

Philippines impeachment trial

Evidence mounts of Estrada's involvement in illegal gambling racket

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Just over a week into the impeachment trial of President Joseph Estrada in the Philippines Senate there appears to be considerable evidence that he was at the centre of a racket to take millions of pesos a month in protection money from the operators of the country's illegal numbers game "jueteng".

A series of witnesses have begun to pin down the various stages of the money trail, which led from the so-called jueteng lords through the employees of Luis Singson, governor of Ilocos Sur province, to Singson himself and then either directly or indirectly into the pocket of the president.

Singson was one of Estrada's late night drinking and gambling buddies before falling out over the president's decision to grant the franchise for a new legal form of jueteng, known as Bingo Two-Ball, to one of Singson's political rivals—cousin Eric Singson.

In early October, Luis Singson accused Estrada of accepting over \$US8.6 million of jueteng payoffs as well as a cut of \$2.8 million from provincial tobacco taxes. He claimed that he decided to go public after an attempt was made on his life. Other allegations against Estrada include the purchase of several luxury mansions and that he attempted to block an investigation into a stock manipulation scandal to protect a business associate.

Over the last three days, Singson, the key witness in the impeachment trial, gave evidence before the Senate, which has been convened as a court with Supreme Court Chief Justice Hilario Davide sitting as the presiding judge and the Senators as the jurors.

In his testimony, Singson said Estrada had organised the jueteng payoffs shortly after taking office as president in mid-1998 through Charlie Ang, one of his business cronies. Ang had met with all of the country's jueteng operators sometime in 1998 and ordered them to "pay protection money corresponding to 3 percent of the total [bet] collection for each province".

Later in 1998, Singson took over Ang's job as Estrada's bagman. He produced a ledger covering the period from November 1998 to July 1999, which included details of payments to Estrada's sons Jose and Jude Ejercito, presidential

assistants Anton Prieto and Jaime Policarpio, as well as to a "Asiong Salonga". According to Singson, "Asiong Salonga," the title of the 1961 film that propelled Estrada to fame, was the codename for the president.

Singson said he first delivered payoffs to Estrada in October 1998, adding, "ever since I've been in and out of his house" for cash deliveries. He also identified a five million peso (\$US100,000) cheque, which he had given to Estrada in February 1999. He testified that he had transferred another 200 million pesos via one of the president's lawyers, Edward Serapio, to a foundation set up by Estrada for the education of Muslim youth. Serapio was the foundation's corporate secretary.

According to Singson, Estrada's plan for Bingo Two-Ball—set up in the name of fighting the illegal rackets—was a more lucrative scam. Those running the legal Bingo Two-Ball were the former illegal jueteng operators and Estrada stood to increase his monthly earnings from 35 million pesos to at least 165 million pesos. A dummy corporation, Prominent Management, run by Estrada's business friend Charlie Ang, was to take a hefty slice of the Bingo Two-Ball revenue in return for acting as a consultant to the Philippine Amusement and Gaming Corporation.

Shortly after Singson's accusations became public in October, Estrada suspended the operations of Bingo Two-Ball and then shut it down completely a week later. Singson named members of the president's cabinet and other officials who had known about his involvement in illegal gambling and had tried to dissuade him from making his allegations public. These included Interior Secretary Alfredo Lim, his predecessor Ronaldo Puno and Agriculture Secretary Edgardo Angara.

The evidence given by other witnesses over the last week was equally damning.

* Former Philippine national police chief Roberto Lastimoso told the Senate that Estrada had instructed him to go easy on illegal gambling and to "co-ordinate" jueteng issues with Singson. He said he had halted operations against the racket but had continued to make anti-jueteng statements to appease the president's critics. "We were trying to insulate him because we

receive a lot of flak from civic sectors, from the church," he said. "Naturally we had to make it appear that we were conducting operations."

* One of Singson's employees, Emma Lim, testified that she had once delivered a bag with five million pesos directly to Estrada's secretary at the presidential palace. She said she had collected money on three occasions from the president's son, San Juan Mayor Jinggoy Estrada, who, according to Singson, was involved in the *jueteng* racket without his father's knowledge. She also claimed to have deposited what she was told was *jueteng* money from presidential assistant Anton Prieto into a Manila bank account.

