



THE REPORT
OF THE
FACT FINDING COMMISSION

**Pursuant to Administrative Order No. 78
of the President of the Republic of the Philippines
Dated July 30, 2003**

17 OCTOBER 2003

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Introduction

On 27 July 2003, three hundred twenty-three (323) junior officers and enlisted men, mostly from the elite units of the Armed Forces of the Philippines (AFP) --- the Philippine Army's Scout Rangers and the Philippine Navy's Special Warfare Group (SWAG) --- took over the Oakwood Premier Apartments in the Ayala Center, Makati City (Oakwood).¹ Led by a small number of junior officers --- the soldiers who called themselves the "new Filipino heroes" and became widely known as the "Magdalo group" --- claimed that they went to Oakwood to air their grievances about graft and corruption in the military, the sale of arms and ammunition to the "enemies" of the state, the bombings in Davao City which were allegedly ordered by the Chief of the Intelligence Service of the Armed Forces of the Philippines (ISAFP) BGen. Victor Corpus in order to obtain more military assistance from the United States, and "micromanagement" in the AFP by then Department of National Defense (DND) Secretary Angelo Reyes. The leaders of the Magdalo group are Navy Lt. Antonio Trillanes IV, Army Capt. Gerardo Gambala, Army Capt. Milo Maestrecampo, Navy Lt. James Layug, and Marine Capt. Gary Alejano. The incident was brief, lasting less than a day. It ended without bloodshed, nor damage to property. But it contributed to the projection of the Philippines as an unsafe, unstable and crisis-prone country.

The leaders of the Magdalo group claimed the take-over of Oakwood was not planned and was spontaneous. They had simply intended to make a dramatic expression of their grievances against the Government and had no political agenda. However, they declared they had a list of demands which they wanted Government to grant and should they be attacked by Government forces, they were prepared to make a stand and die for what they stood for. They ringed the area around Oakwood with explosives.

The investigation by the Fact Finding Commission (Commission) created under Administrative Order No. 78 dated 29 July 2003 of President Gloria Macapagal Arroyo

¹ Taken from the Briefing Manuscript submitted by the Deputy Chief of Staff for Intelligence of the AFP Maj.Gen. Pedro Cabuay who testified before Commission on 12 August 2003.

sought to bring to the surface and pull together all relevant information regarding the Oakwood incident. The Report covers the series of events prior to, during, and after Oakwood. It also sets out the principal findings of the Commission, including the insights and implications that might be derived from these findings, and offers certain recommendations.

Part One of the Report describes the events at Oakwood on 27 July 2003 from the planning and preparation of a comprehensive plot to seize control of the Government, the discovery and pre-emption of the plot, the execution of the fall-back scenario of Plan Charlie, the negotiations for the stand down and return to barracks of the Magdalo group, the stand down and return to barracks, to the post-27 July 2003 events.

In Part Two of the Report, the Commission examines the several grievances expressed by the Magdalo group and seeks to determine the extent to which those grievances are reflective of reality in the AFP. The Commission, at the same time, stresses the critical difference between (a) the concrete objectives which moved the Magdalo group to put the plot in motion, from (b) the justifications offered by the core group of the young officers and soldiers who went to Oakwood.

Part Three of the Report pulls together some of the findings and all of the recommendations of the Commission and its concluding observations.

Comprehensive information about the Commission itself, the Chairman and the Members of the Commission, the staff of the Commission – legal and non-legal - the procedures and methods of fact-finding adopted by the Commission, and other pertinent administrative aspects of the work of the Commission may be found in Annex A of the Report.

Part One: The Events of 27 July 2003 at Oakwood

I. The Oakwood Incident: Planned and Not Spontaneous

Contrary to the statement made by Trillanes before the Commission that the take-over of Oakwood by the Magdalo Group was unplanned and spontaneous, the facts gathered by the Commission show that extensive planning and preparations for several months had preceded the events of 27 July. There was the holding of gripe sessions among soldiers sought to be recruited, the distribution and discussion of copies of the National Recovery Program (NRP) of Senator Gregorio Honasan (Honasan) and a document entitled “The Last Revolution”, bloodletting meetings and taking of an oath of loyalty by the recruits, the purchase of flags, armbands, uniforms, backpacks, and other rebel paraphernalia, and telecommunications equipment and vehicles, and so on.

A. Planning and Preparation

As early as last year, from July to December 2002, rumors had been spreading that some military personnel were inquiring about the grievances of members of the armed forces. Talks about recruitment from the ranks of the discontented and potential rebels in the military were heard from former members of the Reform the Armed Forces Movement (RAM) and junior officers in the military. These reports were relayed to BGen. Victor Corpus.² It was later verified that a series of secret meetings among junior officers in the military had taken place in various parts of the country, in Metro Manila, Central Luzon, and Mindanao.³

² Testimony of PN Commodore Tirso Danga before the Commission on 20 August 2003.

³ Testimony of Cabuay on 12 August 2003.

A bloodletting ritual took place on 4 June 2003 in a house in San Juan, Metro Manila.⁴ Honasan allegedly presided over this occasion with junior officers of the AFP. At this meeting, Honasan discussed the NRP which sets forth his platform of Government, and the document entitled “The Last Revolution” which emphasizes that the only means to achieve that platform or vision is through the use of force, violence, or armed struggle because incumbent officials will not give up their positions voluntarily.⁵ The bloodletting rite was administered to those who agreed to be part of the Magdalo group. To carry out the bloodletting rite, he provided special knives and showed the participants how to inscribe the letter “I” (or “K” in the old Tagalog alphabet) under their left upper arms. It was during this meeting that Major Perfecto A. Ragil, a member of the AFP Communications Electronics Information Service detailed in Malacañang Palace was tasked by Alejano, a member of Philippine Military Academy (PMA) '95, to switch off the Malacañang Palace's telephone system on “D-day.”⁶

The gripe sessions progressed to a recruitment process. Two meetings were held in Metro Manila, one in Robinson's Galleria Suites in Mandaluyong City on 4 June 2003 and another in an old house in San Juan on 12 June 2003. A photograph taken in one of these meetings, which was released to the press by the Presidential Security Group (PSG), shows Trillanes and a person who appears to be Honasan standing before the Philippine flag and a flag or streamer with the Magdalo countersign.⁷

In the 12 June meeting in San Juan, the following topics were discussed: the peace and order situation, the national economy, the alleged illegitimacy of the Arroyo

⁴ Sworn statement of Maj. Perfecto Ragil, a member of the AFP Communications Electronics Information Service, to the Commission on 3 September 2003.

⁵ Exhibit “D” identified by Cabuay on 12 August 2003.

⁶ Testimony of PC Chief Superintendent Eduardo Matillano on 25 August 2003, referring to affidavit of Perfecto Ragil dated 4 August 2003.

⁷ Exhibit “G” presented during the testimony of Trillanes on 13 August 2003.

administration, the Estrada plunder case, the NRP, the need to rectify the errors brought about by EDSA 2, and the contents of a document entitled “The Last Revolution”.⁸ To implement “The Last Revolution” the junior officers took their oath of loyalty as “New Filipino Heroes” in this and other similar meetings.⁹

Based on intelligence reports, two documents of dubious origin were distributed during the meeting in San Juan. These documents were “designed to pollute the minds of the junior officers”.¹⁰ The first is a supposed Memorandum of Instructions addressed to the Secretary of National Defense dated 11 February 2003, directing the full implementation of “Oplan Greenbase.” The document, purportedly signed by the President, contains a plan to capture Hashim Salamat dead or alive and to occupy the Buliok Complex at the Liguasan Marsh area in North Cotabato. Secretary Eduardo Ermita of the Office of the Presidential Adviser on the Peace Process (OPAPP) purportedly signed the other document entitled “The President’s Four-Point Policy Framework in Addressing the Southern Philippines Secessionist/MILF Problem”,¹¹ allegedly pursuant to the 11 February Presidential Memorandum of Instructions. This latter document purports to show that “there is apparently a plan by the government to hold the MILF responsible for AFP-backed bombings in urban areas in Mindanao”.¹² President Arroyo denied having issued the first memorandum, and Ermita denounced the second document as being spurious and fabricated.

⁸ Exhibit “C” identified by Cabuay on 12 August 2003.

⁹ Testimony of NSC Secretary Roilo Golez in his testimony before the Commission on 12 August 2003.

¹⁰ *Ibid.*

¹¹ Testimony of Secretary Eduardo Ermita on 3 September 2003; MILF refers to the Moro Islamic Liberation Front.

¹² Testimony of Golez on 12 August 2003.

The meeting on the night of 12 June was reportedly attended by top RAM officers including Honasan and retired Navy Capt. Felix Turingan, and the rebel leaders Trillanes, Gambala, and other junior officers. The group planned to attack high impact targets such as Malacañang Palace, Ninoy Aquino International Airport, Fort Bonifacio, Camp Crame, Villamor Air Base, Camp Aguinaldo, and all television and radio stations in Metro Manila. The plotters underwent the ritual earlier described as bloodletting, which they termed “dinuguan”.¹³

Apart from the gripe sessions and bloodletting rites, the Magdalo group’s preparations included the acquisition of rebel paraphernalia. On 4 June 2003, a male customer went to the International Flag House (IFH) in Manila and placed a job order for one hundred (100) pieces each of Philippine flags and Bonifacio flags (i.e., displaying the Magdalo symbol). He deposited one thousand pesos (P1,000.00) for the job order, the total cost of which was twenty-four thousand pesos (P24,000.00).¹⁴ The customer wrote his name on Job Order 2186 as Armand Pontejos and his telephone number as 456-3222. Subsequent additional orders were placed for more flags, which orders raised the total cost to forty-five thousand pesos (P45,000.00). The customer was later identified as Navy Ensign Armand Pontejos, PMA ‘00, one of the rebel soldiers who went to Oakwood.¹⁵ Another rebel soldier who went to Oakwood was Navy Lt Manuel Cabochan, of PMA ‘95 who bought forty-nine (49) sets of battle dress attire (BDA) uniforms, t-shirts, and combat boots worth one hundred eight thousand seven hundred and eighty pesos (P108,780.00) on 30 June 2003.¹⁶

¹³ *Ibid.*

¹⁴ Based on the report of the NBI submitted by Dir. Reynaldo Wycoco on 1 September 03, the International Flag House is known as a pioneer and leading manufacturer of quality flags and banners located at 973 Rizal Avenue, Sta. Cruz, Manila.

¹⁵ *Ibid.*, see sworn statement of Glenn Mabag y Pardilla marked as Annexes D-D1.

¹⁶ Sales Invoice No. 007 issued by EREV Military Supply and General Merchandise marked as Exhibit “TT” on 3 September 03.

There is evidence the Magdalo group also acquired vehicles apparently to transport troops to target areas. On 23 July, five (presumably second hand) Hyundai aero buses were purchased for two million one hundred thousand pesos (P2.10 million) in cash by Francisco Dimaculangan and Isidro Samaco from a company named Car Option Sales, Inc.¹⁷ One bus was later found in Oakwood while another was abandoned in Binakayan, Cavite. There is also evidence that some communications equipment used by the rebel soldiers were of the same specifications as those proposed to be acquired under the AFP Modernization Plan. It was established that such equipment was not taken from any known or existing inventory of the AFP.¹⁸

The Magdalo group, it appears, targeted Oakwood as the site for the execution of Plan Charlie.¹⁹ On 19 July, Gambala checked in at Oakwood under the name of George Uy, coincidentally the same name as Southcom Admiral George Uy. A cash deposit of forty-eight thousand eight hundred pesos (P48,800.00) for room rental from 19 to 28 July 2003 was paid by a certain Tina Uy Angeles who made the reservation.²⁰

B. Discovery and Pre-emption

From 21 to 23 July, unauthorized troop movements apparently bound for Manila had been monitored upon validation of the information that there was restiveness among junior AFP officers.

Having validated the coup rumors and considering the troop movements, the Government took a number of pre-emptive measures. It was fortuitous that these rumors

¹⁷ Exhibits “CCC” to “CCC-4” submitted by Mr. Peter Nolasco on 24 September 03.

¹⁸ Testimony of 1st Lt. Lindsey Rex Sagge on 25 August 2003.

¹⁹ Plans Alpha, Bravo and Charlie in relation to the failed coup were discovered through the diskettes recovered by ISAFP in Oakwood. The Plans were referred to by Golez, Cabuay, and Corpus in their testimonies before the Commission.

²⁰ Exhibit “R” provided by Mr. Robert Rosetti, General Manager of Oakwood on 21 August 2003.

and troop movements materialized just prior to the President's State of the Nation Address (SONA) scheduled for delivery on 28 July. In connection with the SONA, the Government was already taking measures to ensure the security of the President and the Government. On 10 July, the National Security Council (NSC) had requested the National Intelligence Coordinating Agency (NICA) to host a "small group" meeting of the Special Monitoring Committee Alpha (SMC Alpha), which was organized to ensure security during the SONA, together with the major service intelligence chiefs of the AFP and counter-intelligence specialists.

SMC Alpha is composed of representatives from various intelligence bodies, and is mandated to monitor domestic threats, particularly destabilization plots against the Government, and to recommend appropriate counterintelligence measures. Its task is to prevent mass mobilizations from turning into a situation similar to the attempted siege of Malacañang Palace on 1 May 2001 by the supporters of former President Joseph Estrada.²¹

At the SMC Alpha meeting held on 11 July, the details of the recruitment by the Magdalo group were discussed and those involved were identified. On the same day, NICA Director General Cesar Garcia reported to National Security Adviser Roilo Golez on the ongoing recruitment activities in the AFP by certain junior officers. Subsequently, SMC Alpha submitted a report from various intelligence sources that the plot being watched involved plans to temporarily reinstate deposed President Estrada.

On 12 July, the intelligence group informed the President about persistent reports of rebel recruitment activities in the AFP and the Philippine National Police (PNP), particularly in Mindanao, Central Luzon, and Metro Manila. The Deputy Chief of Staff for Intelligence (J2), MGen. Pedro Cabuay, presented a summary of what was taken up at NICA the previous day. Considering its highly sensitive nature, the information was kept

²¹ Testimony of NICA Dir. Gen. Cesar Garcia on 14 August 2003 on "How the Coup Was Cracked Down".

within a small group. Apart from the top officers of the AFP and the PNP, only a small number of Cabinet members attended. Recruitment efforts were noted to be most intense in the First Scout Rangers and Special Forces Regiment of the Special Operations Command, the Philippine Navy (SWAG), Fort Bonifacio Units, the Philippine Army's Light Armor Brigade (LABDE) and the Anti-Crime Task Force (ACTAF). Most of those who were approached were junior officers from the PMA '95 up to '99. Considering the situation as having developed into a crisis, the President immediately designated Golez as crisis manager. An action plan was approved which consisted of pre-emptive measures employing persuasion efforts on the one hand, and cracking down on the suspected plotters should they commit any overt illegal acts, on the other.²²

Recruitment activities by suspected rebels were again reported during the 14 July meeting of the Cabinet Oversight Committee - Internal Security (COC-IS). The meeting discussed threats to SONA and the concomitant security preparations. At this time, the Government had not yet established concrete links between the recruitment of military officers as rebels and the anti-government mass actions mobilized for the SONA. In the meeting of SMC Alpha on 15 July, the recruitment had been reported as led by a covert fraternity called the "New Filipino Heroes" who were advocating the adoption of the NRP of Honasan. Plans of the groups to rescue and release ex-President Estrada from the Veterans Medical Memorial Center (VMMC) and to take over radio and TV stations were likewise revealed. Another meeting by the SMC Alpha took place on 18 July to ensure that the action plans agreed upon were already in place and being implemented.²³

Having received reports about the troop movements, PNP Chief, Director General Hermogenes Ebdane, Jr. issued a directive to all field commanders to coordinate with AFP units and investigate any unauthorized movements and other groupings. He also ordered all PNP personnel to be accounted for, and declared a full alert status for the PNP

²² Testimony of Golez on 12 August 03.

²³ *Ibid.*

National Headquarters in Camp Crame, effective 6:00 p.m. on 22 July 2003. There was also an order to reinforce the guards at Camp Crame.

It further appears that the intelligence community had been receiving reports that Honasan had been holding sessions with the members of the Magdalo group in Metro Manila and Sangley Point, Cavite. Information on these sessions was shared during the preparation for the President's SONA. At the meeting on 23 July, the SMC Alpha discussed plans on how to counter the likely staging of mass actions by anti-government groups at the Batasang Pambansa during the SONA. At this meeting, the efforts at recruitment of junior officers in the AFP and the PNP in Mindanao were reported. The 11 February Memorandum of Instructions to the DND Secretary purportedly issued by the President and the "Oplan Greenbase" attributed to Ermita were reported to have been disseminated to bolster the recruitment effort.

Troop movements actually occurred two days before the Oakwood incident. Some forty-seven (47) marines, carrying firearms were sighted coming from Ternate, Cavite. In the early morning of 25 July, 28 Scout Ranger personnel boarded a Cebu Pacific flight for Manila and were monitored to have proceeded to Virramall Shopping Center in Greenhills, San Juan. On the same day several Scout Rangers were also reported surveying the Makati business district.²⁴ Moreover, a group of Scout Rangers and members of the Philippine Marines boarded Superferry 2 from Zamboanga City for Manila via Iloilo City.²⁵ The troop movement was being monitored and it was decided that the soldiers be met once they arrive in North Harbor. Upon their arrival, they were in fact met by some officers, including Col. Danilo Lim of the First Scout Ranger Regiment (FSRR), and were found to have apparently legitimate reasons for coming to Manila. They carried documents showing either they were on rest and recreation or about to undergo training. Despite the coup rumors, Government security forces

²⁴ From the Briefing Manuscript by Cabuay during his testimony to the Commission on 12 August 2003.

²⁵ Testimony of PNP Chief Superintendent Arturo Lumibao on 14 August 2003.

refrained from taking punitive action against the junior officers at that time as nothing overtly illegal had been committed. Some of them came in BDA uniforms and carried arms and ammunition. Some of them ended up in Oakwood.

Before the Oakwood incident, amid the coup rumors, the President met with officers and men, including Trillanes and some members of PMA '94 and '95. On 10 July, Navy Lt. Christopher Magdangal, an Aide de Camp to the President and a member of PMA '95, called his classmate Trillanes to ask him about the veracity of reports that the latter was a leader of a rebel group moving to destabilize the Government. Trillanes said he was surprised to hear such report and later confided to Magdangal, after several exchanges of text and cellular phone messages, that he was in fact receiving death threats over the phone. Trillanes then asked Magdangal if he could see the President in Malacañang on 13 July to clarify the issue with her.²⁶

Trillanes, who would later act as spokesman of the Magdalo group, met with two members of the PSG, Col. Delfin Bangit and Magdangal in the early morning of 13 July. They talked for nearly four hours from 3:00 a.m. onwards.²⁷ The two officers were present when Trillanes met with the President at 7:00 a.m. of the same day. During the meeting with President Arroyo, Trillanes brought up the problem of corruption as discussed in the two term papers which he submitted for his masters program at the University of the Philippines' National College of Public Administration and Governance. He later alleged that the President did not give him a chance to discuss the papers and instead scolded him. The President allegedly ordered the PSG officers to parade him before the media to give him a lesson and called the Flag Officer-in-Command (FOIC), Vice Admiral Ernesto de Leon, to detain him at the Naval

²⁶ Testimony of Trillanes on 13 August 2003.

²⁷ Testimony of Bangit on 9 September 2003.

Intelligence and Security Force (NISF) in Fort Bonifacio.²⁸ In this connection, Magdangal, testified that, to the contrary, the conversation between the President and Trillanes was cordial. The President's parting shot was "*Trillanes, you are a young, very bright and very idealistic officer. Huwag mong gayahin si Honasan at si Cardeño.*"²⁹ The meeting lasted for about an hour.

In the evening of 23 July 2003, about one hundred (100) members of PMA '94 and '95 had dinner and a "photo opportunity" with the President in Malacañang Palace. A few days before the dinner, Chief of Staff, AFP (CSAFP) General Narciso Abaya held separate meetings with the officers of the two classes. He was informed of their sentiments, particularly that they were being unjustly dragged into the alleged plan for a rebellion.³⁰ Through the efforts of their classmates in the PSG and Abaya, the dinner with the President took place. Members of PMA '94 and '95 were invited to the occasion for "pure socializing" through text messages that originated from Magdangal.³¹ The class officers, expecting to have a "dialogue" with the President that night regarding the issues in the AFP that they would like to raise, got frustrated as all Air Force Capt. Segundino Orfiano was able to say after the dinner, when the President briefly asked about the coup issue, was "*...we are against corruption*". Likewise, based on the remarks made on television immediately after the dinner, PMA '94 class president Army Capt. Ma. Noel Tolentino said, "*we assured her that we are still.....we are loyal to her*".

The President also attended on 24 July the turn-over of the command at the FSRR in Camp Tecson in San Miguel, Bulacan as part of the effort to neutralize the coup threat. The President took this opportunity to visit with the members of the FSRR, which at that

²⁸ Testimony of Trillanes on 13 August 2003.

²⁹ Testimony of Magdangal on 9 September 2003.

³⁰ Commission interview with Abaya during ocular visit to GHQ on 29 September 2003.

³¹ Interview by Commissioners Gonzaga-Reyes and Narciso with Capt. Segundino Orfiano in the presence of Atty. David Gabriel and Atty. Irwin Tiamson in the detention facility at the Villamor Airbase on 6 October 2003.

time was reported to have been significantly infiltrated by suspected rebels. She also visited on 25 July the Marine Training Camp in Ternate, Cavite, the PAF 15th Strike Wing, and the SWAG in Sangley Point, Cavite. Abaya made rounds of other units where restiveness had been reported.

In the early morning of 26 July, the 10 suspected leaders declared unaccounted for by the AFP were identified as Trillanes, Layug, Gambala, Maestrecampo, and Army officers Capt. Lawrence Louis Somera, Capt. Albert Baloloy, 1st Lt. Lawrence San Juan, 1st Lt. Florentino Somera, 1st Lt. Jose Enrico Demetrio Dingle, and 1st Lt. Waren Lee Dagupon. At 5:00 a.m., emergency meetings were held by Abaya, Golez, and Garcia with the general staff and senior officers to discuss the reports on the missing officers and the reported destabilization plot.

At around 10:00 a.m., President Arroyo and Corpuz met with a group of NGOs at the EDSA Shrine. Corpuz announced that certain units from Tanay were missing.

At 2:00 p.m., a meeting was held by the same group with House Speaker Jose de Venecia and the House Committee Chairman for Defense and Security, Prospero Pichay, to discuss the matter.³²

At 5:00 p.m. of 26 July 2003, the President convened a full cabinet meeting where Cabuay presented a briefing on the looming coup plot.³³ Thereafter, the President publicly announced for the first time at 8:19 p.m. in the media that “a small band of rogue junior officers and soldiers had deserted their posts and illegally brought weapons with

³² Testimony of Garcia on 14 August 2003.

³³ From the “Briefing on the 2003 SONA and the Attendant Destabilization Activities” given to the Commission by NICA on 14 August 2003.

them”.³⁴ The security plan of action was immediately set in motion. Task Force Libra (TF Libra), the counter-coup composite unit of the AFP, was set in motion. The action forces were immediately dispatched in anticipation of the rumored coup.

A week earlier, a meeting of the leaders of “anti-President Gloria Macapagal-Arroyo” (PGMA) groups allegedly to discuss pre-SONA activities at the Danarra Hotel in Quezon City was monitored by Government intelligence.³⁵ On 25 July 2003, intelligence reports were received that some so-called “anti-PGMA” groups like the People’s Movement Against Poverty (PMAP) and DEMOKRASYA had been instructed to assemble at the EDSA Shrine at 4:00 p.m. on 27 July and hold an overnight vigil thereat before proceeding to the Batasan area to hold anti-government rallies during the SONA. Invitations by the “anti-PGMA” group members to civilians to join the coup to be staged on 27 July were made through cellphone text messages. Among those who were recruited were past and present members of the DIABLO and Philippine Guardians Brotherhood, Inc. (PGBI”).³⁶ Police Chief Inspector Leborio Jangao, one of the founding members of PGBI, stated he received cellphone text messages on 26 July informing him that a coup d’etat would be staged on 27 July. At this time the crime disturbance personnel of the PNP had already been instructed to secure the EDSA Shrine, the Connecticut Street area, and the Ortigas Avenue Extension area from rallyists. There were reports the EDSA Shrine would be the target where another EDSA 2 or EDSA 3 would be staged.³⁷

Early on Friday night of 25 July, the 80th Infantry Battalion based in Camp Capinpin was ordered to augment TF Libra. The mission of the TF Libra included the

³⁴ Statement of President Arroyo ordering the arrest of coup plotters on 26 July 2003 shown on ABS-CBN News Channel The World Tonight on 26 July 2003.

³⁵ Testimony of Garcia of NICA on 14 August 2003.

³⁶ Testimony of CIDG Chief Dir. Eduardo Matillano on 25 August 2003.

³⁷ Testimony of PNP Gen. Reynaldo Vicente Velasco of NCRPO Mandaluyong on 27 August 2003.

securing of vital communications installations such as radio and TV stations. It assisted the PNP in securing the EDSA Shrine and containing civilian groups in the area. The first elements of the joint TF Libra arrived in Camp Aguinaldo at about 11:00 p.m.³⁸

For his part, Ebdane declared a full alert status nationwide, effective 12 noon on 26 July, as a contingency measure. All PNP field commanders were directed to secure vital installations and key establishments.

At around 2:00 p.m. of 26 July, the Mandaluyong City police started the deployment of at least one hundred forty (140) personnel at the Poveda, Connecticut, and Ortigas areas. Later at 3:00 p.m., intelligence reports indicated a change of instructions to the rallyists manning the EDSA Shrine. The anti-government groups were advised to assemble at the EDSA Shrine at 6:00 a.m. on 27 July instead.³⁹

At about 7:00 p.m. of 26 July, MGen. Efren L. Abu, Vice Commander PA and Commander of TF Libra, visited the 80th Infantry Battalion. By this time, TF Libra was already at its full strength. An hour later, President Arroyo went on air and ordered the arrest of the junior officers who had deserted their posts. A conference presided over by Abaya was held at about 9:00 p.m. to assess the intelligence situation. Abu gave an update on the forces composition of TF Libra.

The PNP report on troop movement by Marines from Ternate, Cavite to the North or to Manila was confirmed by Cavite PNP Provincial Director Police Senior Superintendent Roberto L. Rosales and Marine Commandant, MGen. Emmanuel Teodosio. The advancing Marines were able to avoid checkpoints on their way to Makati by evasive movements. The PAF civil disturbance contingent earlier deployed at the Batasan area and the PN contingent at the VMMC, both in Quezon City, were then

³⁸ Testimony of PA Vice Commander Gen.Efren Abu on 14 August 2003.

³⁹ Testimony of Garcia on 14 August 2003.

redeployed to the Makati area. An additional one hundred (100) Special Action Force (SAF) personnel of the PNP were then sent to secure the Batasan complex. In addition, one (1) PA platoon and a PNP contingent reinforced the security forces of TV stations and telecommunications facilities.⁴⁰

Also on 26 July, Naval Base personnel in Cavite received a report that three suspicious-looking vehicles were parked at the back of the Naval Sea Systems Command Armory in Fort San Felipe, Cavite City.⁴¹

Following the order issued by President Arroyo to the AFP and PNP for the arrest of the Magdalo officers at around 8 p.m. and the conference called by Abaya to assess the intelligence reports at 9 p.m., operatives of the PNP's Criminal Investigation and Detention Group (CIDG) were dispatched to Dasmariñas Village, Makati City at around 10:00 p.m. that same night of 26 July to verify the presence of heavily armed men in military uniform reported by security guards of the Dasmariñas Village. National Bureau of Investigation (NBI) agents were also dispatched to monitor this development.⁴²

The Oakwood siege had been facilitated by earlier activities as seen in the foregoing account. The antecedents show that the rebellion was not a spontaneous phenomenon as extensive preparations and mobilization activities were undertaken prior to the occupation and control of the Oakwood Apartments.

⁴⁰ Exhibit "N-1" identified by Garcia on 14 August 2003.

⁴¹ This report was relayed to the command duty officer, Naval Base Cavite and further relayed to Commander of NBC Commo Sanglay. On the investigation of vehicles used by rebel soldiers, a special report submitted by Capt. Alexander Pama, the assistant Chief for Naval Intelligence, provided details on the recovery of vehicles abandoned by the Oakwood mutineers.

⁴² Testimony of Matillano on 25 August 2003.

The rebels took over Oakwood at past 1:00 a.m. of 27 July. Over three hundred (300) soldiers quietly entered the premises of Ayala Center in several groups.⁴³ The soldiers disarmed the security guards and took over Oakwood. They planted claymore mines around the building and in the vicinity. Snipers were posted at the Oakwood roof deck.⁴⁴

Two government command groups were immediately dispatched after reports of the occupation of Oakwood, and of movement of the Marine contingent from Ternate towards Camp Aguinaldo were confirmed. The Crisis Management Staff was formed at the Command Operation Center in Camp Crame, and the Advanced Command Post of the PNP was established behind the Intercontinental Hotel in Makati. Marines and Army officers later joined the PNP at the Makati post, and the Southern Police District Director, Police Chief Superintendent Jose Gutierrez, was designated as the ground commander.

At around 2:00 a.m. on 27 July, Abu was informed by the Joint Operation Center in Camp Aguinaldo about the presence of troops moving towards Metro Manila. Most of these troops were coming from Ternate, Cavite. At this time, the Marines under Teodosio were already poised to stop the troops. They were pre-positioned around the car park behind Oakwood.

At about the same time, the security guards of Dasmariñas Village in Makati confirmed the presence of heavily armed men in full battle gear marching from Paraiso Street to the EDSA-Pasay Road gate of the village. The armed soldiers, wearing red armbands, forced the security guards to open the gate. They were seen crossing EDSA and going towards the direction of Ayala Center, Makati City. The CIDG-NBI composite team confirmed that the rebel soldiers came from a house at 2177 Paraiso Street, Dasmariñas Village, owned by Ramon Cardenas who was residing at 1346 Palm

⁴³ Testimony of Josefino Marcellones, 8 September 2003.

⁴⁴ From the Briefing Manuscript submitted by Cabuay to the Commission on 12 August 2003.

Avenue in the same village. At 4:00 a.m. TF Ayala of the Marine Corps had been activated and had occupied positions with infantry and armor, encircling the Ayala Center Complex.⁴⁵

Between 4 and 5 a.m., the rebel soldiers were able to make arrangements to go on air to issue a public statement. The ABS-CBN News (ANC) network showed a live TV coverage of the prepared statement read by Gambala. In the statement, the rebels declared their withdrawal of support from the chain of command and presented their grievances against the Arroyo government. They demanded the resignation of the Arroyo administration leaders and endorsed the NRP as the solution to the problems of the Philippines.⁴⁶

Also at dawn, Alex Benasin, a resident of the Baseco compound at the Port Area, was busy recruiting residents of the compound to go to Oakwood for a consideration of three hundred pesos (P300.00) each.⁴⁷ Later, at about 8:30 a.m., members of the PGBI carrying banners of the NRP were seen in the Makati area but they were prevented by the PNP from reaching and camping in the vicinity of Oakwood. Pro-Estrada rallyists headed towards the People Power Monument on EDSA were also dispersed by police stationed in the area. It was reported that more pro-Estrada followers actively recruited people from various Metro Manila locations to regroup in the EDSA Shrine. Members of the PMAP marched in the direction of Makati City from Greenhills.

After 9:00 a.m. of 27 July, President Arroyo gave the rebel soldiers a 5:00 p.m. deadline to give up their positions peacefully and return to barracks. At around 1:00 p.m., she declared the existence of a “state of rebellion” and issued an order to use

⁴⁵ From the After-Operations Report of the Philippine Marine Corps dated 28 July 2003 submitted to the Commission.

⁴⁶ From the video tape of ANC’s Special Coverage of the Oakwood Incident of 27 July 2003.

⁴⁷ Exhibits “HH-1” to “HH-7” identified by DILG Sec. Jose Lina, Jr. on 26 August 2003.

reasonable force, and pay due regard to constitutional rights, in putting down the rebellion.⁴⁸ The rebel soldiers held another public airing of their grievances at around 4:20 p.m. By that time, 25 rebel soldiers had surrendered to the TF Libra in two batches, as revealed by the Government command stationed outside of Oakwood. The announcement of the surrender was downplayed by the Magdalo group as part of a “psywar” operation on the part of the Government, during an ambush interview of Trillanes.

During the media briefing in the afternoon, other rebel officers besides the known leaders expressed their grievances against the Government while the press conference was going on.⁴⁹ Trillanes, in a side interview by a news reporter, stated that they were willing to negotiate.

Teodosio arranged for the rebels’ close family members to go to Oakwood and help persuade members of the rebel group to give up their plans.

Shortly before the 5:00 p.m. deadline, the President announced an extension of the deadline to 7:00 p.m. It was during the two-hour reprieve that negotiations with various personalities and groups of negotiators prospered. As the deadline approached, negotiations between the rebel soldiers and the Government team led by the Government chief negotiator, Ambassador Roy A. Cimatu, effectively extended the deadline indefinitely.⁵⁰ An agreement was forged between the two groups at 9:30 p.m. At 10:00 p.m., President Arroyo announced that the occupation of Oakwood was over. The rebels agreed to return to barracks and were out of the Oakwood premises by 11:00 p.m.

⁴⁸ General Order No. 4 read on air by Presidential Spokesman Sec. Ignacio Bunye on 27 July 2003.

⁴⁹ From the video tape of ANC’s Special Coverage of the Oakwood Incident of 27 July 2003.

⁵⁰ From the Briefing Manuscript submitted by Cabuay to the Commission on 12 August 2003.

C. Negotiation of the Return to Barracks

As already noted, there were several occasions when the rebel soldiers made known their demands and grievances publicly. In the early morning ANC TV coverage airing the Magdalo group's prepared statement, the rebels accused the military and the Arroyo administration of open corruption and of sponsoring terrorism.

The statement read by Gambala asserted that the Arroyo Administration: (1) sold arms and ammunitions to enemy groups as the soldiers continued to defend the Government. The thirty (30)-year war against such groups as the Moro Islamic Liberation Front (MILF), Abu Sayyaf, and the NPA (New People's Army), was being used by corrupt officials to enrich themselves;⁵¹ (2) ordered the bombings in Davao City through the special operations team of Secretary Reyes and General Corpus, and then ascribed these bombings to the MILF so that President Arroyo's request for more anti-terrorist support from the United States would be strengthened;⁵² (3) planned to declare Martial Law in August (2003) after a period of planned bombings all over Metro Manila, which would be attributed to various enemy groups. Gambala further announced that the group's demands were (1) for the leaders of the Arroyo administration to resign,⁵³ and (2) for the implementation of the NRP, which is the only "true solution" to the primary problems that beset the Philippines today. In the statement, the group declared that they were members of the AFP representing the junior officers and some senior officers of the AFP, who were disgusted with the corruption in Government and the military. Gambala

⁵¹ From the statement: "*Ginagawa nila ito upang ang giyerang walang katapusan ay maging gatasan ng mga sakim na traydor na mga opisyal ng gobyerno at AFP.*" Read by Gambala on 27 July 2003.

⁵² From the statement: "*Ito ay ginagawa nila upang tuluyang mabansagang terorista ang MILF para maging basehan sa paghingi sa Anti-Terrorist Fund ng America bago si GMA bumiyahe doon. Ang mga buhay ng mga sibilyang namatay doon ang kapalit ng mga military hardware na nilimos ni GMA sa America.*" read by Gambala on 27 July 2003.

⁵³ From the statement: "*Hinihingi namin ngayon ang pagbibitiw ng mga lider ng kasalukuyang rehimen na walang pinagkaiba sa nakaraan.*" read by Gambala on 27 July 2003.

appealed to the Filipinos at large to join the soldiers if the people believed their sincerity in defending the country.⁵⁴

During the afternoon press conference held by the rebel soldiers, Gambala's and other rebels' voices were heard. According to a side interview with Trillanes, the objective was to hold an open forum covered by media where "the other officers can air their gripes". It was on this occasion that Maestrecampo denounced what he called the senseless deaths of his fellow soldiers: "*hindi ko nakita ang kabuluhan ng pagkamatay ng kapwa ko sundalo*".⁵⁵

According to Cabuay, the specific issues raised by the junior officers during the siege related to: (1) corruption in the Government, including the AFP and PNP; (2) corrupt and self-serving politicians; (3) disparity in salaries of AFP and PNP personnel; (4) funds that do not flow down to operating units and troops; (5) the powerful "comptroller family" that controls and manipulates funds, and enjoys promotions and juicy positions; (6) the big difference between the Army's combat pay and the Air Force's flying pay; (7) "militics" and patronage leadership in the AFP hierarchy; (8) "micromanagement" by the Secretary of National Defense; and (9) insufficient supply of medicines at the AFP Medical Center.⁵⁶

These grievances were discussed at length during the discussions between the Government group led by Cimatú and the Magdalo group represented by three (3) of its leaders, Trillanes, Gambala, and Maestrecampo.

⁵⁴ From the video tape of ANC's Special Coverage of the Oakwood incident of 27 July 2003.

⁵⁵ From the video tape of ANC's Special Coverage of the Oakwood Incident on 27 July 2003.

⁵⁶ From the Briefing Manuscript submitted by Cabuay to the Commission on 12 August 2003.

The Cimatu report to the President listed the concerns discussed during the negotiations.⁵⁷ In addition to the issues and demands read from the rebel soldiers' prepared statement earlier that day, the following matters were raised: (1) the creation of an independent investigative body like the Davide Commission to look into the bombing incidents in Davao and Koronadal, which were allegedly carried out by a special Government team upon orders of top officials; (2) the creation of an independent commission to evaluate and recommend reforms in the AFP, particularly in the finance and budget system and logistics and procurement system where institutionalized malpractices exist, cases involving pilferage where sale and trafficking of government arms and ammunition ended up in the enemy's possession, and the speedy resolution of the ongoing investigation and audit of the reported anomalies in the Retirement and Separation Benefits System (RSBS); (3) the personnel morale and welfare of the AFP, for the most part concerning the poor medical and health services delivery system, inadequate housing program for soldiers, and the extreme delays in the issuance of death benefits to families of soldiers who died in battle; and (4) in the case of the Air Force, the patent preferential treatment or favoritism, and the delays in training and promotion due to disproportionate pilot to aircraft ratio. Cimatu reported that the group demanded the immediate removal from office of Reyes, Corpus, and Ebdane who were perceived as incompetent or irresponsible in their respective commands.

D. Return to Barracks

The daylong rebel occupation and the Government siege of Oakwood ended after two extensions of the original deadline, and conciliatory statements on the part of some negotiators. While the crisis situation eventually ended without violence and bloodshed, the terms of agreement on the rebels' return to barracks appeared vague and unclear and may have generated a perception of betrayal among the rebel soldiers.

⁵⁷ Exhibit "XX" identified by OPAPP Sec. Eduardo Ermita on 3 September 2003.

After the President had declared a deadline of 5:00 p.m. for the mutineers “to stand down, surrender their weapons and return to barracks”, the President requested several members of PMA '95 to go to Oakwood to convince their classmates and other officers to stand down. In the late afternoon of 27 July and after a press conference by the rebel soldiers, certain persons arrived at the site apparently to have a dialogue with the rebels. One of them was Honasan who had made arrangements through his fraternity brothers at Malacañang Palace to come to Oakwood.

Renato Velasco, Senior Deputy Chief of Staff, Office of the President (OP) (a fraternity brother of Honasan), who was helping out in the preparations for the President's SONA at the guesthouse of Malacañang Palace that afternoon, received a call from Honasan. Honasan told Velasco that he wanted “to talk sense to the rebels” but he wanted an assurance that he would not be arrested on grounds of alleged involvement in the mutiny. After obtaining clearance from the President, Velasco asked Secretaries Silvestre Afable and Rigoberto Tiglao of the OP to go with him to Mandarin Hotel in Makati where Honasan had arranged for a meeting room. Housing Secretary Michael Defensor, another fraternity brother earlier contacted by Honasan, joined them.⁵⁸

Military officers from various AFP services also joined the dialogues at Oakwood upon request of the rebel soldiers. Abaya, after a call from the President, told Commo. Tirso Danga, who as Camp Commander at that time was attending to the defense of Camp Aguinaldo, that he was being requested by the rebel soldiers to join the negotiating panel. He was told that there were two others --- Air Force Col. Eduardo Oban, Jr. and Lim --- whose presence had been also requested by the Magdalo group. Danga was instructed to coordinate with the two and with Cimatú.

⁵⁸ Testimony of Senior Deputy Chief of Staff, Office of the President, Renato Velasco on 27 August 2003.

Upon learning about the occupation of Oakwood by the Magdalo group and its siege by Government forces in the morning, Senator Rodolfo Biazon and his son, Congressman Rozanno Biazon, went to the Oakwood area to convince the Magdalo group to stand down. Rebel soldiers on the ground floor lobby of Oakwood told him to wait and not to go away --- "*huwag muna kayong umalis*" --- as the PMA classmates of the rebels were still at the 6th floor of the hotel talking to the Magdalo group. In the meanwhile, Biazon was asked to talk to the Magdalo soldiers by Secretary Romulo who had learned he was in the area through Senate President Franklin Drilon.⁵⁹

After some Magdalo soldiers had walked out and surrendered before the first deadline at 5:00 p.m., Trillanes went out of Oakwood to fetch Honasan, Lim, Biazon, Senator Vicente Sotto III, and Congressman Biazon at the Intercontinental Hotel. This was after Honasan had talked to Trillanes on the phone.⁶⁰

On the 7th floor of Oakwood, the negotiators listened to the rebel soldiers' demands. The group talked about the same issues which they had already raised such as the resignation of certain Government officials, the Davao bombing incidents, the issue on pilferages and selling of firearms, equipment, and ammunitions to the "enemy", and the need for reforms within the AFP.

Defensor and Velasco, on several occasions, told the group that their demands could not be decided upon by the group but assured them that they were going to bring the soldiers' demands to the attention of the President. Biazon gave "fatherly" advice to the members of the group and told them not to panic because the President was certainly

⁵⁹ Interview by Commissioner Carolina G. Hernandez with Senator Biazon on 25 September 2003 at his PICC office.

⁶⁰ *Ibid*

going to extend the deadline. The soldiers “were agitated; there was uneasiness in their [eyes]”.⁶¹ It was already past 5:00 p.m., the deadline set for the rebels to stand down.

Honasan talked to the rebel soldiers and discussed the suggested resignation of Ebdane on the grounds of alleged incompetence. He also talked about the NRP and, in doing so, “mesmerized” the junior officers. Honasan explained they were not really official negotiators since the official negotiation process would have to be undertaken with Cimatú. There was initial resistance from the rebel group to Cimatú negotiating for the Government as he was viewed as a member of the “comptroller family”. Cimatú had to wait in the lobby for about half an hour, awaiting the rebel group’s acceptance of him as negotiator.⁶²

Cimatú with Assistant Secretary Abraham Purugannan of the Office of the Presidential Adviser for Special Concerns and retired General Dionisio Santiago of the Bureau of Jail Management and Penology (BDMP) composed the official negotiating team sent by Malacañang Palace to Oakwood. Other military officers who joined the negotiating team were Army Col. Rolando Detabali, Navy Capt. Feliciano Angue, and Domingo. *Philippine Star* publisher Maximo Soliven was also present, upon the rebel group’s request. Everybody’s primary concern was to put an end to the situation in Oakwood without bloodshed and damage to property.

The leaders of the Magdalo group, namely, Trillanes, Gambala, Maestrecampo, Layug, and Alejano sat with the negotiating team. The Cimatú report, however, only noted the first three (3) as taking part in the negotiations. It also mentioned Army Capt. John Andres who participated in the discussion. Trillanes, the Magdalo spokesman, voiced the group’s concerns, interrupted from time to time by Maestrecampo and Gambala.

⁶¹ Testimony of PN Commodore Tirso Danga on 20 August 2003.

⁶² Testimony of Velasco on 27 August 2003.

