



The Marcos Ill-Gotten Wealth

University of the Philippines

17 May 2019

Outline

1. Claims and Legitimate Income
2. Efforts to recover the Marcos ill-gotten wealth
3. Examples of the excesses of the Marcoses
4. Impact and Lessons

Assertions

1.) The Marcos family never stole money from public coffers to enrich themselves

2.) The illegal acquisition of wealth by Marcos and his cronies may be likened to the common cases of corruption in government

Imelda quote

“We practically own the Philippines, from electricity, telecommunications, airline, banking, beer and tobacco, newspaper publishing, television stations, shipping, oil and mining, hotels and beach resorts, down to coconut milling, small farms, real estate and insurance.”

(Philippine Daily Inquirer, May 5, 1998, 1.)

ACCUMULATED SALARIES OF FERDINAND AND IMELDA MARCOS (1966-1986)

FERDINAND MARCOS			
PERIOD	POSITION	SALARY	TOTAL
1966-1976	PRESIDENT	60,000/YEAR	660,000
1977-1984	PRESIDENT	100,000/YEAR	800,000
1985	PRESIDENT	110,000/YEAR	110,000
IMELDA MARCOS			
JUNE 1976-1985	MINISTER OF HUMAN SETTLEMENTS	75,000/YEAR	718,750
FERDINAND AND IMELDA			
JANUARY AND FEBRUARY 1986	COMBINED SALARIES OF MARCOS SPOUSES		30,833.33
			2,319,583.33

Source: Supreme Court Swiss deposits decision based on PCGG data

THE MARCOSES' REPORTED INCOME (1965-1984)

INCOME	AMOUNT	PERCENTAGE
OFFICIAL SALARIES	2,627,581.00	16.01%
LEGAL PRACTICE	11,109,836.00	67.71%
FARM INCOME	149,700.00	.91%
OTHERS	2,521,325.00	15.37%
TOTAL	16,408,442.00	100.00%

Source: Supreme Court Swiss deposits decision

“The alleged receivables from prior years were without basis, because **Marcos never had a known law office nor any known clients, and neither did he file any withholding tax certificate that would prove the existence of a supposedly profitable law practice** before he became President.”

Annex S
ANNEX "S"

J3824425V

Chairman Jovito Salonga



REPUBLIC OF THE PHILIPPINES
Office of Budget and Management
MALACANANG, MANILA

PRESIDENTIAL COMMISSION
REPORT
On
MAY 1986
ON GOOD GOVERNANCE

May 27, 1986

*MINDO Co
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D109111
Mesa*

Honorable Jovito Salonga
Chairman, Commission on
Good Government
DAP Building, Pasig
Metro Manila

Dear Chairman Salonga:

This refers to your request for information relative to the authorized basic salaries of Ferdinand E. Marcos and Imelda R. Marcos, during their respective terms of office.

Please be informed that the total salaries of the said former officials are as follows:

Ferdinand E. Marcos, as President

1966 - 1976	at P 60,000/year	P 660,000
1977 - 1984	at P100,000/year	800,000
1985	at P110,000/year	110,000
		<u>P1,570,000</u>