* Maria Carmencita Itchon told the Senate she had been hired as an accountant by Singson last year for a casino company called *Fontain Bleau*, which had been set up by Estrada using 65 million pesos from *jueteng* money. She said Estrada's partners in the casino included his friend and businessman Jaime Dichaves and Yolanda Ricaforte. Itchon testified that Estrada had appointed Ricaforte, an accountant, to audit *jueteng* collections coming to Singson's Manila office.

Estrada continues to deny all charges and insist that he is innocent but his explanations have been meagre. Several weeks ago he admitted at a press conference that he had been offered a bribe of *jueteng* money but claimed that he had turned it down. He admitted that money had been deposited in the *Erap Muslim Youth Scholarship Foundation* ("Erap" or "Buddy" is Estrada's nickname), a front run by his brother-in-law, but said that he had not touched it. Estrada is still deciding whether or not to testify before the Senate.

A two-thirds majority is necessary to dismiss Estrada from office. Up until October when the scandal broke, the president had solid majorities in both the Senate and House of Representatives but he has since been deserted by close political allies in both houses as well as by a number of cabinet members and advisors. When the political crisis hit the Philippine peso and the economy, all the major big business groupings publicly called on Estrada to resign immediately.

Vice President Gloria Macapagal Arroyo, who quit her cabinet post but retains the vice-presidency, is constitutionally the next in line if Estrada is removed. She heads a disparate alliance of corporate chiefs, church leaders, political opposition figures including former president Cory Aquino, trade unions, a rightwing military group and radical groups that has been organising protests to demand Estrada's resignation.

While Estrada continues to retain the backing of key business figures associated with former Philippine dictator Ferdinand Marcos, significant sections of the ruling class are concerned that he has failed to press ahead with economic deregulation and that the allegations against him are now damaging the country's prospects for attracting foreign investment.

Leading businessman Jose Conception told the *Far Eastern Economic Review*: "If Estrada from the day when this exploded took radical steps and said 'All my cronies, get out; taxes, go

after them' probably people would have thought there would be a change. But that didn't happen." According to the magazine, business figures were particularly enraged at the accusation that Estrada had taken a slice out of provincial tobacco-tax revenue. One of the key criticisms has been that his government has failed to rein in the country's large budget deficit.

The International Monetary Fund (IMF) indicated its displeasure with Estrada last week. In a leaked confidential memorandum, the IMF stated that even in the "best-case scenario" it did not envisage the Estrada administration being able to achieve a budget surplus by the end of his term in 2004. The IMF had earlier criticised the government for failing to rein in spending and increase tax revenue.

Economic commentators have forecast that the Philippine economy and the peso will deteriorate further under the impact of higher oil prices and falling demand for electronics exports, compounded by the country's political stalemate. Economist Ponciano Intal told *AsiaWeek* at the end of November: "The Philippines' economic performance is 100 percent linked to its political crisis." He pointed out that to stay competitive in hi-tech electronic exports "you need foreign investment—and foreign investment won't come unless Estrada resigns".

Even if the Senate acquits Estrada, he will face ongoing opposition from powerful sections of big business, both inside the Philippines and internationally. Guillermo Luz, executive director of the influential Makati Business Club, explained in the *Far Eastern Economic Review*: "People will not go back to business as usual, that's pretty clear. If the president is acquitted, people will have to see that there was a very impartial process and that is going to take some doing."

One indication of what is in store is a report that surfaced in the German magazine *Der Spiegel*. It reported that German secret police had tapped mobile phone conversations between Estrada's negotiator Roberto Aventajado and Abu Sayyaf leaders—the Islamic fundamentalist group in southern Mindanao that kidnapped a number of tourists and employees from a Malaysian tourist resort earlier this year. The article quoted German police as saying that Estrada and Aventajado had taken 40 percent and 10 percent respectively from the \$20 million ransom payment for the release of the hostages.

The government has vehemently denied the accusations and Estrada has ordered a law suit against *Der Spiegel*. But it is a further sign that there will be no let up in the pressure from ruling circles on Estrada to resign even if he does manage to survive the current impeachment trial.



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