During the discussions, there were disagreements among the rebels regarding the demand for the resignation of the three Government officials earlier mentioned. Andres asked that they drop this demand as it would mean “non-observance of due process of law”.⁶³ Trillanes initially asked for admonition for the rebel soldiers, except for the core group who would take full responsibility for their actions. Cimatú did not accede to this demand. Members of the negotiating team expressed the view that the rebels should face the “military justice system under the framework of the Articles of War”.⁶⁴ No reference was made to the law punishing coup d’etat as an offense cognizable by the civilian courts. None of the negotiators, including Cimatú, appear to have been aware of this law.

After discussing the proposals and counter proposals for about five hours, Cimatú reminded the group that a decision had to be made immediately on the terms of the pull-out from Oakwood. During a 15-minute break in the negotiations, Cimatú called Secretary Romulo in Malacañang Palace for approval of the proposed terms of the stand down.

In his report to the President, Cimatú stated that “the Magdalo group...further agreed that they would face the consequences of their actions as provided for in the Articles of War”.⁶⁵ In his recollection of the 27 July negotiations submitted to the Commission, he stated that Trillanes said his team agreed “that admonition should be considered only after the followers undergo the process based on the Articles of War”.⁶⁶ Concluding, Cimatú stated that “they further agreed that the core group would face the

⁶³ Testimony of PMEPC Ambassador Roy Cimatú’s regarding his 27 July 2003 report to the President (Exhibit “XX”) given on 22 September 2003 to the Commission.

⁶⁴ Testimonies of V. Adm. Ruben Domingo on 22 Sept. 2003, Col. Eduardo Oban, Jr. on 28 Aug. and 2003, Commo. Danga on 20 Aug. 2003

⁶⁵ Exhibit “XX” identified by Ermita on 3 September 2003.

⁶⁶ Testimony of Cimatú regarding his recollections about the 27 July 2003 negotiations given to the Commission on 22 September 2003.

consequences of their actions as provided for in the Articles of War. And for the followers to likewise undergo the process as called for in the Articles of War before admonition can be considered”. According to two other government representatives who were present, Danga and Lim, they understood that the agreement reached was that the five leaders would bear the full consequences of their actions, while their followers would be punished with admonition under Article 105 of the Articles of War.⁶⁷ Oban claimed, on the other hand, that “prosecuting the rebel soldiers by the civil courts will (sic) be a violation of the agreement reached with Cimatu”.⁶⁸

The mutineers withdrew from the premises peacefully. The soldiers boarded military vehicles and were brought to the PA headquarters in Fort Bonifacio. They were accounted for and their firearms and equipment were deposited at the PA grandstand.⁶⁹

⁶⁷ See, in this connection, the following articles of the Articles of War:

Article 67 on Mutiny or Sedition states that “any person subject to military law who attempts to create or who begins, excites, causes or joins in any mutiny or sedition in any company, party, post, camp, detachment, guard, or other command shall suffer death or such other punishment as a court-martial may direct”. (Underscoring added)

Article 105 states that:

“a. The commanding officer of any detachment, company, battalion, squadron, commissioned vessel, or higher command, or such other officers as may be authorized by the President, may, for minor offenses, impose disciplinary punishments upon persons of his command without the intervention of a court-martial.

b. Subject to subsection g of this article, any commanding officer may, in addition to or in lieu of admonition or reprimand, impose one or more of the following disciplinary punishment...

x x x

x x x

x x x

e. The imposition and enforcement of disciplinary punishment under this article for any act or omission shall not be a bar to trial by court-martial for a serious crime or offense growing out of the same act of omission, and not properly punishable under this article...” (Underscoring added)

⁶⁸ Testimony of Oban on 28 August 2003.

⁶⁹ Testimony of Rosetti on 21 August 2003.

E. Post 27 July 2003 Events

1. Search and Recovery Operations

The search for staging points and recovery of paraphernalia, equipment, and vehicles was largely made after the pull-out of the rebels from Oakwood. But actual search in other areas started during the day of the rebel occupation of Oakwood. With the recovery of pieces of evidence, staging points for the rebellion were identified by the Government in Cavite, and Makati and Mandaluyong cities.

Cleaning and mopping up operations began after the rebel soldiers left at around 11 p.m. of 27 July. The Ayala Security officers came in to secure the entrance and took control of the Oakwood premises to search for explosives and to clear the building for use the following day.

Among the supplies left behind by the rebel group was a pile of boxes numbering about a dozen, containing communications equipment. These were recovered by PMA '95 Capt. Windell Rebong of the ISAFP Mobile Intelligence Team at around 11:00 p.m. of 27 July, on the ground floor lobby of Oakwood. The recovered equipment had an estimated cost of one million six hundred thousand pesos (P1.6 million). He also found ten (10) physically damaged 1.44 megabyte diskettes in a transparent bag lining the garbage bin in the men's room on the 6th floor. It was Mr. Josefino Marcellones of the Ayala Security who had informed Rebong of the diskettes, but Marcellones was not present during the retrieval of these diskettes.⁷⁰

The contents of the diskettes were later examined by ISAFP. The diskettes disclosed an elaborate campaign plan to overthrow the duly constituted government codenamed "Oplan Andres", with a listing of seventeen (17) task groups that were

⁷⁰ Testimony of Marcellones on 8 September 2003.

organized to carry out specific operations. They reveal the operational details of a planned coup consisting of Plans Alpha, Bravo, and Charlie. Plan Alpha would be implemented if the rebels accumulated sufficient combat power to assault Malacañang Palace and other strategic installations. Plan Bravo contemplated an assault with less intensity due to less combat power at their disposal. Plan Charlie, which was eventually undertaken or implemented by the rebel group, was the planned recourse if there was insufficient combat power but a significant assault could be mounted by using a highly visible target like Oakwood as a staging ground to mobilize potential mass support.⁷¹

The Oakwood housekeeping staff started to clean up debris at 8:00 or 9:00 a.m. of 28 July 2003. Nothing of value to the Oakwood management was found missing from the rooms but the loss of six (6) walkie talkies.⁷² The housekeeping and security staff did not report any equipment left by the rebels in the building.⁷³ In the different rooms searched by Lt. Lindsey Rex Sagge of ISAFP in the afternoon of the same day, documents, maps, overlays, and torn pieces of papers in different rooms were found. Detached Globe and Smart SIM cards were also retrieved inside a trash can.⁷⁴

Abandoned vehicles were found at the parking lot of Oakwood after the departure of the mutineers. One of these vehicles was a Hyundai aero bus with plate number XET-362. In addition to this bus and another one found in Binakayan, Cavite, there were three (3) other Hyundai aero buses that had been purchased from the same dealer but which have not to date been found. Other vehicles were found abandoned at the Oakwood parking area, namely an Elf aluminum van with plate number WPJ-706 and a Mitsubishi L200 pick-up with plate number UMN-405. Documents such as Land Registration Office (LTO) registration papers dated 6 June 2003 and a car insurance

⁷¹ Testimony of Corpuz on 25 August 2003.

⁷² *Ibid*; clarified at Rosetti's recall testimony on 8 September 2003.

⁷³ Testimony of Wycoco on 14 August 2003.

⁷⁴ Testimony of Sagge on 25 August 2003.

certificate bearing the name of a Joey Estrada of 387 P. Guevarra St., Additional Village, San Juan, Metro Manila, were found inside the pick-up vehicle. The name “Joey Estrada” was later found to be fictitious. Investigation revealed that the same vehicle had been stolen from its owner, a certain Jane C. Rey of Cagayan de Oro City on 15 November 2001. LTO records show that it was registered in the name of Luis Nunez of Rosewood, Paranaque, Metro Manila.⁷⁵

The house owned by Cardenas at 2177 Paraiso St., Dasmariñas Village, Makati City, was searched on 28 July at around 2:00 p.m. The NBI secured from the Makati Regional Trial Court a warrant authorizing the search witnessed by representatives from media, the security force of Dasmariñas Village, and a representative of the Chairman of the Barangay.

The search of Cardenas’ house yielded the following items: one M-14 rifle, three M-16 armalite rifles, assorted live ammunition, Philippine flags, Magdalo armbands and banners, empty hand grenade cases, thirty backpacks containing personal effects, and voluminous rebel documents. After the raid and the recovery of evidence claimed to link him to the rebellion, Cardenas, accompanied by his counsel, Atty. Rene Saguisag, went voluntarily to the CIDG in Camp Crame.⁷⁶

An investigation was likewise made by the Mandaluyong City Police Chief in respect of the Mandaluyong townhouses and the flags used by the rebel soldiers. Liezel Magpoc signed an affidavit on 30 July stating that Laarni Enriquez is the real owner of the townhouses in Mandaluyong City and that the Deed of Sale executed in her favor, covering the land on which the townhouses were constructed, was merely for

⁷⁵ Testimonies of Matillano on 25 August 03 and of Wycoco on 14 August 2003.

⁷⁶ Testimony of Matillano on 25 August 03.

convenience and without any consideration.⁷⁷ Enriquez admitted that she is the true and beneficial owner of the property but denied that she had allowed its use as a staging area of the rebel soldiers.⁷⁸ On 11 August, Glenn Mabag of the IFH positively identified the flags recovered from the house of Cardenas as the same flags ordered by Pontejos. Mabag also identified Pontejos from the 2000 PMA yearbook as the man who had ordered the flags from him.⁷⁹

Also on 12 August, the baggage claim stub in the name of Jonah Arugay found inside the house of Cardenas matched the same claim stub issued by Cebu Pacific Air flight number 5J852 in the name of passenger Navy Ensign Jonah Arugay. Arugay arrived in Manila from Zamboanga City via this flight on 26 July 2003. He brought medical kits with him as reflected in his baggage claim (stub number 2842598).⁸⁰ He was one of the rebel soldiers at Oakwood.

2. *Filing of Charges*

On 28 July, Cardenas was brought for inquest proceedings before the Department of Justice (DOJ). He was initially detained at the Office of the Anti-Organized Crime Division of the CIDG. In the afternoon of 28 July, Cardenas was brought to the DOJ. He was later charged with the crime of rebellion. The case is now under trial before Judge Oscar Pimentel of the Makati Regional Trial Court where he filed a petition for bail, which was granted on 10 October 2003.

⁷⁷ Affidavit of Liezel Magpoc dated 30 July 2003, Exhibit "MM" submitted by NCRPO Dir. Supt Ericson Velasquez of the Mandaluyong Police Station in his testimony on 27 August 2003.

⁷⁸ Affidavit of Laarni Enriquez dated 3 September 2003 submitted to the Commission.

⁷⁹ Testimony of Wycoco on 14 August 03.

⁸⁰ From Exhibit O, "Chronology of Events Known to the NBI As A Result of Its Investigation," presented by Wycoco on 14 August 2003 to the Commission.

On 31 July, three hundred twenty-three (323) rebel soldiers were charged by the NBI with the crime of coup d'etat under Article 134-A of the Revised Penal Code. The case was forwarded by the DOJ to the Makati Regional Trial Court under Criminal Case Number 03-2784 (I.S. No. 2003-1103). It is still pending investigation.

Under a 1st Indorsement dated 4 August 2003, Local Government Secretary Jose Lina, Jr. forwarded to the DOJ the affidavit-complaint of PC Chief Superintendent Eduardo Matillano against Honasan,⁸¹ Turingan, Ernesto Macahiya, George Duldulao, *et al.*, and several "John and Jane Does" numbering about one thousand (1,000) persons who are alleged members of the PGBI, for the crime of coup d'etat and other offenses. The case against Honasan, *et al.* has been submitted for resolution at the DOJ.

On 8 August 2003, the PNP Chief Inspector Jesus Fernandez of the Eastern Police District, National Capital Region Police Office (NCRPO) referred to the DOJ investigation records pertaining to an alleged violation of Article 134 (Rebellion and Insurrection of the Revised Penal Code, and/or Violation of P.D. 1866 as amended (Re: Illegal/Unlawful Possession, etc., of Firearms), naming as respondents Laarni Enriquez and Engr. Romy Escalona of JELP Real Estate Development Corporation, *et al.* Charges involving Enriquez and possibly Senator Luisa Ejercito are still being evaluated by the DOJ. No formal charges have been filed to date.

II. Analysis and Findings

In the section that follows, we seek to present the findings of the Commission, as well as the inferences and possible insights that appear to be derivable from the events of 27 July 2003 at Oakwood. The over-arching theme is the distinction that, the Commission believes, must be drawn between, on the one hand, the objectives which the

⁸¹ Twenty-four witnesses executed written statements marked as Exhibits "JJ-1" – "JJ-24", affirming that Honasan had been present in the bloodletting rituals prior to the Oakwood incident.

Magdalo group sought to realize by going to Oakwood -- that is, the forcible seizure of power and the overthrow of the existing Government – from, on the other hand, the grievances and the complaints the existence of which constituted the proffered justification for their attempt to seize control of government by force of arms. The Commission believes that the mutiny had been planned and was not spontaneous and that it was part of a larger plan to achieve political change by military force. At the same time, it will be seen from Part Two of this report that some of the grievances given expression by the rebels at Oakwood, although utilized by them to radicalize soldiers and young officers and to recruit adherents to “Oplan Andres,” are to a substantial degree real, and not merely fictitious. Finally, those grievances are not unique to the military but rather reflect insistent demands for reform made by practically all sectors of our society. The total picture is, indeed, a complex one and the challenges inherent therein truly formidable.

A. The Mutiny was Planned and not “Spontaneous”

1. The rebel group did not take control of Oakwood only to air their grievances nor was the incident “spontaneous”. Facts gathered by the Commission point to the political goal of taking power by the Magdalo group and the establishment of a fifteen (15)-member council after the restoration of former President Estrada to the Presidency for three (3) days only. By early 2003, it was clear that recruitment conducted by the rebel leaders exploited the soldiers’ legitimate grievances against the AFP, for which Honasan’s NRP was the purported sole solution. The “Last Revolution” stressed that since the incumbents in the Government and senior military officers would not give up power voluntarily, they would have to be removed by force.

2. The fact that groups identified with Honasan (Diablo and PGBI) and Estrada (PMAP and DEMOKRASYA) were apparently part of the support group for a planned replication of “people power” further indicates the political character of the

incident. They attempted to mass at the EDSA Shrine and to go to the Oakwood area, but were prevented from doing so by the Government's blocking forces.

3. That the event was not "spontaneous" is strongly indicated by several factual circumstances, including: (1) the wide recruitment of military personnel, which had begun months before the mutiny at gripe sessions at which the bloodletting rite and the oath of loyalty were undertaken by each recruit; (2) the purchase of uniforms and combat boots, rebel flags, and arm bands utilized at Oakwood; (3) the provision to the rebels of backpacks that must have been purchased ahead of time; (4) the purchase of expensive communications equipment and vehicles that were later recovered at Oakwood and various other places by the authorities; (5) the reservation for Gambala under the name of George Uy for 19-28 July at Oakwood, and his actual occupation of the room where he was visited by Trillanes on 24 July; (6) the rebels' use of two staging points in Dasmarinas Village and Mandaluyong City; and (7) the prepositioning of rebel vehicles in the armories of Fort San Felipe and Sangley Point at Naval Base Cavite.

4. The discovery of the plot prompted the rebel group to implement Plan Charlie and stage the Oakwood occupation as soon as the President ordered the arrest of the leaders in the evening of 26 July.

B. Discovery and Pre-emption

1. The fortuitous scheduling of the coup attempt close to the President's third SONA scheduled for 28 July 2003, helped in the timely adoption of countermeasures to avert the plot. Security arrangements for the SONA probably helped Government forces such as TF Libra under Abu and TF Ayala under Teodosio prepare the countermeasures actually adopted during the Oakwood incident.

2. However, the Government authorities failed to prevent the Marines from Ternate, Cavite from moving to Oakwood despite intelligence reports about them. Neither did the authorities succeed in preventing the rebels from occupying Oakwood. Since Oakwood was a “soft target” and prematurely committing Government troops in the area could expose the “hard targets” such as Malacanang Palace, military camps, and television and radio stations that are more critical to the survival of the Government, the authorities continued to watch troop movements and opted not to deny Oakwood to the rebels. Hitting the “hard targets,” according to Plans Alpha and Bravo, was apparently premised on the achievement of the goals of a wider and larger recruitment of rebel troops and civilian components of the plot. As this did not materialize due to the early discovery of the plot, Plan Charlie was activated.

3. The rebels failed to elicit significant support especially from the senior officers in the military. Thus, the Oakwood coup attempt is the first one in the country’s history that had been led by junior officers. This suggests (1) a breakdown in the chain of command that the leaders themselves referred to, (2) alienation of the Magdalo group from their senior officers, which may reflect sentiments shared by other junior officers in the AFP, and (3) a general decline of professionalism in the AFP officer corps.

4. The rebel leaders, it appears, also miscalculated the state of public sentiment or opinion as they failed to draw civilian support from sources other than the PGBI, Diablo, PMAP, and DEMOKRASYA.

C. Demands and Grievances

The grievances aired by the rebels referred to the RSBS, the military procurement system, particularly the practice of “conversion”, the transfer of arms and ammunition to unauthorized parties, and anomalies in the construction and repair of various facilities at Marine Base Cavite.

1. The Commission has looked at these grievances and found some are not without foundation. Nevertheless, it appears that the real impetus for the rebellion, the operative goal of the Magdalo group, was to seize power by force and implement Honasan's NRP.

2. The goal and the plotting and the willingness to use armed violence to secure political changes and thereby, hopefully, correct the grievances proclaimed appear to reflect a certain psychological basis which, in the Final Report (1990) of the Davide Commission, was described as a "Messianic complex".⁸² There is the idealism taught at the PMA which is later challenged by the realities of combat duty and life in the real world. This creates a powerful emotive force that when combined with the issue of graft and corruption and the poor conditions in the field, could make soldiers vulnerable to recruitment by both military and civilian coup plotters.

3. This, however, does not diminish the reality and legitimacy of their grievances, with respect to, for instance, the RSBS, the Modernization Fund, and a few other cases discussed in detail in Part II of this report.

4. Moreover, the military's rigid hierarchy, subordination to seniors, and strict culture of obedience make the grievance mechanisms such as the Inspector General Armed Forces of the Philippines (IG) and the Office of Ethical Standards and Public Accountability (OESPA) ineffective.⁸³

⁸² The Final Report of the Fact-Finding Commission (pursuant to R.A. No. 6832), Chapter III, Sections A and B, and Chapter VII, Section A, October 1990.

⁸³ See below, "The AFP Grievance Mechanism: The Limitations of Internal Controls", Part Two, II-D.

D. The Negotiated Return to Barracks

1. Many groups persuaded the rebels to return to barracks, including their classmates from the PMA and military officers the rebels trusted such as Lim, Oban, Domingo, and Danga. Two groups of negotiators were apparently cleared to negotiate with the rebels by Secretary Romulo. The first consisted of Biazon, Honasan, Sotto, Defensor, and Velasco who apparently obtained authorization from the Executive Secretary at various times and through various means. The second was led by Cimatu who, after obtaining the acceptance by the rebels as the principal Government negotiator eventually succeeded in concluding the return to barracks agreement.

2. Varying accounts of the details of the discussions with the rebels could be due to the large number of people present at different stages of the process, their location relative to the scene of the negotiations as well as to the participants, the variety of personal and positional interests they represented, and the environment of tension and crisis.

3. Not having a more clearly defined mandate other than to end the incident as soon as possible and without bloodshed and damage to property, a military framework defined the terms of the agreement, i.e., that the core group would bear full responsibility for the incident under military law while the followers would be processed according to the Articles of War. The discussions between the Government group led by Cimatu and the Magdalo group is also a classic case of “mutual ignorance” of the applicable laws, neither side being aware of Article 134 of the Revised Penal Code that penalizes coup d’etat. This is a disturbing revelation. Neither, it also appears, was there anyone with a working knowledge of what Article 105 of the Articles of War actually provides.

4. Some have alleged that differences in the interpretation of the terms of the return to barracks agreement by the rebels, by the negotiators, and by the civilian

prosecutorial agencies of the Government may have created a perception that the rebel officers were “betrayed” by the filing of charges in civilian courts. Assuming this sentiment exists and if it becomes widely shared by officers in the AFP, it could become a tool of recruitment and tend to discourage future negotiations with the Government in a similar situation.

E. Other Findings

(1) *Search and Recovery of Materials Left by Rebels*

(a) Materials, including documents left by the rebels in Oakwood and in the vehicles recovered in Naval Base Cavite indicated some civilian support, in cash and in kind, had been extended to the rebels. Communications equipment left at Oakwood, vehicles, uniforms, flags, arm bands, backpacks, and other paraphernalia obviously cost a substantial amount of money. The use as staging points of two houses owned by persons close to former President Estrada described above tends to reinforce the belief that some support from certain civilian sectors had been provided.

(b) There is reasonable basis to believe that the documents and diskettes recovered by Government authorities were not merely fabricated and planted by military authorities. Testimonies regarding the details of the process of recovery and the places where they were recovered tended to be, in part, inconsistent with each other. This is due perhaps to the haste with which the Oakwood management sought to clear the premises, the different views held by the Oakwood management, and the ISAFP operatives on what “valuable” means, as well as the ISAFP officers’ desire immediately to recover whatever materials might have intelligence value.

(c) Authorities that came to investigate and gather evidence regarding the incident appeared less than careful in the observance of standard evidence-collection procedures.

(2) *Root Causes*

(a) The politicization of the military amid the erosion of civilian political institutions that had oversight powers over the military, particularly during and since the imposition of martial law, is a cause of military adventurism. The AFP's role as a partner in national development efforts led them to assume roles that used to be played by civilian authorities. This tended to increase their political leverage over other sectors of society, and contributed to their politicization as they interfaced directly with the people and the problems of the country. During the martial law period, there were no institutional checks on the military's power and influence as well as on the uses to which its power was used, other than the personal power of President Marcos.

(b) Failure on the part of the Government to enforce the law deprives the law of its power to deter, particularly among those who had engaged in previous coup plots against the Government but who were granted unconditional amnesty in 1995 without prior punishment. A number of former coup plotters who had been punished for their participation in the coup attempts of the 1980s and returned to the military after the 1995 grant of unconditional amnesty, have turned their back on military adventurism. Members of their units did not join the Magdalo group in Oakwood. But some of those who received unconditional amnesty without prior punishment were in the list of members of the NRP Council. This suggests that consistent enforcement of the law may be a critical factor in neutralizing the coup virus.

(c) The key role of the AFP in the campaigns against communist insurgency and Moro secessionism creates civilian Government dependence upon the military. In

addition to the clearing of areas of insurgents and defending such cleared areas, soldiers are required to discharge the tasks of consolidation and development that properly belong to civilian authorities.⁸⁴ Not only is the military's political power enhanced, but their politicization is also thereby increased as they confront the problems of these communities on a prolonged basis.

(d) Enlistment by civilian persons, including politicians, of military support for their personal and political ambitions contributes to military politicization and adventurism. Former President Marcos (and not the AFP) initiated the enlargement of the role of the military during his incumbency, particularly during martial law. Civilian persons, including politicians, also sought and encouraged the military breakaway of February 1986 and January 2001, giving thereby the AFP great political leverage over the civilian leaders who appear to rely on the military for political survival. When adequately motivated, military adventurers could exploit this situation to destabilize and overthrow the Government.

(e) At the same time, officers and troops under diligent and respected commanding officers did not join in the 27 July mutiny, suggesting the critical role played by this breed of military leaders in dealing with the coup virus.

(3) *Provocations*

(a) Grievances about graft and corruption in the military, such as the RSBS, the Modernization Fund, and the procurement system provide a fertile ground for the recruitment of officers and men for military intervention and even the overthrow of Government. The expression of grievances resonates to the wider polity who share these

⁸⁴ Army Col. Noel Buan, at the Dialogue between the Commission and the First Scout Ranger Battalion, Isabela City, Basilan, 19 September 2003.

sentiments, even as they do not approve of the means used and the solution proffered by the Magdalo group.

(b) The Commission believes that the discovery or disclosure of the plot led the rebels prematurely to launch “Oplan Andres”, a plot larger than the Oakwood incident. Failure to attain the force requirements of Plans Alpha and Bravo compelled the rebels to launch Plan Charlie.

(c) Moreover, members of PMA '94 and '95 were “frustrated” when the dialogue about their concerns they expected would take place during the dinner hosted by the President on 23 July, did not take place. PMA '94 and '95 had the opportunity to talk to Abaya at the “White House”.⁸⁵ They talked about their class being unjustly linked to a plot against the Government as well as about their commitment to fight graft and corruption ever since their graduation from the Academy. When the dinner with the President arranged for 23 July did not include a dialogue about their concerns, the invitees went away “frustrated.”

(d) Finally, the order by the President aired on national television for the arrest of the coup leaders as “rogue soldiers” was a precipitating factor behind the Oakwood incident. At the time of the President’s order, the leaders of the plot were already missing from their respective units.

F. Recommendations

1. *Due diligence by commanding officers* - Commanding officers in the field need constantly to warn their men against recruitment for destabilization plots against the Government by adventurers in the military. Former military rebels who have turned their back on military adventurism could be used to conduct regular dialogues within the

⁸⁵ This is in reference to the residential quarters of the AFP chief of staff in Camp Aguinaldo

AFP for this purpose. The adoption of a program of this nature should go a long way towards neutralizing the coup virus.

2. *Effectively address legitimate grievances* - The Government and the AFP need to address the legitimate grievances of the military against corrupt officers, officials, bureaucrats, and practices. More specific recommendations on this matter are made in Part Two of this report.

3. *A civilian Secretary of National Defense* – This Commission reiterates the recommendation of the Davide Commission to have a civilian appointed to the position of Secretary of National Defense.⁸⁶ Beyond the need to institutionalize the supremacy of civilian authority over the military, the appointment of persons who have not had long and deep ties to the military, and who have not held positions in the military establishment that itself needs to be reformed, is essential if a reform program is to succeed. Although military officers acquire a civilian status upon retirement, they are likely to bring the rigidity of hierarchy, seniority, camaraderie, and other aspects of the military culture into the office of the SND that would obstruct reform.

4. *Return NICA to its original mandate* – Likewise, echoing the Davide Commission recommendation, this Commission recommends the appointment of a civilian head for the NICA. Moreover, NICA should be returned to its original mandate, that is, to coordinate all intelligence agencies, military and otherwise. The President must have a source of intelligence additional to the ISAFP.⁸⁷ This should provide the Commander-in-Chief (C-in-C) with a parallel intelligence source in the event that

⁸⁶ The Final Report of the Fact-Finding Commission (pursuant to R.A. No. 6832), recommendation C.2.f., pp. 524-525.

⁸⁷ The Report of the Fact-Finding Commission (pursuant to R.A. No. 6832), recommendation C.2.f., pp. 524-525.

information gathered by ISAFP is not made fully available to the C-in-C, for any reason whatsoever.

5. *Enforce the law against all violators* - Erring officers, troops and civilian partners in coup plots must be treated in accordance with law to control and reverse the culture of impunity.⁸⁸ As already noted, former rebel soldiers that were punished for their participation in the coups of the 1980s tended to have abandoned military adventurism. To remedy the recurrence of “negotiation in mutual ignorance” of applicable laws, this gap must be addressed in officer education and training.

6. *Observe or respect the military’s political neutrality* - Civilian political leaders must restrain themselves from enlisting military support for their personal and political agenda as this can only further politicize the military and grievously endanger the constitutional system. This is a theme that should constantly be recalled to politicians and political parties.

7. *Provide “negotiators” with clear terms of reference* - Government “negotiators” in similar incidents should be given clear terms of reference by the authorities to avoid misperceptions that could promote another coup plot in the future. In this regard, strict adherence to the law as recommended in number 5 above need not deter rebel soldiers from “negotiating” with government. In a “negotiation” of a similar nature, it is incumbent on the Government “negotiators” to demonstrate to and persuade the other side that it is to their common interest to “negotiate”. The law itself embodies the basic principle that punishment must be tailored to the degree of participation in the offense to be penalized.

⁸⁸ Although Commissioner Narciso concurs with this recommendation, he stresses that the discussions at Oakwood between Cimatu and the rebel soldiers should be taken into account by the Government in its treatment of the latter.

**Part Two – The Grievances of the Officers and Enlisted Men
Expressed at Oakwood: The Challenges of Corruption Control and of
the Modernization of the AFP.**

I. Introduction

In the Sections of the Report which follow, we examine the grievances expressed by the officers and men who went to Oakwood. In Part One, we stated our conviction that those officers and enlisted men went to Oakwood fully armed not merely to manifest, in a particularly dramatic way, their protests and grievances but rather to seize power, expecting an upsurge of “people power” support and reinforcement from other units of the AFP, and thereby eventually to bring the Government down. It is important to make clear too that we make no benign assumption that, had the Oakwood mutiny succeeded and the Government actually brought down in the subsequent days or weeks, the new rebel military government would have promptly gone about the tasks of redressing those grievances. Such an assumption is quite speculative. That appears to be a lesson derivable from the current history of, e.g., Myanmar and, a few decades back, of other countries in Latin America. That is also a lesson recently taught us in our own country by the Martial Law Government of former President Marcos which had grandly proclaimed the establishment of a “New Society”.

We have inquired into those grievances because we believe firmly that those kinds of grievances, if real, and if recklessly neglected and allowed to fester by the senior echelons of the AFP and by Government itself, tend practically to ensure the replication of the rebellion in the future. And that next rebellion might attract the overt support of other units of the AFP and of great segments of civilian society. We have, accordingly, inquired into each of the grievances voiced by the officers and enlisted men at Oakwood and sought to determine the extent to which those grievances are based on present day realities in the AFP and in our society generally.

Our inquiries into the Oakwood grievances strongly suggest that two principal themes run through all of those grievances: the first is the need for corruption control in the AFP; the second is the need for modernization of the AFP. These two felt needs may be seen to be inter-related; they tend to shape each other. Disregard of one tends to aggravate the effects of the other. Thus, in quick illustration, the ability effectively to modernize the AFP is influenced by the degree of success, or failure, in securing control and reduction of the incidence of corruption. Again, the implementation and funding of modernization programs may provide new opportunities for corruption. Further, the demand for corruption control has led to multiplication and layering of controls in, e.g., AFP procurement procedures, which may, paradoxically, slow down modernization initiatives and increase dissatisfaction levels within the AFP. Conversely, where demands for modernization and for control of corruption are met with reasonable success, the esprit des corps of the AFP should rise and intensify, and that should reinforce the drive towards modernization and corruption control. Finally, should corruption be left uncontrolled and unheeded, the AFP itself could implode and collapse, with unpredictable consequences for the Republic. That would, of course, tend to render the demand for AFP modernization somewhat academic.

II. The RSBS Problem

A. Introduction

The RSBS problem constitutes a major grievance of the young officers and enlisted men who went to Oakwood (the Oakwood officers and soldiers) on 27 July 2003. The RSBS problem is referred to as one of the “issues/demands discussed during the negotiations” in 27 July 2003 between the Oakwood officers and soldiers, on the one hand, and the Government’s negotiating team, led by Ambassador Roy A. Cimatu, on the other hand. The Report dated 28 July 2003, rendered by Cimatu to the President (the

Cimatu Report) described the demands of the Oakwood officers and soldiers in respect of the RSBS problem in the following terms:

“Update and accelerate the audit and on-going investigation of the reported anomalies in the AFP-RSBS system to include measures which have been undertaken thus far to resolve immediate issues.”

The RSBS problem has been around for a very substantial period of time. It is not, therefore, a recent “provocation” leading to the Oakwood events. Rather, the RSBS problem is one of the very few specific examples cited by the Oakwood officers and soldiers of corruption in the AFP and in Philippine society generally. The RSBS problem is also widely, if imperfectly, known by AFP military personnel. It was, for instance, brought up by the officers and soldiers the Commission listened to at the Southern Command, AFP, Zamboanga City, in September 2003.

B. The Nature and Scope of the RSBS Problem

The RSBS problem is a complex one and is best discussed from a chronological perspective.

1. The establishment of the RSBS

On 30 December 1973, 15 months after the imposition of martial law, Presidential Decree No. 361 established the “Armed Forces Retirement and Separation Benefits System” (RSBS or System) with the declared objective of “payment of retirement and separation benefits provided by existing laws to military members of the [AFP] and such similar laws as may in the future be enacted applicable to commissioned officers and enlisted personnel of the AFP.” (Section 1, Presidential Decree No. 361) The purported intent of the decree to establish a “separate fund or scheme to ensure payment of [retirement and separation] (retirement) benefits for members of the AFP, [in lieu] of

complete reliance upon the yearly [congressional] appropriations for the AFP,” is indicated in the Whereas Clauses of the decree.

Under the decree, the RSBS was to be funded from three principal sources: (1) congressional appropriations; (2) compulsory contributions from members of the AFP; and (3) all earnings of the RSBS which were simultaneously decreed to be exempt from “any tax whatsoever”. The decree appropriated the sum of two hundred million pesos (P200 Million) to be paid to the RSBS over four (4) years, the first remittance to be made in July 1974. At the same time, the officers and enlisted personnel in the active service of the AFP were required to contribute to the RSBS an amount equivalent to four percent (4%) of their monthly base and longevity pay (later modified to five percent [5%] of monthly base pay only, by Presidential Decree No. 1656 dated 21 December 1979), which contributions were automatically deducted from their pay from the AFP.

The decree also provided that payment of retirement benefits to AFP personnel already retired at the time of the creation of the RSBS, was to be borne not by the RSBS but rather by the annual congressional appropriations for the AFP. A proviso, however, stated that where the total cash requirements for such retirees’ pension payments exceeded one hundred million pesos (P100 Million) in any year, the excess was to be borne “out of the funds of the RSBS”. Nevertheless, this obligation on the part of the AFP-RSBS would start only four (4) years from approval of the decree, i.e., start only from 30 December 1977. It must be noted that the decree did not expressly and directly require the RSBS to pay the pension benefits falling due each year as members of the AFP reached compulsory retirement age. Even so, the stated purpose of the decree inevitably gave rise to the nation-wide expectation that the RSBS would, at some time in the future, take over from the National Treasury all, or at least part of, the burden of paying retirement benefits to retiring AFP personnel.

After the initial or seed money of two hundred million pesos (P200 Million) had been paid into the RSBS, no further sums were appropriated by the Martial Law Government and paid into the RSBS. Neither did Congress, during the subsequent administrations (of Presidents Corazon C. Aquino, Fidel V. Ramos, and Joseph Estrada) appropriate any further sum of money for the pension system supposedly constituted by the RSBS. What did happen was that, every year since the establishment of the RSBS in 1973 until today, the amounts necessary for paying retirement benefits to retiring AFP personnel were included in the regular annual appropriations for the AFP, in the General Appropriations Act (GAA).

2. Conversion of RSBS into an Investment Company

By 21 December 1979, the effective transformation of the RSBS from a pension fund, ostensibly projected by the original decree of 30 December 1973, into an investment company was obvious. As such, RSBS engaged in two (2) major activities: firstly, receiving of contributions from AFP soldiers; and secondly, investing such contributions. Presidential Decree No. 1656, dated 21 December 1979, however, continued the pension-rhetoric of the original decree, and provided that the funds of the RSBS “shall be allowed to grow to be able to provide perpetually the cash requirement covering the retirement benefits payable to military members of the AFP on a self-sustaining basis”. (Emphasis added.) The new decree did not identify the date when the RSBS would begin to be responsible for providing for the cash requirements of AFP pensions. To the contrary, the new decree made clear that prior to the time when “perpetual self-sufficiency of the funds of the System is attained as determined by actuarial evaluation,” the yearly requirements for retirement benefits shall be included in and funded out of the annual appropriations for the AFP. The decree did not establish any standards for actuarial determination of when “perpetual self-sufficiency” of RSBS is attained. The mirage-like quality of a “perpetual self-sufficiency” status for RSBS as a pension system is underscored by the fact that in the meantime, and in any case, the

National Government would continue to fund the annual pension payments of retiring members, as well as of members already retired. This was a burden to which the RSBS was not obligated under the decrees to contribute anything, and to which it did not in fact contribute anything.

At the same time, the decrees made available to RSBS a guaranteed and expanding pool of cheap funds for its investment operations. The only statutory obligation of RSBS was to return the compulsory contributions of members of the AFP upon retirement. Effectively, RSBS was allowed to use the contributions of AFP personnel without paying compensation for such use, to generate investment revenues which, under the decrees, were tax-exempt. Possibly embarrassed by the exceptionally privileged situation of RSBS, the RSBS Board of Trustees (19 years after the creation of RSBS) adopted on 25 February 1992 a Standard Operating Procedure (SOP) providing for a “grant” of four percent (4%) interest per annum on members’ contributions compounded yearly, effective January 1992, and payable, on a tax-exempt basis, upon return of a member’s contributions upon retirement from the service. Effective January 1996, the tax-exempt interest “granted” on members’ contributions was increased to six percent (6%)¹ per annum compounded annually. Since this “grant” of interest was mandated not by statute or decree but by a “policy” of the Board of Trustees, the “grant” could at any time be modified and withdrawn by another “policy” of the same Board.

¹ Compare the average yield of risk-free Philippine Treasury Bills of 91-day tenor for the following years:

1974 - 10.047%	1981 - 12.606%	1988 - 14.406%	1995 - 11.345%
1975 - 10.342%	1982 - 13.811%	1989 - 19.333%	1996 - 12.393%
1976 - 10.186%	1983 - 14.173%	1990 - 23.396%	1997 - 13.116%
1977 - 10.501%	1984 - 14.916%	1991 - 21.351%	1998 - 15.266%
1978 - 10.888%	1985 - 26.185%	1992 - 16.118%	1999 - 10.197%
1979 - 12.254%	1986 - 16.274%	1993 - 12.251%	
1980 - 12.141%	1987 - 11.390%	1994 - 13.620%	

See Summary from the Central Bank Center for Statistical Information (CBCSI) Department of Economic Research-Domestic, Central Bank furnished by Deputy Governor Armando L. Suratos. The above yields would have been net of tax in the hands of RSBS, since it is not subject to the gross receipts tax (GRT).

Thus, it is clear that the military personnel's compulsory contributions constituted a continuing significant source of investible funds.²

Evaluating the investment operations of the RSBS, at least two (2) points need to be stressed. The first is that the structure of RSBS set out in the decrees is noteworthy for being almost non-existent. Presidential Decree No. 361, as amended, merely stated that:

“The System shall be administered by the Chief of Staff of the Armed Forces of the Philippines through an agency, group, committee or board, which may be created and organized by him and subject to such rules and regulations governing the same as he may, subject to the approval of the Secretary of National Defense, promulgate from time to time; ...”. (Emphases added.)

By administrative regulation, a nine-man Board of Trustees was set up for RSBS. Each member was an active or retired AFP officer. Each was appointed by the Chief of Staff who also appointed the President of RSBS.

Under R.A. No. 2629, investment companies in the Philippines are subject to certain reporting requirements to the *Bangko Sentral ng Pilipinas* (BSP). The RSBS, however, did not bring itself under the jurisdiction of the BSP. Moreover, since the RSBS was not organized either as a regular corporation (whether stock or non-stock) or as an investment company, it also escaped the regulatory jurisdiction of the Securities and Exchange Commission (SEC) both under R.A. No. 2629 and the Corporation Code.

² Per the Audited Financial Statements of RSBS, the yearly inflow of members' contributions in the last five years amounted to:

- (1) 1998 – P451,634,724.00
- (2) 1999 – P463,737,682.00
- (3) 2000 – P499,687,112.00
- (4) 2001 – P526,328,795.00
- (5) 2002 – P566,728,324.00

On year-end 2002, the aggregate total of members' contributions returnable upon members' compulsory retirement stood at P3.459 Billion.

Thus, the investment activities of the RSBS were carried out without regard to the applicability of the disciplines to which all other investment companies in the Philippines were subject, and without regard to the public character of the funds compulsorily collected from all AFP military personnel.

The second point that must be noted is that under Presidential Decree No. 361, as amended, the investment of funds of the System had to be “decided by the Chief of Staff of the [AFP] with the approval of the Secretary of National Defense”. (Emphasis added.) The burden of responsibility thus placed upon the shoulders of the AFP Chief of Staff and the Secretary of National Defense (SND) was inevitably magnified by the absence of the normal disciplines imposed upon investment companies by the SEC. The RSBS’s freedom from (or disregard of) the regulatory disciplines of the SEC and the reporting requirements of the BSP, in the context of the military culture of obedience to the orders or directions of a superior officer, in retrospect, made it particularly vulnerable to the difficulties and temptations of “behest” or DOSRI-type loans and investments that the regulatory institutions precisely seek to prevent and control.

RSBS thereupon engaged in the aggressive pursuit of high yields, i.e., yields higher than those of risk-free Philippine Treasury bonds and bills. Two strategies were adopted: first, investment in real estate which basically consisted of the purchase of large tracts of raw land in the purported hope of developing such land into, e.g., resorts, golf and country clubs, etc., and portfolio loans to new companies, none of which were listed in the Manila or Makati Stock Exchanges. Some of these loans were made to companies themselves engaged in real estate development activities, either as fully-owned subsidiaries of RSBS or as affiliated companies with RSBS owning from forty percent (40%) to fifty percent (50%) of the capital stock. Second, RSBS engaged in heavy short-term borrowing for expanding still further its real estate and loan portfolios. Some

indication of the aggressiveness with which RSBS resorted to short-term borrowing may be had by noting the very substantial interest expense booked by RSBS.³

3. The RSBS bubble bursts: the 1997 Asian Financial Crisis and the 1998 Senate Blue Ribbon Committee Investigation of the RSBS

In a robust and rising economy, the RSBS strategy might have been sustainable for sometime.⁴ In 1997, however, the Asian financial crisis broke out, first in Thailand and soon thereafter, reached the Philippines. This financial crisis resulted in a very substantial devaluation (40%-45%) of the Philippine Peso vis-à-vis, e.g., the U.S. Dollar; a general slow down in economic activities; and perhaps, most importantly, a precipitous drop in real estate values in the country.

The extent to which the financial crisis adversely impacted upon the financial condition of RSBS is reflected in the massive losses that RSBS sustained almost immediately. In 1998, RSBS reported a loss of seven hundred fifty-nine million pesos (P759 Million); in 1999, RSBS's losses escalated to nine hundred ninety-four million pesos (P994 Million). In 2000, RSBS's losses decelerated to four hundred sixteen million pesos (P416 Million) and in 2001, to thirty-eight million pesos (P38 Million).

³ In 1997, RSBS paid P457 Million as interest expense. In 1998, interest expense was P763 Million and in 1999, the figure was P584 Million. These figures are derived from the audited financial statements of RSBS. These statements do not reveal who, and how many, the lenders to RSBS were.

⁴ In 1994, RSBS booked net income of P1.065 Billion and retained earnings of P5.629 Billion.

In 1995, RSBS showed net income of P1.374 Billion and retained earnings of P6.937 Billion.

In 1996, RSBS booked net income of P1.460 Billion and retained earnings of P8.093 Billion.

In 1997, RSBS's net income dropped dramatically to P164 Million (later re-stated as P22 Million by its new external auditor) although its retained earnings increased marginally to P8.176 Billion (re-stated as P7.517 Billion).

In 1998, RSBS booked a net loss of P759 Million while its retained earnings contracted to P6.622 Billion. (All figures derived from RSBS audited financial statements.)

In 1998, the Senate Committees on Accountability of Public Officers and Investigation (Blue Ribbon) and on National Defense and Security (collectively, Senate Blue Ribbon Committee) carried out an extensive joint inquiry into the “*coup* rumors and alleged anomalies in the AFP-RSBS”. The major finding of the Senate Blue Ribbon Committee was alarming: the very extensive real estate acquisitions made by RSBS had been attended by massive overpricing of such acquisitions.