Imelda Marcos, as Minister

June 1976 - 1985	at P75,000/year	P 718,750
		<u>P 718,750</u>

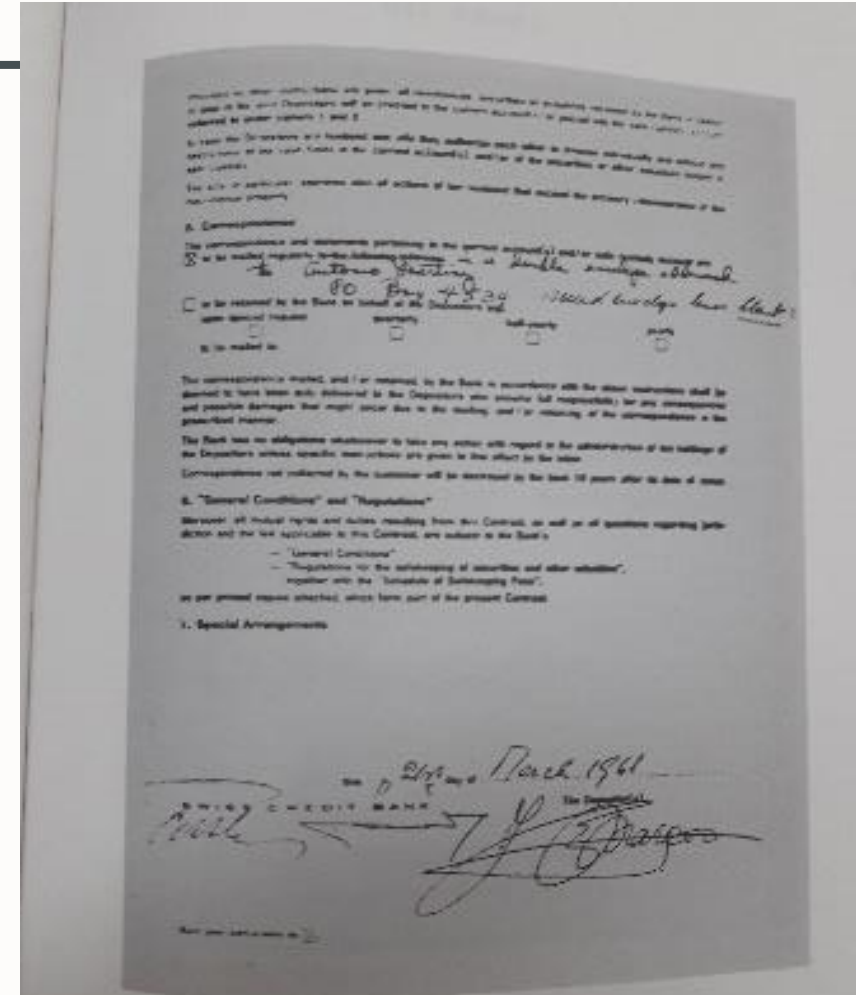
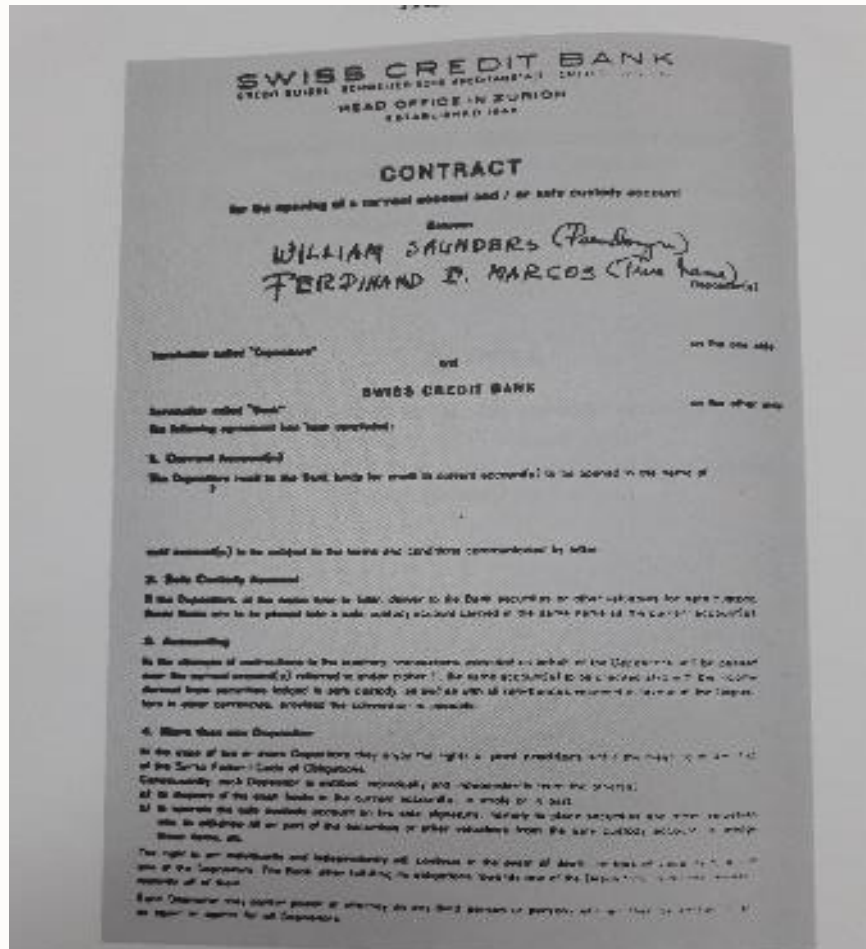
Best regards.

