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AUTOMATION DEAL BREAKER

Solon: P500-M demand did it

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by GIL C. CABACUNGAN JR.
Inquirer.net

"If you give me a half a billion pesos, all of these problems will be solved."

This was what the head of Total Information Management Corp. (TIM) had demanded in jest, but which its partner, Smartmatic International Corp., took seriously, Makati Rep. Teodoro Locsin said in an interview with the *Inquirer* last June 30.

Locsin recounted the remarks reportedly made by TIM president Jose Mari Antunez to Smartmatic lawyers during recent negotiations at Peninsula Manila Hotel that put in jeopardy their P7.2-billion election automation deal with the Commission on Elections.

"Of course, they took this as a joke but lawyers do not laugh about such things. They took it as a deal breaker. The lawyers thought this was tantamount to extortion," said Locsin, who based his account on his conversations with Smartmatic's lawyers.

Although he could not pin down what motivated TIM to play hardball with Smartmatic, Locsin reckoned that "this is an orchestrated move to subvert



BY LAND, SEA AND AIR. Interior Secretary Ronaldo Puno takes to water like a politician on the campaign trail. Refreshingly open about his vice presidential ambitions, Puno has been to Mindanao six times in two months. In Zamboanga City, he now goes around in a convoy of cars with sirens screaming; his image on tarpaulin posters are up along the major streets. With Mayor Celso Lobregat (in white), Puno enjoys a ride on one of 11 motorized wooden pump boats.

Inquirer.net Photo by Julie Alipala

the elections."

He said that by making "impossible demands," Antunez was laying the groundwork for its defense against a lawsuit to be filed by Smartmatic in Singapore.

"P500 million is really big because Smartmatic's bid is already *sagad* (the lowest). You are not supposed to do that, it's illegal. You cannot just give P500 million profit to somebody. Why will you do that?" Locsin said.

"Smartmatic cannot cough up half a billion pesos before they even implemented it because some things could happen. I wouldn't ask for something like that even if I was greedy."

Power of the purse demand
Locsin noted that Antunez had suddenly become "unreasonable" shortly after signing a joint venture agreement—60 percent for TIM and 40 percent for Smartmatic—by making all kinds of demands from its foreign partner.

The lawmaker said Smartmatic had given in to almost all of Antunez's demands, except when he asked that he be given the "power to decide when and how much money to spend."

Smartmatic balked, according to Locsin, because TIM could decide not to sign the check to

pay the creditor-supplier of the equipment, the logistics supplier and the deployment of Comelec personnel.

When Smartmatic rejected this, Antunez made his demand for P500 million up front money.

The *Inquirer* sought a comment from Antunez, but his spokesperson begged off, saying he would call a press conference.

No formal withdrawal
Curiously, while Antunez has declared his resignation from the joint venture, TIM has yet to make it a formal withdrawal.

"The moment he does (withdraw), he will be charged by the Comelec and Smartmatic," Locsin said.

He said that while some "liars" in the Senate might want to blame Smartmatic for the mess, "anyone with half a brain would know they did their best and suddenly this guy becomes unreasonable."

"The opponents of automation who are all masters of manual cheating got to the local partner who wanted Smartmatic to give him up front half a billion and control of the money of the joint venture. Comelec should partner with Smartmatic and go ahead," Locsin said. ■

Smartmatic, TIM given until July 3 to resolve conflict

by SHEILA CRISOSTOMO
Philstar.com



Photo shows Smartmatic representatives (from left) Cristina Rondon, Bob Cook and Cesar Flores arriving at the Comelec office in Manila last June 30. At right, Comelec Chairman Jose Melo talks to reporters following a meeting with Smartmatic. Philstar.com Photo by Edd Gumban

THE Commission on Elections has given the Netherlands-based Smartmatic Corp. and Filipino-owned Total Information Management Corp. (TIM) until July 3 to decide whether or not they could push through with the automation contract for the 2010 elections.

Comelec chairman Jose Melo announced last June 30 that money was the root of the fallout between the two companies, jeopardizing the automation of next year's local and national polls.

Melo made the announcement after coming out from an hour-long meeting with officials of Smartmatic and TIM.

If the two companies cannot push through with the automation contract, Melo admitted that next year's elections might be done manually because the Comelec no longer has the time to convene a second bidding for a new supplier of machines.

"I told them in a joking manner that they will be the one to decide on what type of marriage will they have—a marriage of convenience, a shotgun marriage or a real marriage," Melo said.

"In the meeting, they aired each other's sentiments. It all boils down to control of the money. Are you surprised? But we called them and they had the opportunity to talk, one after the other," Melo told Comelec reporters.

The meeting, which Melo described as a "civil confrontation," was attended by TIM president Jose Mari Antunez, senior vice president Salvador Aque and lawyer Boy de Borja, and Smartmatic international sales director and project manager Juan Villa.

Last Monday, Antunez had told Melo that TIM was withdrawing from its partnership with Smartmatic, citing "irreconcilable differences" and "loss of confidence."

Smartmatic and TIM had won the lease contract to supply the 82,000 precinct count optical scan (PCOS) machines to be used in the 2010 elections with its bid offer of P7.2 billion.

The Comelec had dropped its plan to replace TIM and partner with Smartmatic in undertaking the automation because this is not legally possible.

Melo expressed hope that all would still end well between Smartmatic and TIM, as both firms have expressed intention to pursue the automation.

"In my personal opinion, there is a 50-50 chance that they would come into accommodation of each other," he added.

The poll chief said that "in an agreement or suggestion coming from the Joint Oversight committee, as far as the technical matters are concerned, this must be in the control of the foreign company because it is the expert."

He, however, could not immediately ascertain which party should have control over finances.

Gag order

The Comelec had imposed a gag order on the officials of the two firms and other poll officials so as not to fuel the rift.

But in an interview over dzMM earlier in the day, TIM lawyer De Borja said that his client had decided to sever its ties with Smartmatic because the foreign firm wanted to have an upper hand in decision-making.

"The Filipino in this joint venture is us, we are the last one to do anything that would undermine the Filipinos' longing for automated elections. What's happening now is that whenever there is a disagreement, their decision prevails," he claimed. ■



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