Essentially, the Blue Ribbon Committee found that the real estate purchases by RSBS were uniformly documented by two (2) sets of instruments: firstly, a unilateral deed of sale executed by the seller of the property only; secondly, a bilateral deed of sale, covering the same piece of land, executed both by the seller and by RSBS as buyer. The price stated in the second, bilateral, instrument was invariably much higher than the price reflected in the unilateral deed of sale. The discrepancies between the purchase price booked by RSBS and the purchase price reflected in the unilateral deed of sale actually registered in the relevant Registry of Deeds, totalled about seven hundred three million pesos (P703 Million). The two (2) sets of purchase price figures obviously could not both be correct at the same time. Either the purchase price booked and paid out by RSBS was the true purchase price of the land involved, in which case RSBS had obviously assisted or abetted the seller in grossly understating the capital gains realized by him and in defrauding the National Treasury; or the purchase price in the unilateral deed of sale was the consideration actually received by the seller from RSBS, in which case, the buyer RSBS had grossly overpaid, with the differential, in the belief of the Senate Blue Ribbon Committee, going into the pockets of RSBS officials. A third possibility was that the differential between the purchase price booked and paid by the buyer-RSBS and the selling price admitted by the seller of the land, had been shared by buyer and seller in some undisclosed ratio.

After a prolonged investigation (20 hearing days), the Senate Blue Ribbon Committee rendered a set of detailed recommendations in its Committee Initial Report No. 16 dated 21 December 1998 and a second, additional, set of recommendations in its Committee Final Report No. 51 dated 20 May 1999.

In its Initial Committee Report, the Blue Ribbon Committee made the following recommendations notable for their specificity:

- “1. For the Office of the Ombudsman, to prosecute and/or cause the prosecution of Gen. Jose Ramiscal, Jr. (Ret.), past RSBS president, who had signed the unregistered deeds of sale covering the acquisition of the lands in General Santos, in the towns of Tanauan and Calamba and in Iloilo City, hereinafter mentioned; Mr. Wilfredo Pabalan, RSBS project manager in General Santos City; the lawyers in the RSBS legal office, namely, Meinrado Enrique Bello and Manuel Satuito; and the lawyers who notarized the deeds thereof, namely, Ernesto P. Layusa, Alfredo Nasser and Cecilio Casalla, for (1) falsification of public documents, or violation of Art. 172, par. 1, in relation to Art. 171, pars. 4 and/or 6, of the Revised Penal Code, and (2) violation of R.A. 3019, or the anti-graft law, particularly Section 3 (e) and (g) thereof.
2. For the Department of Justice, to prosecute and/or cause the prosecution of Atty. Nilo Flaviano and his partner, Atty. Antonio Geoffrey Canja, for falsification of public documents by submitting to and registering with the Registry of Deeds in General Santos City deeds of sale of the lands purchased by RSBS from their principals not bearing the true consideration paid for by RSBS.
3. For the Department of Justice, to prosecute and/or to cause the prosecution of Attys. Alfredo Nasser and Ernesto P. Layusa and Mr. Jesus Garcia and Mrs. Elizabeth Liang, Concord Resources, Inc. treasurer and president, for falsification of public documents by submitting to and registering with the Registry of Deeds of Calamba the deed of sale with Concord Resources, Inc. not bearing the true consideration paid for by RSBS.
4. For the Bureau of Internal Revenue, to collect the deficiency in the payment of capital gains tax, documentary stamp tax and income tax from the vendors of the parcels of land in General Santos City, Iloilo city and the Municipalities of Tanauan and Calamba sold to RSBS, and to cause

their prosecution for tax evasion, or more specifically for violation of Sections 21, 24 and 173 of the National Internal Revenue Code.

5. For the City Treasurers of General Santos City and Iloilo City and the Provincial Treasurers of Batangas and Laguna to collect the deficiency transfer tax due on the lands sold by their owners to RSBS; and
6. For the Integrated Bar of the Philippines, to investigate and recommend to the Supreme Court the disbarment of, or imposition of appropriate disciplinary sanctions on, lawyers Nilo J. Flaviano, Antonio Geoffrey H. Canja, Alfredo Nasser, Ernesto P. Layusa, Cecilio Casalla, Meinrado Enrique Bello, Manuel Satuito and other lawyers for their involvement as lawyers in the presentation to and registration with the Registry of Deeds of General Santos City, Iloilo City, Batangas and Laguna of falsified deeds of sale covering various real estate acquisitions by RSBS.”

In its Final Report, the Blue Ribbon Committee made certain additional, equally detailed, recommendations which are quoted or summed up below in the following terms:

1. That a conservatorship committee, consisting of the Secretary of National Defense, the Chief Actuary of the GSIS or the Insurance Commission and a member-representative of the RSBS should be appointed by the President of the Philippines. This Committee should work with the RSBS Board of Trustees to preserve the System’s assets and no disposition of funds and other assets of RSBS should be allowed without approval of the Conservatorship Committee.
2. The enactment of a law revising or creating a new RSBS charter with its organization, powers and functions clearly defined and with “the parameters of investment” carefully specified.
3. The passage of a law prohibiting the use of unilateral deeds of sale as basis for land transfer.
4. “The prosecution by the Ombudsman of Gen. Lisandro Abadia for (a) his sham divestment of shares of Antipolo Properties, Inc. while he was commanding general of the Philippine Army in clear violation of Sec. 9 of RA 6713, otherwise known as the Code of Conduct and Ethical Standards for Public Officials and Employees; (b) for committing corrupt practices in granting and securing special favors to API and Marilaque stockholders, including himself, in violation of Secs. 3 (e), 3 (f) and 3 (h) of RA 3019,

otherwise known as the Anti-Graft and Corrupt Practices Act; and (c) for granting interest-free, "behest" loans to Chinatown Steel Towers, Inc., totaling some P900 Million in violation of Sections 3 (e) and (g) of RA 3019."

5. "The prosecution by the Ombudsman of Gen. Jose Ramiscal, Jr., for having been a willing patsy (sic) of Abadia in the granting of special favors to API and Marilaque as discussed earlier in violation of Sec. 3 (e), Republic Act No. 3019. Ramiscal's prosecution is likewise recommended for violation of the same section of the same law in that he had given undue advantage to a private party by signing a contract with a land coordinator of the Calamba/Tanauan property bought by RSBS without a proper bidding as discussed in your Committees' initial report."
6. "The prosecution by the Ombudsman of Gen. Jose Ramiscal, Jr. and Col. Oscar Martinez for granting interest-free, "behest loans" to RSBS Land, Inc. and Riviera Golf Club, Inc. in the amounts of P200 million and P110 million, respectively, to the detriment of the System in violation of Sec. 3 (e) of the anti-graft law."
7. "The prosecution by the Ombudsman of Gen. Jose Ramiscal, Jr., for granting interest-free loans to BRADCO on various dates totaling P85 million that caused injury to the System, thereby according undue benefits to BRADCO to the prejudice of the soldier-members of RSBS in violation of the same section of the anti-graft law."
8. "The censure by the Senate of Gen. Jose Ramiscal, Jr., Col. Oscar Martinez, Meinrado Bello, Capt. Alfredo Abueg, Jr., Cesar Ibo, Manuel Satuito, Ruben Garcia and Ariel Palacios for holding multiple positions in government and receiving double compensation in violation of the Constitution and the Administrative Code of 1987. The Office of the Ombudsman is requested to delve into the records of RSBS and its corporate affiliates to determine who are the other RSBS officials and military officers who may have committed similar offenses."
9. "The prosecution by the Commission on Elections of Gen. Lisandro Abadia, chair of Antipolo Properties, Inc., and Marilaque Land, Inc.; and Alexander Asuncion, president of API and of Marilaque for knowingly allowing the use of the helicopters owned by Antipolo Properties, Inc./Marilaque Land, Inc., by Speaker Jose D. Venecia, then a candidate for the presidency of Lakas, and other Lakas senatorial candidates for partisan political activities in violation of the Election Code. - - - "

10. The Ombudsman or the Department of Justice to dig further into the records of previous presidents of the RSBS to determine if any of them had incurred any liability in the course of their management of the System.

4. The Extent of Implementation of the Senate Blue Ribbon Committee Recommendations

The Commission has inquired into the level of implementation reached by each agency to which the Senate Blue Ribbon Committee had addressed its recommendations.

- a. Office of the Ombudsman

The Office of the Ombudsman has made a substantial beginning in implementing the specific recommendations for criminal prosecution that the Blue Ribbon Committee set out. The Office of the Ombudsman beginning in 1999, filed with the Sandiganbayan a total of two hundred forty (240) complaints against officers and employees of the RSBS for a variety of charges including:

- (a) malversation through falsification of public documents (Article 217 in relation to Articles 171 and 172 of the Revised Penal Code).
- (b) violation of Section (3) of R.A. No. 3019, the Anti-Graft and Corrupt Practices Act.
- (c) violation of Article 171 of the Revised Penal Code (Falsification of Public Documents).

However, none of the two hundred forty (240) cases has, as of today, progressed to the trial stage. In the lead case charging Gen. Jose Ramiscal, Jr. (Ret.), former RSBS president and four others with misappropriating to their personal use two hundred fifty million pesos (P250 Million) of RSBS funds, a motion to dismiss upon the ground of lack of jurisdiction was filed before the Sandiganbayan upon the ground that RSBS was a private entity. The Sandiganbayan upheld this defense and dismissed the criminal

charge. The Office of the Ombudsman went to the Supreme Court on Petition for Review by certiorari and very recently, on 12 August 2003, the Supreme Court reversed the Sandiganbayan and held that the RSBS is a government entity and that its funds are in the nature of public funds.⁵ The Supreme Court held that the Sandiganbayan has jurisdiction to try the criminal case against Ramiscal, *et al.* and ordered the reinstatement of that case and directed the Sandiganbayan to resume proceedings thereon with dispatch.

The recommended charges against Gen. Lisandro Abadia (Ret.) were reviewed by the Deputy Ombudsman for the Military. In a Memorandum for the Ombudsman (Aniano Desierto) dated 31 January 2001, the OMB-Military stated that “[t]here is no sufficient evidence to prove that there was sham divestment on the part of Gen. Abadia,” and that there is no law prohibiting Abadia from joining a private corporation like Antipolo Properties, Inc. (API) after retirement from the service as CSAFP, adding, however, that “this would appear as immoral considering API’s involvement in RSBS during the watch of Gen. Abadia”. The Memorandum also stated that the charge of violation of the Anti-Graft and Corruption Act “has no leg to stand on” and referred to the transactions between RSBS and API as “purely business decisions,” covered by sufficient collateral and Board approval. At the same time, however, the Memorandum recommended that the records of the cases against Abadia be re-evaluated by another group “to remove any cloud of bias/prejudice that the original panel may have [had] in this case”. The Ombudsman then referred the Abadia case to the Fact-Finding and Intelligence Bureau (OMB-FFIB) “for evaluation of the evidence and review of OMB-Military’s action”.

On 30 April 2001, the OMB-FFIB reported to the Ombudsman that the records of the case (including the records of the SEC) showed “a dearth [of] divestment papers”

⁵ People of the Philippines v. Sandiganbayan *et al.*, G.R. No. 145951. Motions for reconsideration have been filed with the Supreme Court by the respondents which Motions are presently pending resolution by the Supreme Court.

upon which to base “a truly considered conclusion”. Moreover, the relevant loan documents had not been examined so that “reason and prudence therefore dictate a need to dig more beneath the surface of prior findings”. Accordingly, the FFIB referred the case back to the OMB-Military “for further appropriate action”. To date, however, the case against Abadia, recommended in 1999 by the Blue Ribbon Final Report No. 51, is still pending review in the Office of the Ombudsman and has not been filed with the Sandiganbayan, nor definitively dismissed.

b. Department of Justice

The Commission has been advised by the Office of the Chief State Prosecutor, Department of Justice (DOJ), that the prosecution of the persons named in the Blue Ribbon Committee recommendation addressed to the DOJ, has been assigned or delegated to or undertaken by the Office of the Special Prosecutor, Office of the Ombudsman, apparently by agreement between the two (2) offices. Thus, all criminal prosecutions are now being handled by the Office of the Ombudsman.

c. Bureau of Internal Revenue

It appears that the Bureau of Internal Revenue (BIR) did not previously receive a copy of the Senate Blue Ribbon Committee’s Reports. However, on 3 September 2003, upon the request of the Commission, a copy of the Blue Ribbon Committee’s Reports and working papers were forwarded to the Office of Commissioner Guillermo L. Parayno, Jr. On 11 September 2003, Commissioner Parayno informed the Commission that a Task Force has been created that would look into the tax liabilities of the sellers of the real estate purchased by the RSBS.

d. The Department of Finance-Bureau of Local Government Finance

The Department of Finance (DoF) had, it also appears, similarly not received a copy of the Senate Blue Ribbon Committee Reports. Upon the request of the Commission, a copy of each of the Senate Blue Ribbon Committee Reports, and the working papers of the Committee, have been forwarded to the Bureau of Local Government Finance (BLGF) of the DoF. The BLGF has jurisdiction and supervision over the City Treasurers and the Provincial Treasurers who were addressees of the Blue Ribbon Committee's recommendation concerning collection of deficiency real estate transfer taxes in respect of the real estate transactions of the RSBS. In a letter dated 30 September 2003, the Executive Director, BLGF, advised the Commission that the Department of Finance was in the process of implementing the Blue Ribbon Committee's recommendation.

On 19 September 2003, the Executive Director, BLGF, upon instruction of Undersecretary of Finance Inocencio P. Ferrer, Jr. directed in writing the Regional Directors of Regions XI, VI, IV-A, and IV-B to submit a report on the real estate transactions referred to in the Senate Blue Ribbon Committee Reports, particularly the amount of local transfer taxes, the amount of consideration on which the local transfer taxes were based and real property taxes paid on said properties, for the year 1997 and onwards. The Regional Directors were also required to provide the DoF with certified true copies of Tax Assessments, Tax Declarations, official receipts and other pertinent documents relative thereto and to instruct the City and the Provincial Treasurers concerned to collect the deficiency transfer tax due on the lands sold by their owners to RSBS. The Regional Directors are to submit their reports to the Bureau within ten (10) days from receipt of the instruction.

e. Integrated Bar of the Philippines

It appears, finally, that the Integrated Bar of the Philippines (IBP) too had not been previously furnished a copy of the Senate Blue Ribbon Committee's Reports. Once more, upon the request of the Commission, the Senate Blue Ribbon Secretariat furnished Mr. Jose Anselmo I. Cadiz, President, IBP, copies of the Blue Ribbon Committee Reports and of its working papers. Mr. Cadiz soon thereafter informed this Commission that the IBP Commission on Bar Discipline has commenced its evaluation of the evidence against the lawyers identified in the Senate Blue Ribbon Committee Reports for possible disbarment or other appropriate disciplinary measures. By a letter dated 29 September 2003, Mr. Cadiz and Mr. Rogelio A. Vinluan, Director, Commission on Bar Discipline, advised that complaints have been prepared by the IBP against the lawyers concerned and were about to be served.

f. Current RSBS Senior Management

The Commission, in the interest of objective fact-finding, is bound to note that the current senior management of RSBS succeeded in staunching the hemorrhaging of RSBS and decelerating the System's massive losses. In the year 2002, RSBS even booked a small net income of one hundred seven million pesos (P107 Million). Current management is also working on a new design for RSBS that would hopefully become, at sometime in the future, upon injection of vast amounts of public funds, a funded and actuarially sound pension system. This design is, however, far from complete and fundamental problems of RSBS remain, e.g., the real estate acquisition costs booked by RSBS are, if the charges filed by the Ombudsman are correct, grossly overstated and the major portion (up to 80%) of the total RSBS assets are in the form of illiquid and over-valued real estate investments. Moreover, it is open to substantial doubt whether proposals for the structural reform of RSBS (in the form of a new legislative charter for RSBS) would actually reach Congress in the foreseeable future.

C. Principal Findings of the Commission

1. The RSBS never discharged the mandate originally set out in Presidential Decree No. 361. The RSBS was never a true pension system and it has not to date paid a single peso of retirement benefits to AFP personnel reaching compulsory retirement. All payments of retirement benefits to AFP military personnel, before and after promulgation of Presidential Decree No. 361, have been made from the regular annual appropriations of the AFP set out in the GAA. Neither the Department of National Defense (DND) and the AFP nor Congress, has seriously addressed the requirement of “perpetual self-sufficiency” as a pension system, probably because they realized the massive amounts of funding that would be necessary.

2. The funding requirements of a true pension system escalate as the compensation of AFP military personnel is increased. The pension entitlement of AFP retirees, by law, increase automatically with every increase in the compensation of AFP personnel in the active service.

3. The RSBS did not contribute anything at all towards reducing the burden on the National Treasury of payment of AFP retirement benefits. There is no doubt in our minds that the RSBS could have done so, in some substantial degree. The net effect of the failure of RSBS in this respect is that all retirement benefits paid to AFP retirees are and have been fully non-contributory on the part of the soldiers and officers. The annual appropriation for payment of retirement benefits to AFP retirees is fully drawn down from public tax revenues, to which the RSBS has never contributed and to which AFP personnel contribute to a limited extent (only the basic pay of AFP military personnel is subject to regular Philippine income tax).

4. The RSBS, in its present conception and structure, is fundamentally flawed. Structurally, a fund where all investment decisions are made by the CSAFP and the SND cannot be expected to be run like an independent private pension system administered by

private professionals. The current structure creates powerful incentives for the granting of “behest” loans and investments and for the non-commercial pricing of real estate and other acquisitions by the System.

D. Recommendations of the Commission in respect of the RSBS Problem

1. *Liquidate present RSBS in an orderly manner* - The present RSBS should be liquidated in an orderly and professional manner so as effectively to conserve whatever values in its asset portfolio remain.

2. *Return the soldiers' RSBS contributions* - The soldiers' contributions together with accrued interest should be returned to them as promptly as feasible, in a phased and programmed basis as RSBS is liquidated. The soldiers can probably earn better yields than six percent (6%) per annum, compounded annually, at existing institutions like the AFP Savings and Loan Association (AFPSLAI).

3. *Initiate an AFP Service and Insurance System* - A major initiative should be undertaken immediately by the Government in respect of the design and development of an AFP Service and Insurance System (AFP-SIS), possibly as an analogue of the existing Government Service and Insurance System (GSIS). The requirements of actuarial and financial viability of a separate AFP-SIS must be carefully studied. Some problems can be anticipated by limiting compulsory membership in a separate AFP-SIS to military personnel joining the AFP after establishment of a separate AFP-SIS. The new system must be completely independent from the SND and from the CSAFP. The new pension plan should be contributory on the part of the soldiers, just as all GSIS benefits for civilian government employees and all Social Security System (SSS) benefits for private sector employees, are contributory. The new and independent system must be subject to all the financial and investment disciplines that private pension funds are subject to under applicable BSP and SEC regulations.

The financial requirements of a realistically sustainable level of retirement benefits, given the current structure of compensation for AFP personnel, must be carefully studied.

4. *Implement fully the recommendations of the Senate Blue Ribbon Committee* - All the specific recommendations made by the Senate Blue Ribbon Committee in its Reports must be vigorously, transparently and consistently implemented, including the criminal prosecutions of, inter alia, Ramiscal and Abadia. Such implementation should be monitored and quarterly reports be provided to the Office of the President, the DND and to the AFP-GHQ, and AFP personnel generally.

III. The AFP Procurement System: Conversion and Other Problems

A. Introduction

The AFP procurement system is a favorite focus for complaints and protests by officers and enlisted personnel of the AFP. The officers and men who went to Oakwood severely criticized the AFP procurement system. Indeed, the Cimatu Report stated that the officers and enlisted men in Oakwood demanded that appropriate reforms be put in place with respect to:

- ”a) The AFP Finance and Budget System, and Logistics and Procurement System to include alleged institutionalized malpractice within the AFP;
- b) The pilferage, sale [of], trafficking [in] government manufactured and issued arms and ammunitions usually ending in enemy hands;”

B. The AFP Procurement System

The AFP procurement system is governed by a whole set of regulations, policies and practices. The applicable statute is Republic Act No. 9184, the “Government Procurement Reform Act”, which was approved on 10 January 2003. The statute declares its objective as “providing for the modernization, standardization and regulation of the procurement activities of the government and for other purposes”. The implementing rules and regulations under this statute have been drafted but still await approval. This statute is notable for a number of reasons: one of which is that it provides for the procurement of common supplies through the medium of the Government Electronic Procurement System where transactions are carried out through the government’s internet portal. Secondly, the statute establishes a mechanism for resolution of protests where decisions of bids and awards committees in all stages of procurement may be protested.

Pending the effectivity of the implementing rules and regulations to be promulgated under Republic Act No. 9184, the current procedures of procurement in the AFP remain lengthy, complex, and circuitous. The process begins with the issuance of a procurement directive or a request for procurement. The mode of procurement may either be public or selective bidding, or open canvass or negotiated contracts. The ensuing contracts or purchase orders go through a long series of time-consuming control checks at various offices. Eventually, the manufacturer or supplier is informed of the approval of the directive or requisition for procurement and is asked to deliver the items being purchased. After delivery, the items delivered are inspected and if accepted, the necessary papers are processed for payment. The full process, consisting of twenty-three (23) discrete steps, is set out in Annex “H” of the Commission’s Report.

The procurement of weaponry and other defense requirements under the AFP Modernization Program involve three (3) distinct major phases, namely:

- (a) Formulation and issuance of the Circular of Requirements (COR) or Bid Evaluation Plan (BEP);
- (b) Bidding and award; and
- (c) Project implementation.

A substantial bottleneck exists at the initial stages of this procurement process since the COR-BEP is formulated at the headquarters of a major service (e.g., PA, PN, PAF) of the AFP and then has to go to the AFP General Headquarters (GHQ) for another, thorough but effectively redundant, evaluation before approval can be obtained at the DND level. In certain cases, approval of the Office of the President must also be obtained. The process of procurement under the AFP Modernization Program, a process involving twenty-nine (29) separate steps, is outlined in Annex “I” of the Commission’s Report. Thus, procurement under the AFP Modernization Program is even lengthier and more complex than the ordinary APF procurement process.

C. Procurement and Delivery Temptations: The Incentives to and Modalities of Corruption.

1. Conversion

By “conversion”, we mean the transforming of allocated funds into cash, most commonly in collusion with suppliers and some of the officers involved in the procurement process in an AFP unit.⁶ The process of conversion involves the disregard or short-circuiting of the procurement process (the ordinary procurement process or the AFP modernization procurement process). The short-circuiting, as it were, of the ordinary complicated procurement process may also involve disregard of administrative

⁶ See, e.g., *The Power of Reform in the AFP Logcom: A True Story; the Struggle Continues ---* (1992), p. 35 *et seq.* The authors of this study are not revealed; they acted through a representative who is named – Manuel B. Mariano. Mr. Mariano, a retired BGen., PA and Commander of the AFP Logistics Command, testified before the Commission on 1 September 2003.

regulations, e.g., funds which are allocated for a particular use or acquisition of particular equipment or other articles, wind up being used either for other purposes – which may well be programmed for other expenditures of the command unit involved – or wind up in the personal bank account of the commander of an AFP unit resorting to conversion. In other words, there may or may not be an actual delivery of supplies for use of an AFP service unit. If supplies are actually delivered at the end of the process, a lesser quantity than what was originally ordered is delivered. If no delivery of supplies is actually effected, a cash payment is commonly the end result of the process.

The cash generated by the conversion process may either be used by the commander resorting to conversion to procure items needed by the service unit but which were not programmed; or the cash may wind up in the private bank account of the unit commander involved. In either case, the resulting cash is about thirty percent (30%) less than the amount allocated in the budget of the service involved, and only seventy percent (70%) is delivered to the commander of the unit. The thirty percent (30%) represents the “profit” or “fee” of the suppliers who undertook to carry out the paperwork and physical legwork involved in conversion less taxes and “goodwill” to the various offices and personalities involved in the processing of the purchase documents. Frequently, this thirty percent (30%) is described euphemistically as the “cost of money”, that is to say, the “cost” of generating a certain amount of cash (70% of the allocated item) from a budgetary allocation. If the cash, or the resulting supplies and material or the equipment are re-sold to a third party and the proceeds thereof appropriated by the commander to his personal use, a second and more serious illegality is committed: the malversation of public funds or the misappropriation of public property.

Clearly, the length and the complexity of the procurement processes of the AFP create an incentive (and, in the minds of some, a justification) for recourse to conversion by the commander involved. The time and bother of undertaking every step of the procurement process is avoided by in effect paying the supplier, who attends to the

paperwork, the thirty percent (30%) “cost of money”. Thus, the “cost of money” aside, so far as the “converting” commander is concerned, recourse to conversion is a fast, convenient, and flexible course of action; delivery of goods may or may not actually result, however; and the cash generated may or may not be used by the commander to service the legitimate military requirements of his men.

It may also be noted that the “cost of money” is not always thirty percent (30%) of the allocated item; it may be greater. The greater the time pressure on the commander of the unit involved to procure certain goods or services which may be needed by his unit or to satisfy his personal needs or desires, the higher will be the “cost of money” collected or retained by the supplier.

The fact that the cash generated as a result of the conversion process has been “cleared” and all administrative requirements complied with on paper, facilitates the misappropriation of such cash by an unscrupulous military commander. The cash becomes very difficult to trace.⁷ So that he could increase the amount of cash he can personally appropriate, such a commander might try to skimp on support funds for his unit and release just enough for it to operate at bare subsistence level. This would certainly neglect basic upkeep resulting in the gradual deterioration of physical facilities

⁷ It appears to the Commission that the practice of conversion is extensive and deep-seated in the AFP. The AFP Comptroller General, MGen. Carlos C. Garcia, J6, AFP, stated that he regards “conversion” as problematical only when the “converted cash” [i.e., the cash generated by resort to conversion], is used for illegal or unauthorized purposes. The suggestion, apparently, is that the practice of conversion is not inherently objectionable and it is the use made of the cash generated that determines the legality or acceptability of “conversion”. (Testimony of MGen. Carlos C. Garcia before the Commission, on 29 August 2003.)

Such a suggestion disregards the other illegalities entailed by conversion: e.g., disregard by AFP commanders of the AFP’s own regulations. Further, the Commission considers that the AFP should forestall its commanders placing themselves in situations of severe conflicts of interest, where the diversion of “converted funds” to the satisfaction of personal desires of commanders may appear so attractive and easy to get away with. No one has a right to be surprised when commanders succumb, with alarming frequency, to such attractions.

and induce operational shortcomings or other weaknesses that would adversely affect its performance.

When one visits an AFP Office or Field Unit, one may wonder to what extent conversion has played a part in the poverty or splendor of that Field Unit or Office. And as the contagion of conversion is allowed to spread through failure of leadership, incompetence, or human greed, the danger of collapse of the AFP from within may be expected to rise. The tragedy is that such failure of the military organization would almost certainly push the Republic itself to the brink of disaster.

Primarily, the Maintenance and Other Operating Expenses (MOOE) fund of an AFP major service unit is tapped for conversion. A specific conversion process begins when the unit comptroller receives the Sub-Allotment Advice (SAA) of the unit's quarterly MOOE from the comptroller of the major service unit involved. The SAA is referred by the comptroller to the unit's Operating Program Budget (OPB) to determine the more specific category of expenditure which the SAA is supposed to fund. The comptroller then informs the commander of the unit involved that the SAA has been received and advises his superior on the manner in which it may be utilized so far as concerns, projects or activities specifically found in the OPB. Not surprisingly, a unit commander tends to follow the comptroller's advice on how this SAA can be utilized to generate either cash or particular equipment and supplies. But the decision to engage in conversion is the commander's.

2. “Centrally Managed Funds” and “Contingency Funds”

We have noted above that commanders resorting to conversion have commonly tapped Maintenance and Other Operation Expenses (MOOE). To understand why, it is useful to note the budgetary process relating to the AFP.

The budgetary process begins with the receipt of a “Budget Call for Estimates”, a document issued by the Department of Budget and Management (DBM) reminding the AFP to prepare budgetary estimates in accordance with approved overall budget ceilings and parameters. A consolidated budgetary estimate from the AFP major components: GHQ, PA, PN, and PAF, is submitted to the CSAFP, for submission to the DND. DND presents the DND budget proposal to DBM for consolidation into the National Government’s budget which is forwarded to both Houses of Congress.

After approval of the GAA, the DBM releases portions of the budgetary allocation for each AFP major component, on a quarterly basis, and additional releases as the need arises. Each AFP component has its own programs and discretion to allocate funds to subcomponents based on agreed priorities.

The budgetary allocations of an AFP major service unit principally consist of (a) Personnel Expenses and (b) Maintenance and Other Operating Expenses (MOOE). GHQ and the offices of the commanders of the respective major service units withhold thirty percent (30%) or more from the total annual MOOE allocated to the AFP and to each major service unit, respectively. The funds withheld are then referred to as “Centrally Managed Funds” (CMF):

“The Maintenance Operating Expense Budget of the AFP for CY 2003 amounts to P9.1 Billion, and this is distributed as follows: We have Direct Support Funds (DSF) P2.5 Billion; Centrally Managed Funds (CMF), which is what they call the retained fund or retentions in the amount of P4.4 Billion; Operational Enhancement Fund (OEF) P903 Million; DBM Reserve P829 Million and the General Administrative and Support Services or what we call the Command and Management Fund in the amount of P531 Million. The next component of operational support is the centrally managed funds or the retention.”⁸

⁸ Testimony of MGen. Carlos C. Garcia before the Commission, on 29 August 2003.

The Centrally Managed Funds may partly or wholly be treated as “Contingency Funds” by the commander and disbursed at his discretion to support other requirements not foreseen or specifically included in the regular budget program (OPB) of the major service unit.

In theory, there are certain advantages which the AFP can derive from the retention of “Centrally Managed Funds”:

“economies of scale; commonality of requirements; insured standardization and uniformity of specifications of goods to be procured, non-availability of peculiar articles in the field; unburdened operating units of administrative and logistics concern; the flexibility of the Chief of Staff AFP to channel resources to priority area.”⁹

These advantages, however, may remain merely theoretical. A very substantive problem is that of implementing the requirements of transparency and accountability in respect of “Contingency Funds”. Not surprisingly, a significant portion of “Contingency Funds” may wind up as personal assets (e.g., cars, house and lot, etc.), or in the personal bank account of a commander.

3. “Washing”

“Washing” is the term applied to “laundering” of funds which result from converting the SAA allocated to a particular AFP service unit into cash. “Washing” refers to conversion which is effected not by the AFP service unit to which the SAA pertains, but rather by another AFP operating unit, the commander of which may be unusually accommodating and friendly to the commander of the first operating unit. The “laundering” service rendered by the second AFP service unit attracts a certain “cost” or “fee”: ten to twenty percent (10% to 20%) of the amount covered by the SAA is left with the service unit doing the “washing” and this amount may, for instance be distributed

⁹ *Ibid.*

among the various signatories of a purchase order involved in the conversion process. The “laundering fee” is in addition to the “cost of money” retained by the supplier doing the paper work.

It is, of course, not possible to determine with any specificity the extent to which conversion and “washing” are resorted to by commanders of AFP service units. The information received by the Commission in the course of its fact-finding inquiries provides reasonable grounds to believe that conversion is a fairly widespread practice in AFP procurement. Not all of the cash or goods resulting from recourse to conversion may be misappropriated by the commander of the unit involved and indeed, it may be very difficult for an outside agency to determine whether or not such misappropriation in fact occurred. It appears, however, to the Commission that a very substantial penalty is being paid by the AFP or the Government itself for permitting its procurement procedures to remain in their present lengthy, complex, and multi-layered form.

4. “Rigged Bidding”

Conversion is not the only form of irregularity that haunts the AFP procurement system. Collusion between officers involved in procurement and dealers may result in “rigged bidding” where a favored supplier or contractor is identified before hand and “allowed” to win the award. In some cases, multiple bidders may appear to prevent declaration of the bidding as a failed bidding. The multiple bidders may, however, turn out to be companies owned by one and the same person or group. Consider the following example:

”Sometime in 1995, ... PhP 64,982,600.00 was particularly allocated for the Philippine marines (PMAR) project at the Marine Training Base, Ternate, Cavite broken down as follows:

Date	SAA No.	Amount (PhP)	Purpose
07 September 95	3797C	12,000,000.00	Rehab of 6km Main Access Road
18 September 95	3960M	8,037,000.00	Construction of Open Canal/ Drainage
21 February 96	0492C	2,600,000.00	Construction of Medical Dental Building
08 March 96	0681C	25,400,000.00	Construction of PMAR facilities
01 July 96	2509C	2,374,000.00	Construction of Deep/Pump House/Reservoir
T O T A L -----		64,982,600.00	

The road was only partially completed; but the amount of PhP 65M had already been consumed. Philippine Marine Officials claimed that the amount was insufficient to complete the project. However, verification with the Naval Civil Engineer’s Office showed that the suppliers, Berlyn Construction and NB Cast as well as the several cheque payments to Catzar Trading were encashed into one (1) FEBTC Account. Berlyn Construction and NB Cast were found out have the same building address with identical business telephone nos.”¹⁰

5. Purchase Order (PO) Splitting

The splitting of purchase orders takes place where the quantity of goods or services being procured is covered by several purchase orders, with each PO setting out only a limited amount that falls within the signing authority of the commander of the service unit doing the procurement. Sometimes the splitting of purchase orders is resorted to in order to speed up the procurement process, since then the papers do not

¹⁰ Report submitted by the Office of the Deputy Ombudsman for the Military to the Commission dated 10 September 2003.

have to be elevated to higher headquarters. But this practice tends to be used as a screen to avoid scrutiny of the transaction considered as a whole. To cite an example:

“In the procurement of 500 units of US Kevlar helmets involving a total amount of P3,865,310.00 for use of the Philippine Marine Corps. The total amount was split into fourteen (14) purchase orders and seven (7) suppliers, each consisted an amount of P300,000.00. ... The Naval Internal Auditors found that only two (2) of the seven (7) suppliers were legitimate. ... the full payment for the Kevlar helmets was made without delivery...” Later, “299 units of Kevlar helmets (made in Taiwan, not US) were delivered and to date the balance of 201 units remain undelivered.”¹¹ (Emphasis added.)

Another case illustrates recourse to the splitting of POs combined with a “rigged bidding” or no bidding at all, resulting in a “ghost” delivery or under-delivery as the following example shows:

“This pertains to an anonymous complaint relative to the alleged irregularities in the procurement of the Combat Clothing for candidate soldiers by the Army Support Command, Phil. Army, Fort Bonifacio, Makati worth P37,214,580.00. The fund was released Under Advice of Allotment No. 2003-01/100/2200-96 for the procurement of enlistment clothing allowance of 2,500 candidate soldiers on March 4, 2003. The anonymous complainant averred that no public bidding was conducted for the procurement of the said CCIE. The quality of the delivered combat clothing were “poor quality”...Initial findings revealed that there were no public bidding conducted by the said unit to procure ... Several procurement directives per Infantry Battalion were issued authorizing the purchase of the said item, which involve an amount less than P 1 million, that it may not be subject to public bidding as provided for the Executive Order No. 40.”¹² (Emphasis added.)

¹¹ *Ibid.*

¹² *Ibid.*

6. Other Problems

a. Ammunition

Much like the AFP procurement system, the distribution system for AFP firearms and ammunition is governed by administrative policies and regulations.¹³ The complaints raised at Oakwood about arms and ammunition allegedly sold to groups hostile to the Republic will be examined in the light of these regulations and policies.

The distribution system for arms and ammunition attempts to be responsive to the needs of the tactical units who are the end-users. The system has to be sufficiently flexible to adapt to the needs which may change suddenly because of the forces of nature or the incidence of hostile action. In the effort to provide flexibility, numerous Forward Service Support Unit (FSSU) and Military Supply Units (MSU) have been established in the various regions of the archipelago. The replenishment of ammunition used by a service unit is secured by a process which includes the following:

- (a) The concerned AFP unit submits an After Battle Report (ABR) to the area commander to which the unit belongs.
- (b) The area commander signs a request for the replenishment of ammunition and forwards the same to the nearest FSSU or MSU.
- (c) A Request and Issue Voucher (RIV) which details the quantity and type of ammunition is accomplished.
- (d) Before transport of the ammunition requested to the requesting unit, a Tally Out form is completed to check the quantity and type of ammunition withdrawn from the FSSU or MSU.
- (e) The FSSU/MSU dispatches a radio message to the receiving or destination unit that the cargo of ammunition has been claimed and is on its way.

¹³ These administrative policies and regulations include (a) AFPR G-400-031 dated April 21, 1992 (Security, Maintenance and Surveillance of Ammunition in the AFP); (b) AFPPR G-141-021 dated March 9, 1993 (Safeguarding and Storage of Small Arms Ammunition); (c). AFPR G-401-141 dated February 22, 1994 (Accounting of Issuance of Firearms and Ammunition to AFP Personnel); (d) Circular Nr 1 dated January 11, 1993 (Ammunition Basic Load and Issuances).

Despite the numerous safeguards with respect to the proper storage, distribution, and disposal of firearms and ammunition, AFP firearms and ammunition do get lost or fall into the hands of criminal elements or groups that pose threats to the national security. This may be due to one or more of the following factors:

- (a) Individual sale by a soldier of ammunition issued to him.
- (b) Pilferage from the stock of ammunition maintained by a service unit and subsequent sale of such ammunition.
- (c) Illegal issuances or transfers of ammunition
- (d) A military camp where the ammunition is stocked and stored may be overrun by hostile forces.
- (e) As a result of encounters and ambushes by hostile forces, soldiers may lose ammunition assigned and distributed to them.
- (f) During a mutiny or attempted *coup d'etat*, firearms and ammunition may be stolen from the arsenal, armory or other place of storage of a service unit.
- (g) Firearms and ammunition are sometimes issued (knowingly or inadvertently) to defunct military units
- (h) Soldiers who go on Absence Without Official Leave (AWOL) might take along the weapons and ammunition assigned to them.

The following case exemplifies a transfer or issuance of ammunition attended by failure of documentation but eventually held excusable:

While the Office of the Chief of the Chemical and Ordnance Service (OTCOCS) of the AFP was monitoring the status of stock transfer last September 2002, personnel of its Ammo Branch discovered that the 6th FSSU received six-hundred twenty-one thousand six hundred (621,600) cartridges of 5.56 mm ammunition but was never reflected in its reports. Records showed that the shipment arrived at the Iloilo City pier sometime in March 2002. In a bid to avoid 'double handling', the Supply Officer (G4) of 3rd Infantry Division (3ID) based in Jamindan, Capiz had the supplies unloaded and transported directly to 3ID Headquarters without proper documentation but with the approval of the Commander of the 6th FSSU. Ideally, the said ammunition was to be transported first to

the 6th FSSU facility in Camp Delgado, Iloilo City for proper storage and accounting before it could be issued to end-users. Findings revealed that the 621,600 rounds of ammunition were still intact and in the possession of the 3ID. The Investigation Report also stated that “the alleged diversion ... of ammunition was acted in good faith in facilitating the transport of said cargo and no other malicious intent, much less criminal liability except failure to coordinate/secure clearance from higher Headquarters...”¹⁴ The officers involved were admonished for their actions and the case was subsequently dropped and closed.

Another case of the diversion of ammunition occurred sometime in December 1997 but this time the cargo ended up in civilian hands:

Records show that sometime on December 28, 1997, ammunition replenishments officially intended for the 103rd Brigade, 1st Infantry Division, PA and the 3rd Marine Brigade of the Philippine Marines never got to them but were apparently diverted to the Special Para-Military Force (SPMF) or ‘Magic 8’ in Jolo.¹⁵ The then SOUTHCOM Commander, Lt.Gen. Romeo Padiernos (Ret), admitted that he authorized the transfer of ammunition to the men of Mayor Bagis (one of the ‘Magic 8’) but only for Garand ammunition¹⁶. However, Captain Luna’s testimony on the composition of the transferred ammunition coincided with the documents retrieved from the 9th FSSU in Zamboanga City. In addition, Gen. Narciso Abaya stated that “we have not come across any written directive or AFP policy that authorizes the transfer of firearms and/or ammunition to paramilitary forces ... This is a continuing concern in our Internal Security Campaign as there continues to be non-AFP, but government-recognized groups in Mindanao, a situation that resembles the status of the ‘Magic 8’”.¹⁷

The AFP has acknowledged limitations on its ability to counter-check the accuracy of field reports on the status of firearms and ammunition. It has also stressed the need to be electronically connected to various AFP depots nationwide so as to achieve

¹⁴ Investigation Report submitted by 3ID to the CS,AFP dated 23 September 2003

¹⁵ Exhibit ‘W’ (Affidavit of Capt Danilo F. Luna dated August 5, 2003.)

¹⁶ Testimony of Lt. Gen. Romeo B. Padiernos (Ret) before the Commission dated 29 August 2003.

¹⁷ Letter to the Fact Finding Commission by the CS, AFP dated 29 September 2003.

immediate verification of the accuracy of the inventories reportedly maintained in such depots. Despite limitations on its ability to counter-check field reports, the AFP has investigated and brought to court a number of erring AFP personnel. Thus, there are six (6) Dropped and Closed cases, one (1) Discharged, nine (9) under military court investigation, and six (6) pending before regular courts of justice.¹⁸

b. Petroleum, Oil and Lubricants (collectively “POL”)

POL products are obviously important for military operations. Petron Corporation is presently the sole supplier to the AFP of POL products. For calendar year 2003, the POL allocation of the AFP is one thousand seven hundred twenty-one million pesos (P1,721 Million), representing nineteen percent (19%) of the MOOE for this year.¹⁹

The AFP Quarter Master General (Quarter Master) has charge of distributing POL products to AFP units. The Quarter Master initiates the distribution of fuel allocation to operating units of the AFP by issuing a delivery advice to such units. Upon receipt of this advice from the Quarter Master, the AFP unit contacts the nearest Petron Bulk Plant and arranges for the delivery of fuel to the AFP base fuel dump by means of tank trucks or lorry trucks. That fuel is stored in the base fuel dump and from there distributed to AFP operating units.

The conversion of fuel into cash has at times been practiced in the AFP. The Commission has no way of determining with any precision the extent of this particular conversion practice but believes such practice is not insubstantial. Cash is generated through the unauthorized sale of fuel by an AFP base fuel dump to private sector gas stations or end users at a lower price. The cash resulting from this conversion may be used either for requirements of the AFP unit or end up in a commander’s private pocket. The fuel directed to be delivered to an AFP unit’s fuel dump might be less than the

¹⁸ Testimony of MGen. Cicero Castellano before the Commission dated 29 August 2003.

¹⁹ “FY 2003 AFP POL Allocation,” submitted to the Commission by J6, AFP, dated 6 October 2003.

amount stated in the delivery advice from the Quarter Master. The difference could be converted into cash by pre-arranged sale to a commercial gas station. More simply, notwithstanding the delivery advice, no fuel at all might be hauled to an AFP base fuel dump and instead delivered to a commercial gas station. The documentation of the transaction will show proof of delivery to the AFP unit and would otherwise be generally in order. But the diverted delivery or “ghost” delivery is in effect transformed into cash.

D. The AFP Grievance Mechanism: The Limitations of Internal Controls

The AFP grievance apparatus is part of an AFP internal process designed to address problems, gripes, or complaints and to find solutions to various issues confronting the AFP and its personnel. The system is intended to help commanders, staff officers, and the AFP policy and decision makers to resolve conflicts within the military organization and to institute internal reforms.

There are many types of grievances that may be brought up to the AFP grievance apparatus. For present purposes, however, we will focus on the machinery only to the extent that it deals with problems or conflicts integral with the problems of graft and corruption, favoritism, and other grievances like those given expression by the officers and enlisted personnel who went to Oakwood. The grievance machinery was established to provide organizational due process consisting of established procedures for handling complaints and grievances, provide protection and unity of action for resorting to such procedures, and systematic and thorough review of the substance of the complaints and grievances. There are at least two (2) aspects of this machinery that need to be noted.

First, there is the Chain of Command which is a continuous line of authority that links all individuals in the AFP and specifies who reports to whom. An issue is raised by a soldier. The soldier asks his supervisor to discuss the problem and examine its various aspects. On the supervisor’s level, he will normally seek to find ways and means to resolve the problem. If he is unable to do so to his satisfaction, he may elevate the issue

to the next level in the Chain of Command. If on the latter level, the grievance is still unsettled, the grievance can be elevated still further to the next level. In other words, the issue may continue to climb up the Chain of Command passing through each link or level in the effort to find a solution.