Very truly yours,
Alberto S. Romulo
ALBERTO G. ROMULO
Minister of the Budget

1865

Way Castillo
CERTIFIED TRUE COPY OF ORIGINAL
WAY CASTILLO
RECORDS CUSTODIAN
Annex 1

William Saunders

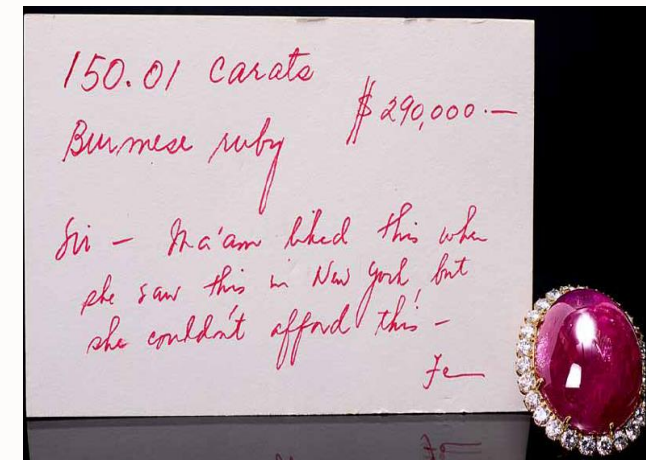
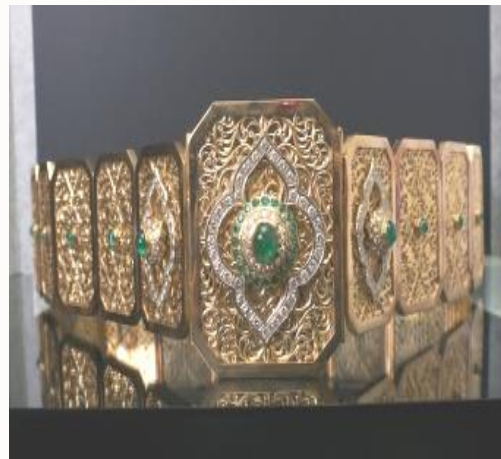


Prime real estate

- 40 Wall Street, a 70-storey office tower, purchased by New York Land Ltd. for \$71M in December 1983 in Lower Manhattan (above, leftmost);
- Herald Center located on 1350 Broadway (second from left);
- Crown Building on 730 Fifth Avenue; (second from right); and
- Helmsley Building on 200 Madison Avenue (right)) purchased by Glockhurst Corp., N.V. for \$50M in November 1983



Jewelries





Three sets of collections at the Bangko Sentral ng Pilipinas

- 1.) Malacanang Collection – recovered from Malacanang Palace in February 1986 right after the Marcoses left;
- 2.) Hawaii – PCGG Collection – jewelries confiscated from the Marcoses in 1986 by the Hawaii Customs agents and turned over to the PH government; and,
- 3.) Roumeliotes Collection – Roumeliotes was a Greek tourist arrested by PH Customs agents while smuggling out of the country the remaining jewelries of Imelda Marcos.

