

# Legacy probe to include other SEC, BSP officials

by PAOLO ROMERO  
Philstar.com

CLARK FIELD, Pampanga—President Arroyo ordered a wider probe on the involvement of a Securities and Exchange Commission official in the Legacy mess to include his SEC colleagues as well as top executives of the Bangko Sentral ng Pilipinas (BSP).

Mrs. Arroyo also ordered beleaguered SEC Commissioner Jesus Enriquez Martinez, who is set for retirement last March 12, to go on leave.

Former Legacy executive Carolina Hinola told the Senate committee on trade and commerce that Martinez covered up Legacy's financial troubles after receiving lavish gifts, including a house and lot, from the firm's owner Celso de los Angeles.

"The President is very much concerned about this because there is apparently a blatant

violation of the law. That's why there is swift action," Deputy Presidential Spokesman Anthony Golez said at a news briefing. "There should be discipline in the ranks of the SEC."

But Palace officials said it is still premature for the President to order SEC Chairman Fe Barin to go on leave.

The President held her Cabinet meeting here at the Cyber City Teleservices facility. She did not announce any possible replacement for Martinez.

Barin said they waited for Martinez to come to officially inform him of President Arroyo's directive but he never showed up at the SEC.

SEC commissioner Juanita Cueto said she was "interested in what Martinez has to say."

It was business as usual for the SEC but morale was palpably low among several employees.

"The accusations leveled against Martinez were a big blow to the agency. We were supposed to protect the investing public. It

has brought further damage to the SEC," said an employee who requested not to be named.

Unconfirmed reports said Martinez also was allegedly helping St. Peter Plans, which is currently the largest pre-need firm in terms of sales.

St. Peter Plans is a pre-paid deathcare company, which offers traditional and affordable life plans.

Industry sources claimed Martinez also tried to broker the sale of Family First Inc. (now Danvil Plans) to the Legacy Group. The sale, however, fell through as the owner of Danvil Plans backed out of the deal allegedly upon advice of some players in the pre-need industry.

The Bureau of Immigration, meanwhile, placed Martinez on hold-departure on orders of Justice Secretary Raul Gonzalez.

Aside from the Department of Justice, the Presidential Anti-Graft Commission (PAGC) will also investigate Martinez's anomalous dealings with De los Angeles.

In separate interviews, Gonzalez, Executive Secretary Eduardo Ermita and Press Secretary Cerge Remonde said the investigation may cover other officials of the SEC and BSP. Aside from its pre-need business, Legacy also operated rural banks, which have since been closed.

Mrs. Arroyo also directed the DOJ, the SEC and the BSP to work together to help plan holders of the Legacy Group recover their money.

Ermita said Mrs. Arroyo was "very disappointed" when apprised of the developments Monday night, and at once ordered officials to help the plan holders.

Ermita said Martinez's retirement tomorrow would not shield him from possible sanctions, including being charged criminally and stripped of his retirement benefits.

Gonzalez and PAGC chair Constanza de Guzman said they have begun gathering documents to strengthen their case against Martinez and would also request the Senate to provide more evidence.

"We have been investigating this Legacy issue and have placed a number of SEC and BSP officials under investigation," Gonzalez

said when asked if other officials face investigation.

"These investigations will actually open the possibility that there may still be others involved. They're also a way of checking the system. There may be loopholes in their system, they can change this so this won't happen again," Golez said.

He said the PAGC investigation could also include lifestyle checks on SEC and BSP officials.

He said the issue against Martinez was "a dent" on the SEC's image but he expressed hope that "what happened is just an isolated case because we still believe in the institution of the SEC."

'Heaven sent'

PAGC's De Guzman said they have been conducting a "silent probe" on the issue for two weeks and described the revelations during the Senate hearing last Monday, March 9, as "heaven sent."

"We started looking at who (among government officials) had possible involvement (in the anomaly) two weeks ago," she told *The STAR*.

"It was our motu proprio (to investigate) based on the order of President Arroyo. Since the scandal broke out, we had been

instructed by the President to conduct the investigation," De Guzman said.

Following revelations made at the Senate, De Guzman said the PAGC was able to secure an "important document" that she said prompted the official start of the fact-finding.

"We were able to secure that very important document to authorize the docketing of the case with the PAGC," De Guzman said. She declined to divulge details of the document.

With the docketing of the case before Martinez's retirement tomorrow, the PAGC can still look into the allegations against the SEC official even after his retirement.

"We are now calling on public and private entities to talk and submit documents to help us in our investigation, which is the key to the success of the government's anti-corruption drive," De Guzman said.

De Guzman said the PAGC has 90 days to finish its investigation but "we'll try to do it shorter."

"If there is a semblance of truth to the allegations, he (Martinez) will be officially charged and be asked to file an affidavit to answer all the issues," she said.

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## Mercado named ASEAN envoy

by JOEL GUINTO  
Inquirer.net

PRESIDENT Gloria Macapagal-Arroyo has appointed former senator and defense secretary Orlando Mercado as permanent representative to the Association of Southeast Asian Nations (ASEAN).

The President administered the oath of office to Mercado at the Heroes' Hall in Malacañang on Wednesday.

The former campaign manager of the administration's senatorial ticket in 2007, Antonio "Tony" Albano, will replace Mercado as president and chief executive officer of state-run television RPN-9, Executive Secretary Eduardo Ermita said.

Mercado's appointment will not require confirmation by the Commission on Appointments (CA), because he will not serve as envoy to a single country, as in the cases of Ambassadors Hilario Davide Jr. and Manul Teehankee, the country's permanent representatives to the United Nations (UN) and the World Economic Forum (WEF),

respectively, Ermita said.

"Since they are not ambassadors to specific countries, they did not have to go through the CA," Executive Secretary Eduardo Ermita said at a media briefing.

But a check by the *Philippine Daily Inquirer's* research team, however, showed that Davide's name was submitted to the CA.

Before his appointment as ASEAN envoy, Mercado, also a former defense secretary, headed the government-run Radio Philippines Network Inc.

He will be replaced by Antonio Albano, deputy spokesman of the administration's Team Unity in the 2007 elections.

Mercado was initially appointed as ambassador to China, but he was bypassed at the CA.

As defense secretary in 2001, Mercado led a defection of military generals from then president Joseph Estrada, who was besieged with corruption allegations, paving the way for the then vice president Arroyo to take over government. ■

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