The second aspect to be noted relates to certain staff officers or entities that may enter the picture to resolve particular protests or grievances. These are: the Office of the Inspector General (IG); the Office of Ethical Standards and Public Accountability (OESPA); and the Office of the Provost Martial (PM). The IG looks into the effectiveness of the utilization of resources, the state of morale and welfare of personnel, and the operational readiness of service units. OESPA conducts investigations of charges of graft and corruption and related cases. The PM focuses upon violations of military regulations by military personnel. Grievances or disputes that can be resolved at a lower level of the Chain of Command may be brought before these offices for possible disposition.

The AFP grievance apparatus, however, has certain structural limitations which essentially arise from the nature of the military institution in which it must function. The military has strong traditions that follow certain norms peculiar to a military organization. The basic indoctrination of a soldier is to follow orders given by a superior and not to ask why. Thus, the military is different from the private sector of the community in that among the military gripes are accepted, but can be resolved only up to certain levels of the hierarchy. Decisions of senior officers can not be countermanded by officers or personnel subordinate in rank. The discretionary power of the commander of a major service unit in making decisions is, as a practical matter, absolute. Commanders customarily invoke the notion of "command responsibility" as justification for their being vested with the power to make the final choice.

In truth, of course, very few officers and soldiers have the courage to present a complaint directly to the commanding officer. It is simply unreal to expect an officer or

soldier to bring to his immediate superior, and much less to the commanding officer directly, a complaint to the effect that the commanding officer is probably guilty of a corrupt and illegal act, such as pocketing the cash realized through a resort to conversion. Most military personnel are apprehensive that, if they criticize a senior officer, they could become “marked men” who could subsequently be given a “hard time”, e.g., assignment to a non-performing department, curtailing of privileges, delay in consideration for promotion, and so forth.

In short, military culture is an authoritarian culture and natural status barriers exist between enlisted men and officers and between junior officers and senior officers. In a context which includes such culture and barriers, internal mechanisms alone cannot realistically be expected to do away with the problems of corruption control.

E. Recommendations of the Commission

In respect of the procurement system of the AFP and the very substantial problems relating thereto, the Commission puts forward the following recommendations:

1. *Simplify AFP procurement procedures* - The procurement procedures of the AFP should be drastically simplified to reduce the incentives for conversion and other forms of misappropriation of public funds. The “cost of money” is in effect a heavy penalty paid by AFP service units for complying with the complex requirements of the AFP’s own procurement procedures.

2. *Control commanders’ discretionary powers over the CMF* - The requirements of transparency should be made more stringent to control the discretionary powers of commanders in the disbursement or retention of “Centrally Managed Funds,” and correspondingly increasing the accountability of such commanders in respect of such disbursements.

3. *Reduce the amount of CMF in GHQ/service HQ hands* - The ability of the GHQ AFP to retain “Centrally Managed Funds” (CFM) should be reduced by distributing more of such funds to the HQ of each of the major services of the AFP, after careful review. Similarly, the ability of the HQ of each of the major service units to retain “Centrally Managed Funds of, e.g., the PA, should be reduced by distributing more of such funds to, e.g., the Division Commanders.

4. *Strictly implement control measures over supplies* - Existing control measures in respect of the management of issued or acquired supplies should be strictly implemented and substantive penalties imposed for failure of supervision by commanders of service units, including relief from command.

5. *Set tenure limits for AFP finance and procurement officers* - Tenure limits should be set for comptrollers, logistics officers, procurement, and special disbursing officers to a maximum of, e.g., four (4) years. Two (2) years each for junior and senior positions, respectively would appear reasonable. The ability of AFP operating units to receive cash advances should be increased (presently limited to 10%) of total annual MOOE Funds.

6. *Establish an autonomous Internal Affairs office (IAO)* - Apropos, the fundamental limitations of the existing AFP grievance mechanism to deal with the problems of corruption control in the AFP, one recommendation that may be made is that an Internal Affairs Office (IAO) that can handle grievances of AFP personnel, outside of the Chain of Command, should be organized as an entity separate from the AFP and reporting directly to the Commander-in-Chief, that is, the President. Possibly, the Office of the Inspector General (IG) and the Office of Ethical Standards and Public Accountability (OESPA) could be merged into such an IAO. If and when established, the existence of such IAO should be brought home to AFP personnel by a countrywide information drive.

IV. Modernizing the AFP: Funding and Consequential Problems

A. Introduction

Some of the issues raised by the Oakwood officers and soldiers relate to the morale and welfare of AFP personnel. Two (2) of these issues are summed up in the Cimatu Report on the discussions at Oakwood on 27 July 2003, in the following terms:

“Personnel Morale and Welfare

- a. The AFP has a very strained and low standard medical and health service delivery system. The services provided by the AFP hospitals have long been below standard and inadequate for the needs of the soldiers and their families;
- b. The AFP housing program is way behind its target goal of providing quarters to its personnel. In the Bonifacio Naval Station alone, 70% of the occupants are retired and refuse to vacate the residences that are supposed to be awarded to officers in the active service. Three Military Commandants have failed to evict the retired officers who have successfully sought legal protection. ...”

The specific problems relating to the medical and health service delivery system of the AFP are dealt with in another portion of the Report of the Commission. In this section of the Commission’s Report, we propose to deal with certain aspects that we have found to be common with respect to the medical and health service delivery system of the AFP, the housing program of the AFP, and the poor and semi-obsolete character of much of the equipment and weaponry of the AFP. We deal principally with these common aspects under the rubric of the “AFP Modernization Program”, since such program was designed to address, among other things, the medical and health service problems, the housing problems of the AFP, and the acquisition of new equipment and weapon systems for the AFP.

B. The Sad and Obsolete State of AFP Equipage

The so-called AFP Modernization effort is really just an upgrade program designed to bring the combat-ready status of the AFP to a minimum acceptable level

since, at present, it is way below even that modest benchmark. It has been that way since the '70s with the state of AFP equipage having inexorably deteriorated over the years.

Severe limitations in funding support, a succession of world-wide economic crises, poor planning, indifferent decision making, and seeming irrationality in the disposition of modernization funds (as detailed in this report) have effectively combined to stunt the growth of the Armed Forces. Looking at the AFP budget from various angles - in terms of per capita, percent of GNP or percent of national budget, and other such standards - the AFP can easily qualify as one of the cheapest armies in the world.

Among of the most telling weaknesses of the AFP is its equipage. Based on complaints aired by soldiers in the field as well as assessments of those at Headquarters, the most obvious problems are briefly discussed below, by branch of service:

Army – Crying out for immediate attention is the plight of wounded soldiers who cannot be airlifted immediately to the nearest medical facility. The macabre but true story of a dead soldier being carried around for three (3) days by a combat patrol for lack of a helicopter to pick up the body, was recounted to the Commission during its visit to the front lines in the South.

Army units still use old model radios which require dozens of D-sized batteries that are quickly drained of power. Even a two or three (2 or 3 day) patrol would entail lugging around heavy bags full of replacement batteries – an anachronism in these digital times when some reasonably-priced commercial models with wafer-thin but long-lasting lithium batteries can easily fit into one's pocket.

The condition of basic weapons arouses concern. Most of the M-16s have to be replaced by new ones. Some of these rifles are so ancient that they literally look like relics, and they easily malfunction. No new pistols have been issued since the '60s.

Transport and combat vehicles are comparatively small in number. A visit to a Military Supply Unit (MSU) in Zamboanga City revealed many carcasses of old vehicles lying around in depots, cannibalized and eviscerated.

Navy - The capability of the Navy for mine warfare, anti-submarine operations, and airborne maritime patrol have been allowed to atrophy. The elemental need for patrol and service ships remain and has become more urgent over time. Professional progress by officers through the established billets aboardship is seriously curtailed. Many officers reach the rank of Navy Captain (Colonel in the Army) without completing their billet assignments, while others may not even have gone aboardship at all. Only few can earn the prestigious and professionally all-important Command Badge.

The Navy has vast sea areas to protect that cannot be adequately covered by seaborne patrol alone. Even if we double or triple the number of patrol vessels, smuggling goes unabated and poaching and destruction of fish, coral, and other marine life are rampant. The Kalayaan Group of Islands (KIG) in the Western Frontier can only be adequately covered by long-range maritime patrol aircraft.

Air Force – The PAF should have capability both for external defense and for operations against internal threats. With its transport aircraft inventory severely depleted, and the number of its combat jets down to virtually nil, the PAF has been limited to its current role of close air support for ground forces.

Even in that regard, however, it is hampered by, among other problems, poor pilot to aircraft ratio.²⁰ Some two hundred forty (240) combat pilots compete for around sixty (60) operational aircraft. Moreover, at any given time, there are forty to fifty (40-50) trainee pilots forced to queue for the use of three (3) trainer planes. With many cadets recruited among civilians, PMA graduates must wait in line although in their case Government has already spent much money to put them through cadet training.

²⁰ See Section VII below entitled “The Problem of Pilot to Aircraft Ratio.”

C. The AFP Modernization Act and the AFP Modernization Trust Fund

On 23 February 1995, Republic Act No. 7898, known as the “AFP Modernization Act”, was signed by the President. In this Act, the principal components of the AFP Modernization Program were set out in the following terms:

- (a) force restructuring and organizational development;
- (b) capability, material, and technology development including the acquisition of new equipment and weapon systems and the phase out of uneconomical and obsolete major equipment and weapon systems in the AFP inventory; and
- (c) bases and support system development, which includes the provision of “adequate support systems and housing facilities to AFP units and personnel”, human resource development, including the improvement of “the quality of life of soldiers and their families”, and the re-orientation of “values of all personnel in the AFP”. (Section 4, Republic Act No. 7898.)

The problem that runs through the particular complaints raised by the Oakwood officers and soldiers, and as well by AFP personnel and soldiers in other parts of the country (Zamboanga City and Basilan), relates to the very limited funding made available for the carrying out of the various principal components of the AFP Modernization Program. The Commission’s inquiry into the matter of funding in turn made us acutely aware of certain problems which severely affect the ability of the AFP to, for instance, provide improved housing and adequate medical and dental services for AFP personnel, as well as to implement the other components of its modernization program.

On 30 March 1992, Republic Act No. 7227, known as the “Bases Conversion and Development Act of 1992”, was promulgated. This Act empowered the President to authorize the Bases Conversion Development Authority (BCDA) to sell or otherwise dispose of Metropolitan Manila military camps including Fort Bonifacio.²¹ The proceeds

²¹ Section 8, Republic Act No. 7227.

of such sale or transfer – thirty-two and a half percent (32.5%) of which was allocated to the AFP – net of all expenses related to the sale, were authorized to be used for

“the transfer of the AFP military camps and the construction of new camps, the self-reliance and modernization program of the AFP, the concessional and long-term housing loan assistance and livelihood assistance to AFP officers and enlisted men and their families, and the rehabilitation and expansion of the AFP medical facilities.” (Emphases added.)

The statute envisaged a two (2) phase sales program in respect of Fort Bonifacio: (1) Phase I- for immediate disposal --- 498.40 hectares; and (2) Phase II --- 224.90 hectares, or a grand total of 723.30 hectares of Fort Bonifacio lands.

Strangely enough, the source of funding for the AFP Modernization Program was approved by Congress even before approval of the AFP Modernization Act itself. On 23 February 1995 (three years after the Bases Conversion and Development Act of 1992 was enacted) the AFP Modernization Act (Republic Act No. 7898) was promulgated. Section 11 of this statute established an “AFP Modernization Act Trust Fund” (AFP-MATF) to be used exclusively for the lodging of funds to be devoted to implementation of the AFP Modernization Program. The AFP-MATF was to be funded from the following identified sources:

- “a. Appropriations for the AFP Modernization Program;
- b. The proceeds from the sale, lease or joint development of military reservations, as may be authorized by Congress, include such immovable and other facilities as may be found therein, not covered by the Bases Conversion Development Act, as provided for in R.A. No. 7227;
- c. Shares of the AFP from the proceeds of the sale of military camp provided for under R.A. No. 7227;
- d. Proceeds from the sale of the products of the government arsenal;
- e. The proceeds from the disposal of excess and/or uneconomically repairable equipment and other movable assets of the AFP and the government arsenal;

- f. Funds from the budgetary surplus, if any, as may be authorized by Congress subject to the provisions of Section 8 of this Act;
- g. All interest income of the Trust Fund.” (Section 11, R.A. No. 7898; underscoring added)

The next day, i.e., 24 February 1995, Republic Act No. 7917, amending Section 8 (d) of Republic Act No. 7227 by increasing the allocated share of the AFP in the proceeds of sales or transfers of military camps from thirty-two and a half to thirty-five percent (32.5% to 35%), was approved. At the same time, this amendatory statute added a list of fifteen (15) government agencies that would share, in specified percentages, in the proceeds generated by the sale of the AFP military camps.²²

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Beneficiary-Agencies		Share
a.	For the account of the Bases Conversion Development Authority	27.5%
b.	For the account of the National Housing Authority, National Home Mortgage Finance Corporation and Home Insurance and Guaranty Corporation	12%
c.	For the account of the Philippine Health Insurance Corporation	3%
d.	For the account of the Department of Public Works and Highways and Department of Transportation and Communications	5%
e.	For the account of the Philippine Veterans Affairs Office	2%
f.	For the account of the Commission on Higher Education	1%
g.	For the account of the Department of Science and Technology	2%
h.	For the account of the Office of the Secretary, Department of Justice and the Ombudsman	1%
i.	For the account of the National Bureau of Investigation, Bureau of Corrections, Philippine National Police and the Bureau of Jail Management and Penology	2% but not to exceed P2 Billion
j.	For the account of the Supreme Court of the Philippines and the Lower Courts, Sandiganbayan, Court of Appeals and Court of Tax Appeals	1% but not to exceed P1 Billion
k.	For the account of the Department of Education, Culture and Sports and Department of Social Welfare and Development	2%
l.	For the account of the Department of Labor and Employment	½% but not to exceed P5 Million
m.	For the Department of Social Welfare and Development	1%
n.	For the account of the Mount Pinatubo Assistance, Rehabilitation and Development Fund	3%
o.	For the account of the Philippine Economic Zone Authority	2%

Republic Act No. 7917 also set out a provision stating that the proceeds of sales of the military camps were “deemed appropriated” for the purposes specified in Republic Act No.7227, the Bases Conversion and Development Act, as amended.

D. Sale of Fort Bonifacio Properties by the BCDA

The major injection of funds into the AFP-MATF was to come from the BCDA. By 19 March 1995, the BCDA had sold two hundred fourteen (214) hectares of Fort Bonifacio land to the Bonifacio Land Corporation (BLC) and promptly started remitting the proceeds to, *inter alia*, the AFP-MATF. By 9 December 1997, the BCDA had remitted the total net proceeds of the sale of two hundred fourteen (214) hectares of Fort Bonifacio land, amounting to twenty two billion pesos (P22 Billion). The thirty-five percent (35%) share of the AFP amounted to seven billion eight hundred seventeen million pesos (P7.817 Billion).

On 17 September 1999, however, the sale of land to the BLC was partially rescinded. BLC returned to the BCDA sixty-four (64) hectares of land for failure of the BCDA to transfer peaceful possession of such land to the buyer BLC. This sixty-four (64) hectare-piece of land had been physically taken over by numerous civilian and retired AFP squatters. The BCDA had tried to eject the squatters but failed. A fire-fight ensued between the squatters (some of whom had firearms) and the police and security personnel of the BCDA, and a number of deaths ensued. The BCDA gave up its efforts to recover physical possession of the area held by the squatters.²³ Accordingly, only one hundred fifty (150) hectares were effectively sold by the BCDA to the BLC, which generated total net proceeds of fifteen billion six hundred seventy million pesos (P15.670

²² (Cont.)

See Section 8 (d) of R.A. No. 7227 as amended by R.A. No. 7917, in relation to Sections 4.52-4.56 of Administrative Order No. 236. Save for the BCDA, no visible relationship between the functions of the various beneficiary agencies and the AFP Modernization Program appears.

²³ Letter dated 5 September 2003 from BCDA President and CEO Rufo Colayco, to the Commission.

Billion). The thirty-five percent (35%) share of the AFP was, accordingly, reduced to five billion four hundred eighty-four million pesos (P5.484 Billion).

E. Actual Status of the AFP-MATF as of August 2003

On 8 January 1996 (or approximately two (2) years before full remittance of the net proceeds of the initial sale of Fort Bonifacio lands, or just as the BCDA started remitting the proceeds of the sales of the Fort Bonifacio land), Administrative Order No. 236 was issued by the President of the Philippines. This Administrative Order directed the BCDA to remit the proceeds of the sales of government lands under Republic Act No. 7227, as amended, to the General Fund of the Government in the National Treasury. The Administrative Order in turn required the Bureau of Treasury to set up separate Special Accounts in the General Fund, that is, a Special Account for the AFP-MATF and Special Accounts for each of the other beneficiary-agencies. The BCDA complied with the requirements of the Administrative Order and remitted the thirty-five percent (35%) share of the AFP to the National Treasury for credit to the Special Account of the AFP-MATF.

The effects of the remittance of the AFP share of the Fort Bonifacio proceeds to the National Treasury include the following:

(1) The funds pertaining to the AFP became commingled with all other funds of the National Government in the National Treasury. Because money is fungible in nature, this meant that the funds of the AFP-MATF were in effect used for the budgeted expenses of the AFP and other agencies of the National Government. In recognition of such use, the Bureau of the Treasury upon request of the AFP, started crediting the MATF with a certain amount of interest income. Operationally, this meant that disbursements for approved specified projects included in the AFP Modernization Program needed to be included in the budget of disbursements of the National Government prepared by the DBM for each year. This system does not necessarily prejudice the AFP Modernization Program since the gestation period of some specific modernization projects could be substantial and

could well be booked months, perhaps a year, in advance of actual disbursement.

(2) At the same time, the ability of the National Treasury actually to disburse funds for approved AFP modernization projects has, among things, to depend upon the actual level of tax revenues achieved by the National Government in any given year.

The Commission has been advised by the DBM that a new and subsequent appropriation act by Congress was not necessary before disbursement for an approved modernization project could be effected. The DBM has stated that the “deemed appropriated” provision in Republic Act No. 7917 has the effect of a “continuing appropriation” provision.²⁴ Thus, the remittance of the AFP share in the Fort Bonifacio proceeds to the National Treasury did not mean that a new congressional appropriation provision would be necessary for actual disbursements of such funds.

The actual status, as of 15 August 2003, of the AFP-MATF in the National Treasury is set out in a footnote below.²⁵ It remains only to note that of the BCDA

²⁴ Letter addressed to the Commission, dated 28 August 2003, by Undersecretary Mario Relampagos, DBM.

²⁵

**Status of the AFP Modernization Fund
As of 15 August 2003 (in Philippine Pesos)**

Fund Source	Amount	SARO Issued	NCA Issued	Amount Obligated	Balance
From BCDA	5,484,000,000	5,484,000,000	251,339,228	248,764,760	5,235,235,240
From FY 2002 GAA (Programmed)	5,000,000,000	4,035,300,000	--	1,864,371,895	2,170,928,105
From GAA Residuum					
(a) CY 2000-01	46,225,184	46,225,184	46,225,184	46,225,184	--
(b) CY 2001	10,918,184	5,031,981	623,173	5,031,981	--
From Ayala Lease	<u>271,144,000</u>	<u>271,144,000</u>	<u>271,144,000</u>	<u>158,408,302</u>	<u>112,735,698</u>
	<u>10,812,287,368</u>	<u>9,841,701,165</u>	<u>569,331,585</u>	<u>2,322,802,122</u>	<u>7,518,899,043</u>

remittances totaling five billion four hundred eighty-four million pesos (P5.484 Billion), a balance of five billion two hundred thirty-five million pesos (P5.235 Billion) remains in the National Treasury. Only the amount of two hundred fifty-one million pesos (P251 Million) has been covered by an issuance of a Notice of Cash Allotment (NCA), apparently to support the acquisition of an initial quantity of the new squad automatic weapon (SAW) for the AFP.

F. Potential Additional Sources of Funding for the AFP-MATF

Because the AFP-MATF is to support not just the acquisition of new and more modern weapons and weapon systems for the AFP, but also the improvement of the medical and dental facilities of the AFP and the provision of additional improved housing for AFP officers and personnel, and because the amounts actually remitted by the BCDA to the National Treasury for the Special Account of the AFP-MATF amounted only to five billion four hundred eighty-four million pesos (P5.484 Billion), the Commission inquired into the potential additional sources of funding for the Modernization Act Trust Fund. As noted earlier, the BCDA had actually sold only one hundred fifty (150) hectares out of the total authorized (Phase I) sale of 498.40 hectares of Fort Bonifacio land. The Commission asked the BCDA whether additional Fort Bonifacio land could be sold in order to augment the proceeds already remitted to the AFP-MATF. In response, the BCDA provided the Commission with information which can only be described as startling and appalling.

²⁵ (Cont.)

SARO – Special Allotment Release Order
NCA -- Notice of Cash Allocation
GAA -- General Appropriation Act

See letter dated 27 August 2003 to the Commission from Undersecretary Mario Relampagos, DBM, Annex “M”.

In essence, the BCDA advised the Commission that a total of one hundred fifty-nine (159) hectares²⁶ of Fort Bonifacio land may be disposed or otherwise sold,²⁷ over and above the one hundred fifty (150) hectares already sold to the BLC. Such potential additional sale of Fort Bonifacio land has, however, been attended by very significant problems. The difficulties encountered by the BCDA in seeking to eject the civilian and retired military personnel physically occupying the area squatted upon, have already been referred to above. A program for removing and relocating such squatters from Fort Bonifacio land will have to be formulated and implemented by the law

²⁶ a. The JUSMAG area	40	hectares
b. The NOVAI area (Bonifacio Naval Station Area)	47	hectares
c. Philippine Marine Corps Headquarters Area	12.4	hectares
d. Squatted area	<u>59.6</u>	<u>hectares</u>
	<u>159.0</u>	<u>hectares</u>

²⁷ The BCDA has estimated that if the above-identified properties could be sold at present or in the near future, it would generate the following net proceeds:

a) JUSMAG Area at P30,000.00 per square meter	P 12.0	Billion
b) NOVAI Area at P30,000.00 per square meter.....	P 14.1	Billion
Less: Replication cost	<u>1.5 Billion</u>	12.600 Billion
c) Squatted Area at P12,000.00 per square meter... P7.152 Billion		
Less: Assumed Cost of Relocating Squatters		
at 50% of selling price.....	<u>3.576 Billion</u> ...	<u>3.576 Billion</u>
TOTAL	P 28.176 Billion	
	<u>x 35%</u> (AFP share)	
	<u>P 9.8616 Billion</u>	

Note that the above estimated BCDA values do not include the potential selling price of the 12.4 hectares constituting the Philippine Marine Corps Area.

In respect of the section of Fort Bonifacio referred to above as the “squatted area”, the BCDA, by letter dated 13 October 2003, invited the attention of the Commission to Executive Order No. 70 of the President, dated 11 February 2002. Executive Order No.70 has declared certain sites within Fort Bonifacio with a total area of 119.94 hectares as “socialized housing sites” which are to be “open for disposition to qualified occupants and beneficiaries” (Section 1, EO No. 70). It is unclear to the Commission to what extent the area above referred to as the “squatted area” is, if at all, included in any of the four (4) socialized housing sites referred to in the Executive Order. The metes and bounds of these sites have yet to be determined by land surveyors. It appears that areas covered by these sites would be open to acquisition by qualified beneficiaries by purchase and sale. It is also unclear to what extent on the proceeds of the sale of such lots to the beneficiaries would be subject to the provisions of Republic Act No. 7227 (the BCDA Act of 1992) and Republic Act. No. 7898 (AFP Modernization Act).

enforcement agencies of the Republic, in accordance with law and, hopefully, without bloodshed. Upon the other hand, the JUSMAG and the NOVAI areas are presently the subject matter of litigation. These litigations need to be described at least briefly.

1. The JUSMAG Area Case

The JUSMAG area previously occupied by officers of the Joint U.S. Military Advisory Group and their families is right behind the Forbes Park Village in Makati City. This area consists of approximately forty (40) hectares and the houses and lots therein are rented out by the AFP Quarters or Housing Board to officers of the major service units of the AFP. A Contract of Lease covering a particular house and lot is entered into by the AFP Quarters or Housing Board with the AFP officer to whom the quarters are allotted or assigned, the rental for which is automatically deducted from the housing allowance of the lessee-officer involved. Under the Contract, monthly charges for utilities such as electric power and water services are billed to and paid separately by the lessee-officer. Under the same Contract, the lessee-officer binds himself to vacate his assigned quarters on the effective date of his retirement or separation from the service of the AFP so that the quarters concerned can then be assigned to officers in the active service eagerly awaiting housing assignments. Many of the officers residing in the JUSMAG quarters are of general or flag officer rank. Many of them have already reached compulsory retirement age but, nevertheless, continue to occupy the same quarters.²⁸

²⁸ According to the records of the BCDA, the husbands of the women who constitute the membership of SHAI, may be grouped as follows (as of 23 October 2002):

AFP Officers in the active services -----	50
Retired AFP Officers -----	49
Resigned AFP Officer -----	1
Deceased AFP Officers -----	<u>6</u>
TOTAL -----	106

On 29 April 1991, the wives of the officers, retired or still in the active service, occupying AFP quarters at the JUSMAG area in Fort Bonifacio, formed the Southside Homeowners Association (SHAI). On 30 October 1991, the SHAI was somehow able to secure a title (Transfer Certificate of Title No. 15084) in its name to the bulk of the JUSMAG Area (35.5. hectares) from the Register of Deeds of Pasig City, Vicente Garcia, on the basis of a purported Deed of Sale, allegedly executed by the Director of the Land Management Bureau Abelardo Palad. The price indicated in the Deed of Sale was eleven million pesos (P11 Million) or thirty pesos (P30.00) per square meter.

Upon instruction of former President Fidel V. Ramos, on 17 November 1993, the Republic of the Philippines filed a complaint for the cancellation of the said Transfer Certificate of Title and for recovery of possession of the land. The Republic argued, among other things, (1) that the Deed of Sale was a fictitious instrument, Director

²⁸ (Cont.)

The officer-husbands may also be grouped by rank (as of 23 October 2002):

Officers in the active service:

General (4 stars, Chief of Staff) -----	1
Lt. General (3 stars) -----	2
Major General (2 stars) -----	4
Brigadier General (1 star) -----	8
Colonel -----	18
Lt. Colonel -----	10
Major -----	5
Captain -----	<u>2</u>
TOTAL -----	50

Retired Officers:

General (4 stars, Chief of Staff) -----	2
Lt. General (3 stars) -----	2
Major General (2 stars) -----	6
Brigadier General (1 star) -----	15
Colonel -----	18
Lt. Colonel -----	<u>6</u>
TOTAL -----	49

The ranks referred to above include equivalent ranks in the Philippine Navy and the Philippine National Police. See letter dated 30 September 2003 from the BCDA to the Commission.

Abelardo Palad having denied signing the said Deed; (2) that there is no record of the alleged payment of P11 Million, stated purchase price by SHAI, no receipt therefor having been presented by the SHAI; (3) that the survey plan in respect of the supposedly titled area was fictitious; (4) that the JUSMAG property is part of the Fort Bonifacio military reservation and the sale of such property had not been authorized by the President; and (5) that the property was accordingly inalienable.

The case was assigned to Judge Celso Laviña, Branch 71, Pasig Regional Trial Court (RTC). During the pre-trial conference, the issues of the case were somehow limited to one (1) single issue (to which the Assistant Solicitor General in charge of the case agreed), i.e., whether the Deed of Sale was a forgery or not. All the other claims in the Republic's complaint were not, therefore, litigated before the RTC.

During the trial, the Republic presented an expert witness from the National Bureau of Investigation (NBI) who testified that the signature of Palad in the alleged Deed of Sale was forged. Palad himself testified that he had not signed the Deed of Sale and that his supposed signature thereon was a forgery. SHAI, on the other hand, presented an opposing expert witness from the PNP who testified that Palad's signature was genuine. The SHAI had claimed to have paid the eleven million pesos (P11 Million) stated purchase price in cash but presented no receipt therefor of any kind. The Republic presented the Cashier of the Land Management Bureau who testified that the Official Receipt Number referred to in the Deed of Sale was non-existent and fictitious. The trial court ruled in favor of SHAI. The Republic, through the Solicitor General's Office, appealed to the Court of Appeals. The Court of Appeals (16th Division) upheld the decision of the trial court.

The Republic has now appealed the case to the Supreme Court.²⁹ On or about 23 July 2003, the DND represented by then Secretary of Defense Angelo T. Reyes and the

²⁹ Republic of the Philippines vs. Southside Homeowners Association, Inc., G.R. No. 156951.

AFP represented by CSAFP, Gen. Narciso L. Abaya filed a Motion for Leave to File a Petition-in-Intervention and to Admit their Attached Petition-in-Intervention. Similarly, on 28 July 2003, the BCDA filed with the Supreme Court a Motion to Intervene and to Admit Petition-in-Intervention. It appears that both Motions for Leave to Intervene are presently pending before the Supreme Court.

A criminal case for falsification of public documents has also been lodged with the Regional Trial Court, Pasig against the officers of SHAI.

2. The NOVAI Case

The Navy Officers Village Association, Inc. (NOVAI) case is similar to the SHAI case. The NOVAI, however, is composed only of Navy officers and the land, with an area of forty-seven and a half (47.5) hectares, on which the quarters they occupy are built, is adjacent to the Dasmarinas Village, Makati City. The Navy officers³⁰ had been occupying the Bonifacio Naval Station (BNS) quarters under a Contract of Lease or Occupancy entered into with the AFP Quarters or Housing Board. As in the SHAI case, the Lease Contract typically required payment of monthly rentals automatically deducted from the housing allowances of the officer-lessees and explicitly provided that the officers would vacate the quarters upon retirement from the active service. The NOVAI claims that a Proclamation numbered 4287, allegedly signed by former President Aquino was issued in their favor. There is also a Deed of Sale dated 15 November 1991 allegedly signed by Palad, Land Management Bureau, supposedly under that Proclamation. Palad has, as in the JUSMAG case, testified that he did not execute or sign

³⁰ Not all NOVAI members are occupants of housing quarters in the BNS. The NOVAI has, per BCDA records, 246 members, of which 123 are occupants of BNS quarters, while 141 are non-occupants. There are also 34 officers who occupy BNS quarters but who are not members of NOVAI. Per the BCDA records, the NOVAI officer-occupants of BNS quarters may be grouped as follows:

Officers in the active service -----	58
Officers retired -----	51
Officers deceased -----	4
TOTAL -----	113

that Deed of Sale. Moreover, after verification, the Director of the Records Division of the Office of the President, Malacanang, Mrs. Aurora Aquino, has certified that Proclamation No. 4287 is fictitious, spurious, and a forgery.

On 23 December 1993, the Government initiated proceedings against the NOVAI officers for cancellation of the supposed title obtained by the defendants, before Branch 67 of the Regional Trial Court of Pasig City.³¹ The case has yet to be decided by the trial court.

³⁰ (Con.t)

The same officer-occupants may be grouped by rank as follows:

<u>Officers in the active service:</u>	
Vice Admiral -----	1
Read Admirals/Major Generals -----	1
Commodore/BGen./Gen./Chief Supt. (1 star) -----	6
Captains/Colonels -----	20
Commander/Lt. Coonels -----	13
Lt. Commander/Majors -----	13
Lt. Senior Grade -----	1
Lt. Junior Grade -----	3
Senior Police Inspector -----	<u>1</u>
T O T A L -----	59
<u>Retired/Deceased Officers:</u>	
Admiral-----	1
Vice Admirals -----	2
Rear Admirals/Major Generals -----	4
Commodore/BGen./Gen./Chief Supt. (1 star) -----	30
Captains/Colonels -----	14
Commander/Lt. Colonels -----	2
Lt. Commander/Majors -----	<u>1</u>
T O T A L -----	54

See Annexes “J-L” to this Report for lists of the officer-occupants in the JUSMAG (SHAI) and NOVAI areas, submitted to the Commission by the BCDA.

See, further, the (1) list of overstaying retired military officers occupying government quarters at BNS area as of September 2003; (2) list of retired military (non-commissioned) personnel still occupying quarters at BNS; and (3) list of overstaying retired military officers occupying government quarters at Southside Housing Area (SHAI) as of September 2003, constituting Annex “A” to the Report dated 6 October 2003, of Lt. Gen. Rodolfo C. Garcia AFP, to the Commission; Annex “M” to the Report of this Commission.

³¹ Republic of the Philippines vs. Navy Officers Village Association, Inc., Civil Case No. 63983, RTC Pasig, Branch 67, Judge Apolinario B. Santos, presiding.

G. Principal Findings of the Commission

The proceeds from the sale of military lands authorized by the Bases Conversion and Development Act (Republic Act No. 7227) so far made to the AFP-MATF, have been much more modest than originally envisaged. As noted earlier, only five billion four hundred eighty-four million pesos (P5.484 Billion) have been actually injected into the AFP-MATF Special Account in the National Treasury. Only one hundred fifty (150) hectares of Fort Bonifacio land have been actually sold or disposed of by the BCDA and the proceeds thereof distributed to the AFP and the other beneficiary-agencies.

The most significant potential source for additional funds for the AFP Modernization Program remains the Fort Bonifacio property already authorized to be sold by the BCDA by Republic Act No. 7227. The BCDA has identified an additional one hundred fifty-nine (159) hectares of Fort Bonifacio land that can, in the estimate of the BCDA, generate P9.8616 Billion for the AFP Modernization Program, i.e., as the thirty-five percent (35%) share of the AFP. The realization of these potential additional proceeds is made difficult (a) by the existence of the JUSMAG (SHAI) area litigation; and (b) the NOVAI (BNS) area litigation. The extraordinary nature of these litigations can not be over-emphasized. These litigations involve the supposed conversion of a total of eighty-seven (87) hectares of prime land, previously admittedly owned by the Republic of the Philippines and leased by officers of the AFP, to private property of such officers, many of whom have already been retired. If what the Republic of the Philippines, DND, CSAFP, and the BCDA have asserted before the Supreme Court is true, such conversion or attempted conversion involves a most serious breakdown of discipline and grievous anomalies at the most senior levels of the AFP officer corps.³² If this purported conversion of Fort Bonifacio land into private property of the occupant-officers (active or retired) and the interception of P24.6 Billion of potential Fort Bonifacio proceeds succeeds, it would render just about impossible the planned improvement of medical and

³² See Petition for Intervention by the Department of Defense and the AFP. Attached to the Motion for Leave to File Petition in Intervention, dated 23 July 2003, Republic of the Philippines v. Southside Homeowners Association, Inc., et al., G.R. No. 156951, Supreme Court, p. 15.

dental facilities of the AFP and would seriously aggravate the scarcity of housing facilities for the younger officers and enlisted men of the AFP. The acquisition of modern weapons and weapon systems for the AFP's major services would similarly fail. The extent of the misappropriation of Fort Bonifacio land with which the Government has, in the SHAI and NOVAI cases, charged senior military officers, is so epic in scale as to make the overpricing of land uncovered by the Senate Blue Ribbon Committee and complained of by the Government in the two hundred forty (240) RSBS cases (P703 Million), seem like petty shoplifting in comparison. Clearly, the nature of the problems blocking realization of the potential additional proceeds from Fort Bonifacio property, relates to practically all of the major grievances given expression at, *inter alia*, Oakwood, and to the viability of the AFP Modernization Program itself.

H. Recommendations of the Commission in Respect of the Further Funding of the AFP Modernization Program

1. *Vigorously pursue recovery of the JUSMAG and NOVAI properties* - The efforts of the Republic of the Philippines, BCDA, DND, and the CSAFP to recover the JUSMAG and the NOVAI properties must be pursued as vigorously as possible by the most competent lawyers that the government agencies can deploy. If, indeed, falsification of public instruments (including a presidential proclamation) was resorted to in connection with either or both of these litigations, the appropriate criminal proceedings should be commenced and pursued.³³

2. *Pursue recovery of the "squatted" land in Fort Bonifacio* - The recovery of 59.6 hectares³⁴ from the civilian and military squatters inside Fort Bonifacio must be pursued by the appropriate agencies of the Government by all lawful means, including the

³³ It appears that two criminal cases have been filed against NOVAI officers; (a) *People v. Domingo, et al.*, Criminal Case No. 98-164382, Branch 15, RTC Manila for "Forging the Signature of the Chief Executive"; and (b) *People v. Domingo, et al.*, Criminal Case No. 97-297010, Branch 28, MTC, Manila, for Falsification of Public Documents. These cases are pending before the respective trial courts.

³⁴ The land squatted upon was originally 64 hectares in area. A portion of this area – 4.4 hectares – was subsequently cleared by the BCDA and included in a joint venture development project that BCDA entered into with a private company.

use of public force where necessary and reasonable, while paying due attention to the constitutional standard of "a just and humane manner" of eviction.³⁵ The legal effects of Executive Order No. 70, dated 11 February 2002, upon the status of such land occupied by civilian and military squatters, must be clarified. The concern of the Government for landless citizens is, of course, completely understandable. At the same time, the Government must take into account two (2) things. The first is that the ability of squatters to maintain by force their unlawful occupancy of public land against the Republic of the Philippines and BCDA should not be rewarded. That ability tends to signal the weakened condition of the institutions of Government in general and of law enforcement in particular. Second, the Government must not forget the many thousands of homeless AFP officers and enlisted men, whose plight is referred to below in "V. – Problems of Housing: AFP Officers and Enlisted Personnel", and of the continuing validity of the basic statutory intent set out in Republic Act No. 7898 (the AFP Modernization Act): the proceeds of sales of Fort Bonifacio land are intended for the modernization of the AFP.

3. *Substantially increase AFP's share in Fort Bonifacio's sale proceeds* - The share allocated to the AFP Modernization Program in sale's proceeds generated by the Based Conversion and Development Authority (BCDA) should be increased very substantially. The Commission remains unaware of any rational explanation for dribbling away 37.5% of the proceeds of sales of Fort Bonifacio land to fourteen (14) other non-military-related government departments and offices. It appears only reasonable to us that all those proceeds from the sales of military land should be shared only by the AFP (for its modernization program) and the BCDA.

4. *Reinforce Office of the Ombudsman by increasing funding and other support* - It has become very clear to the Commission that meaningful reform, whether in the military or in the civilian sectors of government service, is simply not feasible without independent, vigorous and able prosecutorial services of the Government. In our Government, the Office of the Ombudsman – more specifically, the Office of the Special

³⁵ See Article XIII, Section 10, 1987 Constitution.

Prosecutor attached to the Office of the Ombudsman – is supposed to function as the principal prosecution arm vis-à-vis erring public officials. Thus, the Special Prosecutor of the Office of the Ombudsman has filed two hundred forty (240) criminal charges in the RSBS matter alone. The Ombudsman has also filed one hundred ninety-five (195) separate indictments in respect of extensive irregularities in the procurement of goods for the Philippine Navy. The Ombudsman may be expected to be even more heavily engaged in the future in respect of efforts to reform the procurement service of the AFP as a whole, not to speak of government procurement in general. The Commission's finding has earlier been noted that the internal grievance resolution process of the AFP, constituted by the Office of the Inspector General, AFP, has important structural and other limitations upon its ability to deal with the kind of grievances analyzed in the Commission's Report.

In a lengthy Memorandum dated 1 October 2003, submitted to the Commission, the Ombudsman went into some detail about the funding and other formidable difficulties faced by his office in discharging its constitutional and statutory role in the effort to bring corrupt and other erring public officers to justice. The Ombudsman underscored a shocking statistic: upon starting on his term of office, the incumbent Ombudsman found that the success ratio (or conviction rate) of the Office of the Ombudsman, in respect of cases brought before the Sandiganbayan, had declined to six percent (6%). This means, the Ombudsman was courageous enough to state, that the high-ranking public officials and military officers charged before the Sandiganbayan have a ninety-four (94%) chance of walking away free at the end of the proceedings.³⁶

The Commission is bound to note that no government can accept this success ratio for any substantial period of time, without running a grave risk of forfeiting its

³⁶ Under R.A. No. 8249, approved on 5 February 1997, public officials with Salary Grade 26, under the Compensation and Position Classification Act of 1989 (Republic Act No. 6758), and below are to be tried before the ordinary courts of the Republic. Under Republic Act No. 8249, the Sandiganbayan has exclusive original jurisdiction over cases involving "Philippine army and air force colonels, naval captains and all officers of higher rank". (Section 4)

legitimacy altogether. It is, of course, true that this low success ratio is the result of a confluence of factors bearing upon the Office of the Ombudsman, and possibly the Sandiganbayan itself. It is also true that criminal conviction and incarceration are not the only strategies necessary for a serious effort to control and abate the level of corruption in the AFP. Even so, the minimum recommendation that we feel compelled to address to the President and the appropriate government authorities, is that the Office of the Ombudsman must be given the budgetary and other support that it needs, with all possible dispatch, if the grievances referred to in Oakwood, and more generally in various parts of the AFP itself, are to be addressed seriously and effectively. While all government offices and agencies are limited in their activities by the scarcity of budgetary resources, the highest priority should be given to corruption control in the AFP. An indispensable part of that control is the ability of the Office of the Ombudsman efficiently to investigate and prosecute even high-ranking officers in the AFP.

V. The State of the AFP Medical Services.

A. Introduction

In a thesis submitted in 1997 to the Asian Institute of Management (AIM) on “Corporate Strategy for the Armed Forces of the Philippines Medical Services”, Commo. Noel L. Felicia made the following introductory observations:

The showroom of military health care is the AFP Medical Center (AFPMC). The AFPMC is the final destination for the seriously sick and wounded soldier and dependents. It was established 60 years ago at Camp Murphy, Quezon City (now Camp Aguinaldo). Much later, it was transferred to its present site at V. Luna Road, Quezon City. The AFPMC was formerly called the V. Luna General Hospital (VLGH) and was named after the first Commanding Officer of the Philippine Army Medical Service, LCOL Victoriano K. Luna, who was killed in action in Bataan during the Second World War. The AFPMC is a tertiary hospital that has a 1,300 bed capacity... (p. iii)

... The AFPMC of long ago was a picture of quality service. Highly qualified doctors abound, free medicines were provided, and wives who called emergency were immediately picked up by ambulances regardless of

the rank of their husbands. The AFPMC before was an envy of other hospitals. It has a Presidential Suite and the first transplant in the country was done in V. Luna in 1975.

However, through the years the delivery of health services deteriorated. V. Luna became the subject of numerous complaints. The gravity of the complaints even reached Malacanang. President Fidel V. Ramos, on 23 January 1997, exhorted the members of the Philippine Association of Military Surgeons to provide the best in health care, medicines, diagnostic armamentarium and expertise to the soldiers and their families.³⁷ (Emphases added; p. iv)

The complaint about the AFP Medical Center (V. Luna) has spread to AFP medical services in general. Thus, the Cimatu Report of 28 July 2003 sets out the following as among the grievances expressed by the soldiers:

“The AFP has a very strained and low standard medical and health service delivery system. The services provided by the AFP hospitals have long been below standard and inadequate for the needs of the soldiers and their families.”

This part of the Commission’s Report contains (1) a description of contemporary AFP medical services principally as set out in the “Handbook on Benefits and Privileges of AFP Military Personnel and Their Dependents” and as conveyed to the Commission by Col. Regino Rufino, the AFP Surgeon General, in writing and orally on 12 September 2003; (2) a narration of views expressed by some of the troops in the course of dialogues with various levels of the AFP personnel stationed in Zamboanga City and Basilan; and (3) some reflections and recommendations of the Commission.

B. The AFP Medical Services Today on Paper

1. Hospitals and Dispensaries

The medical services offered by the AFP include hospitals and dispensaries, a Medical Corps, a Veterinary Corps, a Medical Administrative Corps, and a Nurses Corps.

³⁷ The V. Luna General Hospital has sometimes, facetiously, been called the “Mona Lisa General Hospital.” The allusion is not to Leonardo da Vinci’s art but to a popular song which includes the words: “they just lie there and they die there”.