Paintings

- Michaelangelo, Rembrandt, Picasso, Goya, Renoir, Van Gogh, Monet and Degas
- 15 of the paintings transferred to National Museum in 2015
- Most were in the possession of Vilma Bautista (tried to sell it in 2017)
- Presently valued at \$500M or 27B



SUMMARY OF SOLD PAINTINGS
Research Dept. Report as of August 2008

No.	DESCRIPTION	TITLE/ARTIST	Gross Purchase	Auctioneer/Remarks			
72 pcs.	Old Masters		\$ 8,602,500.00	Christie's 11-Jan-91			
10 pcs.	Interpleader Cases	"Guitar Valse" Georges Brague	475,000.00	Christie's		"Peace and Abundance Blinding the Arrows of V" V.N Janssens	160,000.00 Christie's
		"Three Children" Robert Street	14,000.00	Sotheby's		"Portrait of a Woman" Quentin Latoure	No available data Christie's
		"Elegant Company on a Loggi" (Merrymaking in a Dutch Garden) Jan Steen	35,000.00	Sotheby's		"Man with Two Women and Child" Jean Baptiste Oudry	13,000.00 Christie's
		"Portrait of a Young Man" (Age 44) Antonio Moro	12,000.00	Sotheby's		"Virgin and Child" Peter Paul Rubens	205,000.00 Christie's
		"Interior with Musicians and Backgammon Players" Dirk Hals	55,000.00	Sotheby's (Private Sale)		"Two Flower Vases and Tomatoes" Andres Segovia	No available data Christie's
		"Head of a Woman" Henry Matisse	950,000.00	Christie's		"A Rugged Hilly Landscape..." David Teniers	120,000.00 Christie's
		"Adoration of the Magi" Peter Brueghel	300,000.00	Sotheby's		"Bouquet of Flowers" Os J. Vans	35,000.00 Christie's
		"Portrait of a Lady with a Straw Hat" William Hogarth	1,370.52	Sotheby's		"Flowers with Grapes and Peach" Os J. Vans	(price paired with the above) Christie's
		"Jeune Filles Au Bord de L'eau" August Renoir	800,000.00	Christie's		"Three Musicians" Rodriguez Velasquez	50,000.00 Christie's
		"Jeune Fille Au Chien" August Renoir	650,000.00	Christie's		"City of Venice Adoring the Christ Child" Paulo Veronese	950,000.00 Christie's
26 pcs.	Khashoggi Paintings under Exhibit "A"	"Winterpleasure with Horsesdrawn Ledge Near K" Barent Avercamp	100,000.00	Christie's		"The Seduction" Gerrit von Honthorst	No available data Christie's
		"Apotheosis of Aeneas" Francois Boucher	380,000.00	Christie's 11-Jan-91	8 pcs.	"The Holy Family" Francisco de Zurbaran	100,000.00 Christie's
		"Family in the Forest" Jan Brueghel	No available data	Christie's 11-Jan-91	Others not included in the above categories	"David and the Head of Goliath" Francisco de Zurbaran	750,000.00 Christie's
		"A Musician" Jan H.V. Bylert	110,000.00	Christie's 11-Jan-91		"Pastorales: A Boy Fishing and Animals" Jean Bpatiste Huet	13,000.00 Christie's
		"Portrait of a Young Man" Henri Danloux	5,500.00	Christie's 11-Jan-91		"3 Women & a Child Beside a Cottage" Jean Baptiste Leprince	380.00 Christie's
		"Coronation of a Virgin" El Greco	2,100,000.00	Christie's 11-Jan-91		"Head of a Woman" Pablo Picasso	No available data
		"Portrait of a Lady Holding a Note" Falconetg School of P. Entienne	1,200.00	Christie's 11-Jan-91		"Two Vases of Flowers" Antonio Segovia	800.00 Christie's East on February 13, 1991 Auctioned at Sotheby's
		"Extensive Winter Landscape with Skaters and I" Jan Griffier	65,000.00	Christie's 11-Jan-91		"Merrymaking in a Dutch Garden" Jan Steen	35,000.00
		"Portrait of Young Woman" Franz Hals	240,000.00	Christie's 11-Jan-91		"Boy with a Torch" Peter van Schendel	950.00 Christie's Feb 16 1988
		"Portrait of Young Man" Franz Hals	(Amount paired with above)	Christie's		"Portrait of a Gentleman Before a Red Curtain" William Owen	1,500.00 Christie's East
		"Portrait of Mr. Courtney" John Hopner	No available data	Christie's 11-Jan-91		"Mercenary Love" School of Gerrit	32,000.00 Christie's 11-Jan-91
		"Two Women with a Dog" Jean Baptiste Huet	No available data	Christie's 11-Jan-91			
		"Two Women with a Child, Sheep & Donkey" Jean Baptiste Huet	No available data	Christie's 11-Jan-91			
					116	Total sold Paintings	\$ 17,391,850.04 Estimated amount earned from paintings sold



