang badjet.

Why would the Senate President be so interested in this project?

Location, location, location.

The project would dramatically and almost immediately increase the value of his commercial projects in the area. Before the construction of the C-5

Extension and the Daang Hari Road, all of which are, by his own admission, the Senate President's pet projects, the maximum potential of his property schemes couldn't be achieved.

Ginoong Presidente, ang pagaabala ng isang kinatawan sa isa, dalawa, tatlo o kahit ilang proyekto na makakabigay ng ginhawa sa kaniyang pangpinansyal na interes, ay kontra sa saligang batas ilanpamang mamayan sa labas ng kaniyang kompaniya ang makikinabang dito.

Malinaw na ang mga tinutukoy na imprastraktura sa lugar na ito, ay magdadala ng ginhawa sa mga nakitira sa lugar na iyan. Ngunit, maambonan din ang mga proyektong personal ng mga korporasyon na pag-aari ng magasawang Villar, na sila'y parehong mga kinatawan ng lehislatura.

Sa salitang ginawang pamoso ni Pipol's Dragon, Ginoong Presidente, bad 'yan. Hala, lagot ka.

You see, Mr. President, the Senate President has never been coy, never shy, certainly never a joker, about taking credit for public works in what he considers his political turf.

He has taken credit, repeatedly, publicly, for personally making possible infrastructure projects located in proximity to his existing and planned real estate developments, developments that contribute to his colossal wealth. This was prohibited in 1998 and remains prohibited in 2008, it was prohibited when he was Speaker and it remains prohibited when he is now Senate President.

It was and is prohibited because we should never confuse private gain with the public good.

Now I can imagine my distinguished colleague from Taguig leaping to his feat, quoting the Bible chapter and verse, then insisting well, it is only for politics and it's for the public good, but certainly not for financial gain.

He would be doing so as a loyal party man but with as much disregard for the truth as his party chief. In separate interviews before media, the head of the Nacionalistas, our presiding officer, always said that, in cases involving government right of way, the companies which he owns do not get paid. They just donate the property.

This is not true, Mr. President.

In the Masterlist of Road Right of Way claims dated April 30, 2008 submitted by the DPWH to the Senate Legislative Budget Research Management Office (LBRMO) signed by one Carmelita Aranda (Engineer II) and Florendo Flores, Jr (Engineer IV). Vista Verde South has an outstanding claim for right of way compensation with the DPWH-Region IV A in the amount of P1,064,800.00 for the Molino Blvd., Nog Maambog Sector Phase II. Even if this were the exception it certainly invalidates what the Senate President claims is the rule when it comes to his companies. This is in addition to the anomalous financial gain I have earlier cited.

All of us, including the two past and the incumbent senate presidents in our chamber, know full well that the Senate looks to the past because it ensures we do not stumble, but maintain our bearings, in the present as we navigate the difficult path of public service.

Public Office is a public trust. We the representatives of the people pay a real price for getting elected to public office. The Constitution imposes on us certain constraints that we must follow to the letter.

The founding generation of the senate jealously, and zealously, defended their honor on the sound principle that public office is a public trust. They did so because they took pride not just in being elected leaders, but because they took pride in being self-made men.

The self-made man, Mr. President, is a man worthy of our admiration, emulation, and respect. This chamber has counted many self-made made among its ranks, including my own grandfather Vicente Madrigal, the personification of industry and dedication.

Ihinalal siya dahil nakita ng taong bayan na siya ay masipag, na siya ay matiyaga; at dahil doon, ihinalal siya dalawang beses sa senado.

Tutoo naman na noon hanggang ngayon, ang sipag at tiyaga ay ginagalang ng ating mga kababayan dahil sa ating kultura, ang tao na may sipag at tiyaga ay dapat ring may dangal at isang salita. Kung inahon niya ang kaniyang sarili mula sa kahirapan, hindi dapat nitong sabihin na tinalikuran niya ang katapatan sa kaniyang pinanggalingan, o nalimot na niya ang kahalagaan ng integridad sa lahat ng kaniyang gawain.

Tutoo naman na dapat natin kilalanin ang may abilidad. Tutoo naman na dapat natin paghangaan ang nagkapakita ng kapangahasan. Heto ang tinatawag ng mga kababayan nating Cebuano na isang taong “adelantado.” Ngunit dapat din nating alamin na iba po ang umasenso dahil sa sarili niyang kapasidad, sa yumaman dahil sa pagiging wa-is at abusado. Ang ganitong klaseng tao ay walang dangal, at walang ituturo sa kanino man dahil wala siyang prinsipyo; higit sa lahat, ang taong ganito ay hindi dapat iluklok sa mataas na puwesto kundi dapat isuka ng sambayanan.

Mr. President, possessing a great fortune is not a crime; indeed, it is a praiseworthy achievement. But it is condemnable if one's enrichment has come because of holding public office and in defiance of the Constitutionally-ordained limitations on the commercial activities of public servants.

We have here, a situation where a public official maintained commercial interests that profit every which way –directly and indirectly- from public infrastructure built from public funds, upon the admitted intervention of that official. That intervention, that mixing of private gain with public business, is so obviously chronic as to be pathological. Speaker Villar is no different from Senate President Villar except for being several billion pesos the richer from the manipulation of public laws for private gain.

Mr. President, the traditions of this chamber shows the way forward. The way forward requires an investigation, and for that purpose I have the honor of doing for you, what you would not do for yourself. That is, for this chamber to investigate these projects and all the other projects you have been involved with, so that you may have a chance to vindicate yourself, if that is at all possible.

For in 1998 as in 2008, you had the chance to give a full accounting to your peers and our people, but you would not do it then, and you seem disinclined to do it now. But X marks the spot, Mr. President. Location, location, location has enriched you but it has damned you, before our Constitution, before your colleagues, and before our people.

Mr. President, you have not only violated our Constitution. You violated with impunity section 6 of Republic Act 3019 which prohibits Members of Congress to be directly and particularly favored or benefited by any law or resolution authored by him previously approved or adopted by Congress during the same term. You also violated our Code of Conduct and Ethical

Standards or Republic Act 6713 mandating the divestment of interest in business.

We cannot have a nation run by a thief. We cannot have a senate run by a man who views lawmaking as money-making.

This is only the tip of the iceberg. Abangan ang susunod na kabanata sa talambuhay ng mga siningitan at tinaga.