The entire service is currently headed by the Surgeon General AFP who supervises the AFP Medical Services.

There are over fifty-six (56) AFP health facilities, thirty-one (31) of which are hospital-based with a total bed capacity of three thousand one hundred sixty (3,160). The rest are Medical Dispensaries and Medical Companies. The Surgeon General enumerates them as: one (1) Medical Center (VLGH), five (5) General Hospitals, twenty-five (25) Station Hospitals, sixteen (1) Medical Dispensaries, and nine (9) Medical Companies.

The hospitals and dispensaries are distributed regionally according to the following table:

Region	Hospitals	Dispensaries
NCR	6	6
I	1	2
II	1	0
III	5	3
IV	6	2
V	0	0
VI	1	0
VII	2	2
VIII	2	0
IX	3	1
X	1	1
XI	1	1
XII	1	0
ARMM	1	0

The hospitals are classified into *tertiary*, *secondary*, and *primary* levels. *Tertiary* hospitals can handle all cases – curative, corrective, rehabilitative, medical. To this level belong four (4) hospitals: Fort Bonifacio General Hospital, AFP Medical Center (V. Luna), Villamor Airbase Hospital, and Naval Hospital. All of these are in Metro Manila. The rest are either secondary or primary health facilities. (Veterans Memorial Hospital is not included in the AFP Hospitalization Program.) The facilities are mostly co-located with Retained Hospitals of the Department of Health (DOH).

The most prestigious of these tertiary hospitals, as already noted above, is the AFP Medical Center (V. Luna).

There are twenty (20) *secondary* hospitals, i.e, those able to handle minor surgical procedures. Seven *primary* hospitals are able to handle out-patient and emergency cases.

The following health facilities are located in Mindanao: the Camp Navarro General Hospital (SOUTHCOM) in Zamboanga City with two (2) satellite Station Hospitals in Jolo, Sulu and Panacan, Davao City; three (3) Philippine Army Division Hospitals based in Cagayan de Oro, Cotabato, and Pagadian; one (1) Philippine Air Force Hospital in Zamboanga City, and one (1) Philippine Navy Medical Dispensary also in Zamboanga City.

2. The AFP Medical Corps

There are four hundred seven (407) authorized positions for medical personnel in the AFP Medical Corps. As of September 12, 2003, only three hundred ninety-three (393) of these are filled. The positions are distributed throughout the entire AFP medical service. Doctors are assigned on a temporary and rotational basis as the needs of the medical service may dictate. Each major service unit (PA, PN including PMar and PAF) of the AFP has a Chief Surgeon. In the five (5) area command hospitals, assigned doctors are from different major service units.

Doctors are given military rank. One who has passed the Medical Board Examination is commissioned as captain. A specialist who is below forty (40) years old is commissioned as major, and if forty (40) years old or over, as lieutenant colonel.

The turn-over rate of doctors is forty percent (40%). Doctors who do internship with the AFP medical services seldom stay after passing the board examinations because

of salary concerns. However, AFP doctors are allowed to engage in private practice after office hours.

The Surgeon General admits that one of the perennial problems encountered in the field is the lack of doctors assigned to military facilities. Felicia in his AIM thesis elaborates on this with reference to AFP Medical Center (V. Luna) thus:

Annually the AFP quota for resident doctors who are eventually commissioned in the Medical Corps is eighty-eight. This number is easily filled up by applicants; however they are not the top medical graduates in the country. This is because the AFPMC is not the first consideration of the best medical practitioners. They either opt to work abroad (77%) or at prestigious private and government hospitals (23%). Somehow this results [in] low quality of service and causes complaints from patients. The need for the best medical hands is further aggravated by the lack of funds to enlist the services of specialists or regular consultants. (Emphases added; pp. 63-64)

Similarly, the Surgeon General notes that budgetary constraints are a serious problem. Not only are budgetary allocations insufficient but low budgets are also aggravated by the fact that the medical treatment centers do not operate as profit centers. They provide health care services free of charge. For this reason, in the distribution of finite medical supplies, priority is given to military personnel in the active service. After them follow their dependents and other authorized civilians.

Felicia provides the following comparison of "Per Capita Cost Per Patient Per Day in FY 1996" (p. 63):

<u>Government Hospitals</u>		<u>Private Hospital</u>	
<u>Name</u>	<u>Amount</u>	<u>Name</u>	<u>Amount</u>
Veterans Memorial MC	P454.00	Sta. Luke's	P850.00
East Avenue MC	P413.76		
AFP MC	P190.00		

Budgetary constraints have an obvious impact on both the quality of equipment and the supply of medicines. The medicine supply, moreover, is affected by the vagaries of the AFP procurement system. To quote again from Felicia's study:

What aggravates the situation at AFPMC is the presence of dealers during the procurement of medicines and equipment. These individuals act as middlemen during the transaction. The usual mark-up added by the dealers in the original cost of the items is 25%. There were attempts by the leadership to transact direct with suppliers but [the need for] timely payment poses a problem. So the Center is forced to transact with the dealers since these individuals have the capital to initiate delivery of the items being requested. (Emphases added; p. 65)

3. Medical Management in Combat Areas

There are six (6) echelons of medical support. The first to third echelons administer aid on the spot. When the patient is stabilized, he or she is evacuated to an AFP medical facility or to a DOH facility, which facilities constitute the fourth to sixth echelons of medical support.

In a Memorandum dated 24 September 2003, submitted to the Commission, the Surgeon General made the following candid and important observations:

The following are contributory factors to poor pre-hospital care:

- (1) Human factor
 - a. Individual soldier is not adequately trained on self- and buddy aid;
 - b. Battle casualties are initially cared for by squad aid men. Most aid men are not trained on Trauma Management; thus there is improper handling and management of casualties;
 - c. In some units, aid men [have] multi-role functions. This may affect medical care of troop's casualties;

- d. No fully-manned Forward Surgical Team available.
- (2) Equipment factor
 - a. No individual kits are provided each fighting soldier;
 - b. Aid man's medical kits are not well supplied and equipped.
Thus, patient management may be compromised no matter how well trained an aid man is.

Battle casualties are not immediately given proper medical care and evacuated to higher echelons of care due to the following factors, thus leading to an ineffective medical evaluation system:

- (1) Medical installations are frequently located far from the area of conflict. AFP hospitals are fixed installations; thus, they cannot be moved near the battle zone.
- (2) Medical installations around the area of conflict are not well-equipped to handle battle casualties.
- (3) Vehicles to transport casualties are frequently not immediately available. The gold [sic] period for giving trauma care to battle casualties is within 6 hours from the time of injury, after which, complications may set in.
- (4) Inaccessible area for evacuation of casualties. This may be due to rough terrain, weather condition and others.
- (5) Highly mobile troop movement.
- (6) Poor communication system.

The establishment of a visibly creditable medical system in the forward areas would contribute to high morale and promotion of the individual soldier's willingness to fight. (Emphases added.)

The absence of a visibly creditable medical system in the forward areas accentuates the importance of air support which, sadly, is today very inadequate. With the present resources of the PAF, its main preoccupation is support for ground forces. Evacuation of the wounded is an important responsibility. For the accomplishment of

this task, UH-1H helicopters are used. Authority to deploy aircraft, particularly of UH-1H helicopters, is vested in GHQ and the Commanding Officers of the unified command areas. Currently these are deployed thus:

<u>Place</u>	<u>Number</u>
South Command	6
Davao	2
Cotabato	2
Palawan	1
Villamor	1
Legaspi	1
Kawayan	1
Camp Aquino	1
Lucena	1

The use of a UH-1H must be cleared with the unified command. For example, if there is any operation between Zamboanga and Davao and there is no aircraft available from Davao, the aircraft will have to come from the SOUTHCOM in Zamboanga.

Delay in deployment will always happen due to lack of aircraft. In the past, one aircraft at least was assigned per battalion. That is no longer possible because of aircraft shortage. Hence, availability has to be determined by the unified area command directing ground operations and not by the PAF.

Other factors can also cause delay, such as absence of suitable landing site or inclement weather.

4. Doctor-to-Patient Ratio

The ideal ratio should be one (1) doctor per four (4) out-patients. In ICU cases, it should be one to one (1 to 1). Actually, however, because of the admitted lack of military

doctors, there is one (1) doctor per two hundred ninety-four (294) military personnel, and one (1) doctor per one thousand four hundred seventy (1,470) if dependents are included.

5. Health Insurance

Members of the Armed Forces are members of the National Health Insurance Program (NHIP) set up by Republic Act No. 7875 for which seventy-five pesos (P75) premium is deducted monthly from their salaries. The benefits include:

- (1) Room and Board in accredited hospitals for 45 days per year and another 45 days for dependents.
- (2) Medicines up to P3,000 for ordinary cases; up to P9,000 for ICU cases; and up to P16,000 for catastrophic cases.
- (3) Diagnostic, laboratory and other medical requirements also up to P1,700 for ordinary cases; up to P4,000 for ICU case; and up to P14,000 for catastrophic cases.
- (4) Professional fees when attended by accredited physicians up to P16,000. The rates for physicians depend on whether he or she is a general practitioner or a specialist.
- (5) Other hospital facilities.
- (6) Surgical Family Planning Procedures for members and their spouse.
- (7) Outpatient care treatment which includes hemodialysis, radiotherapy, and surgical operations.

To be eligible to avail of insurance benefits, a member must have paid a minimum of three (3) months contribution within six (6) months before confinement.

6. General Assessment made by the Surgeon General

The Surgeon General rates the AFP medical services seven (7) on a scale of ten (10). He says that the “Mona Lisa” appellation of the AFP Medical Center (V. Luna) is a

thing of the past. He points to lack of information as largely responsible for criticism of the service. He admits, however, that there is a continuing shortage of financial support and of medical personnel. The establishment of consortia with private hospitals is being explored as a possible remedial measure.

The two (2) recommendations made by the Surgeon General in his Memorandum of 24 September 2003 are worth quoting:

“ ‘Re-Tooling’ our military personnel with the basic First Aid Training can transform them into a Combat Medic or Combat Life Saver or eventually a Medical Specialist which possesses the skills and knowledge of a physician. They can do a medical assessment of the injured patient in the battlefield and apply appropriate treatment.

‘Re-Structuring’ the Medical Service Organization itself may be more advantageous than disadvantageous in the long run. An in-depth and thorough re-study of the previous proposal on the eventual merger of the Offices of The Surgeon General (with its Chiefs of Corps, namely, The Chief of Medical Corps AFP, The Chief Veterinary Corps AFP and The Chief Medical Administrative Corps AFP), The Chief Dental Service and The Chief Nurse into the Office of The Chief Health Services is strongly recommended. Its main objectives are consolidation of resources, elimination of duplication of functions and streamlining.”

C. The AFP Medical Services as Seen by the Troops Today

On 19-20 September 2003, the Commission visited and talked with Scout Rangers, Marines, Navy, and Army personnel of SOUTHCOM in Zamboanga City and Basilan. These include Scout Rangers of the First Scout Ranger Battalion based in Basilan, officers and enlisted men of the SOUTHCOM in Zamboanga City, the Marine Battalion Landing Team 5 (MBLT5) also based in Zamboanga City, and personnel of the Camp Navarro General Hospital in Zamboanga City.

The dialogues revealed no real surprises about the state of health services available to the soldiers. What the Commission heard was mostly a repetition of information heard from others and also of matters admitted by the Surgeon General or referred to in the Felicia study. Some of the observations follow:

- (1) Soldiers confined in hospitals are allotted only thirty pesos (P30) per day for hospital meals. Soldiers suggest that PHILHEALTH funds should be used for the purchase of medicine and also to improve meals.
- (2) The absence of pediatricians in SOUTHCOM Hospital forces the soldiers to seek out private hospitals for the medical needs of their children.
- (3) The supply of medicines is determined by higher authority based on the program submitted by the SOUTHCOM Hospital and also on higher authority's own "program". As a result, sometimes medicines not needed by the hospital are sent and charged to the hospital budget. (E.g., supply of fluid for obstetric cases which eventually is donated to outside hospitals.)
- (4) There are no medical kits given to each front line soldier. There is one (1) kit for an entire company. The needed medicines have to be bought by the commanding officer upon request. The absence of the kits renders inutile the first aid training that they receive.
- (5) Only P2,225 is allotted for medical services from the P65,000 quarterly MOOE received by the battalion.
- (6) The Commanding Officer (CO) of the Camp Navarro General Hospital (CNGH) identified the poor state of on-base housing for doctors as one disincentive for the recruitment of new doctors.
- (7) The CO suggested that the medical facilities of the Edwin Andrews Air Base (EAAB) hospital be consolidated with that of CNGH in order to maximize access to both equipment and personnel. Since the EAAB facility cannot carry out surgical procedures, injured patients initially airlifted there end up being treated in CNGH.
- (8) An enlisted man of the Fifth Marine Battalion reported a sad experience with CNGH. He was confined for TB, but no anti-TB

medicine was available. He learned that the necessary medicine had already been ordered more than two months earlier. He ended up buying his own medicine. When discharged, he was given medicine that was about to expire but was assured that the medicine would nevertheless still be good for six (6) months.

- (9) An officer of the Fifth Marine Battalion reported a comparable experience with V. Luna General Hospital where he was confined since he had difficulty in walking. For days, his attending physician did not visit him. He asked to be discharged but was not allowed to leave because he needed the authorization of, among others, his attending physician. Out of sheer frustration, he forced himself to get discharged and drove himself to a private hospital for treatment. He did not bother to get reimbursement for expenses because of utter exasperation.

Two (2) pointed observations not heard elsewhere were made by Marines. The first was about V. Luna itself: two (2) alternatives were suggested – either make its facilities available near where the front troops are, or abolish it altogether and use the funds for obtaining service from private hospitals.

A second suggestion was about the ranking of military doctors. The view was expressed that the giving of military ranks to doctors adversely affects the doctor-patient relationship. Higher ranking patients sometimes receive better medical attention than those of lower ranks, and some doctors with higher ranks do not necessarily give all the attention needed to patients lower in rank.

D. Findings and Recommendation

Two fairly obvious general conclusions can be drawn from what has been said: (1) the AFP military service needs more money – for medicine, food, facilities, doctors; and (2) it can stand closer scrutiny of its management practices.

On the financial side, part of the funding of the AFP Modernization Program generated from the sale of Fort Bonifacio land should be dedicated to the modernization and upgrading of medical services, in accordance with the original statutory intent.

On the management side, geographic distribution of hospitals should be reviewed. Consolidating existing hospitals into fewer units could probably result in better medical services.

The suggestion that doctors be hired as doctors and compensated according to their level of expertise and experience and not according to rank, probably merits consideration and trial and validation.

A government counterpart to the premium paid by soldiers to PHILHEALTH insurance should enhance the benefits which the military can receive.

The close relationship between the prompt availability of adequate medical services when needed by troops engaged in encounters with hostile forces, and the fighting efficiency and morale of such troops, needs no documentation. What is needed is, after realization thereof, dedication of more efforts and funds to the improvement of the AFP medical services.

VI. The Problem of Benefits for Soldiers Killed in Action

A. The Problem

The Report to the President by Cimatú after concluding his negotiations with the Magdalo group in Oakwood, contained the following grievance aired by the soldiers: “The issuance of death benefits to families of soldiers who died in battle and other benefits due them are very much delayed, as late as over a year afterwards.” (Emphasis added.)

To learn more about the matter, the Commission invited Rear Admiral Mateo Mayuga, Deputy Chief of Staff for Personnel, AFP. He testified before the Commission on 12 September 2003. The following is derived from his testimony.

B. Pension Management

The budget for pensioners for any given year is computed by the Deputy Chief of Staff for Financial Services and is included in the yearly appropriation for the AFP by Congress. The Adjutant General and financial service units actually release the funds.

Appropriation for death benefits is based on an estimate of expected casualties. AFP casualty statistics for 2002 counted one hundred forty (140) killed in action, one hundred twenty-one (121) other major casualties, and three hundred seventy (370) minor casualties. In case casualties exceed the projected figures, the AFP budgeting system allows the AFP some elbow room, e.g., through the use of savings generated when AFP goes below the total strength ceiling of one hundred twenty-five thousand (125,000).

C. Benefits of Soldiers who Die in Combat

Republic Act No. 340 approved on 26 July 1948, provided for benefits for soldiers who die in combat, but covered only those who shall have served twenty (20) years or more. To remedy the absence of provisions for those who have served less than twenty (20) years, Presidential Decree No. 1044 was promulgated on 28 October 1976. It provides several benefit packages, depending on the number of years of service, for military personnel who die in combat. In the case of one who has served less than twenty (20) years, available benefits include the following:

- (1) Monthly annuity for the surviving spouse and children, in the amount of 50% of the next higher grade last held (Presidential Decree No. 1044)

- (2) A one time death gratuity of P6,000.00 payable by the Veterans Administration Office (Republic Act No. 6110)
- (3) Commutation of unused leaves of absences into cash.
- (4) Educational benefits for children of the deceased soldier. This benefit is good for ten (10) years and is transferable to another dependent (Presidential Decree No. 577)
- (5) Scholarship under Republic Act No. 6963.
- (6) Foundation-sponsored scholarship programs, e.g.: HERO Foundation Program. The foundations directly give the money.
- (7) Assistance by the AFP Educational Benefits System Office.
- (8) The Office of the President grants special financial assistance to families of combat casualties. P41 Million have been allocated, but only about 20% of the bereaved families have received assistance from the Office of the President, commonly due to failure of the bereaved to produce essential documents. This is the easiest benefit that can be claimed.
- (9) Burial packages.

D. Complaints of Delay in Release of Pension Benefits

Delays do happen. Among the more common causes of delays are lack of proper documentation, and failure to present clearances for issued equipment such as firearms. Because of the frequency of delays, a 6-month separation benefit is given in advance to help the bereaved family during the expected delay. But delays can exceed six (6) months. To respond to this problem, the AFP expects to set up, fairly promptly, satellite offices in Cebu and Zamboanga, to decentralize the processing system. The normal period for processing is three to six (3-6) months.

E. Processing Needs

The AFP Modernization Program includes, as one of its components, bases and support system development, including human resources development. Thus, the Modernization Program envisages the modernizing of the personnel information

management system, which in turn should facilitate the process of gathering the necessary personal information.

F. Findings and Recommendations

Aside from the relatively small amount that is received by way of death benefits, the common problem is that of processing delays. A major cause of delays is the completion of the documentation needed. Another cause of delay is the verification of identities of beneficiaries, especially when there are illegitimate offspring left behind. What is needed is the strengthening of the record system of the personal data of soldiers and their dependents. The data should not only be accurate and up to date but also immediately accessible. Clearly, computerized information systems are called for.

VII. The Problem of Pilot-to-Aircraft Ratio or Too Few Aircraft

A. Introduction

The Report to the President dated 28 July 2003 by Cimatu also contained the following statement:

“Finally, officers from the Air Force brought the issue of blatant favoritism and disproportionate pilot to aircraft ratio causing delay in training and promotion.” (Emphasis added.)

To learn more about the ratio of pilot-to-aircraft and related problems, the Commission invited MGen. Apolonio Ugale, Jr., Vice-Commander, PAF, to appear before the Commission. He testified before the Commission on 12 September 2003. The information set out below has been derived mainly from his testimony.

B. On Pilot-to-Aircraft Ratio

Currently, there are one thousand eighteen (1,018) pilots (with ranks from Second Lieutenant to Lieutenant General), two hundred thirty-six (236) of which are involved in combat (15th Strike Wing and 205th Helicopter Wing).

Aircraft inventory counts a total of two hundred twenty-five (225). Of these, one hundred nine (109) are in storage or are grounded, and one hundred sixteen (116) are “supportable,” i.e., budget is available for spare parts, etc. But of the supportable aircraft, only sixty-two (62) are operational while forty-nine (49) are ”down and parked” for inspection or maintenance.

The following is a chart of supportable aircraft:

<u>Type</u>	<u>Number</u>
C-130	4
F-27	1
N-22	3
F-5	0
S-211	7
SF-260 TP	6
SF-260 M	4
T-41 D	14
OV-10	12
MG 520	21
Laya	1
UH-IH	27
Bell 205	2
S-76	5
Bell 412	6
S-70	1
Aero Commander	1
LC 210	1

Pilots are classified into: (1) *Line pilots* (their office is the cockpit of an aircraft), numbering seven hundred eighty-three (783); and (2) *management pilots* (designated to key office positions but who must know aircraft operations in order to carry out their duties), numbering about four hundred (400).

PAF Circular No. 2, series of 1977 is the basis for computing pilot to aircraft ratio. The ideal is 3:1; the current ratio is 4:1.

The PAF expects fifty (50) additional aircraft in 2004. Twenty (20) UH-IH have been promised to the President by the United States; twenty (20) UH-IH are in the bidding process under the AFP Modernization Program; and twelve (12) Surface Attack Aircraft have already been bidden out. More aircraft can be available for use if the budget for maintenance can be increased, thereby enabling the PAF to activate more of the aircraft that are presently grounded. Correspondingly, this will partly relieve the low pilot-to-aircraft ratio even as more pilots graduate.

C. On the complaint about delay in training and promotion of pilots

Training of pilots is carried out by the PAF Flying School. The classes are a mix of aviation cadets who have joined the Flying School and of PMA graduates who have opted for service in the Air Force. Currently, there are two (2) on-going classes: MPT Class '03 (52 members) scheduled to graduate by November 2003 made up of eleven (11) student officers from PMA '00 and forty-one (41) other officers from the officer candidate school '90 Alpha. MPT Class '04 is made up of forty-nine (49) members: thirty (30) officers from PMA '00 and another nineteen (19) from the Officer Cadet School '99 Bravo. The class will graduate by November 2004.

Currently in the pipe line is MPT Class '05 which will consist of forty-four (44) students all from PMA Class '01. This will be followed by MPT Class '06 consisting of

thirty-two (32) from PMA Class '02 and eighteen (18) Aviation Cadets, and MPT Class '07 made up of fifty (50) students consisting of twenty-seven (27) from PMA Class '03 and others.

It will be noted that it takes some waiting for PMA graduates who have opted for the Air Force to start their flight training. The delay is caused by the lack of trainer aircraft. Delays started when trainer planes were reduced from four (4) to three (3). Each of these planes must be placed under "park and fly" after every twenty-five (25) flying hours. If used three (3) hours in the morning and three (3) hours in the afternoon, the twenty-five (25) flying hours are quickly consumed and the plane must be grounded.

Interestingly, even as the lack of trainer aircraft is acute, on 3 February 2003, the 103rd Officer Student Squadron consisting of non-PMA graduates has been revived. This will mean more waiting for PMA graduates for whose training the government has already spent so much. At the same time, as noted above, the PMA is not the only source of applicants for admission to the PAF Flying School and all applicants are delayed in their flight training by lack of trainer aircraft.

AFP has undertaken a lease program for three (3) additional trainer planes – 900 hours for twenty-one million pesos (P21 Million).

D. On Air Force Modernization

Plans for the modernization of the Air Force have been in existence since 1996. To date, P2.865 Billion has been programmed for the Air Force modernization program. This includes allocation for the acquisition of various types of aircraft, for the upgrading of some others, and for training and administrative matters. So far, however, only P127.391 Million has been released. The rest await completion of various requirements

of the AFP procurement system. (A more detailed account of problems in procurement is found elsewhere in this report.)

VIII. The Inadequacies of AFP Housing for Officers and Enlisted Personnel

We have already noted that the lack of government quarters for officers and enlisted personnel of the AFP were adverted to by the officers and men who went to Oakwood. We have also earlier referred to the problem posed by retired officers and enlisted personnel who have continued to occupy their assigned quarters despite their retirement from the active service, thus depriving junior officers and enlisted personnel in the active service of the right to occupy those quarters.³⁸ The JUSMAG (SHAI) case and the NOVAI case relating to officers and enlisted personnel housing sites in Fort Bonifacio land, including the Bonifacio Naval Station, have been dealt with earlier. In this section of the Report, we focus, although briefly, on certain problems relating to the lack of adequate housing for AFP personnel.

A. On-Base Housing and Allocation Thereof

At present, there are only seven thousand five hundred sixty (7,560) units of AFP-wide government housing quarters; in other words, the AFP is able to provide housing for a mere six percent (6%) of its total present strength.³⁹ The formidable backlog in housing

³⁸ See IV above dealing with “Modernizing the AFP: Funding and Consequential Problems”. See also the Cimatu Report dated 28 July 2003.

³⁹ See Report submitted by Lt. Gen. Rodolfo C. Garcia AFP to the Fact-Finding Commission dated 6 October 2003. The information here set out is derived principally from the Report of Gen. Garcia. This Report included the following figures for “Homeless Military Personnel” (“Homeless” referring to personnel who are not assigned AFP housing quarters or do not own their own homes):

	Total	%
Living in Squatter Areas	15,815	14.7%
Renting or Living with Relatives	<u>37,027</u>	<u>34.6%</u>
Total Homeless Personnel	52,842	49.3%

was initially addressed through the AFP On-Base Housing Program for which an average of one hundred million pesos (P100 Million) annually was programmed and included in the appropriations for the AFP in the GAA. However, the inability of the government to provide sufficient funds has made the construction of more on-base housing units a matter of, apparently, lower priority. For the last five (5) years, the annual appropriations for AFP on-base housing construction have fallen short of the one hundred million pesos (P100 Million) envisaged.

This acute and still growing shortage of housing units has focused attention among junior officers and enlisted personnel on the process of awarding quarters to new occupants in the active service. An established set of criteria with corresponding point allocations is used in the determination of new awardees. The criteria for awarding of on-base quarters has four (4) principal elements:⁴⁰

- (a) Date of Application – assigned a range of points from 2 points for one year old application to 40 points for applications filed eleven (11) and more years ago;
- (b) Maximum presence (i.e., assignment in an office inside the camp which requires continuous presence) – assigned a range from 10 points for personnel assigned to other AFP units in Mindanao, to a maximum of 30 points to the Chief of Coordinating/Special/Technical Staffs and CO GHQ & HSC/AFPWSSUs;
- (c) Seniority – assigned a minimum of 10 points for 2nd Lieutenant/Ensign to a maximum of 20 points for Army Colonel/ Navy Captain;
- (d) The Camp or Base Commander’s favorable endorsement – assigned a maximum of 10 points.

The AFP admits, however, that reality dictates some deviation (“palakasan”) in the administration of this process, even as it is claimed that such deviation is the exception rather than the rule.

⁴⁰ See Criteria for Assigning of Quarters (through a rational decision making process) attached to the Report submitted by Lt.Gen. Rodolfo Garcia to the Commission dated 6 October 2003.

There is another consequence of the lack of government housing quarters for the AFP, and that is, the emergence of privately-owned quarters (POQ) in some military bases. These POQs apparently came about originally as a result of an *ad hoc* arrangement made between military base authorities and military personnel in the active service, with the latter being permitted to construct and own quarters, at their own expense, inside the base in order to satisfy at least partly the demands for housing. The arrangement had also the result of at least temporarily veiling the AFP's inability to provide the housing itself. Initially, the arrangement was thought to be beneficial to both parties. Later, however, the scheme turned out to be detrimental to the management and development of the military bases where it had been allowed. The arrangement also gave rise to "overstaying" by a number of military personnel who owned their own houses and who retired from the active service but continued to live in their POQs.

B. Off-Base Housing in Military Lands

In the effort to ease the demand for on-base housing, the AFP commenced assisting its personnel to acquire their own lots and houses, in a joint effort with private sector developers and other Government agencies (e.g., the PAG-IBIG Fund) through the "AFP Off-Base Housing Program." In addition to encouraging the acquisition of housing units offered by private developers, the AFP initiated the utilization of idle military lands as "off-base housing sites" in the effort to make housing units more affordable to AFP personnel. In the past six (6) years, the AFP has assisted a total of seven thousand three hundred seventy-one (7,371) personnel (2,653 officers and 4,728 enlisted personnel) or a total of seven percent (7%) of APF strength, through the "Off-Base Housing Program".

In this connection, the AFP has identified eighteen (18) areas suitable for AFP housing, located in different military reservations in different parts of the country. However, only three (3) of the eighteen (18) areas have been actually proclaimed by the President as available for off-base housing purposes: (a) Camp Riego De Dios in Tanza, Cavite; (b) Camp Servillano Aquino in Tarlac Province; and (c) Camp Evangelista in

Cagayan de Oro City. The other sites identified still need to be the subject of a presidential proclamation. These 18 areas, as estimated by the AFP Housing Board would help directly at least 39,512 out of the 52,800 “homeless” military personnel. The Riego de Dios Project in Tanza, Cavite, a joint venture development project with the Laguna Properties Holdings Co. (an Ayala company) was inaugurated on 5 July 2003. No other off-base housing project appears to be close to completion in the short-term.

Aside from lack of funds, the apparent relative ineffectiveness of the AFP Housing Program, both off-base and on-base, appears to be attributable in part to the absence of an organization or agency specifically mandated to administer the program. Policies and regulations are formulated and promulgated by the AFP Housing Board, but actual implementation thereof is left to the Unit Commanders.

C. Recommendations

The Commission’s recommendations on this matter may be summarily stated in the following manner:

(1) The AFP budget should provide for increased allocation of funds for the AFP On-Base Housing Program as well as its Off-Base Housing Program;

(2) The “overstaying” of retired military personnel in AFP housing should be stopped and rectified;

(3) The number of privately owned quarters in all military bases should be reduced, if not totally eliminated; and

(4) Strict implementation of existing criteria for the awarding of government quarters to officers and enlisted personnel in the active service must be ensured.

Part Three -- Findings and Recommendations of the Commission: Reiteration and Collation

In this last Part of the Report, we set out again the findings and recommendations of the Commission in respect of the events of 27 July 2003 at Oakwood. We consider that these findings and recommendations need to be presented together lest the recommendations appear hanging in space devoid of reference on the ground, as it were. The recommendations of the Commission concerning the grievances of the officers and men who went to Oakwood, upon the other hand, may make some sense though standing alone. Our hope is that Part Three of the Report may serve the reader-friendly purpose of an Executive Summary that we have decided to forego.

I. Findings of the Commission Concerning the Events of 27 July 2003 at Oakwood

A. Analysis and Findings

In the section that follows, we seek to present the findings of the Commission, as well as the inferences and possible insights that appear to be derivable from the events of 27 July 2003 at Oakwood. The over-arching theme is the distinction that, the Commission believes, must be drawn between, on the one hand, the objectives which the Magdalo group sought to realize by going to Oakwood -- that is, the forcible seizure of power and the overthrow of the existing Government – from, on the other hand, the grievances and the complaints the existence of which constituted the proffered justification for their attempt to seize control of government by force of arms. The Commission believes that the mutiny had been planned and was not spontaneous and that it was part of a larger plan to achieve political change by military force. At the same time, it will be seen from Part Two of this report that some of the grievances given expression by the rebels at Oakwood, although utilized by them to radicalize soldiers and young officers and to recruit adherents to “Oplan Andres,” are to a substantial degree

real, and not merely fictitious. Finally, those grievances are not unique to the military but rather reflect insistent demands for reform made by practically all sectors of our society. The total picture is, indeed, a complex one and the challenges inherent therein truly formidable.

1. The Mutiny was Planned and not “Spontaneous”

a. The rebel group did not take control of Oakwood only to air their grievances nor was the incident “spontaneous”. Facts gathered by the Commission point to the political goal of taking power by the Magdalo group and the establishment of a fifteen (15)-member council after the restoration of former President Estrada to the Presidency for three (3) days only. By early 2003, it was clear that recruitment conducted by the rebel leaders exploited the soldiers’ legitimate grievances against the AFP, for which Honasan’s NRP was the purported sole solution. The “Last Revolution” stressed that since the incumbents in the Government and senior military officers would not give up power voluntarily, they would have to be removed by force.

b. The fact that groups identified with Honasan (Diablo and PGBI) and Estrada (PMAP and DEMOKRASYA) were apparently part of the support group for a planned replication of “people power” further indicates the political character of the incident. They attempted to mass at the EDSA Shrine and to go to the Oakwood area, but were prevented from doing so by the Government’s blocking forces.

c. That the event was not “spontaneous” is strongly indicated by several factual circumstances, including: (1) the wide recruitment of military personnel, which had begun months before the mutiny at gripe sessions at which the bloodletting rite and the oath of loyalty were undertaken by each recruit; (2) the purchase of uniforms and combat boots, rebel flags, and arm bands utilized at Oakwood; (3) the provision to the rebels of backpacks that must have been purchased ahead of time; (4) the purchase of

expensive communications equipment and vehicles that were later recovered at Oakwood and various other places by the authorities; (5) the reservation for Gambala under the name of George Uy for 19-28 July at Oakwood, and his actual occupation of the room where he was visited by Trillanes on 24 July; (6) the rebels' use of two staging points in Dasmarinas Village and Mandaluyong City; and (7) the prepositioning of rebel vehicles in the armories of Fort San Felipe and Sangley Point at Naval Base Cavite.

d. The discovery of the plot prompted the rebel group to implement Plan Charlie and stage the Oakwood occupation as soon as the President ordered the arrest of the leaders in the evening of 26 July.

2. Discovery and Pre-emption

a. The fortuitous scheduling of the coup attempt close to the President's third SONA scheduled for 28 July 2003, helped in the timely adoption of countermeasures to avert the plot. Security arrangements for the SONA probably helped Government forces such as TF Libra under Abu and TF Ayala under Teodosio prepare the countermeasures actually adopted during the Oakwood incident.

b. However, the Government authorities failed to prevent the Marines from Ternate, Cavite from moving to Oakwood despite intelligence reports about them. Neither did the authorities succeed in preventing the rebels from occupying Oakwood. Since Oakwood was a "soft target" and prematurely committing Government troops in the area could expose the "hard targets" such as Malacanang Palace, military camps, and television and radio stations that are more critical to the survival of the Government, the authorities continued to watch troop movements and opted not to deny Oakwood to the rebels. Hitting the "hard targets," according to Plans Alpha and Bravo, was apparently premised on the achievement of the goals of a wider and larger recruitment of rebel

troops and civilian components of the plot. As this did not materialize due to the early discovery of the plot, Plan Charlie was activated.

c. The rebels failed to elicit significant support especially from the senior officers in the military. Thus, the Oakwood coup attempt is the first one in the country's history that had been led by junior officers. This suggests (1) a breakdown in the chain of command that the leaders themselves referred to, (2) alienation of the Magdalo group from their senior officers, which may reflect sentiments shared by other junior officers in the AFP, and (3) a general decline of professionalism in the AFP officer corps.

d. The rebel leaders, it appears, also miscalculated the state of public sentiment or opinion as they failed to draw civilian support from sources other than the PGBI, Diablo, PMAP, and DEMOKRASIA.

3. Demands and Grievances

The grievances aired by the rebels referred to the RSBS, the military procurement system, particularly the practice of "conversion", the transfer of arms and ammunition to unauthorized parties, and anomalies in the construction and repair of various facilities at Marine Base Cavite.

a. The Commission has looked at these grievances and found some are not without foundation. Nevertheless, it appears that the real impetus for the rebellion, the operative goal of the Magdalo group, was to seize power by force and implement Honasan's NRP.

b. The goal and the plotting and the willingness to use armed violence to secure political changes and thereby, hopefully, correct the grievances proclaimed appear to reflect a certain psychological basis which, in the Final Report (1990) of the Davide

Commission, was described as a “Messianic complex”.¹ There is the idealism taught at the PMA which is later challenged by the realities of combat duty and life in the real world. This creates a powerful emotive force that when combined with the issue of graft and corruption and the poor conditions in the field, could make soldiers vulnerable to recruitment by both military and civilian coup plotters.

c. This, however, does not diminish the reality and legitimacy of their grievances, with respect to, for instance, the RSBS, the Modernization Fund, and a few other cases discussed in detail in Part II of this report.

d. Moreover, the military’s rigid hierarchy, subordination to seniors, and strict culture of obedience make the grievance mechanisms such as the Inspector General Armed Forces of the Philippines (IG) and the Office of Ethical Standards and Public Accountability (OESPA) ineffective.²

4. The Negotiated Return to Barracks

a. Many groups persuaded the rebels to return to barracks, including their classmates from the PMA and military officers the rebels trusted such as Lim, Oban, Domingo, and Danga. Two groups of negotiators were apparently cleared to negotiate with the rebels by Secretary Romulo. The first consisted of Biazon, Honasan, Sotto, Defensor, and Velasco who apparently obtained authorization from the Executive Secretary at various times and through various means. The second was led by Cimatu who, after obtaining the acceptance by the rebels as the principal Government negotiator eventually succeeded in concluding the return to barracks agreement.

¹ The Final Report of the Fact-Finding Commission (pursuant to R.A. No. 6832), Chapter III, Sections A and B, and Chapter VII, Section A, October 1990.

² See below, “The AFP Grievance Mechanism: The Limitations of Internal Controls”, Part Two, II-D.

b. Varying accounts of the details of the discussions with the rebels could be due to the large number of people present at different stages of the process, their location relative to the scene of the negotiations as well as to the participants, the variety of personal and positional interests they represented, and the environment of tension and crisis.

c. Not having a more clearly defined mandate other than to end the incident as soon as possible and without bloodshed and damage to property, a military framework defined the terms of the agreement, i.e., that the core group would bear full responsibility for the incident under military law while the followers would be processed according to the Articles of War. The discussions between the Government group led by Cimatu and the Magdalo group is also a classic case of “mutual ignorance” of the applicable laws, neither side being aware of Article 134 of the Revised Penal Code that penalizes coup d’etat. This is a disturbing revelation. Neither, it also appears, was there anyone with a working knowledge of what Article 105 of the Articles of War actually provides.

d. Some have alleged that differences in the interpretation of the terms of the return to barracks agreement by the rebels, by the negotiators, and by the civilian prosecutorial agencies of the Government may have created a perception that the rebel officers were “betrayed” by the filing of charges in civilian courts. Assuming this sentiment exists and if it becomes widely shared by officers in the AFP, it could become a tool of recruitment and tend to discourage future negotiations with the Government in a similar situation.

5. Other Findings

a. *Search and Recovery of Materials Left by Rebels*

(1) Materials, including documents left by the rebels in Oakwood and in the vehicles recovered in Naval Base Cavite indicated some civilian support, in cash and in kind, had been extended to the rebels. Communications equipment left at Oakwood, vehicles, uniforms, flags, arm bands, backpacks, and other paraphernalia obviously cost a substantial amount of money. The use as staging points of two houses owned by persons close to former President Estrada described above tends to reinforce the belief that some support from certain civilian sectors had been provided.

(2) There is reasonable basis to believe that the documents and diskettes recovered by Government authorities were not merely fabricated and planted by military authorities. Testimonies regarding the details of the process of recovery and the places where they were recovered tended to be, in part, inconsistent with each other. This is due perhaps to the haste with which the Oakwood management sought to clear the premises, the different views held by the Oakwood management, and the ISAFP operatives on what “valuable” means, as well as the ISAFP officers’ desire immediately to recover whatever materials might have intelligence value.

(3) Authorities that came to investigate and gather evidence regarding the incident appeared less than careful in the observance of standard evidence-collection procedures.

b. *Root Causes*

(1) The politicization of the military amid the erosion of civilian political institutions that had oversight powers over the military, particularly during and since the imposition of martial law, is a cause of military adventurism. The AFP’s role as a partner in national development efforts led them to assume roles that used to be played by civilian authorities. This tended to increase their political leverage over other sectors of society, and contributed to their politicization as they interfaced directly with the people

and the problems of the country. During the martial law period, there were no institutional checks on the military's power and influence as well as on the uses to which its power was used, other than the personal power of President Marcos.

(2) Failure on the part of the Government to enforce the law deprives the law of its power to deter, particularly among those who had engaged in previous coup plots against the Government but who were granted unconditional amnesty in 1995 without prior punishment. A number of former coup plotters who had been punished for their participation in the coup attempts of the 1980s and returned to the military after the 1995 grant of unconditional amnesty, have turned their back on military adventurism. Members of their units did not join the Magdalo group in Oakwood. But some of those who received unconditional amnesty without prior punishment were in the list of members of the NRP Council. This suggests that consistent enforcement of the law may be a critical factor in neutralizing the coup virus.

(3) The key role of the AFP in the campaigns against communist insurgency and Moro secessionism creates civilian Government dependence upon the military. In addition to the clearing of areas of insurgents and defending such cleared areas, soldiers are required to discharge the tasks of consolidation and development that properly belong to civilian authorities.³ Not only is the military's political power enhanced, but their politicization is also thereby increased as they confront the problems of these communities on a prolonged basis.

(4) Enlistment by civilian persons, including politicians, of military support for their personal and political ambitions contributes to military politicization and adventurism. Former President Marcos (and not the AFP) initiated the enlargement of the role of the military during his incumbency, particularly during martial law. Civilian

³ Army Col. Noel Buan, at the Dialogue between the Commission and the First Scout Ranger Battalion, Isabela City, Basilan, 19 September 2003.

persons, including politicians, also sought and encouraged the military breakaway of February 1986 and January 2001, giving thereby the AFP great political leverage over the civilian leaders who appear to rely on the military for political survival. When adequately motivated, military adventurers could exploit this situation to destabilize and overthrow the Government.

(5) At the same time, officers and troops under diligent and respected commanding officers did not join in the 27 July mutiny, suggesting the critical role played by this breed of military leaders in dealing with the coup virus.

c. *Provocations*

(1) Grievances about graft and corruption in the military, such as the RSBS, the Modernization Fund, and the procurement system provide a fertile ground for the recruitment of officers and men for military intervention and even the overthrow of Government. The expression of grievances resonates to the wider polity who share these sentiments, even as they do not approve of the means used and the solution proffered by the Magdalo group.

(2) The Commission believes that the discovery or disclosure of the plot led the rebels prematurely to launch “Oplan Andres”, a plot larger than the Oakwood incident. Failure to attain the force requirements of Plans Alpha and Bravo compelled the rebels to launch Plan Charlie.

(3) Moreover, members of PMA '94 and '95 were “frustrated” when the dialogue about their concerns they expected would take place during the dinner hosted by the President on 23 July, did not take place. PMA '94 and '95 had the opportunity to talk to Abaya at the “White House”.⁴ They talked about their class being unjustly linked to a

⁴ This is in reference to the residential quarters of the AFP chief of staff in Camp Aguinaldo

plot against the Government as well as about their commitment to fight graft and corruption ever since their graduation from the Academy. When the dinner with the President arranged for 23 July did not include a dialogue about their concerns, the invitees went down “frustrated.”

(4) Finally, the order by the President aired on national television for the arrest of the coup leaders as “rogue soldiers” was a precipitating factor behind the Oakwood incident. At the time of the President’s order, the leaders of the plot were already missing from their respective units.

II. Recommendations of the Commission Concerning the Events of 27 July 2003 at Oakwood.

1. *Due diligence by commanding officers* - Commanding officers in the field need constantly to warn their men against recruitment for destabilization plots against the Government by adventurers in the military. Former military rebels who have turned their back on military adventurism could be used to conduct regular dialogues within the AFP for this purpose. The adoption of a program of this nature should go a long way towards neutralizing the coup virus.

2. *Effectively address legitimate grievances* - The Government and the AFP need to address the legitimate grievances of the military against corrupt officers, officials, bureaucrats, and practices. More specific recommendations on this matter are made in Part Two of this report.

3. *A civilian Secretary of National Defense* – This Commission reiterates the recommendation of the Davide Commission to have a civilian appointed to the position of Secretary of National Defense.⁵ Beyond the need to institutionalize the supremacy of

⁵ The Final Report of the Fact-Finding Commission (pursuant to R.A. No. 6832), recommendation C.2.f., pp. 524-525.

civilian authority over the military, the appointment of persons who have not had long and deep ties to the military, and who have not held positions in the military establishment that itself needs to be reformed, is essential if a reform program is to succeed. Although military officers acquire a civilian status upon retirement, they are likely to bring the rigidity of hierarchy, seniority, camaraderie, and other aspects of the military culture into the office of the SND that would obstruct reform.