Schemes to Acquire, Accumulate & Conceal Assets

1. Establishment of shell companies, foundations, and bank accounts
2. Receipt of kickbacks and/or commissions
3. Interests in local corporations
4. Diversion of Economic Assistance to the Philippines
5. Behest Loans

Shell companies

- Used as temporary repository of funds remitted by banks where Marcos own substantial deposits coming from illegal transactions
- A number of these shell companies were incorporated in Panama and Netherland Antilles. Laws in these countries covering investments, taxation, foreign exchange remittances are extremely liberal and designed to clients' need of anonymity
- The profile of the companies show that they are organized by the same nominees, managed by the same directors, incorporation papers notarized by the same lawyers, and annual meetings presided by the same officers.
- These companies were organized not to conduct business but only to receive funds from various sources. Funds deposited in the accounts of shell companies were used to acquire various properties abroad – usually the properties are registered under the name of another off-shore shell corporation which in turn was owned and controlled by Panamanian corporations



Foundations and Bank Accounts

- Several foundations were established in Zurich, Fribourg and Geneva, Switzerland by companies designated by Marcos through his trustees, assignees, and nominees to administer the operations of the foundations
- Used aliases and pseudonyms and resorted to the elaborate use of words and coded messages. Withdrawals by cable were to be authenticated with the words “Happy Birthday”

Several peso and dollar bank accounts were opened by the Marcoses in Traders Royal Bank and Security Bank and Trust Company through the assistance of cronies. Accounts were mostly numbered investment management accounts and trust accounts.



Kickbacks and interest in local corporations

One big source of Marcos ill-gotten wealth came from kickbacks. These were bribe payments mostly made by Japanese corporations to facilitate awarding of government contracts in their favor and by businessmen who were granted special favors by Marcos

Exploitation of his power to singlehandedly amend laws

Able to acquire lands, buildings, condo units, mansions and shares in various companies ceded gratuitously in exchange of interests, favors in the form of reduced taxes, duties, central bank approvals, an government guarantees, privileges and concessions



Diversion of Economic Assistance and Behest Loans


Through issuances of letters of instructions, Marcos succeeded in diverting proceeds and interest earnings of the Economic Support Fund emanating from the economic assistance component of the 1979 US-RP Military Bases Agreement for programs such as education, public works etc. into a confidential fund

Grant of these loans to favor crony corporations to exploit government financial institutions as a wellspring of ready funds for their personal use

Allowed for the condonation of all unpaid interests, guarantee, service fees etc. and the subsequent release of collaterals involved designed to allow business associates to recover their losing investments from out of government funds

Industry	Company
Banking	United Coconut Planters Bank (UCPB)
Broadcast	Intercontinental Broadcasting Corporation (IBC 13)
Clinical Research	Chemfields, Inc.
Drug manufacturing	United Laboratories, Inc. (UNILAB)
Food and Beverage	San Miguel Corporation
Insurance	United Coconut Planters Life Assurance Corp. (COCOLIFE) UCPB General Insurance, Inc. (COCOGEN)
Investments	Coconut Investments, Inc.
Manufacturing / Refining	CIIF Oil Mills Group (CIIF OMG)
Microfinance	UCPB CIIF Finance and Development Corp. (Cocofinance)
Oleochemical	United Coconut Chemicals, Inc. (Cocochem)
Telecommunications	Philippine Communications Satellite Corp. (PHILCOMSAT) Eastern Telecommunications Philippines, Inc. (ETPI) Philippine Overseas Telecommunications Co. (POTC)
Real Estate	Independent Realty Corp. (IRC) Bataan Shipyard and Engineering Company (BASECO)


Name	Businesses
Roberto S. Benedicto	Monopoly of sugar trading thru the National Sugar Trading Commission (NASUTRA), ABS-CBN which was seized from the Lopez family, Daily Express.
Eduardo “Danding” Cojuangco, Juan Ponce Enrile and Ma. Clara Lobregat	Coconut Planters Federation (or COCOFED), United Coconut Planters Bank, and San Miguel Corporation.
Herminio Disini	Disini’s Construction Development Corporation of the Philippines (or CDCP) undertook major infrastructure works like roads, bridges, buildings etc.
Antonio Floreindo	Davao Penal Colony transformed into Tagum Development Corp. (TADECO).
Ricardo Silverio	Ricardo Silverio exclusive distributor of Toyota cars and trucks, AFP and PC-INP jeeps and trucks.
Lucio Tan	Fortune Tobacco, contract to supply Hope cigarettes to the AFP and PC-INP exclusively, Asia Brewery Inc.
Jose Y. Campos	Supply medicines to the government thru United Laboratories.
Bienvenido and Glicería Tantoco	Rustan’s, Duty-Free Shops in Philippine international airports.



PH and Swiss authorities were able to identify more than US\$ 220M worth of assets in Swiss banks, foundations and shell corporations

The Marcos case alarmed Swiss banking authorities that new regulations were made to prevent blood money from entering Swiss banks

1992 Swiss federal court decision to transfer the assets to an escrow account (PNB) until a determination by a PH court is issued



Two conditions set by the Swiss Federal Court and the European Commission for Human Rights – for the Marcoses to be allowed to return to the PH to defend themselves and for the Marcos human rights victims to receive compensation

Tug-of-war between the PH government and the Marcos human rights victims over the Marcos assets

2003 SC Decision (Republic of the Philippines vs. Sandiganbayan (G.R. 152154)

2012 SC Decision (Marcos Estate vs. Republic of the Philippines (GR 189434)


Asset for immunity settlement

1.) Ramos administration

- “Win-win” solution; General and Supplemental Agreements of 28 December 1993
- Marcoses to shell out \$150M in exchange for immunity
- Formation of Kilosbayan – stolen money can now be used to buy immunity for thieves (similar to Bong Revilla case)

2.) Estrada administration

- Marcoses proposed a global settlement (drop of all cases abroad)



“When the Judgments in this litigation are marked satisfied which he / she ever had, now has or hereafter may have against said parties. Imelda Marcos has never been charged civilly or criminally with a Human Rights violation anywhere in the world, including in the Philippines but is released fully by this paragraph. Ferdinand R. Marcos has never been charged civilly and criminally with a Human Rights violation anywhere in the world, including the Philippines but is released fully by this paragraph. Imee Marcos Manotoc (with the exception of Trajano vs. Imee Marcos-Manotoc, HW Civil) has never been charged civilly and criminally with a Human Rights violation anywhere in the world, including the Philippines but is released fully by this paragraph, including Trajano. Irene Marcos-Araneta has never been charged civilly or criminally with a Human Rights violation anywhere in the world, including the Philippines, but is released by this paragraph. The late Ferdinand E. Marcos was never charged with a Human Rights violation civilly and criminally in the Philippines. His estate is released fully by this paragraph.” (United States District Court, District of Hawaii. “Opposition to the Agreement of Compromise and Settlement and to Claim for Attorney’s Fees and Expenses with Prayer for Extension of Time to Enable Other Class Members to File their Opposition.” MDL 840, February 27, 1999.)