4. *Return NICA to its original mandate* – Likewise, echoing the Davide Commission recommendation, this Commission recommends the appointment of a civilian head for the NICA. Moreover, NICA should be returned to its original mandate, that is, to coordinate all intelligence agencies, military and otherwise. The President must have a source of intelligence additional to the ISAFP.⁶ This should provide the Commander-in-Chief (C-in-C) with a parallel intelligence source in the event that information gathered by ISAFP is not made fully available to the C-in-C, for any reason whatsoever.

5. *Enforce the law against all violators* - Erring officers, troops and civilian partners in coup plots must be treated in accordance with law to control and reverse the culture of impunity.⁷ As already noted, former rebel soldiers that were punished for their participation in the coups of the 1980s tended to have abandoned military adventurism. To remedy the recurrence of “negotiation in mutual ignorance” of applicable laws, this gap must be addressed in officer education and training.

6. *Observe or respect the military’s political neutrality* - Civilian political leaders must restrain themselves from enlisting military support for their personal and

⁶ The Report of the Fact-Finding Commission (pursuant to R.A. No. 6832), recommendation C.2.f., pp. 524-525.

⁷ Although Commissioner Narciso concurs with this recommendation, he stresses that the discussions at Oakwood between Cimatú and the rebel soldiers should be taken into account by the Government in its treatment of the latter.

political agenda as this can only further politicize the military and grievously endanger the constitutional system. This is a theme that should constantly be recalled to politicians and political parties.

7. *Provide “negotiators” with clear terms of reference* - Government “negotiators” in similar incidents should be given clear terms of reference by the authorities to avoid misperceptions that could promote another coup plot in the future. In this regard, strict adherence to the law as recommended in number 5 above need not deter rebel soldiers from “negotiating” with government. In a “negotiation” of a similar nature, it is incumbent on the Government “negotiators” to demonstrate to and persuade the other side that it is to their common interest to “negotiate”. The law itself embodies the basic principle that punishment must be tailored to the degree of participation in the offense to be penalized.

III. Recommendations of the Commission Concerning the Grievances Voiced by Mutineers at Oakwood

A. The RSBS Problem

1. *Liquidate present RSBS in an orderly manner* - The present RSBS should be liquidated in an orderly and professional manner so as effectively to conserve whatever values in its asset portfolio remain.

2. *Return the soldiers’ RSBS contributions* - The soldiers’ contributions together with accrued interest should be returned to them as promptly as feasible, in a phased and programmed basis as RSBS is liquidated. The soldiers can probably earn better yields than six percent (6%) per annum, compounded annually, at existing institutions like the AFP Savings and Loan Association (AFPSLAI).

3. *Initiate an AFP Service and Insurance System* - A major initiative should be undertaken immediately by the Government in respect of the design and development of an AFP Service and Insurance System (AFP-SIS), possibly as an analogue of the existing Government Service and Insurance System (GSIS). The requirements of actuarial and financial viability of a separate AFP-SIS must be carefully studied. Some problems can be anticipated by limiting compulsory membership in a separate AFP-SIS to military personnel joining the AFP after establishment of a separate AFP-SIS. The new system must be completely independent from the SND and from the CSAFP. The new pension plan should be contributory on the part of the soldiers, just as all GSIS benefits for civilian government employees and all Social Security System (SSS) benefits for private sector employees, are contributory. The new and independent system must be subject to all the financial and investment disciplines that private pension funds are subject to under applicable BSP and SEC regulations.

The financial requirements of a realistically sustainable level of retirement benefits, given the current structure of compensation for AFP personnel, must be carefully studied.

4. *Implement fully the recommendations of the Senate Blue Ribbon Committee* - All the specific recommendations made by the Senate Blue Ribbon Committee in its Reports must be vigorously, transparently and consistently implemented, including the criminal prosecutions of, inter alia, Ramiscal and Abadia. Such implementation should be monitored and quarterly reports be provided to the Office of the President, the DND and to the AFP-GHQ, and AFP personnel generally.

B. The AFP Procurement System: Conversion and Other Problem

In respect of the procurement system of the AFP and the very substantial problems relating thereto, the Commission puts forward the following recommendations:

1. *Simplify AFP procurement procedures* - The procurement procedures of the AFP should be drastically simplified to reduce the incentives for conversion and other forms of misappropriation of public funds. The “cost of money” is in effect a heavy penalty paid by AFP service units for complying with the complex requirements of the AFP’s own procurement procedures.

2. *Control commanders’ discretionary powers over the CMF* - The requirements of transparency should be made more stringent to control the discretionary powers of commanders in the disbursement or retention of “Centrally Managed Funds,” and correspondingly increasing the accountability of such commanders in respect of such disbursements.

3. *Reduce the amount of CMF in GHQ/service HQ hands* - The ability of the GHQ AFP to retain “Centrally Managed Funds” (CFM) should be reduced by distributing more of such funds to the HQ of each of the major services of the AFP, after careful review. Similarly, the ability of the HQ of each of the major service units to retain “Centrally Managed Funds of, e.g., the PA, should be reduced by distributing more of such funds to, e.g., the Division Commanders.

4. *Strictly implement control measures over supplies* - Existing control measures in respect of the management of issued or acquired supplies should be strictly implemented and substantive penalties imposed for failure of supervision by commanders of service units, including relief from command.

5. *Set tenure limits for AFP finance and procurement officers* - Tenure limits should be set for comptrollers, logistics officers, procurement, and special disbursing officers to a maximum of, e.g., four (4) years. Two (2) years each for junior and senior positions, respectively would appear reasonable. The ability of AFP operating units to receive cash advances should be increased (presently limited to 10%) of total annual MOOE Funds.

6. *Establish an autonomous Internal Affairs office (IAO)* - Apropos, the fundamental limitations of the existing AFP grievance mechanism to deal with the problems of corruption control in the AFP, one recommendation that may be made is that an Internal Affairs Office (IAO) that can handle grievances of AFP personnel, outside of the Chain of Command, should be organized as an entity separate from the AFP and reporting directly to the Commander-in-Chief, that is, the President. Possibly, the Office of the Inspector General (IG) and the Office of Ethical Standards and Public Accountability (OESPA) could be merged into such an IAO. If and when established, the existence of such IAO should be brought home to AFP personnel by a countrywide information drive.

C. Modernizing the AFP: Funding and Consequential Problems

1. *Vigorously pursue recovery of the JUSMAG and NOVAI properties* - The efforts of the Republic of the Philippines, BCDA, DND, and the CSAFP to recover the JUSMAG and the NOVAI properties must be pursued as vigorously as possible by the most competent lawyers that the government agencies can deploy. If, indeed, falsification of public instruments (including a presidential proclamation) was resorted to in connection with either or both of these litigations, the appropriate criminal proceedings should be commenced and pursued.⁸

⁸ It appears that two criminal cases have been filed against NOVAI officers; (a) *People v. Domingo, et al.*, Criminal Case No. 98-164382, Branch 15, RTC Manila for “Forging the Signature of the Chief Executive”;

2. *Pursue recovery of the ‘squatted’ land in Fort Bonifacio* - The recovery of 59.6 hectares⁹ from the civilian and military squatters inside Fort Bonifacio must be pursued by the appropriate agencies of the Government by all lawful means, including the use of public force where necessary and reasonable, while paying due attention to the constitutional standard of “a just and humane manner” of eviction.¹⁰ The legal effects of Executive Order No. 70, dated 11 February 2002, upon the status of such land occupied by civilian and military squatters, must be clarified. The concern of the Government for landless citizens is, of course, completely understandable. At the same time, the Government must take into account two (2) things. The first is that the ability of squatters to maintain by force their unlawful occupancy of public land against the Republic of the Philippines and BCDA should not be rewarded. That ability tends to signal the weakened condition of the institutions of Government in general and of law enforcement in particular. Second, the Government must not forget the many thousands of homeless AFP officers and enlisted men, whose plight is referred to below in “V. – Problems of Housing: AFP Officers and Enlisted Personnel”, and of the continuing validity of the basic statutory intent set out in Republic Act No. 7898 (the AFP Modernization Act): the proceeds of sales of Fort Bonifacio land are intended for the modernization of the AFP.

3. *Substantially increase AFP’s share in Fort Bonifacio’s sale proceeds* - The share allocated to the AFP Modernization Program in sale’s proceeds generated by the Based Conversion and Development Authority (BCDA) should be increased very substantially. The Commission remains unaware of any rational explanation for dribbling away 37.5% of the proceeds of sales of Fort Bonifacio land to fourteen (14)

and (b) *People v. Domingo, et al.*, Criminal Case No. 97-297010, Branch 28, MTC, Manila, for Falsification of Public Documents. These cases are pending before the respective trial courts.

⁹ The land squatted upon was originally 64 hectares in area. A portion of this area – 4.4 hectares – was subsequently cleared by the BCDA and included in a joint venture development project that BCDA entered into with a private company.

¹⁰ See Article XIII, Section 10, 1987 Constitution.

other non-military-related government departments and offices. It appears only reasonable to us that all those proceeds from the sales of military land should be shared only by the AFP (for its modernization program) and the BCDA.

4. *Reinforce Office of the Ombudsman by increasing funding and other support* - It has become very clear to the Commission that meaningful reform, whether in the military or in the civilian sectors of government service, is simply not feasible without independent, vigorous and able prosecutorial services of the Government. In our Government, the Office of the Ombudsman – more specifically, the Office of the Special Prosecutor attached to the Office of the Ombudsman – is supposed to function as the principal prosecution arm vis-à-vis erring public officials. Thus, the Special Prosecutor of the Office of the Ombudsman has filed two hundred forty (240) criminal charges in the RSBS matter alone. The Ombudsman has also filed one hundred ninety-five (195) separate indictments in respect of extensive irregularities in the procurement of goods for the Philippine Navy. The Ombudsman may be expected to be even more heavily engaged in the future in respect of efforts to reform the procurement service of the AFP as a whole, not to speak of government procurement in general. The Commission's finding has earlier been noted that the internal grievance resolution process of the AFP, constituted by the Office of the Inspector General, AFP, has important structural and other limitations upon its ability to deal with the kind of grievances analyzed in the Commission's Report.

In a lengthy Memorandum dated 1 October 2003, submitted to the Commission, the Ombudsman went into some detail about the funding and other formidable difficulties faced by his office in discharging its constitutional and statutory role in the effort to bring corrupt and other erring public officers to justice. The Ombudsman underscored a shocking statistic: upon starting on his term of office, the incumbent Ombudsman found that the success ratio (or conviction rate) of the Office of the Ombudsman, in respect of cases brought before the Sandiganbayan, had declined to six percent (6%). This means, the Ombudsman was courageous enough to state, that the high-ranking public officials

and military officers charged before the Sandiganbayan have a ninety-four (94%) chance of walking away free at the end of the proceedings.¹¹

The Commission is bound to note that no government can accept this success ratio for any substantial period of time, without running a grave risk of forfeiting its legitimacy altogether. It is, of course, true that this low success ratio is the result of a confluence of factors bearing upon the Office of the Ombudsman, and possibly the Sandiganbayan itself. It is also true that criminal conviction and incarceration are not the only strategies necessary for a serious effort to control and abate the level of corruption in the AFP. Even so, the minimum recommendation that we feel compelled to address to the President and the appropriate government authorities, is that the Office of the Ombudsman must be given the budgetary and other support that it needs, with all possible dispatch, if the grievances referred to in Oakwood, and more generally in various parts of the AFP itself, are to be addressed seriously and effectively. While all government offices and agencies are limited in their activities by the scarcity of budgetary resources, the highest priority should be given to corruption control in the AFP. An indispensable part of that control is the ability of the Office of the Ombudsman efficiently to investigate and prosecute even high-ranking officers in the AFP.

D. The State of the AFP Medical Services

Two fairly obvious general conclusions can be drawn from what has been said: (1) the AFP military service needs more money – for medicine, food, facilities, doctors; and (2) it can stand closer scrutiny of its management practices.

¹¹ Under R.A. No. 8249, approved on 5 February 1997, public officials with Salary Grade 26, under the Compensation and Position Classification Act of 1989 (Republic Act No. 6758), and below are to be tried before the ordinary courts of the Republic. Under Republic Act No. 8249, the Sandiganbayan has exclusive original jurisdiction over cases involving “Philippine army and air force colonels, naval captains and all officers of higher rank”. (Section 4)

On the financial side, part of the funding of the AFP Modernization Program generated from the sale of Fort Bonifacio land should be dedicated to the modernization and upgrading of medical services, in accordance with the original statutory intent.

On the management side, geographic distribution of hospitals should be reviewed. Consolidating existing hospitals into fewer units could probably result in better medical services.

The suggestion that doctors be hired as doctors and compensated according to their level of expertise and experience and not according to rank, probably merits consideration and trial and validation.

A government counterpart to the premium paid by soldiers to PHILHEALTH insurance should enhance the benefits which the military can receive.

The close relationship between the prompt availability of adequate medical services when needed by troops engaged in encounters with hostile forces, and the fighting efficiency and morale of such troops, needs no documentation. What is needed is, after realization thereof, dedication of more efforts and funds to the improvement of the AFP medical services.

E. The Problem of Benefits for Soldiers Killed in Action

Aside from the relatively small amount that is received by way of death benefits, the common problem is that of processing delays. A major cause of delays is the completion of the documentation needed. Another cause of delay is the verification of identities of beneficiaries, especially when there are illegitimate offspring left behind. What is needed is the strengthening of the record system of the personal data of soldiers

and their dependents. The data should not only be accurate and up to date but also immediately accessible. Clearly, computerized information systems are called for.

F. The Problem of Pilot to Aircraft Ratio or Too Few Aircraft

Plans for the modernization of the Air Force have been in existence since 1996. To date, P2.865 Billion has been programmed for the Air Force modernization program. This includes allocation for the acquisition of various types of aircraft, for the upgrading of some others, and for training and administrative matters. So far, however, only P127.391 Million has been released. The rest await completion of various requirements of the AFP procurement system. (A more detailed account of problems in procurement is found elsewhere in this report.)

G. The Inadequacies of AFP Housing for Officers and Enlisted Personnel

The Commission's recommendations on this matter may be summarily stated in the following manner:

- (1) The AFP budget should provide for increased allocation of funds for the AFP On-Base Housing Program as well as its Off-Base Housing Program;
- (2) The "overstaying" of retired military personnel in AFP housing should be stopped and rectified;
- (3) The number of privately owned quarters in all military bases should be reduced, if not totally eliminated; and
- (4) Strict implementation of existing criteria for the awarding of government quarters to officers and enlisted personnel in the active service must be ensured.

Concluding Observations

A person or body given the task of making recommendations is naturally interested in the level of acceptance and implementation given to such recommendations. In the present instance, the Commission feels bound to reiterate its belief that many of the grievances voiced at Oakwood are founded in fact and must be addressed with great seriousness and all the political will that can be mustered. Similarly, the recommendations put forward by the Commission in respect of the Oakwood mutiny itself need to be considered with equal seriousness and strong political determination. Our hope is that these sets of recommendations not be allowed simply to rest on some official shelf, even as most, perhaps all, of the recommendations made by the Davide Commission in 1990 seem to have been benignly neglected, probably on the same shelf, since then.


Our final recommendation, accordingly, is that one official of high competence, commitment and integrity, with direct access to the President and enjoying the trust of all political groupings, be designated with all dispatch, on a full time basis, with the task of implementing the recommendations here collated. Regular and frequent monitoring of the implementing measures which need to be taken by a number of government agencies, will be indispensable. Some of these recommendations are necessarily cast in relatively general terms: these will need to be specified in more operational terms. Some of the recommendations may need legislative action, e.g., the strengthening of the Office of the Ombudsman. The necessary legislation should, of course, be drafted forthwith. But much can be done while legislation is being sought. Thus, competent prosecutors could be detailed from, perhaps, the Department of Justice, and assigned to assist the Ombudsman's Office in prosecuting the criminal cases relating to the extraordinary overpricing of the RSBS real property acquisitions. Other recommendations need no congressional enactment, for instance, more thoughtful and energetic handling of the cases brought by the Republic in the JUSMAG (SHAI) and NOVAI matters. The person


or agency designated to implement, and to monitor the implementation of, the above recommendations will have to establish an order of priority, if only because of the finiteness of time. That person must have a strong sense of the importance and urgency of the task involved; a truckload of common sense will also be most helpful.

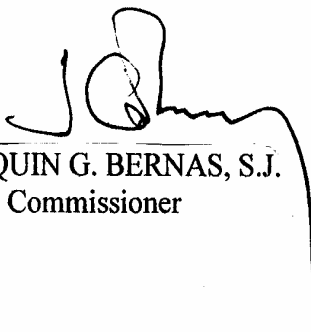
Finally, that person must also believe with all his heart that reforming and modernizing the AFP, and with it stabilizing and strengthening the Republic, is not only necessary and worth doing, but also can be done, done urgently and done well.

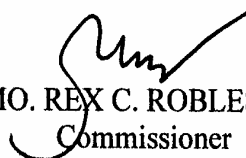
17 October 2003



FLORENTINO P. FELICIANO
Chairman


MINERVA P. G. REYES
Vice-Chairman


CAROLINA G. HERNANDEZ
Commissioner


JOAQUIN G. BERNAS, S.J.
Commissioner


COMMO. REX C. ROBLES, AFP (Ret)
Commissioner


CAPT. ROLAND A. NARCISO
Commissioner

Brief History of the Fact Finding Commission

A. Origin and Mandate of Administrative Order No. 78

On 30 July 2003, three days after three hundred twenty-three (323) officers and men, mostly from elite units of the Armed Forces of the Philippines (AFP), took over the Oakwood Premier Apartments in Makati City, President Gloria Macapagal Arroyo signed Administrative Order (AO) No. 78 to create the Fact Finding Commission to investigate the events widely known as the failed rebellion or mutiny of 27 July 2003.¹

The Commission is an independent fact finding body. It is independent of the Office of the President and other agencies conducting parallel investigations for prosecution of those liable under Republic Act (RA) 134 of the Revised Penal Code --- punishing rebellion, or trials under the Articles of War, and other similar investigations held in aid of legislation. It conducted information gathering proceedings designed to enable the orderly transmission and collection of information to the Commission. Its Rules of Procedure are similar to the Fact Finding Commission that investigated the failed coup d'etat of December 1989 popularly known as the Davide Commission created by the President of the Philippines under AO No. 146 of 6 December 1989, and RA No. 6832 of 5 January 1990.

AO No. 78 states the Commission's mandate to investigate and "evaluate all the facts and circumstances surrounding the rebellion, its roots, and the provocations that inspired it".²

¹ Copy of the AO No. 78 attached as Annex B.

² Sections 1 and 8 of AO No. 78.

The Commission is granted the powers of an investigating body under Section 37, Chapter 9, Book I of the Administrative Code of 1987 to “summon witnesses, administer oaths, take testimony or evidence relevant to the investigation, and to issue compulsory processes to produce documents, books, records and such other matters, in the performance of its functions”,³ and is authorized to “deputize the Armed Forces of the Philippines, the National Bureau of Investigation, the Philippine National Police, and any other law enforcement agency to assist it in the performance of its functions.”⁴ It may also engage the services of resource persons, professionals, and other personnel which may be necessary to carry out its functions.

B. Members of the Commission

There are six (6) Commissioners, with retired Supreme Court Justice Florentino P. Feliciano heading the Commission as its Chairman. In 1995, Feliciano took early retirement from the Court to join the Appellate Body of the World Trade Organization (WTO). Upon his election to the Appellate Body of the WTO, he served until early 2002. He is Senior Counsel at the Sycip Salazar Hernandez and Gatmaitan Law Offices. He is also Judge at the World Bank Administrative Tribunal.

The other members of the Commission are Justice Minerva Gonzaga Reyes, who retired as Justice of the Supreme Court in 2001; Father Joaquin G. Bernas, Dean of the School of Law at the Ateneo de Manila University and member of the 1986 Constitutional Commission; Professor Carolina G. Hernandez, a political science professor at the University of the Philippines, founding President of the civil society research organization Institute for Strategic and Development Studies, and member of the

³ Section 2 of AO No. 78.

⁴ Section 5 of AO No. 78.

1990 Davide Commission; Commodore Rex C. Robles, a retired officer of the Philippine Navy, AFP, and head of the private sector consulting firm RCR Consultancy; and Captain Roland A. Narciso, formerly of the Philippine Air Force (PAF) until he joined the Philippine Airlines as a commercial pilot in 2000, and a member of Philippine Military Academy Class '95 from which most of the leaders of the 2003 rebellion come.

The Commission Counsel is led by Atty. Mario E. Ongkiko, Managing Partner in Ongkiko Kalaw Manhit and Acorda Law Offices as Commission Counsel. Atty. Roberto C. San Juan (Sycip Law) is Deputy Commission Counsel while the other members are Atty. Casiano Flores, Jr. (Flores Flores and Barot Law Offices), Atty. Arturo M. de Castro (De Castro and Cagampang Law Offices), Atty. Antonio Z. Bucoy, (Poblador Azada and Bucoy Law Offices), Atty. Angelito S. Lazaro, Jr. (Ongkiko Kalaw Manhit and Acorda Law Offices), Atty. Fidel I. Borja (Office of the Solicitor General), and Atty. Edmundo Pintac (Office of the Solicitor General). Retired RTC Judge Leonardo Ansaldo is the Commission Clerk of Court.

The rest of the Commission's support structure consists of staff fulfilling various functions namely, *External Relations* (3) headed by Ms. Jingjing Villanueva-Romero (President, STRATOS) as Commission Public Information Officer, Ma. Stephanie R. Hilario and Maria Pacita C. Joson (Public Relations Assistants); Ms. Josephine C. Romero in the *Research Division* (1); *Commission Staff* (8) who are Roberto T. Feliciano (Acting Chief of Staff and Executive Assistant, Office of the Commission Chairman), Leah N. Magno (Private Secretary, Office of the Commission Chairman), Jocelyn B. Paraiso (Stenographer/Secretary, Office of the Commission Chairman), Atty. Pedro Ariston (Executive Assistant, Office of Fr. Bernas), Rowena N. Termulo-Cruz (Executive Assistant, Office of Professor Hernandez), LTSG Jose Gaspar A. Anduiza PN (Executive Assistant, Office of COMMO Robles), CAPT. Antonio C. Salgado, Jr. PAF (Executive Assistant, Office of Capt. Narciso), Atty. Dave Escalona (Legal Assistant, Office of CAPT Narciso); *Secretariat* (5) headed by Atty. Susana Dumlao-Vargas (Deputy

Executive Secretary for Administration and Finance, Office of the President), and Director Teresita M. Mendoza (Finance Office, Office of the President), Gerencio Calvelo, Jose Benjamin M. Tomelden, Pilar Satparam, Rolando Waje and Reynaldo M. Siojo (Office of the President); *Stenographers* (7) Romeo O. Asis (RTC Branch 35, Manila), Phinky B. Toboro (RTC Branch 28, Manila), Antonia C. Buo-Rivera (RTC Branch 55, Manila), Winefreda O. Paas (RTC Branch 55, Manila), Ma. Theresa P. Concepcion (RTC Branch 142, Makati City), Mercy F. Magparangalan (RTC Branch 140, Makati City), and Myrna M. Macatangay (RTC Branch 150, Makati City); *Sergeant-at-Arms* (1) Carlos E. Castro (Process Server, RTC Branch 158, Pasig City); *Security* (3) SPO2 Dionisio Rabanera, PNP, PO1 Oidor C. Fiesta, PNP and PO2 Cesario C. Toledo, PNP; *Drivers* (7) Celso Santiago, Danilo Eloriaga, Jeffrey Sioson, Zosimo Pambid, (Office of the President), Roberto Yap, Roberto Dolores and Noly Encado; and *Utility* (2) Noel Panganiban and Jomar C. Unday.

The Commissioners who are retired justices waived their rights to compensation. All except two lawyers of the Commission Counsel, and a number of support personnel serve on a *pro bono* arrangement. The rest are seconded from their regular government agencies and private firms on special detail to assist the Commission in fulfilling its mandate.

The Commission designated Justice Reyes as Commission Vice Chairman and Professor Hernandez as Commission Spokesperson.

C. Fact-Finding Methodology and Procedure

Resolution No. 001 promulgated on 8 August 2003 contains the Rules of Procedure of the Fact Finding Commission. The Rules of Procedure governs the

Commission's fact finding approach to enable it to gather facts in an orderly and systematic manner. It also allows for flexibility and transparency in the investigation.

Other resolutions passed by the Commission relate to the appointment of Commission Officers, Counsel, and staff; the designation of the Commission's permanent office and venue of regular hearings; and the trip to Zamboanga City and Basilan.⁵

D. Timetable

The Commission's tenure is August to October 2003. Its investigation starting from 12 August to 14 October 2003, includes twenty (20) days of hearings, two (2) days of video showing on 2 and 4 September, and five (5) days of visits to various AFP camps and detachments in the Southern Command (Zamboanga City and Isabela City, Basilan) on 18, 19, and 20 and in Camp Aguinaldo on 29 September and 14 October, and in Villamor Air Base on 6 October 2003.

E. Witnesses

During the course of its investigation, testimonies in various forms of ninety five (95) witnesses were taken. These are supported by transcripts, sworn statements, videos, exhibits and other material evidences. The witnesses from the Open Hearings total sixty seven (67), and those recalled eleven (11) individuals. The testimonies of twenty two (22) witnesses were taken in Executive Session while twenty three (23) were interviewed prior

⁵ During the visits to Zamboanga City and Isabela City, Basilan, the Commission engaged in dialogues with the officers and enlisted personnel of different of the AFP in SOUTHCOM. During these dialogues, comments including complaints were submitted to the Commission by officers and enlisted men both orally and in writing. On 16 October 2003, the written texts of these comments and complaints were transmitted by the Commission to the Chief of Staff AFP Gen. Narciso L. Abaya.

to the taking of sworn statements. The complete record of witnesses is attached to the Report in List 1 of Annex A.

F. Other Sources of Information

Transcripts of the witnesses' testimonies form part of the documentary material collected by the Commission. Exhibits marked during the testimonies include presentation materials, books, video tapes, computer diskettes, and open and confidential documents. These exhibits, marked "A" to "Z", "AA" to "ZZ", and "AAA" to "CCC" are listed in detail in List 2 of Annex A. Besides these materials, a list of documents and items filed before the Commission is in List 3 of this annex.

MALACAÑANG
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 78

CREATING A COMMISSION TO CONDUCT A FACT-FINDING
INVESTIGATION OF THE 2003 REBELLION

WHEREAS, the rebellion of misguided military officers last July 27 is deplorable and must be met with the full force of the law, including their political component;

WHEREAS, such actions signal an underlying problem that must be addressed.

NOW, THEREFORE, I, GLORIA MACAPAGAL ARROYO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. There is hereby created a Commission, hereinafter referred to as the Commission, to investigate the roots of the rebellion and the provocations that inspired it.

The Commission shall be composed of the following:

Chairman : Retired Supreme Court Justice Florentino P. Feliciano

Members : Retired Supreme Court Justice Minerva Gonzaga Reyes
-Joaquin G. Bernas, S.J.
-Professor Carolina G. Hernandez
-Commodore Rex C. Robles (Ret.)
-Capt. Rex Banjo Q. Bumanlag, PA

SECTION 2. The Commission is hereby granted the power of an investigating body under Section 37, Chapter 9, Book I of the Administrative Code of 1987 including the power to summon witnesses, administer oaths, take testimony or evidence relevant to the investigation, and to issue compulsory processes to produce documents, books records and such other matters, in the performance of its function.

Any person who, without lawful excuse, fails to appear upon summons issued under the authority of the preceding paragraph or who, appearing before the Commission, refuses to take oath, give testimony or produce documents for inspection, when thereunto lawfully required, shall



PHONE NO. :

FROM :

be subject to discipline as in the case of contempt of court upon application of the Commission before the proper court, in the manner provided for by law.

SECTION 3. The Commission is hereby authorized to engage the services of resource persons, professionals and other personnel which may be necessary to carry out its functions.

SECTION 4. The Office of the President shall establish a Special Secretariat for the technical and staff support of the Commission. For this purpose, the Executive Secretary is hereby authorized to detail any personnel from any government office to assist the Commission

SECTION 5. The Commission is hereby authorized to deputize the Armed Forces of the Philippines, the National Bureau of Investigation, the Philippine National Police, and any other law enforcement agency to assist it in the performance of its functions

SECTION 6. The departments, bureaus, offices, agencies or instrumentalities including government owned or controlled corporations are hereby directed to extend such assistance and cooperation as the Commission may need in the discharge of its functions.

SECTION 7. The Office of the President shall provide the necessary funds for the operations of the Commission.

SECTION 8. The Commission shall evaluate all the facts and circumstances surrounding the rebellion, its roots, and the provocations that inspired it, and submit its findings and recommendations to the President of the Philippines.

SECTION 9. This Administrative Order shall take effect immediately.

DONE in the City of Manila, this 30th day of July in the year of our Lord, two thousand and three.

Murray

By the President:

Alberto G. Romulo
ALBERTO G. ROMULO
Executive Secretary



Republic of the Philippines
THE FACT-FINDING COMMISSION
(pursuant to Administrative Order No. 78 of the President of the Republic of the
Philippines dated 30 July 2003)

IN RE: RULES OF PROCEDURE OF THE
 FACT-FINDING COMMISSION.

Promulgated:

8 August 2003

x ----- x

RESOLUTION NO. 001

WHEREAS, by express mandate of Administrative Order No. 78, an independent Commission, hereinafter known as the COMMISSION, was created to conduct a thorough fact-finding investigation of the failed rebellion or failed coup d'etat on 27 July 2003 and evaluate all the facts surrounding said occurrence and submit its findings and recommendations to the President, the Congress, and other appropriate authorities;

WHEREAS, to effectively and expeditiously carry out the above purposes and objectives, it is necessary that, within the scope of its express and implied powers and functions under Administrative Order No. 78, certain rules of procedure be adopted;

NOW, THEREFORE, the Commission has resolved, as it hereby resolves, to adopt the following Rules of Procedure:

RULE 1

INTRODUCTORY PROVISIONS

SECTION 1. Title. - These rules shall be known and cited as the RULES OF PROCEDURE OF THE FACT-FINDING COMMISSION.

The Commission shall mean the Commission created under Administrative Order No. 78, dated 30 July 2003.

SECTION 2. Applicability. - These rules shall apply to the proceedings before the Commission and any of its officials.

SECTION 3. Construction. - These rules shall be liberally construed in order to promote the effective and expeditious implementation of the Administrative Order No. 78 dated 30 July 2003 and the performance of the functions and duties of the Commission.

RULE 2

OBJECTIVES AND POWERS OF THE COMMISSION

SECTION 1. Objectives of the Commission. - The Commission shall have the following objectives:

- (a) to make a thorough investigation of all the facts and circumstances surrounding the failed rebellion or failed coup d'etat of 27 July 2003, its root causes and provocations, and
- (b) to recommend measures to prevent similar occurrences.

SECTION 2. Powers of the Commission. - The Commission shall have all the powers expressly vested upon it by Administrative Order No. 78 dated 30 July 2003 and such other powers as may be necessary or appropriate for or incidental to the effective exercise of its express powers.

The Commission shall:

- (a) Conduct a thorough fact-finding investigation of the failed rebellion or failed coup d'etat of 27 July 2003 and the involvement therein of military personnel and civilian personalities including public officials and employees, evaluate all the facts and circumstances of the same, and submit its findings and recommendations to the President, the Congress and other appropriate authorities;
- (b) Receive, review and evaluate the evidence adduced before it and for this purpose, summon witnesses, administer oaths, take testimony or receive evidence relevant to the investigation, and issue subpoena ad testificandum or subpoena duces tecum for the production of documents, books, records and other articles;
- (c) Perform such other acts as may be incidental to or necessary or appropriate for the carrying out of the objectives of Administrative Order No.78 dated 30 July 2003.

RULE 3

THE COMMISSION COUNSEL AND HIS DEPUTIES

SECTION 1. The Commission Counsel. - The Commission shall have a Chief Counsel and at least three (3) Deputy Counsel.

The Chief Counsel and the Deputy Counsel may be incumbent officials of any government investigative or prosecutorial agency deputized by or detailed to the Commission. They must be of known reputation for competence, integrity, probity, dedication to duty and independence of mind who must have at least ten (10) years of experience as fiscal, prosecutor, judge, investigator, hearing officer or trial lawyer. If they are from the private sector, they must be members in good standing of the Integrated Bar of the Philippines, of known reputation for competence, integrity, probity, dedication to duty and independence of mind, with at least ten (10) years of experience as trial lawyer.

SECTION 2. Duties of the Chief Counsel. - The Chief Counsel shall have the following functions and duties:

- (a) Be responsible for the gathering of evidence, the search for witnesses and the presentation of witnesses at hearings of the Commission;
- (b) Supervise and coordinate the taking of sworn statements or depositions of witnesses by any other officer, agent or lawyer of the Commission, or any officer of any investigative or prosecutorial agency of the government requested to take the same pursuant to Sec. 3, Rule 5 of these Rules;
- (c) Prepare a list of prospective witnesses and, in coordination with and prior consultation with the Chairman, prepare the schedules for the reception of their testimony.
- (d) Obtain the support/assistance of, and effectively coordinate with, investigative and prosecutorial agencies of the government, as well as any other agency or instrumentality of the government, including government-owned or controlled corporations, in gathering relevant data, facts or evidence, or gaining access to books, records, documents or papers which he may deem necessary in connection with the fact-finding inquiry;
- (e) Sign summons and subpoenas, subject to attestation or approval by the Chairman;
- (f) Perform the functions and duties inherent in or incidental to the position of Chief Counsel of bodies similar to the Commission; and
- (g) Perform such other duties as the Commission may direct.

SECTION 3. Duties of the Deputy Counsel. - The Deputy Counsel shall assist the Chief Counsel and shall perform such functions and duties as may be assigned to them by the Commission or by the Chief Counsel.

RULE 4

SPECIAL COUNSEL

SECTION 1. Special Counsel. - The Commission shall have as many Special Counsel as the Commission may determine from time to time, who must be members in good standing of the Integrated Bar of the Philippines with at least five (5) years experience as fiscal, prosecutor, investigator, hearing officer or trial lawyer. They may be incumbent officials of any investigative or prosecutorial agency of the government deputized by the Commission or on detail to it, or lawyers who are or have been in the private practice of law for at least five (5) years and who are presently members of the Philippine Bar in good standing.

SECTION 2. Duties of Special Counsel. - The Special Counsel shall assist the Office of the Chief Counsel in interviewing or taking sworn statements or depositions of witnesses and in gathering evidence. They shall perform such other functions and duties as the Commission or the Chief Counsel may prescribe.

RULE 5

FACT-FINDING PROCEDURE

SECTION 1. How May Facts/Evidence be Obtained. - The Commission may obtain facts/evidence through oral testimony, sworn statements or depositions of parties whom it may consider to have knowledge of any fact or to have possession of any evidence which may be relevant for purposes of attaining the objectives of the Commission. Depositions of witnesses may be taken as determined by the Commission.

SECTION 2. Testimony of Witnesses. - The testimony of witnesses may be given at a hearing of the Commission, or before any person designated by the Commission.

SECTION 3. Sworn Statements. - (a) Sworn statements of witnesses may be taken by the Chief Counsel, any of the Deputy Counsel or any of the Special Counsel of the Commission. Upon request of the Commission, sworn statements may also be taken by prosecutors, investigators or hearing officers of any investigative or prosecutorial agency of the Government who may be deputized for that purpose.

- (b) Sworn statements may be taken only from witnesses identified in writing by the Commission or by any of the Commission's Counsel when duly approved by the Commission.
- (c) The taking of depositions need not strictly follow the procedure provided for in the Rules of Court.
- (d) The witness concerned shall be entitled to a copy of his sworn statement.

SECTION 4. Depositions. - The taking of depositions may likewise be authorized by the Commission. They may be taken only from witnesses identified in writing by the Commission.

A verbatim transcript shall be made of all depositions.

The deponent shall be entitled to a copy of the deposition.

SECTION 5. Oath/Affirmation. - Every witness must take an oath or affirmation before giving testimony at a hearing or deposition-taking. The oath may be administered by the Chairman, any of the members of the Commission, the Chief Counsel, Deputy Counsel or Special Counsel.

The sworn statement shall be subscribed and sworn to by the witness before the official or deputy of the Commission who took the sworn statement or before any person authorized to administer oaths.

SECTION 6. Refusal of a Witness to Appear/Testify Before the Commission. - Should a witness refuse to appear or to testify despite service of a subpoena, the Commission may take appropriate action against him for contempt.

SECTION 7. Refusal of Witness to Give Sworn Statement or to Submit to Deposition-Taking. - Should a witness refuse to give testimony or to answer any question during the taking of his sworn statement or deposition, the Commission may take appropriate action against him for contempt.

RULE 6

HEARINGS OF THE COMMISSION

SECTION 1. General Rule: Exceptions. - Hearings of the Commission to receive the testimony of parties summoned by it shall be open to the public. However, the Commission may, motu proprio or upon request of the person testifying, hold an executive or closed-door hearing where the requirements of national security or public safety or the personal safety of the witness warrant the holding of such executive or closed-door hearing.

SECTION 2. Parties Allowed to be Present During an Executive or Closed-Door Session. - Only the members of the Commission, any of its counsel, Secretary of the Commission, and the witness and his counsel, if he has any, shall be allowed to be present at an executive or closed-door hearing.

SECTION 3. How Testimony is Taken in an Executive or Closed-Door Hearing. - In an executive or closed-door hearing, the witness must first be sworn in, unless such hearing is merely a continuation of a previous hearing or session where the witness had testified. Stenographic or electronic recording of such testimony shall be made; provided, however, that said testimony, in whatever manner recorded, shall be treated as confidential and shall not be released to the public without the express authority of the Commission.

Except as provided for above, no person shall make public any testimony given therein by a witness.

SECTION 4. Television and Other Media Equipment. - Members of the media may use their cameras or other equipment at the place of hearing until the Commission shall announce the start of the proceedings. Thereafter, all cameras and video equipment shall be restricted to a designated area until the termination of the proceedings.

RULE 7

SUPPLEMENTAL RULES

SECTION 1. The Rules of Court. - In the absence of any specific applicable provision in these Rules, the pertinent provisions of the Rules of Court of the Philippines may be resorted to by the Commission.

RULE 8

AMENDMENTS

SECTION 1. Amendments. - These Rules may be amended or supplemented by a majority vote of all the members of the Commission.

RULE 9

EFFECTIVITY

SECTION 1. Effectivity. - These Rules shall take effect immediately.

PROMULGATED, this 8th day of August 2003 in the City of Manila, Metro Manila.


FLORENTINO P. FELICIANO
744 Chairman


MINERVA P. G. REYES
Vice-Chairman


CAROLINA G. HERNANDEZ
Commissioner


JOAQUIN G. BERNAS, S.J.
Commissioner


COMMO. REX C. ROBLES, AFP (Ret)
Commissioner


CAPT. ROLAND A. NARCISO
Commissioner

Republic of the Philippines
THE FACT-FINDING COMMISSION
(pursuant to Administrative Order No. 78 of the President of the Republic of the
Philippines dated 30 July 2003)

IN RE: APPOINTMENT OF COMMISSION COUNSEL

Promulgated:

8 August 2003

x ----- x

RESOLUTION NO. 002

WHEREAS, by express mandate of Administrative Order No. 78, an independent Commission, hereinafter known as the COMMISSION, was created to conduct a thorough fact-finding investigation of the failed rebellion or failed coup d'etat on 27 July 2003 and evaluate all the facts surrounding said occurrence and submit its findings and recommendations to the President, the Congress, and other appropriate authorities;

WHEREAS, to effectively and expeditiously carry out the above purposes and objectives, it is necessary that the Commission engages the services of lawyers coming from the private and public sector on a contractual or pro-bono basis;

WHEREAS, the Commission has already engaged the services of a number of public and private lawyers to the Commission in the discharge of its tasks and objectives.

NOW, THEREFORE, the Commission has resolved, as it hereby resolves, to approve the appointment of the following lawyers of the Commission, including their position, status and compensation where proper:

Atty. Mario E. Ongkiko	Chief Counsel	Pro-bono
Atty. Casiano Flores, Jr.	Deputy Counsel	Regular (Contractual)
Atty. Vitaliano Aguirre II	Deputy Counsel	Pro-bono
Atty. Roberto C. San Juan	Deputy Counsel	Pro-bono
Atty. Arturo M. de Castro	Deputy Counsel	Pro-bono
Judge Leonardo Ansaldo (ret.)	Clerk of Court	Regular (Contractual)
Atty. Antonio Z. Bucoy	Deputy Counsel	Pro-bono

Atty. Angelito S. Lazaro, Jr.
Atty. Fidel I. Borja
Atty. Edmundo Pintac

Special Counsel
Assistant Counsel
Assistant Counsel

Pro-bono
Pro-bono
Pro-bono

Subject to the condition that the Chairman is hereby authorized to fix the compensation or allowance which the Commission shall pay to the lawyers engaged on contractual basis.

Unanimously approved.


FLORENTINO P. FELICIANO
Chairman


MINERVA P. G. REYES
Vice-Chairman


CAROLINA G. HERNANDEZ
Commissioner


JOAQUIN G. BERNAS, S.J.
Commissioner


COMMO. REX C. ROBLES, AFP (Ret)
Commissioner


CAPT. ROLAND A. NARCISO
Commissioner

Republic of the Philippines
THE FACT-FINDING COMMISSION
(pursuant to Administrative Order No. 78 of the President of the Republic of the
Philippines dated 30 July 2003)

IN RE: APPOINTMENT OF EXECUTIVE ASSISTANTS
AND OFFICE STAFF.

Promulgated:

8 August 2003

x ----- x

RESOLUTION NO. 003

WHEREAS, by express mandate of Administrative Order No. 78, an independent Commission, hereinafter known as the COMMISSION, was created to conduct a thorough fact-finding investigation of the failed rebellion or failed coup d'etat on 27 July 2003 and evaluate all the facts surrounding said occurrence and submit its findings and recommendations to the President, the Congress, and other appropriate authorities;

WHEREAS, to effectively and expeditiously carry out the above purposes and objectives, it is necessary that the Commission engages the services of executive assistants, secretaries and office staff coming from the private and public sector on a contractual or pro-bono basis;

NOW, THEREFORE, the Commission has resolved, as it hereby resolves, to authorize the Chairman to engage the services of competent and able executive assistants (as requested by the several members of the Commission), secretaries and/or office staff as may be needed by its operation and to fix the terms and compensation of such staff after consultations with Assistant Executive Secretary Susana Dumlao-Vargas.

Unanimously approved.

FLORENTINO P. FELICIANO (SGD.)
Chairman

MINERVA P.G. REYES (SGD.)
Vice Chairman

JOAQUIN G. BERNAS, S.J. (SGD.)
Member

CAROLINA G. HERNANDEZ (SGD.)
Member

COMMO. REX C. ROBLES, AFP (Ret.) (SGD.)
Member

CAPT. ROLAND A. NARCISO (SGD.)
Member

Republic of the Philippines
THE FACT-FINDING COMMISSION
(pursuant to Administrative Order No. 78 of the President of the Republic of the
Philippines dated 30 July 2003)

IN RE: TRIP TO ZAMBOANGA CITY AND
BASILAN.

Promulgated:

15 September 2003

x - - - - - x

RESOLUTION NO. 003

WHEREAS, by express mandate of Administrative Order No. 78, an independent Commission, hereinafter known as the COMMISSION, was created to conduct a thorough fact-finding investigation of the failed rebellion or failed coup d'etat on 27 July 2003 and evaluate all the facts surrounding said occurrence and submit its findings and recommendations to the President, the Congress, and other appropriate authorities;

WHEREAS, the Chairman and other members of the Commission deem it necessary for the Commission members to go to Zamboanga City and Basilan for the purpose of conducting on the spot ocular inspection of the conditions of the Armed Forces of the Philippines, their housing facilities, their supplies and other pertinent circumstances.

NOW, THEREFORE, the Commission has resolved, as it hereby resolves, to undertake a trip for the Commission, its members and executive assistants to go to Zamboanga city and Basilan on 17 September 2003 to return on 19 September 2003 and to authorize the Chairman to disburse the necessary funds to defray the transportation and other out-of-pocket expenses needed for the trip after consultations with Assistant Executive Secretary Susana Dumlao-Vargas.

It is hereby further resolved, that the findings and reports on the trip shall officially form part of the records of the Commission.

Unanimously approved.

FLORENTINO P. FELICIANO (SGD.)
Chairman

MINERVA P.G. REYES (SGD.)
Vice Chairman

JOAQUIN G. BERNAS, S.J. (SGD.)
Member

CAROLINA G. HERNANDEZ (SGD.)
Member

COMMO. REX C. ROBLES, AFP (Ret.) (SGD.)
Member

CAPT. ROLAND A. NARCISO (SGD.)
Member

ANNEX E

**LIST OF DOCUMENTS SUBMITTED
DURING THE COMMISSION HEARINGS AND MARKED AS EXHIBITS**

<u>EXHIBIT NO.</u>	<u>DESCRIPTION OF DOCUMENT/S or EXHIBIT/S</u>
"A"	Ten (10) diskettes retrieved from Oakwood by ISAFP and allegedly left by the soldiers.
"A-1"	Pamphlet which was provisionally marked until their actual presentation.
"B"	Pamphlet entitled "Leaders of Coup Task Groups" consisting of eight (8) pages, marked "secret."
"C"	"The Last Revolution" pamphlet consisting of eight (8) pages by the New Filipino Heroes.
"D"	The "National Recovery Program" authored by Gregorio "Gringo" Honasan.
"E"	"A Study of Corruption in the Philippine Navy" by Lt.J.G. Antonio Trillanes
"F"	"Corruption in the Philippine Navy Procurement System" by LT. Antonio F. Trillanes
"G"	Colored pictures with the red and white flags at the back and with the figure of a man similar to Sen. Honasan
"H"	Colored pictures with the red and white flags at the back and with the figure of a man similar to Honasan.
"I"	Copy of Executive Order No. 246, Malacanang Palace, consisting of three (3) pages, providing for the creation of NICA and other purposes dated July 24, 1987.
"J"	Copy of "Administrative Order No. 68," Malacanang Palace, consisting of five (5) pages, providing for the strengthening of NICA dated April 8, 2003.

<u>EXHIBIT NO.</u>	<u>DESCRIPTION OF DOCUMENT/S or EXHIBIT/S</u>
"K"	Copy of NICA "Briefing on the 2003 SONA and the Attendant Destabilization Activities" consisting of twelve (12) pages, undated.
"L"	Acknowledgment Receipt dated 14 August 2003 covering six (6) pieces of security video cassette tapes dated August 14, 2003 delivered to the Commission by Oakwood Premier Apartments.
"L-1" to "L-6"	Six (6) pieces of Oakwood Apartment security video cassette tapes covering the period 26 July 2003 (0025 H) to 28 July 2003 (0330 H)
"M"	List of Guests, Oakwood Premier Hotel, Ayala Center on July 25, 2003 (Friday).
"M-1"	List of Guests, Oakwood Premier, Ayala Center on July 26, 2003, (Saturday).
"M-2"	List of Guests, Oakwood Premier, Ayala Center on July 27, 2003 (Sunday).
"N"	Letter of Gen. H. Ebdane, PNP Chief dated July 31, 2003 addressed to Her Excellency President Gloria Macapagal Arroyo, transmitting a comprehensive report on the "Mutiny by a Group of AFP Junior Officers"
"N-1"	Report to the President by Gen. Ebdane re: "Mutiny by a Group of AFP Junior Officers" consisting of nine (9) pages, undated.
"O"	Pamphlet re: "Chronology of Events Known to the NBI as a Result of its Investigation" consisting of eleven (11) pages.
"P"	Booklet "Final Report on the Proposed Curriculum of the Philippine Military Academy" consisting of forty-five (45) pages.
"Q"	Statement of Capt. Philip G. Alvarez, Jr. (in closed door session), consisting of four (4) pages undated.
"R"	Oakwood Premier Ayala Center Invoice No. 1490 dated 31 July 2003 of "George Uy," consisting of two (2) pages with Registration Card.

<u>EXHIBIT NO.</u>	<u>DESCRIPTION OF DOCUMENT/S or EXHIBIT/S</u>
“S”	Booklet of Audited Financial Statements of AFP-Retirement and Separation Benefits System (AFP-RSBS)
“S-1”	AFP-RSBS Financial Statement 2002
“S-2”	AFP-RSBS Financial Statement 2001
“S-3”	AFP-RSBS Financial Statement 2000
“S-4”	AFP-RSBS Financial Statement 1999
“S-5”	AFP-RSBS Financial Statement 1998
“T”	Report of Department of Budget and Management re: the legal basis, the sources, releases and utilization of AFP modernization funds
“U”	Senate Final Report N. 51 with attachments, Initial; Report No. 16 of Annexes “A” to “B” re: Senate inquiry on “Coups Rumors and Alleged Anomalies in the AFP-Retirement Separation and Benefits System”
“V”	Transmittal Letter from Office of Senate President F. Drilon dated August 19, 2003 with enclosure submarked as Exhibit “V-1” below
“V-1”	Transcript of the Hearing of the Committee of the Whole on Senate Resolution No. 68 dated August 14, 2002.
“W”	Affidavit of Capt. Danilo Luna dated August 5, 2003 consisting of three (3) pages
“X”	Affidavit of Ury Pesigan dated August 11, 2003 consisting of one (1) page only
“Y”	Letter from the Commandant, Philippine Marine Corps to the Flag Officer in Command, PN dated June 19, 1996 with enclosure.

<u>EXHIBIT NO.</u>	<u>DESCRIPTION OF DOCUMENT/S or EXHIBIT/S</u>
“Z” with sub-markings “Z-1” to “Z-5”	Letter addressed to the Fact-Finding Commission from Del Rosario, Mendoza, Tiamson, Gabriel and Pulido Law Offices dated August 25, 2003 with enclosed Affidavits of A. Trillanes IV, G. Alejano, G. Gambala, J. Layug and M. Maestrecampo, respectively
“AA”	Report on the Investigation on the July 27, 2003 Incident submitted by CIDG Police Director Matillano consisting of twelve (12) pages.
“BB”	Copy of DILG Sec. Joey Lina’s Letter of Indorsement, dated August 4, 2003, to Hon. Simeon Datumanong re: Affidavit-Complaints against Sen. Honasan, <i>et al.</i>
“BB-1”	Affidavit-Complaint of Police Director Eduardo Matillano dated August 4, 2003 consisting of six (6) pages.
“CC”	Affidavit of Gen. Romeo Padiernos dated August 20, 2003 consisting of one (1) page (provisionally marked, subject to confirmation)
“DD”, with sub-markings “DD-1” to “DD-4”	List of military personnel present at the Makati Siege
“EE”, with sub-markings “EE-1” to “EE-11”	Criminal Case No. 03-284 entitled “ <i>People vs. Capt. Milo D. Maestrecampo, et al.</i> ”, RTC Branch 61, Makati City
“FF”, with sub-markings “FF-1” to “FF-15”	I.S. No. 2003-1120, entitled “ <i>PNPCIDG vs. Gregorio Honasan, et al.</i> ”, for <i>coup d’etat</i>
“GG” and “GG-1”	Omb. Case No. _____, entitled <i>PNPCIDG vs. Lt. Sg. Antonio Trillanes IV</i> , for violation of R.A. Nos. 6713 and 3019
“HH” with sub-markings “HH-1” to “HH-8”	I.S. No. 03-22347 entitled <i>PNP vs. Coral Lozano for coup d’etat</i>

<u>EXHIBIT NO.</u>	<u>DESCRIPTION OF DOCUMENT/S or EXHIBIT/S</u>
“II”, with sub-markings “II-1” to “II-15”	Laarni Enriquez Case
“JJ”, with sub-markings “JJ-1” to “JJ-24”	Affidavits of military officers who attended meetings with Senator Honasan
“KK”	Pamphlet of NCRPO Security Preparations Re: Oakwood Incident
“LL”	Lists of Evidence Recovered
“MM”	Affidavit of Liezel T. Magpoc dated July 30, 2003, consisting of two (2) pages.
“NN”	Deed of Absolute Sale between Laarni Enriquez dated October 28, 1999 consisting of four (4) pages
“OO”	Summary of Information Lt. Col. Edwards Oban, Jr., consisting of five (5) pages.
“PP”	Pamphlet re: “Disposition Form M/Gen. Guillermo Ruiz” dated January 6, 1999, marked “CONFIDENTIAL”, consisting of seven (7) pages.
“QQ”	Affidavit of Major Rene Glen Page dated August 20, 2003 consisting of five (5) pages.
“QQ-1”	Signature of Major Rene Glen Page on page 5 of his Affidavit.
“RR”	Affidavit of Capt. Windell Frederick Rebong dated September 3, 2003 consisting of one (1) page, plus Annex “RR-1”
“RR-1”	Inventory List (Annex “A”) made by Capt. Rebong as integral part of the above Affidavit (Exhibit “RR”)
“SS”	“After Operations Report re: Magdalo Group Rebellion”, submitted by Maj. Rolando Acop to the Chief, ISAFP, dated July 29, 2003 consisting of three (3) pages marked “SECRET”

<u>EXHIBIT NO.</u>	<u>DESCRIPTION OF DOCUMENT/S or EXHIBIT/S</u>
"TT"	Sales Invoice No. 0007 dated June 30, 2003 of EREV Military Supply and General Merchandise issued to one Manuel Cabochan
"UU"	Newspaper clipping of the Philippine Daily Inquirer column of Amando Doronila entitled "Mutiny Ended with Surrender" of August 18, 2003 issue.
"UU-1"	Continuation of Exh. "UU" on page A20 of said INQUIRER of August 18, 2003 Issue
"VV" and "VV-1"	Affidavit of Sec. Eduardo R. Ermita on "OPLAN GREENBASE" dated August 27, 2003 consisting of two (2) pages
"VV-2" and "VV-3"	An alleged document purportedly emanating from the Office of the Presidential Adviser on the Peace Process, stamped with "THIS IS A FAKE DOCUMENT" and "THIS SIGNATURE WAS JUST SUPERIMPOSED THRU COPYING MACHINE" markings, consisting of two (2) pages.
"WW"	Format/Cover Sheet marked, in bold letter, "CONFIDENTIAL"
"WW-1"	Format/Cover Sheet marked in bold letter "SECRET"
"XX"	MEMO Negotiation with Magdalo Rebel Group from Amb. Roy A. Cimatú to The President, dated July 28, 2003 consisting of five (5) pages
"YY"	Pamphlet Circular No. 9 re: "FP Housing Regulations" dated March 22, 1990 consisting of eighteen (18) pages
"ZZ"	Handbook on Benefits and Privileges of AFP Military Personnel and their Dependents (Revised Edition consisting of sixty-six [66] pages).

<u>EXHIBIT NO.</u>	<u>DESCRIPTION OF DOCUMENT/S or EXHIBIT/S</u>
"AAA"	Report of Security Officer Maribert O Martin of Dasmarinas Village Association, Inc. re: report of heavily armed soldiers who exited the subdivision's Pasay Road Gate dated July 27, 2003 consisting of three (3) pages
"BBB"	<i>Sinumpaang Salaysay</i> of Peter Nolasco dated August 13, 2003 consisting of two (2) pages
"CCC"	Deed of Sale of Motor Vehicle between Car Option Sales, Inc. and Isidro Samaco dated July 23, 2003 consisting of one (1) page
"CCC-1"	Deed of Sale of Motor Vehicle between Car Option Sales Center, Inc. and Isidro Samaco dated July 23, 2003 consisting of one (1) page
"CCC-2"	Deed of Sale of Motor Vehicle between Car Option Sales Center, Inc. and Francisco Dimaculangan dated July 23, 2003 consisting of one (1) page
"CCC-3"	Deed of Sale of Motor Vehicle between Car Option Sales Center, Inc. and Francisco Dimaculangan dated July 23, 2003 consisting of one (1) page
"CCC-4"	Deed of Sale of Motor Vehicle between Car Option Sales Center, Inc. and Francisco Dimaculangan dated July 23, 2003 consisting of one (1) page

**LIST OF DOCUMENTS, ETC.
RECEIVED BY THE COMMISSION**

	<u>DESCRIPTION OF DOCUMENT/S, ETC.</u>	<u>DATE RECEIVED</u>
1	AFP Basic Comptrollership Manual (Vol. I)	
2	Operations Manual re AFP Program Evaluation and Management Review Analysis Division, OJ-6	
3	“The Power of Reform in the AFP Logcom: A True Story.... The Struggle continues....”	
4	ABS-CBN VHS Tapes, Magandang Gabi Bayan re: Oakwood Incident	14 August 2003
5	Briefing Manuscript and Annexes presented by MGen. Pedro Cabuay, Jr.	15 August 2003
6	Letter dated 28 August 2003 from Lt. Col. Pedro G. Herrera-Davila with attached Affidavits of Major Rene Glen O. Paje, Capt. Edmar B. Sorioso, 1 st Lt. Lindsay Rex B. Sagge, Mr. Josefino U. Marcellones, Capt. Manuel Darius M. Resuello, 2Lt. Angle L. de los Santos, Capt. Einstein B. Calaoa, Jr. and Major Pedro Sumayo	29 August 2003
7	NBI CHRONOLOGY OF EVENTS KNOWN TO THE NATIONAL BUREAU OF INVESTIGATION ASA RESULT OF THE INVESTIGATION (JULY 27, 2003 OAKWOOD PREMIER INCIDENT)	1 September 2003
8	Letter dated 20 August 2003 from Comdr. Pablo Nierva re: Overstaying Retired Admirals and Commodores in Navy Base, Fort Bonifacio	4 September 2003
9	Letter dated 29 August 2003 from Lt. Col. Donato Caselan re: Top Ranking Retirees Squatting in Fort Bonifacio	4 September 2003

	<u>DESCRIPTION OF DOCUMENT/S, ETC.</u>	<u>DATE RECEIVED</u>
10	Letter dated 5 September 2003 from Ramon Cardenas	5 September 2003
11	"After Battle Report of 4 th Scout Ranger Battalion" submitted by Major Rene Glen Paje	8 September 2003
12	Thesis of CDR. Noel L. Felicia entitled "Corporate Strategy for the Armed Forces of the Philippines Medical Service" submitted by RAdm. Mateo M. Mayuga	18 September 2003
13	Issues and Concerns and Recommendations re: Health Matters Affecting the AFP submitted by Col. Rafael Regino	25 September 2003
14	Letter dated 27 September 2003 from Col. Abner M. Torres, Deputy Chief Office of Ethical Standards and Public Accountability (OESPA) with attached: (a) OESPA Organizational Structure (Encl "A"); (b) OESPA Duties and responsibilities (Encl "B"); (c) Findings on the Marine Base Ternate (Encl "C") and Graft cases investigated from 1999 to 2003 with case summary and status (Encl "D")	29 September 2003
15	Letter dated 29 September 2003 from Gen. Narciso L. Abaya with attached (a) Letter of Instruction 20/01 (TANGGOL-BAYAN CHARLIE) and (b) Amendment to Special CAFGU Active Auxiliary (SCAA) dated 26 July 1993	30 September 2003
16	List of Cases filed Against Eduardo Domingo	2 October 2003
17	Letter (undated) from Gen. Narciso Abaya in response to the 30 September 2003 letter with attached copy of the Korean Gun Boat Acquisition document and its related materials, etc.	6 October 2003
18	Letter dated 6 October 2003 from Lt. Gen. Rodolfo C. Garcia re: Report on the Housing Problems and Concerns of the AFP Housing Program	6 October 2003

	<u>DESCRIPTION OF DOCUMENT/S, ETC.</u>	<u>DATE RECEIVED</u>
19	Staff Memorandum No. 10 dated 8 May 1987 signed by MGen. Eduardo Ermita	6 October 2003
20	Briefing Manuscript and Briefing Slides re: (a) AFP Procurement System; (b) Recovered Items from Mutineers; (c) Storage, Accounting and Distribution of AFP Firearms and Ammunition; (d) U.S. Security Assistance to the AFP	
21	AFP Housing Board (11 September 2003)	
22	Confidential and Intelligence Fund (CY 2003): AFP Medical Center Mid-Year Performance Review (January to June 30, 2002), Philippine Military Academy Mid-Year Performance Review (January to June 30, 2002), Philippine Navy Mid-Year Performance Review (January to June 30, 2002), Philippine Army Mid-Year Performance Report (January 1 to June 30, 2002), Philippine Air Force Mid-Year Performance Report (January 1 to June 30, 2002)	
23	Letter dated 25 August 2003 from Capt. Manolito Montiel with attached documents required during the appearance of Lt. Gen. Rodolfo C. Garcia, Vice Chief of Staff, AFP.	
24	Memorandum for the Commissioners dated 25 September 2003 re: Feedback from SOUTHCOM Officers and Enlisted Personnel	
25	Report submitted by the PAF re: PAF Officer Profile; Status of PAF Modernization Funds; Status of PAF Modernization Projects and Issues and Concerns Regarding the Implementation of AFP/PAF Modernization Program	
26	After Operations Report dated 28 July 2003	
27	Maps of BCDA Areas in Fort Bonifacio	

	<u>DESCRIPTION OF DOCUMENT/S, ETC.</u>	<u>DATE RECEIVED</u>
28	Memorandum dated 28 July 2003 from Amb. Roy A. Cimatu re: Negotiation with Magdalo Rebel Group	
29	Letter dated 15 August 2003 from Lt. SG A. Trillanes, et al.	
30	The Roots of Rebellion (Tracing the Roots and Causes of Makati Seige)	
31	Synopsis (Negotiating with the Magdalo Group) from Amb. Roy A. Cimatu	
32	Statements of President Gloria Macapagal-Arroyo	
33	SECRET: The Oakwood Military Rebellion	
34	PNP Report re: Mutiny by a Group of AFP Junior Officers (Chronology of Events, Analysis and Recommendations)	
35	Petroleum, Oil and Lubricant: AFP General Appropriation FY 2003 (In Million Pesos)	
36	Corruption in the Philippine Navy Procurement System by Lt. SG Antonio F. Trillanes (March 2002)	
37	A Study of Corruption in the Philippine Navy by Lt. SG Antonio F. Trillanes (October 2001)	
38	CONFIDENTIAL: Basic Security Requirements contained in AFPR G 200-012	
39	Chronology of Events Leading to Oakwood Military Rebellion	
40	Opinion No. 107, S. 1995, 2 nd Indorsement October 3, 1995 (by Teofisto Guingona)	

	<u>DESCRIPTION OF DOCUMENT/S, ETC.</u>	<u>DATE RECEIVED</u>
41	NCRPO Security Preparations re: Oakwood Incident submitted by PNP NCRPO Office of the Regional Operation Division	
42	Opinion No. 041, S. 1999 June 1, 1999 addressed to Atty. Rene A.V. Saguisag (by: Justice Serafin Cuevas)	
43	Personal Services: Additional Fund Requirements Brought About by R.A. No. 9188 (Full Implementation of R.A. No. 9166)	
44	Incident Report: August 4, 2003 by Michael Brown (submitted by Jose F. Justiniano)	
45	Letter dated 15 September 2003 from Atty. Rene A.V. Saguisag with attached "Sinumpaang Salaysay" of Cabaltera, Cesar, Hiponia, Molon	
46	How I Helped Quell the Oakwood Mutiny submitted by Commo. Tirso R. Danga	
AFP-Retirement and Separate Benefits System (RSBS) Files		
47	<p>From RSBS:</p> <ul style="list-style-type: none"> a. RSBS Audited Financial Statements from 1998-2002 (submitted on 21 August 2003) b. Actuarial Studies of RSBS (13th and 15th) c. List of Investment Portfolio as of 31 July 2003 d. Inventory of Real Estate Properties: Jaro/Pavi, Iloilo, General Santos, Morong/Hermosa, Bataan e. Investment Policies f. Outstanding Loan Portfolio g. Other Information: RSBS cases in the Supreme Court and Sandiganbayan, Per Diem/ Allowance of Board of Trustees and Committee Member 	27 August 2003

	<u>DESCRIPTION OF DOCUMENT/S, ETC.</u>	<u>DATE RECEIVED</u>
	h. Appraisal Reports: 1998 Appraisals and Latest Appraisal	
	RSBS Additional Schedule and Documents: a. Inventory of Real Estate Properties: North Matrix Ville, Las Pinas Royale Estate, Orchard, San Lorenzo South Project, Village East III, Eastridge Golf and Country Club, BRAPCO, Mount Zion, San Lorenzo South Project – Landbanking; Riviera Golf and Country Club – Landbanking, Calamba/Tanauan b. Additional Investment Policies	1 September 2003
	RSBS's AUDITED FINANCIAL STATEMENTS FOR THE YEARS 1995, 1996 AND 1997	4 September 2003
	AFP-RSBS Secretary's Certificate executed by Atty. Francisco M. Paredes re: increase of the interest rate of membership contribution, with attachments	25 September 2003
Department of Budget and Management (DBM) File		
48	Letter dated 27 August 2003 from Undersecretary Mario Relampagos	
	Letter dated 28 August 2003 from Undersecretary Mario Relampagos	
	Letter dated 3 September 2003 from Usec. Relampagos re: ACCRUAL OF THE SALES PROCEEDS OF MILITARY CAMPS UNDER R.A. NO. 7227, AS AMENDED BY R.A. NO. 7917 TO THE GENERAL FUND; DEPOSIT OF THESE SALES PROCEEDS TO SPECIAL ACCOUNTS IN THE GENERAL FUND; AND DISBURSEMENTS FROM THESE SPECIAL ACCTS.	3 September 2003
	Letter dated 24 September 2003 from Undersecretary Mario Relampagos	

<u>DESCRIPTION OF DOCUMENT/S, ETC.</u>	<u>DATE RECEIVED</u>	
Letter dated 3 October 2003 from Undersecretary Mario L. Relampagos, DBM with attached reports.		
Bases Conversion and Development Authority (BCDA) File		
49	Letter dated 5 September 2003 from President and CEO, BCDA, Rufo Colayco with attachments	5 September 2003
	Letter dated 9 October 2003 from Atty. Arnel Paciano Casanova, Bases Conversion Development Authority with attached: (1) Profile of SHAI membership, etc. and (2) Profile of NOVAI, etc.	10 September 2003
	From BCDA: Memorandum dated 10 September 2003 from Atty. Arnel Casanova re: Cases of SHAI (JUSMAG AREA) and NOVAI (Bonifacio Naval Station Area); Memorandum dated 18 September 2003 from Atty. Casanova re: Disposition of Lands in Fort Bonifacio with attached copies of proclamations.	19 September 2003
	Letter dated 13 October 2003 from Atty. Arnel Paciano D. Casanova, Bases Conversion Development Authority	13 October 2003
SENATE		
50	Transcript of Stenographic Notes re: SENATE COMMITTEE OF THE WHOLE HEARING ON AUGUST 14, 2003, 9:00 A.M., SESSION HALL, 2 ND FLOOR, SENATE OF THE PHILS. (327 pages)	18 August 2003
	Senate Committee Initial Report No. 16 re: "coup rumors and alleged anomalies in the AFP-RSBS"	

<u>DESCRIPTION OF DOCUMENT/S, ETC.</u>	<u>DATE RECEIVED</u>	
OFFICE OF THE OMBUDSMAN		
51	<p>Letter dated 10 September 2003 from Deputy Ombudsman for the Military Orlando C. Casimiro re: Charges of LT. F/G Antonio F. Trillanes III Earlier Investigated by the Office of the Deputy Ombudsman for the Military</p> <p>Letter dated 17 September 2003 from Special Prosecutor Dennis Villa-Ignacio with attached List of the 240 AFP-RSBS cases/complaints, etc., List and identification of the properties/amounts involved per criminal information and Status of the case against retired General Lisandro Abadia.</p> <p>Letter dated 1 October 2003 from Ombudsman Simeon V. Marcelo</p>	<p>10 September 2003</p> <p>17 September 2003</p> <p>1 October 2003</p>
52	Philippine Navy Operating Program and Budget CY 1999 (Copy Nr. 111 of 115 Copies)	
53	Philippine Navy Operating Program and Budget CY 2000 (Copy Nr. 113 of 120 Copies)	
54	Philippine Navy Operating Program and Budget CY 2001 (Copy Nr. 92 of 98 Copies)	
55	Philippine Navy Operating Program and Budget CY 2002 (Copy Nr. 082 of 100 Copies)	
56	Philippine Navy Operating Program and Budget CY 2003 (Copy Nr. 089 of 110 Copies)	
57	Philippine Navy Program Performance Review and Assessment Calendar Year 1999	
58	Philippine Navy Program Performance Review and Assessment Calendar Year 2000	
59	Philippine Navy Program Performance Review and Assessment Calendar Year 2001	

	<u>DESCRIPTION OF DOCUMENT/S, ETC.</u>	<u>DATE RECEIVED</u>
60	Philippine Navy Program Performance Review and Assessment Calendar Year 2002	
61	Philippine Navy Program Performance Review and Assessment 1 st Semester Calendar Year 2003	
62	Philippine Air Force Operating Program CY-1999	
63	Philippine Air Force Operating Program CY-2000	
64	Philippine Air Force Operating Program CY-2001	
65	Philippine Air Force Operating Program CY-2002	
66	Philippine Air Force Operating Program CY-2003	
67	Philippine Army Annual Operating Program CY 1999	
68	Philippine Army Annual Operating Program CY 2000	
69	Philippine Army Annual Operating Program CY 2001	
70	Philippine Army Annual Operating Program CY 2002	
71	Philippine Army Annual Operating Program CY 2003 (Interim)	
72	Philippine Army Annual Program Performance Review and Assessment Calendar Year 1999	
73	Philippine Army Annual Program Performance Review and Assessment Calendar Year 2000	
74	Philippine Army Annual Program Performance Review and Assessment Calendar Year 2001	
75	Philippine Army Annual Program Performance Review and Assessment Calendar Year 2002	

	<u>DESCRIPTION OF DOCUMENT/S, ETC.</u>	<u>DATE RECEIVED</u>
76	Philippine Army Annual Program Performance Review and Assessment Calendar Year 2003	
77	GHQ AFP Camp Aguinaldo Performance Program Review and Assessment FY 1999	
78	GHQ AFP Camp Aguinaldo Performance Program Review and Assessment FY 2000	
79	GHQ AFP Camp Aguinaldo Performance Program Review and Assessment FY 2001	
80	GHQ AFP Camp Aguinaldo Performance Program Review and Assessment FY 2002	
81	GHQ and KBIs Operating Program and Budget FY 1999 – 2003	
82	Breakdown of MOE by GHQ Proper, UCs and AFPWSSUs (for 1999 – 2003)	
83	Memorandum dated October 8, 2003 from Maj. Gen. Carlos F. Garcia with attached List of Unliquidated SDO Cash Advances	
84	Policies on Cash Advances	
85	Memorandum dated September 26, 2003 from Maj. Gen. Carlos F. Garcia with attached documents: (1) Improvement of the AFP Comptroller Program; and (2) List of AFP Object Class(es) and Description of each Object Class	

LIST OF WITNESSES

	Name of Witness	Position/ Assignment	Date of Testimony <i>(in Open Hearing unless indicated)</i>
1.	ABAYA, NARCISO L. (Gen.)	Chief of Staff, Armed Forces of the Philippines	26 August 2003
2.	ABU, EFREN L. (Maj. Gen.)	Vice Commander, Philippine Army	14 August 2003
		Commander, Joint Task Force Libra	
3.	ADAN, EDILBERTO P. (Maj. Gen.)	Superintendent, Philippine Military Academy	20 August 2003
4.	ALEJANO, GARY C. (Capt.) <i>(Detained at IDC Compound, ISAFP)</i>	Philippine Marine Corps	15 August 2003 <i>(Filed Affidavit)</i>
5.	ALVAREZ, PHILLIPP G. (Capt.)	Faculty Member/ Course Director, Philippine Military Academy	20 August 2003 <i>(Closed Door)</i>
6.	ANGUE, FELICIANO A. (Capt.)	Commanding Officer, BRP Emilio Jacinto, Phil. Navy	29 August 2003 <i>(Closed Door)</i>
7.	AUSTRIA, CYRANO A. (Col.)	Asst. Chief of Staff for Logistics, Phil. Army	29 August 2003 <i>(Closed Door)</i>
8.	BAILON, TEOFILO (Capt.)	AFP-ISAFP	8 September 2003 <i>(Closed Door)</i>
9.	BANGIT, DELFIN (Col.)	Troop Commander, Presidential Security Group	9 September 2003
10.	BATOON, BENHUR	Head, Real Estate Department, AFP-RSBS	18 August 2003 <i>(Closed Door)</i>
			21 August 2003
11.	BLANCAFLOR, BIENVENIDO (Dir.)	Office of the Ombudsman	5 September 2003 <i>(Closed Door)</i>
12.	BROWN, MICHAEL	Security Manager, Oakwood Premier Apartments	8 September 2003
13.	BUENO, ORLANDO	Detachment Commander, Dasmarias Village Security Detachment	24 September 2003 <i>(Interviewed)</i>
14.	BULAWAN, DANTE B. (Sgt.)	Philippine Army	1 September 2003 <i>(Interviewed)</i>

	Name of Witness	Position/ Assignment	Date of Testimony <i>(in Open Hearing unless indicated)</i>
15.	CABALTERA, RONIE S. (Pfc.)	Philippine Army	1 September 2003 <i>(Interviewed; Filed Affidavit)</i>
16.	CABUAY, PEDRO R. (Maj. Gen.)	Deputy Chief for Intelligence, AFP	12 August 2003
		Acting Chief, ISAFP	
17.	CASANOVA, ARNEL PACIANO (Lawyer)	General Counsel, Bases Conversion and Development Authority	9 September 2003
18.	CASIMIRO, ORLANDO C. (Lawyer)	Deputy Ombudsman for Military	21 August 2003
			5 September 2003 <i>(Closed Door)</i>
19.	CASTELLANO, CICERO L. (Maj. Gen.)	Deputy Chief of Staff for Logistics, AFP	29 August 2003
20.	CESAR, MARLON J. (Pfc.)	Philippine Army	1 September 2003 <i>(Interviewed; Filed Affidavit)</i>
21.	CIMATU, ROY A. (Ambassador)	Special Envoy to the Middle East	22 September 2003
		Former Chief of Staff, AFP	
22.	COLAYCO, RUFO	President and CEO, Bases Conversion and Development Authority	9 September 2003
23.	CORPUZ, VICTOR (Brig. Gen.)	Former Chief, ISAFP	25 August 2003
			26 August 2003
24.	CRUZ, EXEQUIEL T. (Brig. Gen.)	Deputy, AFP, T16	25 September 2003 <i>(Interviewed)</i>
25.	DAEN, GERALD L. (2Lt.)	Philippine Army	1 September 2003 <i>(Closed Door)</i>
26.	DANGA, TIRSO R. (Commodore)	Commander, GHQ, AFP	20 August 2003
27.	DAVILA, PEDRO HERRERA (Lt. Col.)	Legal Counsel, ISAFP	25 August 2003
28.	DE LEON, ERNESTO H. (Vice-Adm.)	Flag Officer in Command, Phil. Navy	29 August 2003
29.	DIMAUNAHAN, LORENZO L. (Lt. Col.)	Philippine Marine Corps	29 August 2003
30.	DOMINGO, RUBEN G. (Vice-Adm.)	Commander, Western Command, AFP	22 September 2003 <i>(Closed Door)</i>
31.	EBREO, ALVIN H. (Capt.)	Philippine Army	1 September 2003 <i>(Closed Door)</i>
32.	ECLARIN, DENNIS (Capt.)	Company Commander, 4 th Scout Ranger Coy	20 August 2003 <i>(Closed Door)</i>

	Name of Witness	Position/ Assignment	Date of Testimony <i>(in Open Hearing unless indicated)</i>
33.	ENRIQUEZ, ERNESTO C. (Lt. Commander)	Chief, PEMRAD, J6	25 September 2003 <i>(Interviewed)</i>
34.	ERMITA, EDUARDO R. (Sec.)	Presidential Adviser on the Peace Process	3 September 2003
35.	GAMBALA, GERARDO (Capt.) <i>(Detained at the IDC Compound, ISAFP)</i>	Philippine Army	15 August 2003 <i>(Filed Affidavit)</i>
36.	GARCIA, CARLOS F. (Maj. Gen.)	DCS for Comptrollership, J6, GHQ, AFP	29 August 2003
37.	GARCIA, CESAR P. (Brig. Gen.)	Director General, National Intelligence Coordinating Agency (NICA)	14 August 2003
38.	GARCIA, RODOLFO C. (Lt. Gen.)	Vice Chief of Staff, AFP	19 August 2003
		Chairman, AFP Modernization Program	12 September 2003
39.	GAVERZA, JOSUE S. (Col.)	Asst. Chief of Staff for Compt., G6, PA	29 August 2003 <i>(Closed Door)</i>
40.	GOLEZ, ROILO (Sec.)	National Security Adviser	12 August 2003
41.	HIPOLITO, WINSTON M. (Pfc.)	Philippine Army	1 September 2003 <i>(Interviewed; did not file an Affidavit;)</i>
42.	JAYME, CESAR	President, AFP-RSBS	18 August 2003 <i>(Closed Door)</i>
			21 August 2003
43.	JIMENEZ, RUSTICO R.	Supervising Auditor COA, GHQ, AFP, CGEA	25 August 2003 <i>(Interviewed)</i>
44.	LADIA, LIBRADO S. (Lt. Gen.)	Inspector General, Armed Forces of the Phils.	29 August 2003
45.	LANUSA, LORNA D.	Comptroller, AFP-RSBS	18 August 2003 <i>(Closed Door)</i>
			21 August 2003
46.	LAYUG, JAMES (Lt. SG.) <i>(Detained at IDC Compound, ISAFP)</i>	Philippine Navy	15 August 2003 <i>(Filed Affidavit)</i>
47.	LIM, DANILO (Col.)	Commander, 1 st Scout Ranger Regiment	28 August 2003
48.	LINA, JOSE D. (Sec.)	Department of Interior and Local Government	26 August 2003

	Name of Witness	Position/ Assignment	Date of Testimony <i>(in Open Hearing unless indicated)</i>
49.	LOMIBAO, ARTURO C. (Police Chief Supt.)	Director for Intelligence, PNP	14 August 2003
50.	LUNA, DANILO (Capt.)	Former Operations Training Officer, Field Artillery Battalion, Phil. Marine Corps	25 August 2003
51.	MAESTRECAMPO, MILO (Capt.) <i>(Detained at IDC Compound, ISAFP)</i>	Philippine Army	13 August 2003
52.	MACALISANG, FLORANTE U. (Col.)	Chief of Staff, Philippine Marine Corps	28 August 2003
53.	MAGDANGAL, CHRISTOPHER A. (Lt. SG.)	Aide-de-Camp to President GMA, SDO, President Escort	9 September 2003
54.	MALABANAN, GERONIMO B. (Cmdr.)	Naval Public Information Officer, Headquarter Phil. Navy	27 August 2003 <i>(Interviewed; Filed Affidavit)</i>
55.	MANCENIDO, ARTHUR P. (Col.)	ACof AS for Comptroller, A-6	28 August 2003 <i>(Closed Door)</i>
56.	MARCELLONES, JOSEFINO L.	Deputy Director for Corporate Security, Ayala Land	8 September 2003
57.	MARIANO, MANUEL (Gen., Ret.)	Former Commander, Logistics Phil. Army	1 September 2003
58.	MARGATE, EMERSON L. (1Lt.)	Philippine Army	1 September 2003 <i>(Closed Door)</i>
59.	MATILLANO, EDUARDO S. (Police Dir.)	Director, Criminal Investigation and Detection Group	25 August 2003
60.	MAYUGA, MATEO M. (Rear Adm.)	Deputy Chief of Staff for Personnel, Armed Forces of the Phils.	3 September 2003 12 September 2003
61.	MILLENA, PONCIANO S. (Maj. Gen., Ret.)	Former WESCOM Commander	22 September 2003
62.	MOLON, JESUS F. (Cpl.)	Philippine Army	1 September 2003 <i>(Interviewed; Filed Affidavi;)</i>
63.	NOLASCO, PETER	President, Car Option Sales Center	24 September 2003 <i>(Interviewed)</i>
64.	OBAN, EDUARDO JR. SL. (Lt. Col.)	Executive Officer, Off. of the Deputy Chief of Staff for Capability, Material and Technology Dev't, J9, GHQ, AFP	28 August 2003

	Name of Witness	Position/ Assignment	Date of Testimony <i>(in Open Hearing unless indicated)</i>
65.	PADIERNOS, ROMEO A. (Lt. Gen., Ret.)	Former Commander, SOUTHCOM, Zamboanga City	29 August 2003
66.	PAJE, RENE GLEN (Maj.)	Battalion Commander, 4 th Scout Ranger Battalion, 1 st Scout Ranger Regiment, Special Operations Command, PA, Compostela Valley	1 September 2003
67.	PAMA, ALEXANDER (Capt.)	Commander, Naval Intelligence and Security Force	22 September 2003 <i>(Closed Door)</i>
		Assistant Chief, Naval Staff Intelligence	
68.	PAREDES, FRANCISCO (Gen.)	Head, Corporate Director, AFP-RSBS	21 August 2003
69.	PEREZ, HERNANIE B. (Col.)	AC of AS for Logistics, A-4, HSSG, HPAF	29 August 2003 <i>(Closed Door)</i>
70.	PESIGAN, URI (Capt.)	RHAC, Phil. Marines	25 August 2003
71.	QUE, PETER	Vice-President, Operations, Japanese IT Standards Examination of the Phils. Foundation, Inc. (JITSE-Phil)	9 September 2003
72.	RAGIL, PERFECTO (Maj.)	Member, Communication- Electronics and Information Systems Services, AFP	3 September 2003
73.	REBONG, WINDELL (Capt.)	Operations Officer, Military Intelligence Group 21, ISAFP	25 August 2003
			9 September 2003
74.	REGINO, RAFAEL R. (Col.)	Chief, Thoracic Cardiovascular Surgery, AFPMC	12 September 2003
75.	RELAMPAGOS, MARIO L. (Usec.)	Department of Budget and Management	21 August 2003
			26 August 2003
76.	RELANO, RAUL D. (Maj. Gen.)	Deputy Chief of Staff for CMO, J7	22 August 2003 <i>(Interviewed; Filed Affidavi)</i>

	Name of Witness	Position/ Assignment	Date of Testimony <i>(in Open Hearing unless indicated)</i>
77.	REYES, ANGELO (Sec.)	Secretary, Department of National Defense	18 August 2003 <i>(Closed Door)</i>
78.	RIVERA, ELVIN E. (1Lt.)	Philippine Army	1 September 2003 <i>(Closed Door)</i>
79.	ROSETTI, ROBERT	General Manager, Oakwood Premier Residences	21 August 2003
			9 September 2003
80.	SAGGE, LINDSEY REX B. (Lt.)	Chief, Admin. and Personnel	25 August 2003
			3 September 2003
81.	SOMERA, FLORENTINO JR. B. (1Lt)	Philippine Army	1 September 2003 <i>(Closed Door)</i>
82.	SUBALA, PERCIVAL M. (Brig. Gen., Ret.)	Former Commandant, Philippine Marine Corps	24 September 2003 <i>(Interviewed)</i>
83.	SUMAYO, PEDRO (Maj.)	Chief, Information System Management Office, ISAFP	25 August 2003
		Group Comdr., Mil. Intelligence Group 21, ISAFP	3 September 2003
84.	TABUT, EFREN A. (Col.)	Asst. Chief of Naval Staff for Logistics, N4, Headquarters Phil. Navy	29 August 2003 <i>(Closed Door)</i>
85.	TRILLANES, ANTONIO IV F. (Lt. SG.) <i>(Detained at IDC Compound, ISAFP)</i>	Philippine Navy	13 August 2003
86.	UGALE, APOLONIO JR. D.(Maj. Gen.)	Vice Commander, Philippine Air Force	12 September 2003
87.	VAFOPOLOUS, COSTAS	Chief Operating Officer and Vice President, Ayala Hotels	9 September 2003
88.	VARONA, ERIBERTO C. (Rear Admi., Ret.)	Director, Government Arsenal, Department of National Defense	29 August 2003
89.	VELASCO, RENATO S. (Police Supt.)	Senior Deputy Presidential Chief of Staff, Office of the President	27 August 2003
		Director General, Philippine Information Agency	
90.	VELASCO, REYNALDO VICENTE (Dep. Dir. Gen.)	Regional Director, National Capital Region Police Office (NCRPO)	27 August 2003

	Name of Witness	Position/ Assignment	Date of Testimony <i>(in Open Hearing unless indicated)</i>
91.	VELASQUEZ, ERICSON T. (Dir. Supt.)	Admin. Officer, Office of the Regional Director, NCRPO	27 August 2003
92.	VILLA-IGNACIO, DENNIS (Atty.)	Special Prosecutor, Office of the Ombudsman	5 September 2003 <i>(Closed Door)</i>
93.	WYCOCO, REYNALDO (Dir.)	Director, National Bureau of Investigation	14 August 2003
94.	ZUNO, JOVENCITO (Lawyer)	Chief State Prosecutor, Department of Justice	21 August 2003

PROCUREMENT FLOW¹

- (1) The process initially starts from either:
 - a. Procurement Directive (PD) coming from higher headquarters or
 - b. a requisition for procurement from a unit or office which is then approved by the Commander of the Logistics unit. After this, the Logistics staff will issue a PD on the items to be procured. Then again, this PD shall be approved by the Commander of the Logistics unit.
- (2) The procurement unit would then carefully plan and determine the mode of procurement of said PD.
 - a. If the mode of procurement is public or selective bidding, the AFP Logistics Center (AFPLC) Bids and Awards Committee (BAC) undertakes the whole activity.
 - b. If other modes of procurement are undertaken other than selective bidding, the procurement unit prepares the Purchase Order (PO) or Work Order (WO) and on the process, select through open canvass proposal, the manufacturer/supplier/distributor to be awarded of said PO/WO.
- (3) All the contracts and PO/WO are prepared by the AFPLC BAC and Procurement Unit, respectively.
- (4) The contracts/PO/WO have to be reviewed by various offices.
 - a. The contracts/PO/WO are dispatched to the Logistics Staff who will review the transactions and in turn recommends for its approval or disapproval to the Commander.
 - b. The contracts/PO/WO also have to pass to the Comptroller for another review and prepare the Request for Obligation and Allotment (ROA) report. The ROA report is attached to the contracts/PO/WO.
- (5) The contracts/PO/WO with the ROA are forwarded to Field Accounting Unit (FAU) for obligation.
- (6) The contracts/PO/WO are finally forwarded to the Commander for his approval or disapproval if within his level of authority².
- (7) When these contracts/PO/WO are approved, these documents are sent back to the procurement unit through the proper channels
- (8) The procurement unit will serve the contracts/PO/WO to the manufacturer/supplier/distributor.

¹ This annex was drafted by Commissioners Robles and Narciso together with their Executive Assistants (LTSG Anduiza and CAPT Salgado) based on the testimony of MGEN Cicero L Castellano AFP, the Deputy Chief of Staff for Logistics, J4, AFP before the Commission on 29 August, 2003.