Like ordinary crimes?

- MDL 840
- The law on plunder (RA 3019) was passed for the purpose. Previously, the cases that could be filed against the Marcoses are forfeiture cases only. No legal statutes in the PH existed to try all those crimes

Impact

1. \$658,175,373.60 (as of January 31, 2002 or approximately 35B pesos) transferred to the National Treasury
2. Signing of RA 10368 – Marcos Human Rights Victims Recognition and Reparations Act
 - Reparations – 10B pesos and creation of the HRV Claims Board
 - Recognition – memorialization (creation of Memorial Commission, commemoration and history-writing)



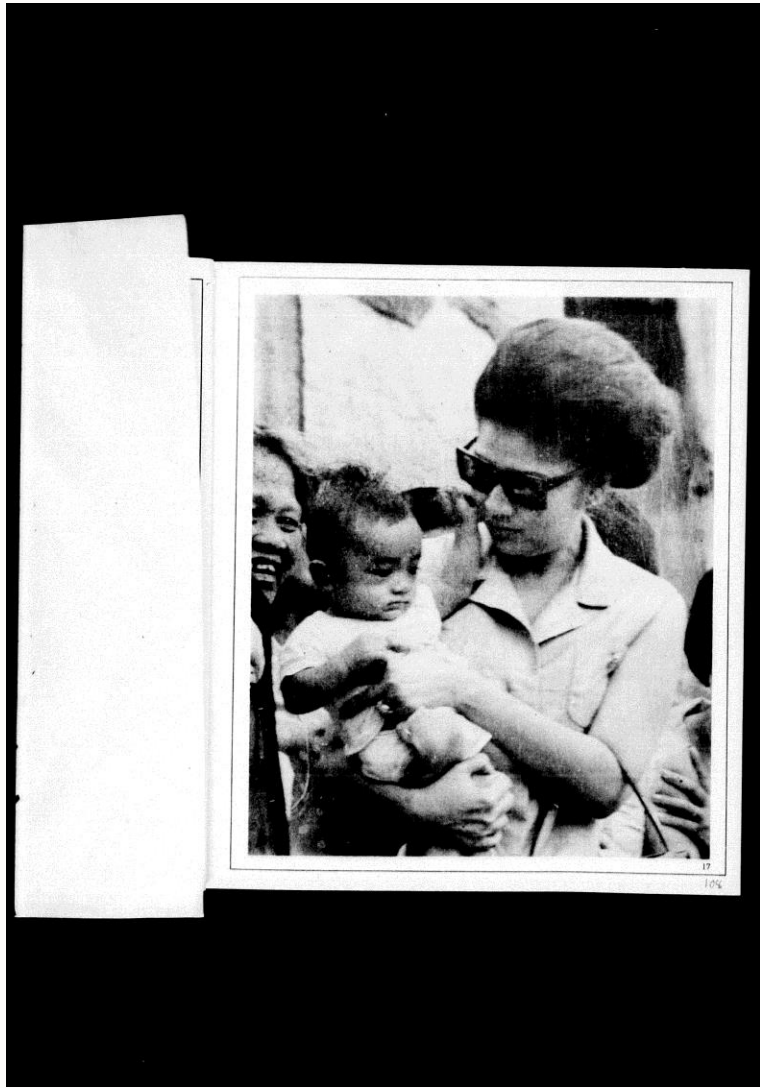
Lessons

Man's ambivalence – the capacity to do good as well as bad

The efficacy of strongman rule (authoritarianism)



Gr. II of Mrs. H. J. M.





Thank you very much!

1.) Exorcising the ghost of the past

<https://www.rappler.com/thought-leaders/183249-pcgg-marcos-wealth-exorcising-ghost-past>

2.) The tragedy of martial law

<<https://www.rappler.com/thought-leaders/146869-tragedy-martial-law-marcos>>



Inang Laya: Becky Derricola Alarcon (left) and Kereng Constantino-David