² DO # 47, DND dated April 30, 1996

- (9) The proponents are obligated to deliver said supplies within a certain period as prescribed and indicated in the contracts/PO/WO based on the date it was served them. Penalties are instituted for delays or failure of delivery.
- (10) As for the delivery, the proponent brings the supplies to the warehouse or office to be temporarily accepted by the Supply Accountable Officer (SAO) to ascertain the completeness of the quantity delivered based on the contracts/PO/WO.
- (11) The SAO then informs the Technical Inspection and Acceptance Committee (TIAC) of said delivery to conduct the required inspection.
- (12) The TIAC conducts the inspection of said supply and determines if it meets the prescribed specifications. After the inspection, they will either recommend to accept the supply by signing the TIAC report or reject it outright.
- (13) Aside from the TIAC's inspection, the Commission on Audit (COA) and Commodity Managers are also being requested to conduct a pre-audit inspection to confirm the delivery.
- (14) In the same manner, inspection of transactions are done by:
 - a. The Unit Management Staff if the amount of the transaction is less than PhP 1M and
 - b. PEMRAD if above PhP 1M
- (15) After all the inspections, the Disbursement Voucher DV for the contracts/PO/WO are prepared by the Procurement Office attaching all the necessary documents.
- (16) These documents are forwarded to the Finance Service Unit (FSU) for processing and indexing.
- (17) Then it goes to the FAU for journalization/certification on the availability of funds (CAF) which is stamped on the DV.
- (18) These documents are again to fiscal control by:
 - a. The Unit Management Staff if below PhP 1M and
 - b. PEMRAD if the DV amount is above PhP 1M.
- (19) After thorough verification of the DV with its supporting documents, the checks/ACIC are prepared by the FSU.
- (20) The check is signed and countersigned by:
 - a. The Commander, AFPLC and CO, FSU if PhP 1M and below
 - b. The DCS for Comptroller, J6, AFP and CO, AFPFC if between PhP 1M-2M
 - c. The TDCSAFP and CO, AFPFC if PhP 2M and above
- (21) However, if there is no NCA/NTA, the Office of J6, AFP still has to request for fund release (SARO/GARO) from the Department of Budget and Management for this purpose.
- (22) When funds are available, the check is released to the manufacturer/supplier/distributor.
- (23) After the payment of the transactions, the materiel/supplies/services procured can now be issued to the end-users based on the issuance directive coming from higher headquarters or Major Service Command/AFPLC.

AFP MODERNIZATION PROGRAM PROCUREMENT FLOW¹

- (1) COR/BEP FORMULATION
 - a. Issuance of LOI for PMT
 - b. COR Approval by the Major Service Modernization Board (MB)
 - c. BEP Approval by the Major Service MB
 - d. COR Approval by the Major Service MB Executive Committee (EXECOM)
 - e. BEP Approval by the Major Service MB EXECOM
 - f. COR Approval by AFPMB
 - g. BEP Approval by AFPMB
 - h. SND Approval
 - i. Issuance of Procurement Directive
- (2) BIDDING AND AWARDING
 - a. Pre-Procurement Conference
 - b. 1st Publication of ITB
 - c. 2nd Publication of ITB
 - d. 1st Pre-Bid Conference
 - e. 1st Stage Bid Opening
 - f. Evaluation of Proposal/ Formulation of Final Tech
 - g. Bid Submission
 - h. 2nd Pre-Bid Conference
 - i. 2nd Stage Bid Opening
 - j. Evaluation to Determine Lowest Calculated Bid
 - k. Post Qualification to Determine LCRB
 - l. Awarding of Contract to LCRB by CSAFP
 - m. Contract Negotiation
 - n. SND Approval
 - o. Submission of Contract to NEDA/ DOJ
 - p. President's Approval
 - q. SND issues Notice to Proceed
- (3) PROJECT IMPLEMENTATION
 - a. Project Implementation
 - b. Operation Phase-in
 - c. Final Acceptance

¹ This annex was drafted by Commissioners Robles and Narciso together with their Executive Assistants (LTSG Anduiza and CAPT Salgado) based on the documents submitted to the Commission by MGEN Apolonio D Ugale Jr AFP, the Vice Commander of the Philippine Air Force.

RETIRED OFFICERS OCCUPYING AT JUSMAG WITH PROPERTIES AT AFPOVAI, AND
CAVALRY HILLS
















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	RANK	NAME		JUSMAG	AFPOVAI	CAVALRY ¹ HILLS	OTHERS
1	MGEN	ADALEM, MARIANO P	Deceased	☑	☑		
2	BGEN	AROMIN, SAULITO R	Deceased	☑	☑		
3	BGEN	ESPADERO, PETER H	Deceased	☑	☑		
4	BGEN.	ILANO, CESAR F	Deceased	☑			
5	BGEN.	OLAY, DANILO P	Deceased	☑			
6	CPT	JARQUE, JOSE RENE N	Resigned	☑	☑		
7	GEN	CIMATU, ROY A	ReT	☑	☑		
8	GEN	VILLANUEVA, DIOMEDIO P	ReT	☑			
9	LTGEN	FLORES, GUILLERMO C	ReT	☑			
10	LTGEN	ILETO, JAIME V	ReT	☑	☑		
11	MGEN	BELO, VICENTE C	ReT	☑	☑		
12	MGEN	CAGURANGAN, ALFONSO P JR	ReT	☑	☑		
13	MGEN	CIRON, RUBEN F	ReT	☑	☑		
14	MGEN	COSTALES, ALEXANDER C	ReT	☑	☑		
15	MGEN	DE VEYRA, RUFO LETO A	ReT	☑			
16	MGEN	JAVIER, JULIUS L	ReT	☑	☑		
17	MGEN	LOGICO, EPINETO C	ReT	☑	☑		
18	MGEN	MILLENA, PONCIANO S	ReT	☑	☑		
19	MGEN	ROSALES, MELCHOR A	ReT	☑	☑		
20	BGEN	ABELLA, CESAR C	ReT	☑	☑		
21	BGEN	ATAYDE, FRANCISCO E	ReT	☑	☑		
22	BGEN	GO, CESAR L	ReT	☑	☑		
23	BGEN	MALTO, JUANITO J	ReT	☑	☑		
24	BGEN	PANTILLA, EDGARDO T	ReT	☑	☑		
25	BGEN	REYES, EUGENIO F	ReT	☑			
26	BGEN	RIMANDO, JUANITO R	ReT	☑	☑		
27	BGEN	SALAC, DOMINGO B	ReT	☑			
28	BGEN	SALDUA, ANTONIO J	ReT	☑	☑		
29	BGEN	TADIAR, ARTEMIO A JR	ReT	☑	☑		
30	BGEN	TIGAS, VICENTE C	ReT	☑			
31	COMMO	TOLIN, FRANCISCO F	ReT	☑			
32	C/SUPT	CAPITAN, WARIETO A	ReT	☑			
33	C/SUPT	CASTILLO, MARCELLO S	ReT	☑	☑		
34	C/SUPT	REYES, BAYANI C	ReT	☑	☑		
35	CAPT	SANTOS, CAMILO L	ReT	☑			
36	COL	ALMOJERAM, JESUS B	ReT	☑			
37	COL	AMADOR, DOMINADOR P	ReT	☑	☑		
38	COL	BAROLA, ROLANDO B	ReT	☑	☑		
39	COL	BAYABOS, HILARIO L	ReT	☑	☑		
40	COL	BAYANG, JUANITO W	ReT	☑			
41	COL	FRANCISCO, CRUZ S	ReT	☑			
42	COL	GALON, HERCULES R	ReT	☑	☑		
43	COL	LARDIZABAL, MARION L	ReT	☑	☑		
44	COL	LAUZ, ILDEFONSO G	ReT	☑	☑		
45	COL	MEDRANA, SANTIAGO H JR	ReT	☑	☑		
46	COL	MERCADER, GILBERT L	ReT	☑			
47	COL	OABEL, ANGELITO R	ReT	☑			

¹ Data unavailable

RETIRED OFFICERS OCCUPYING AT JUSMAG WITH PROPERTIES AT AFPOVAI, AND
CAVALRY HILLS

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48	COL	OCHOSA, JOSE REYNALDO B	ReT				
49	COL	REYES, VICTOR F	ReT				
50	COL	SANCHEZ, LUISITO G	ReT				
51	COL	TAN, ALBERTO L	ReT				
52	COL	TOLING, JESUS T	ReT				
53	LTC	CANTOS, GENEROSO D	ReT				
54	LTC	DUMAG, ROMEO R	ReT				
55	LTC	LIM, ROMEO Y	ReT				
56	LTC	NUQUI, TAJ MAHAL KIRAM T	ReT				
57	LTC	PLATON, BAYLON P	ReT				
58	LTC	SAMORO, CRISTINO L	ReT				

ACTIVE OFFICERS OCCUPYING AT JUSMAG WITH PROPERTIES AT AFPOVAI, AND
CAVALRY HILLS
Page 1 of 2

	RANK	NAME	JUSMAG	AFPOVAI	CAVALRY ¹ HILLS	OTHERS
1	GEN	DEFENSOR, BENJAMIN P	🇵🇭	🇵🇭		
2	LTGEN	CAMILING, GREGORIO M JR	🇵🇭	🇵🇭		
3	LTGEN	CAROLINA, ERNESTO G	🇵🇭	🇵🇭		
4	MGEN	ABIOL, AVALINO L	🇵🇭			
5	MGEN	ALCASID, REYNALDO R	🇵🇭	🇵🇭		
6	MGEN	ATIENZA, PEDRO V. JR	🇵🇭			
7	MGEN	DAGUDAG, ALFONSO P	🇵🇭			
8	BGEN	BAGASIN, SAMUEL B	🇵🇭	🇵🇭		
9	BGEN	CABALQUINTO, ALAN D	🇵🇭			
10	BGEN	CANATOY, JAIME L	🇵🇭	🇵🇭		
11	BGEN	FRANCIA, DANILO AUGUSTO B	🇵🇭			
12	BGEN	ILAGAN, MARCIANO R	🇵🇭	🇵🇭		
13	BGEN	TABAMO, DIOSDAO D	🇵🇭			
14	SUPT	HEREDIA, RENATO F	🇵🇭			
15	C/SUPT	GADOR, EDUARDO H	🇵🇭			
16	CSUPT	VIDUYA, TEODORICO	🇵🇭			
17	DIR	AGLIPAY, EDGARDO C	🇵🇭			
18	COL	BARBIETO, JOSE T	🇵🇭	🇵🇭		
19	COL	BOAC, ERNESTO D	🇵🇭	🇵🇭		
20	COL	CABADING, RUDIVAL S	🇵🇭			
21	COL	CABANTOG, ARTEMIO S	🇵🇭			
22	COL	CADUNOG, PEDRITO S	🇵🇭	🇵🇭		
23	COL	CALLELERO, FRANCISCO D	🇵🇭			
24	COL	CORTEZ, ANTONIO M	🇵🇭			
25	CAPT	DANGA, TIRSO R	🇵🇭			
26	COL	DE GUZMAN, JAMES S	🇵🇭			
27	COL	ESPINO, IRINEO C	🇵🇭			
28	COL	ESTRELLA, SEVERINO P	🇵🇭	🇵🇭		
29	COL	GABRIEL, ALBERTO I	🇵🇭	🇵🇭		
30	COL	GAVERZA, JOSUE S JR	🇵🇭	🇵🇭		
31	COL	LAGASCA, FELISICIMO V	🇵🇭	🇵🇭		
32	COL	LANUZA, FRANCISCO B	🇵🇭			
33	COL	MACLANG, RODRIGO G	🇵🇭	🇵🇭		
34	COL	MAGDAY, BENJAMIN C	🇵🇭	🇵🇭		
35	COL	MALIGALIG, LEOPOLDO L	🇵🇭			
36	COL	NIDUAZA, FERNANDO Q	🇵🇭	🇵🇭		
37	LTC	CABANTAC, ROMULO M	🇵🇭			
38	LTC	CANNU, RODOLPH G	🇵🇭			
39	LTC	NANO, ERNESTO C	🇵🇭			
40	LTC	ORDOYO, CEASAR RONNIE F	🇵🇭			
41	LTC	PADILLA, TOMAS A	🇵🇭	🇵🇭		
42	LTC	TANABE, CHRISTOPHER I	🇵🇭	🇵🇭		
43	MAJ	BANAS, TYNE T	🇵🇭			
44	MAJ	LAGNADA, HILARIO VICENTE C	🇵🇭			
45	MAJ	MANANGQUIL, JESUS A JR	🇵🇭			
46	MAJ	PAJARILLO, ARNULFO P	🇵🇭			
47	MAJ	TIAM-WATT, ALVIN M	🇵🇭			
48	CPT	DOMENDEN, EDWIN D	🇵🇭	🇵🇭		

¹ Data unavailable

(BNS)

OCCUPANT MEMBERS		Rank	Branch	Status
(As of January 2000)				
1	ABAYA, MERCADO C.	Chief Supt	PNP	Retired
2	ADVINCULA, JULIAN L.	Capt	PN	Retired
3	AGUDELO, JOSE T.	Commodore	PN	Retired
4	AGUSTIN, CRISOLITO	LCdr	PN	Active
5	ALIANZA, JOSE B.	LtSg	PN	Active
6	ANDAYA, RUPERT S.			
7	APOLINARIO, TOMAS A.	Capt	PN	Deceased
8	AQUINO, JACINTO V.	Commodore	PN	Retired
9	BALBAS, BRAULIO B.	Bgen.	AFP	Retired
10	BARCILLO, RAUL I.	Capt	PN	Active
11	BAYLON, NAPOLEON C.	Radm.	PN	Active
12	BERSABAL, ANASTACIO	Cdr	PN	Active
13	BISENIO, ANTONIO	Lt.Col.	PM	Active
14	BLANCAS, NICASIO A.		PN	Retired
15	BORJE, ADOLF A.	Commodore	PN	Retired
16	BRIONES, WALTER A.	Capt	PN	Retired
17	CABANLIG, EDUARDO	Bgen.	AFP	Retired
18	CALUNGSOD, JAIME	Maj.	PN	Retired
19	CALUNSAG, ROGELIO T.	Capt	PN	Active
20	CAPADA, ARTURO V.	Commodore	PN	Retired
21	CASILLIAN, JULITO II	Commodore	PN	Retired
22	CODERA, ISIDRO O.	Commodore	PN	Retired
23	CORONA, BENEDICTO S.	Colonel	PM	Active
24	CORPUZ, DANILO S.	Cdr	PN	Active
25	CORTEZ, DANILO M.	Cdr	PN	Active
26	CRUZ, DE LA RUBEN G.	Commodore	PN	Retired
27	CUEVA, DELA LORETO G.	LCdr	PN	Active
28	DADOR, SOLOMON	Capt	PN	Retired
29	DARANCIANG, ROMEO	Gen	AFP	Retired
30	DAUZ, OCTAVIUS S.	Vadm	PN	Active
31	DELGADO, DANIEL	Commodore	PN	Active
32	DIAZ, RODOLFO A.	Lt.Col.	PM	Active
33	DIN, ABRAHAM	Capt	PN	Retired
34	DIVINAGRACIA, JOSE P.	Commodore	PN	Retired
35	DOMINGO, EDUARDO T.			
36	DUMANCAS, MARIANO J.	Vadm	PN	Retired
37	EBRO, RENE LEANDRO P.	Commodore	PN	Retired
38	ESPEJO, RUBEN C.	Commodore	PN	Retired
39	ESPINOSA, EDGARDO V.	Bgen	AFP	Active
40	ESTRADA, CESAR A.			
41	EVANGELISTA, QUERICO JR.	Capt	PN	Active
42	FAJARDO, DARIO T.	Commodore	PN	Retired
43	FAJARD, IRVING J.	Lt	PN	Active
44	FALLA, ILDEFONSO G.	Maj.	PM	Active
45	FERNANDEZ, LUISITO F.	Vadm.	PN	Retired
46	FLORES, SALVADOR	Colonel	PM	Retired
47	GABALES, HERNANITO P.	Commodore	PN	Retired
48	GALLOS, EDGARDO B.	Commodore	PN	Retired
49	GARCIA, JOSE G.	Capt	PN	Retired
50	GARRIDO, PIO H.	Admiral	PN	Retired
51	GLORIA, EMMANUEL	Colonel	AFP	Active
52	GOJO, ROMELINO	Lt.Col.	PM	Retired

(BNS)

53	GRANADA, EDITO C.	LCdr	PN	Active
54	GUZMAN, ARMANDO L.	LCdr	PN	Active
55	GUZMAN, GUERRERO E.	RAdm.	PN	Retired
56	HERNANDEZ, NICANOR	Commodore	PN	Retired
57	HINGCO, VICTORINO S.	Commodore	PN	Active
58	IGLESIA, AUGUSTO C.	LCdr	PN	Active
59	LADIA, LIBRADO	Colonel	PN	Active
60	LEON, DE ERNESTO H.	Capt	PN	Active
61	LEON, DE JUAN A.			
62	LEON, DE MANUEL	Radm.	PN	Retired
63	LIBUNAO, JUANITA	Colonel	PN	Active
64	LISTON, NARCISO	Capt	PN	Retired
65	LIWAG, RAMON C.	Cdr	PN	Active
66	LOS BANEZ, NESTOR S.	Cdr	PN	Active
67	LOYOLA, EDUARDO R.	LCdr	PN	Active
68	MADAMDA, ARMANDO Q.			
69	MAGNAYE, RIDRIGO A.	LCdr	PN	Active
70	MALIGALIG, PROCESOR	Capt	PN	Retired
71	MAMHOT, SWEN	Capt	PN	Active
72	MANDAL, GODOFREDO A.	Cdr	PN	Active
73	MANLONGAT, JUSTO	Capt	PN	Active
74	MARCELO, ONOFRE Q.			
75	MARIANO, GENEROSO V.	Capt	PM	Active
76	MATIC, BAYANI T.	Commodore	PN	Retired
77	MEANA, ROMEO T.	Commodore	PN	Retired
78	MELEGRITO, JESSIE M.	S/Inspector	PNP	Active
79	MEMBRERE, DANILO A.	Cdr	PN	Active
80	MONTESA, ADOLFO			
81	NAKPIL, WILLY	Capt	PN	Active
82	OREVILLO, ALBERTO	Commodore	PN	Retired
83	PADRE, ELENOR	Commodore	PN	Active
84	PAGINAG, ANTONIO	Capt	PN	Retired
85	PANES, MARINO P.	Commodore	PN	Retired
86	PAREDES, BRIGIDO T.	Bgen.	AFP	Retired
87	PASCUAL, PERFECTO C.	Cdr	PN	Active
88	PATINO, BERNARDO E.	Capt	PN	Active
89	PEREZ, PABLO	Commodore	PN	Retired
90	PIZARO, DANILO E.	Commodore	PN	Retired
91	RABUSA, AURELIO A.	LCdr	PN	Active
92	RAMOS, ROBERTO	LCdr	PN	Active
93	REBLORA, ROBERTO B	LCdr	PN	Active
94	REGALA, JESUS L.	Capt	PN	Active
95	REGALADO, BALTAZAR	Capt	PN	Retired
96	RUIZ, GUILLERMO R.	Mgen.	AFP	Retired
97	SAGUDO, FORTUNATO U.	Cdr	PN	Active
98	SALIPSIP, DOMINGO			
99	SANCEDA, BENEDICTO	Cdr	PN	Active
100	SANTOS, VALENTIN	Colonel	PM	Retired
101	SANTOS, RENATO M.	Capt	PN	Active
102	SIAPNO, ANTONIO	Commodore	PN	Active
103	SIMON, RODOLFO J.			
104	SUBALA, PERCIBAL M.	Bgen.	AFP	Retired
105	SUBIDA, ROGELIO	Colonel	PM	Retired
106	SUMABONG, CIPRIANO	Lt	PN	Active
107	SURATOS, ANTONIO	Commodore	PN	Retired

Source: BCDA Census AFP Housing Board

(BNS)

108	TANCIO, BENJAMIN M.	LCdr	PN	Active
109	TANDOC, JENE C.	LCdr	PN	Active
110	TEODOSIO, EMMANUEL R.	Colonel	PM	Active
111	TOGONON, PABLITO R.	Lt	PN	Active
112	TOLENTINO, EDUARDO	Commodore	AFP	Retired
113	TOLINTINO, MARCOS L.	Capt	PN	Deceased
114	TORRES, LAMBERTO C.	Commodore	PN	Active
115	VARONA, ERIBERTO C.	Radm.	PN	Retired
116	VELASCO, CONSTANCIO	Commodore	PN	Retired
117	VELASQUEZ, LORETO	Cdr	PN	Active
118	VERA, DE CELINO	Cdr	PN	Deceased
119	VERGARA, VILLIE	Capt	PN	Active
120	VILCHES, RAFAEL V.	Capt	PN	Active
121	VILLAMOR, ANTONIO	Bgen.	AFP	Deceased
122	VIRAY, PABLO	Colonel	PN	Active
123	WONG, GUILLERMO	Capt	PN	Active

Admiral	1
Vice Admirals	3
Rear Admirals/Major Generals	5
Commodore/Bgen/Chief Supt. (1 star)	36
Captains/Colonels	34
Commander/Lt. Colonels	15
Lt. Commander/Majors	14
Lt. Senior Grade/Captains	1
Lt. Junior Grade/2 nd Lieutenant	3
Ensign/1 st Lieutenant	0
Senior Police Inspector (S/Insp.)	1
Data Unavailable	10
TOTAL	123

**LIST OF OVERSTAYING RET MIL OFFRS OCCUPYING GOVT QTRS
AT SOUTHSIDE HOUSING AREA AS OF SEP 03**

PHILIPPINE ARMY

NR	NAME	DATE OF RET	QTRS NR
1	GEN DIOMEDIO VILLANUEVA PA (RET)	20 May 02	F-3
2	GEN ROY A CIMATU PA (RET)	04 Sep 02	AQ-11
3	LTGEN GUILLERMO FLORES PA (RET)	05 Jun 93	AQ-8
4	MGEN ALEXANDER C COSTALES PA (RET)	21 Dec 00	AOQ3-DR3
5	MGEN PEDRO V ATIENZA PA (RET)	18 Feb 03	F-2B
6	MGEN ALFONSO CAGURANG PA (RET)	28 Nov 99	E-12
7	MGEN JULIUS L JAVIER PA (RET)	17 Jul 01	AQ-6
8	MGEN RUFO LETO A DE VEYRA PA (RET)	11 Apr 02	J-26
9	BGEN VICENTE TIGAS PA (RET)	03 Feb 97	E-29
10	BGEN SAULITO R. AROMIN PA (RET)	05 Dec 01	F-1
11	BGEN JUANITO RIMANDO PA (RET)	07 Sep 94	J-9
12	BGEN CESAR F ILANO PA (DECE'D)	31 Jul 96	J-20
13	BGEN DANILO P OLAY PA (DECE'D)	15 Mar 96	Q-65
14	BGEN ANOTNIO J SALDUA PA (RET)	03 Dec 99	AQ-5
15	BGEN PETER H ESPADERO PA (DECE'D)	04 Nov 00	AQ-16
16	COL ROLANDO BAROLA PA (RET)	May 97	Q-83
17	COL LUISITO SANCHEZ PA (RET)	Jun 96	J-5
18	COL FRANCISCO CRUZ PA (RET)	June 96	AQ-15
19	COL JUANITO BAYANG PA (RET)	Dec 94	J-8
20	COL MARION LARDIZABAL PA (RET)	Dec 96	AQ-10
21	COL JOSE REYNALDO OCHOSA PA (RET)	Jun 93	J-16
22	COL JESUS TOLING PA (RET)	Oct 96	E-26
23	COL HILARIO BAYABOS PA (RET)	Sep 96	Q-66
24	COL JESUS ALMOJERA PA (RET)	25 Dec 99	AQ-4
25	COL ALBERTO L TAN PA (RET)	08 Aug 00	AQ-14
26	COL ANGELITO R OABEL PA (RET)	30 Nov 98	AOQ4-DR3
27	COL HERCULES R GALON PA (RET)	22 Apr 96	E-28
28	LTC ILDEFONSO LAUZ PA (RET)	Oct 94	F-4
29	LTC ROMEO DUMAG PA (RET)	27 Mar 92	F-2A
30	LC ROMEO Y LIM PA (RET)	6 Feb 01	J-6
31	LTC VICTOR F REYES PA (RET)	1 Dec 99	J-19A
32	LTC BAYLON PLATON PA (RET)	14 Jan 95	E-8
33	LTC CRISTINO L SAMORO PA (RET)	24 Oct 98	AOQ3-DR1
34	LTC GENEROSO D CANTOS PA (RET)	01 Nov 02	AOQ3-DR4
35	MAJ LEODEGARIO A ADALEM PA (RET)	01 Jan 96	AQ-19
36	CPT JOSE RENE N JARQUE (RESIGNED)	1 May 00	E-27

PHILIPPINE AIR FORCE

NR	NAME	DATE OF RET	QTRS NR
1	GEN BENJAMIN P DEFENSOR JR PAF (RET)	28 Nov 02	J-10
2	MGEN EPENITO LOGICO PA (RET)	01 Oct 92	J-12
3	MGEN JAIME ILETO PAF (RET)	26 Jul 97	F-5
4	MGEN VICENTE C BELLO PAF (RET)	01 Feb 99	E-11
5	MGEN AVELINO L ABIOL PAF (RET)	10 Nov 02	E-20
6	MGEN RUBEN F CIRON PAF (RET)	11 Oct 00	E-22
7	MGEN MELCHOR P ROSALES PAF (RET)	6 Jan 01	J-13
8	BGEN JUANITO MALTO PAF (RET)	30 Nov 95	J-1
9	BGEN EDGARDO PANTILLA PAF (RET)	31 Jul 95	E-2
10	BGEN FRANCISCO ATAYDE PAF (RET)	30 Sep 94	E-10
11	BGEN DOMINGO SALAC PAF (RET)	31 Oct 94	E-4
12	BGEN CESAR GO PAF (RET)	31 Aug 91	E-24
13	COL SANTIAGO MEDRANA PAF (RET)	31 Jan 92	J-14
14	COL DOMINADOR AMADOR PAF (RET)	30 Nov 94	J-22
15	COL GILBERT MERCADER PAF (RET)	31 May 91	J-24
16	LTC TAJMAHAL KIRAM T NUQUE PAF (RET)	16 Mar 98	E-19

PHILIPPINE NAVY

NR	NAME	DATE OF RET	QTRS NR
1	MGEN PONCIANO S MILLENA PN (RET)	22 Feb 00	E-7
2	BGEN CESAR C ABELLA PNM (RET)	1 Nov 94	E-14
3	BGEN FRANCISCO F TOLIN PN (RET)	21 Jul 94	E-15
4	BGEN EUGENIO F REYES PN (RET)	15 Dec 93	J-4
5	BGEN ARTEMIO A TADIAR JR PN (RET)	28 Dec 97	J-7
6	CAPT CAMILO SANTOS PN (RET)	27 Feb 97	J-18

PHILIPPINE NATIONAL POLICE

NR	NAME	DATE OF RET	QTRS NR
1	C/SUPT WARLITO A CAPITAN PNP (RET)	04 Jan 99	J-15
2	C/SUPT MARCELO CASTILLO PNP (RET)	27 Apr 93	E-21
3	C/SUPT BAYANI REYES PNP (RET)	27 Apr 93	J-23

RECAPITULATION

LOCATION	PA		PAF		PN		PNP	SUBTOTAL		TOTAL
	OFFR	EP	OFFR	EP	OFFR	EP	OFFR	OFFR	EP	
SSHA	36		16		6		3	61		61
BNS					93	72		93	72	165
TOTAL	36		16		99	72	3	154	72	226

**LIST OF OVERSTAYING RET MIL OFFRS OCCUPYING GOVT QTRS
AT BNS AREA AS OF SEPTEMBER 03**

	NAME	RANK	BR OF SVC	QTR NR	DATE OF RETIREMENT
1	ABARQUEZ, ALFRED	LCDR	PN(RET)	JPQ 18-B	16-Apr-96
2	ABAYA, MERARDO	C/SUPT	AFP(RET)	FOQ 10-A	7-Mar-94
3	ADVINCULA, JULIAN	COL	PN(RET)	FOQ 1-B	7-Mar-93
4	AGUDELO, JOSE	COMMO	AFP(RET)	FOQ 30-B	18-Jun-96
5	APOLINARIO, TOMAS	CAPT	DEC	FOQ 32-A	Oct-91
6	AQUINO, JACINTO	COMMO	AFP(RET)	FOQ 27-A	11-Sep-97
7	AQUINO, JOSE	LCDR	PN(RET)		1-Jul-02
8	BALBAS, BRAULIO	BGEN	AFP(RET)	FOQ 3-B	17-Feb-92
9	BAYLON, NAPOLEON	RADM	AFP(RET)	FOQ 6-A	4-Mar-01
10	BLANCAS, NICASIO	COMMO	AFP(RET)	FOQ-5	11-Oct-94
11	BORJE, ADOLF	COMMO	AFP(RET)	FOQ 21-A	23-Sep-98
12	BRIONES, WALTER	CAPT	AFP(RET)	FOQ 3-A	17-Jun-99
13	BUENAVENTURA, ORLANDO	BGEN	AFP(RET)	BO8	
14	CABANLIG, EDUARDO	BGEN	AFP(RET)	FOQ 7	3-Mar-94
15	CAPADA, ARTURO	COMMO	AFP(RET)	FOQ 19-B	8-Sep-97
16	CASILLAN, JOSELITO	COMMO	AFP(RET)	FOQ 15-B	11-Jun-99
17	CODERA, ISIDRO	COMMO	AFP(RET)	FOQ 15-A	2-Jan-94
18	CONSTANTE, ERNESTO	CDR	PN(RET)	B-3-C	1-May-00
19	CRUZ, ANTONIO	LCDR	PN(RET)	E-3-C	29-Mar-02
20	DADOR, SOLOMON	CAP	PN(RET)	FOQ 29-B	13-Mar-93
21	DARANCIANG, MARIANO	BGEN	AFP(RET)	FOQ 39	7-Jan-94
22	DAUZ, OCTAVIUS	RADM	AFP(RET)	FOQ 12-B	20-Oct-00
23	DE LEON, ERNESTO	COMMO	AFP(RET)	A-08	
24	DE LEON, MANUEL	RADM	AFP(RET)	FOQ 23-B	15-Aug-99
25	DE VERA, CELINO	CDR	DEC	FOQ 35-B	1-Sep-92
26	DELA CRUZ, RUBEN	COMMO	AFP(RET)	FOQ 2	13-Dec-92
27	DELA CUEVA, LORETO	CDR	PN(RET)	F-8-H	1-Jun-01
28	DELGADO, DANIEL	COMMO	AFP(RET)	FOQ 20-B	1-Dec-94
29	DIAZ, RODOLFO	BGEN	AFP(RET)	D-02-B	
30	DIN, ABRAHAM	CAPT	PN(RET)	FOQ 18-B	16-Jun-98
31	DIVINAGRACIA, JOSE	COMMO	AFP(RET)	FOQ 25-A	4-Sep-96
32	DUMANCAS, MARIANO	VADM	AFP(RET)	FOQ 14-B	21-Oct-94
33	EBRO, RENE LEANDRO	COMMO	AFP(RET)	FOQ 10-B	14-Dec-96
34	ERIA, SERGIO	LTC	PN(RET)	A-7-G	25-Dec-99
35	ESPEJO, RUBEN	COMMO	AFP(RET)	FOQ 33-A	9-Nov-99
36	ESPINOSA EDGARDO	LTGEN	AFP(RET)	FOQ 24-B	27-Aug-01
37	FAJARDO, DARIO	COMMO	AFP(RET)	FOQ 13-B	26-Oct-94
38	FALLA, ILDEFONSO	MAJ	PN(RET)	F-3-C	1-Jun-98
39	FERNANDEZ, LUISITO	VADM	AFP(RET)	FOQ 11-A	23-Nov-00
40	FLORES, SALVADOR	GEN	AFP(RET)	38	14-May-98
41	GABALES, HERNANITO	COMMO	AFP(RET)	FOQ 9-A	29-Dec-91

**LIST OF OVERSTAYING RET MIL OFFRS OCCUPYING GOVT QTRS
AT BNS AREA AS OF SEPTEMBER 03**

42	GALLOS, EDUARDO	COMMO	AFP(RET)	FOQ 5	15-Jun-93
43	GARCIA, JOSE	CAPT	PN(RET)	FOQ 34-B	5-Feb-97
44	GARRIDO, LPIO	RADM	AFP(RET)	FOQ 4	20-Jan-94
45	GLORIA, EMMANUEL	COL	PN(RET)	FOQ 2-B	16-Apr-94
46	GOJO, ROMELITO	LTC	PN(RET)	FOQ 27-B	3-Apr-93
47	GUZMAN, GUERRERO	RADM	AFP(RET)	FOQ 28-A	1-Sep-99
48	HERNANDEZ, NICANOR	COMMO	AFP(RET)	FOQ 17-B	10-Jan-95
49	HINGCO, VICTORINO	VADM	AFP(RET)	34-A	6-Mar-03
50	INOPEA, CLIFFORD	LTC	CDD	A-8-H	25-Dec-99
51	LADIA, LIBRADO	MGEN	AFP(RET)	B-36	
52	LISTON, NARCISO	CAPT	PN(RET)	FOQ 19-A	29-Oct-92
53	MADAMBA, ARMANDO	RADM	AFP(RET)	FOQ 11-B	3-Nov-94
54	MALIGALIG, PROCESO	CAPT	PN(RET)	FOQ 7-A	3-Apr-93
55	MANLONGAT, JUSTO	COMMO	AFP(RET)	B-25	17-Oct-02
56	MATIC, BAYANI	COMMO	AFP(RET)	FOQ 1-A	15-Sep-94
57	MEANA, ROMEO	COMMO	AFP(RET)	FOQ 32-B	11-Jan-94
58	MONTESA, ADOLFO	BGEN	AFP(RET)	FOQ 31-A	19-Mar-95
59	OREVILLO, ALBERTO	COMMO	AFP(RET)	FOQ 13-A	22-Nov-95
60	PADRE, ELEONOR	COMMO	AFP(RET)	FOQ 28-B	1-Apr-01
61	PAGINAG, FLOR ANTONIO	CAPT	PN(RET)	FOQ 26-A	18-Nov-96
62	PANES, MARINO	COMMO	AFP(RET)	FOQ 1	2-Nov-92
63	PAREDES, BRIGIDO	BGEN	AFP(RET)	FOQ 3	8-Oct-92
64	PATINO, BERNARDO	CAPT	PN(RET)	FOQ 30-A	3-Nov-99
65	PEREZ, PABLO	COMMO	AFP(RET)	FOQ 24-A	25-Feb-95
66	PIZARRO, DANILO	COMMO	AFP(RET)	FOQ 21-B	12-Aug-96
67	RAGEL, ROMUALDO	MAJ	PN(RET)	A-5-E	31-Dec-96
68	RAGEL, ROMUALDO	MAJ	PM(RET)	A-05-E	31-Dec-96
69	RAMOS, ROBERTO	LCDR	PN(RET)	17-B	26-May-99
70	REGALA, JESUS	CAPT	PN(RET)	FOQ 5-B	19-Apr-01
71	REGALADO, BALTAZAR	CAPT	PN(RET)	FOQ 33-B	8-Jan-98
72	RUBIA, WILFREDO	CDR	PN(RET)	G-7-G	17-Jan-98
73	RUIZ, GUILLERMO	BGEN	AFP(RET)	FOQ 22-A	12-Aug-96
74	SALVILLA, REGINALDO	LCDR	PN(RET)	JOQ 13-A	14-Jul-96
75	SANTOS, LARRY	LTC	PN(RET)		7-Mar-97
76	SANTOS, RENATO M	CAPT	PN(RET)	FOQ 9-B	28-Jun-00
77	SANTOS, VALENTIN	COL	PN(RET)	FOQ 4-B	16-Feb-93
78	SIAPNO, ANTONIO	RADM	AFP(RET)	FOQ 12-A	2-Jul-02
79	SUBIDA, ROGELIO	COL	PN(RET)	FOQ 16-A	12-Dec-92
80	SUMABONG, CIPRIANO	LTSG	PN(RET)	5-B	15-Apr-01
81	SURATOS, ANTONIO	COMMO	AFP(RET)	FOQ 22-B	9-Jan-95
82	TOLENTINO, EDUARDO	COMMO	AFP(RET)	FOQ 5-A	26-Apr-94
83	TOLENTINO, MARCOS	CAPT	PN(RET)	FOQ 36-A	25-Apr-95
84	TORRES, LAMBERTO	COMMO	PN(RET)	29-A	16-Apr-01
85	VAILOCES, AUSTER	LTC	PN(RET)	A-3-C	22-Dec-97

**LIST OF OVERSTAYING RET MIL OFFRS OCCUPYING GOVT QTRS
AT BNS AREA AS OF SEPTEMBER 03**

86	VARONA, ERIBERTO	RADM	AFP(RET)	FOQ 23-A	16-Mar-99
87	VELASCO, CONSTANCIO	CAPT	PN(RET)	7-B	31-Dec-97
88	VELASQUEZ, LORETO	LCDR	PN(RET)	H-8-H	31-Dec-00
89	VERGARA, WILLY	CAPT	PN(RET)	35-A	4-Jul-00
90	VILLAMOR, ANTONIO	COL	PN(RET)	FOQ 26-B	17-Jan-94
91	VILLANUEVA, RUFO	CAPT	PN(RET)	FOQ 16-B	7-Nov-96
92	VIRAY, PABLO	COL	PN(RET)	FOQ 18-A	1-Dec-99
93	WONG, GUILLERMO	RADM	AFP(RET)	B-31	12-Dec-01

LIST OF RETIRED MIL PERSONNEL STILL OCCUPYING AT BNS

NAME	RANK	AFPSN	BR OF SVC	QTRS NR	DATE OF RETIREMENT
1. Almenanza, Lutgardo	ET2	655490	PN(RET)	E-05-D	6-Mar-00
2. Amansec, Nathaniel	CPO	570927	PN(RET)	C-01-A	16-Nov-00
3. Amoroso, Carlito	TSg	626762	PN(RET)	C-02-B	16-Nov-97
4. Arche, Oscar	PO2	564104	PN(RET)	C-03-C	17-Jan-96
5. Ariar, Cresencio	MSg	591504	PN(RET)	C-07-G	23-May-96
6. Aronce, Edgar	MSg	571504	PN(RET)	C-09-I	1-Jul-99
7. Aspuria, Antonio	TSg	631201	PN(RET)	C-10-J	2-Nov-00
8. Bantog, Alfredo	PO2	568824	PN(RET)	D-04-D	1-Mar-98
9. Belisario, Rudy	MSg	552104	PN(RET)	D-06-F	1-May-99
10. Belmore, Camilo	MSg	571173	PN(RET)	D-07-G	1-Feb-01
11. Bendijo, Larbonie	MSg	574084	PN(RET)	D-08-H	16-Jun-98
12. Bombita, Jose	MSg	552067	PN(RET)	E-01-A	14-Jan-99
13. Buaquina, Noe	CPO	566428	PN(RET)	E-09-1	1-Jul-99
14. Calura, Josie	CPO	561836	PN(RET)	F-10-J	31-Mar-00
15. Casera, Ernesto	MSg	561648	PN(RET)	F-06-F	1-Sep-99
16. Claudio, Pedro	CPO	547515	PN(RET)	F-06-H	30-Apr-98
17. Corpuz, Antonio	CPO	553679	DEC	F-07-C	7-Jan-97
18. Cuarteron, Edwin	MSg	561731	PN(RET)	F-07-E	23-Jun-00
19. Dalope, Gerardo	MSg	561997	PN(RET)	F-07-G	3-Apr-96
20. Decelis, Edwin	CPO	545985	PN(RET)	F-07-I	23-Nov-98
21. Delos Reyes, Nilo	TSg	591510	DEC	F-08-F	31-Dec-99
22. Desquitado, Hipolito	CPO	550684	PN(RET)	G-06-D	20-May-95
23. Dulatre, Benjamin	MSg	690911	PN(RET)	G-06-J	16-Apr-98
24. Dungan, Romeo	CPO	577426	PN(RET)	G-07-B	21-Jul-00
25. Escamilla, Edilberto	CD3	699812	DISCH	W-04-D	3-Sep-01
26. Estallo, Romeo	CPO	547598	PN(RET)	G-07-C	11-May-95
27. Fernandez, Eugenio	CPO	541792	PN(RET)	G-07-D	13-Feb-95
28. Fulo, Arnulfo	CPO	570671	PN(RET)	G-07-H	1-Mar-00
29. Gaa, Ricardo	MSg	576302	PN(RET)	G-08-D	31-Jan-96
30. Gabatino, Bienvenido	MSg	551579	PN(RET)	G-08-E	27-Feb-95
31. Gualvez, Jose	MCPO	572541	PN(RET)	G-08-I	1-Dec-99
32. Hermosura, Eugenio	CPO	591372	PN(RET)	H-06-F	31-Jan-01

LIST OF RETIRED MIL PERSONNEL STILL OCCUPYING AT BNS

33. Jalandoon, Melencio	MSg	604904	PN(RET)	H-07-G	16-Jun-98
34. Lacson, Warlito	MSg	552065	PN(RET)	H-08-H	19-Mar-98
35. Laraya, Manolito	SKC	586571	DEC	Q-03-C	28-Jul-99
36. Larosa, Reynaldo	MSg	571172	PN(RET)	M-04-D	1-Feb-99
37. Macasaet, Ernesto	CPO	563792	PN(RET)	N-08-H	31-May-00
38. Macauyam, Edgar	PO3	619388	DEC	N-10-J	16-Dec-98
39. Malacat, Domingo	PO2	564740	PN(RET)	O-09-I	3-Feb-99
40. Malco, Renato	MSg	576303	PN(RET)	O-10-J	15-Jan-00
41. Manalo, Alberto	MSg	593780	PN(RET)	P-04-D	1-Feb-00
42. Mangubat, Antonio	PO1	608987	PN(RET)	P-06-F	1-Apr-00
43. Manuel, Eduardo	PO2	563999	PN(RET)	Q-02-B	4-Nov-92
44. Martinez, Eduardo	PO1	586571	DEC	Q-03-C	2-Jul-99
45. Martinez, Manuel	PO1	561745	PN(RET)	Q-04-D	30-Jan-99
46. Manongsong, Victor	CD1	559911	PN(RET)	Q-06-F	17-Oct-01
47. Masangkay, Francisco	YN1	571118	PN(RET)	N-05-E	1-Feb-02
48. Molino, Ernesto	CPO	605073	PN(RET)	R-06-F	1-Jan-01
49. Negranza, Alfredo	PO3	605050	PN(RET)	R-08-H	23-Mar-01
50. Noora, Sixto	MSg	571175	PN(RET)	R-10-J	12-Jan-00
51. Nuevo, Jorge	MSg	572755	PN(RET)	M-06-F	1-Feb-02
52. Padriago, Artemio	PO2	591342	PN(RET)	S-05-E	30-Jul-99
53. Peralta, Magdalena	PO1	572566	PN(RET)	S-10-J	1-Dec-99
54. Pernito, Antonio	PO2	598183	DEC	T-01-A	12-Mar-98
55. Ragas, Salvador	CPO	541668	PN(RET)	S-11-K	20-Feb-95
56. Raluta, Jaime	PO2	564121	PN(RET)	T-05-E	17-Jan-99
57. Ramos, Edgardo	CPO	591063	PN(RET)	T-07-G	1-Aug-99
58. Raquion, Ernesto	PO2	627354	PN(RET)	U-10-J	30-Dec-99
59. Robles, Roberto	MSg	593463	PN(RET)	V-01-A	16-Jan-00
60. Robles, David	CPO	553898	PN(RET)	V-08-H	18-Jun-01
61. Robles, Gil	PO1	619734	PN(RET)	W-03-C	19-Dec-99
62. San Esteban, Jesus	MSg	617426	PN(RET)	W-05-E	1-Feb-00
63. Serrano, Angel	PO2	561847	PN(RET)	X-01-A	25-Jul-99
64. Serrano, Jaime	MSg	591364	PN(RET)	Y-02-B	1-May-99
65. Torres, Eduardo	CD2	596731	DEC	Y-08-H	16-Apr-99
66. Torres, Rogelio	HMC	570671	PN(RET)	G-07-H	1-Mar-00
67. Torres, Reynaldo	CPO	568449	PN(RET)	C-08-H	15-Jan-02

LIST OF RETIRED MIL PERSONNEL STILL OCCUPYING AT BNS

68. Urbien, Bernardo	CPO	572392	PN(RET)	E-05-E	1-Feb-02
69. Vance Jr., Ceferino	CPO	572541	PN(RET)	G-08-1	1-Dec-01
70. Velasco, Rodolfo	MSg	581809	PN(RET)	Q-07-G	1-Mar-02
71. Villanueva, Edgardo	MSg	571108	PN(RET)	E-04-D	17-Nov-00
72. Villas, Fidel	SK1	656772	PN(RET)	N-04-D	1-Feb-02