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OF THE PHILIPPINES)
Third Regular Session)

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SENATE
P. S. R. No. 901

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Introduced by Senator Miriam Defensor Santiago

RESOLUTION
DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY,
IN AID OF LEGISLATION, ON ALLEGATIONS THAT FORMER PAGCOR
CONSULTANT, RODOLFO SORIANO, AND FORMER PAGCOR CHAIR EFRAIM
GENUINO, RECEIVED MILLIONS OF DOLLARS IN BRIBES IN CONNECTION WITH A
\$2-BILLION MANILA BAY CASINO PROJECT

WHEREAS, the Constitution, Article 2, Section 27 provides, "The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption";

WHEREAS, Republic Act No. 3019, also known as the Anti-Graft and Corrupt Practices Act, provides:

Section 3. Corrupt practices of public officers. In addition to acts or omissions of public officers already penalized by existing law, the following shall constitute corrupt practices of any public officer and are hereby declared to be unlawful:

...

b) Directly or indirectly requesting or receiving any gift, present, share, percentage, or benefit, for himself or for any other person, in connection with any contract or transaction between the Government and any other part, wherein the public officer in his official capacity has to intervene under the law.

(c) Directly or indirectly requesting or receiving any gift, present or other pecuniary or material benefit, for himself or for another, from any person for whom the public officer, in any manner or capacity, has secured or obtained, or will secure or obtain, any Government permit or license, in consideration for the help given or to be given, without prejudice to Section thirteen of this Act.

...

(e) Causing any undue injury to any party, including the Government, or giving any private party any unwarranted benefits, advantage or preference in the discharge of his official administrative or judicial functions through manifest partiality, evident bad faith or gross inexcusable negligence. This provision shall apply to officers and employees of offices or government corporations charged with the grant of licenses or permits or other concessions.

...

(j) Knowingly approving or granting any license, permit, privilege or benefit in favor of any person not qualified for or not legally entitled to such license, permit, privilege or advantage, or of a mere representative or dummy of one who is not so qualified or entitled.

Section 4. Prohibition on private individuals. (a) It shall be unlawful for any person having family or close personal relation with any public official to capitalize or exploit or take advantage of such family or close personal relation by directly or indirectly requesting or receiving any present, gift or material or pecuniary advantage from any other person having some business, transaction, application, request or contract with the government, in which such public official has to intervene. Family relation shall include the spouse or relatives by consanguinity or affinity in the third civil degree. The word "close personal relation" shall include close personal friendship, social and fraternal connections, and professional employment all giving rise to intimacy which assures free access to such public officer;

WHEREAS, Republic Act No. 3815, also known as the Penal Code, provides:

Art. 210. *Direct bribery.* — Any public officer who shall agree to perform an act constituting a crime, in connection with the performance of his official duties, in consideration of any offer, promise, gift or present received by such officer, personally or through the mediation of another, shall suffer the penalty of *prision mayor* in its medium and maximum periods and a fine [of not less than the value of the gift and] not less than three times the value of the gift in addition to the penalty corresponding to the crime agreed upon, if the same shall have been committed.

If the gift was accepted by the officer in consideration of the execution of an act which does not constitute a crime, and the officer executed said act, he shall suffer the same penalty provided in the preceding paragraph; and if said act shall not have been accomplished, the officer shall suffer the penalties of *prision correccional*, in its medium period and a fine of not less than twice the value of such gift.

If the object for which the gift was received or promised was to make the public officer refrain from doing something which it was his official duty to do, he shall suffer the penalties of *prision correccional* in its maximum period and a fine [of not less than the value of the gift and] not less than three times the value of such gift.

In addition to the penalties provided in the preceding paragraphs, the culprit shall suffer the penalty of special temporary disqualification.

The provisions contained in the preceding paragraphs shall be made applicable to assessors, arbitrators, appraisal and claim commissioners, experts or any other persons performing public duties.

Art. 211. *Indirect bribery.* — The penalties of *prision correccional* in its medium and maximum periods, and public censure shall be imposed upon any public officer who shall accept gifts offered to him by reason of his office.

Art. 212. *Corruption of public officials.* — The same penalties imposed upon the officer corrupted, except those of disqualification and suspension, shall be imposed upon any person who shall have made the offers or promises or given the gifts or presents as described in the preceding articles.

WHEREAS, the *Philippine Daily Inquirer*, in its 19 November 2012 issue reported that Rodolfo Soriano, a former consultant of the Philippine Gaming Corporation (Pagcor) and a close associate of then Pagcor chairman Efrain Genuino, was paid millions of dollars by Universal

Entertainment Corporation during the time that the latter was lobbying to win concessions for a \$2-billion casino on Manila Bay;

WHEREAS, Universal Entertainment is partially owned by Japanese billionaire Kazuo Okada, who is now allegedly facing a bitter falling out with former partner and largest investor, Las Vegas casino magnate Steve Wynn; Wynn reportedly charged Okada for breaking compliance rules and possibly, U.S. law, by paying some \$110,000 in entertainment and other expenses for gaming regulators from the Philippines and South Korea;

WHEREAS, Soriano is reportedly widely known by his nickname "Boysee," and he allegedly operated at the nexus of business and politics in Manila and often networked over rounds of golf at the Wack Wack Country Club, one of the country's oldest golf courses;

WHEREAS, according to Manuel Camacho, a Manila-based lawyer who formerly represented Universal in the Philippines, reportedly said that it was understood that Soriano was an agent for Okada on the Manila casino project even as he worked for Pagcor as a consultant.; Camacho even claimed that Soriano is Okada himself;

WHEREAS, it was reported that Soriano frequently visited Universal offices in Tokyo and hosted Okada on his visits to Manila;

WHEREAS, according to an investigation commissioned by former FBI Director Louis Freeh, posted on the website of the US Securities and Exchange Commission, Camacho also tagged Soriano as a "bagman" of Genuino;

WHEREAS, the Freeh report disclosed that both Soriano and Genuino were guests at Wynn resorts with their expenses paid for by Universal when Okada was a major Wynn shareholder and Genuino was Pagcor chairman;

WHEREAS, Universal has reportedly acknowledged that both men, and other officials from the Philippines and South Korea, were guests sponsored by the company; Universal has allegedly maintained the free lodging and expense payments did not violate the Foreign Corrupt Practices Act, a US law against paying bribes;

WHEREAS, it was also reported that Soriano and his wife stayed free at Wynn resorts five times between 2008 and 2010;

WHEREAS, the report likewise stated that on a June 2010 trip, Soriano traveled with Efraim Genuino to Wynn Macau where Universal covered their expenses of \$2,974.70, including \$25 for Soriano to watch a movie;

WHEREAS, Camacho, who also spoke to investigators, claimed that money he was paid by Universal was diverted by his former law partner, Genuino's son, Erwin, and sent as a payoff to local officials to win clearance for road building;

WHEREAS, the report claimed that according to a Reuters examination of bank records, corporate filings, court documents, and records prepared by Universal's staff, Aruze USA, U.S. affiliate and subsidiary of Universal Entertainment, made a \$5-million payment in May 2010 to Soriano via a shell company in Hong Kong;

WHEREAS, records reportedly reviewed by Reuters showed that the \$5 million transferred from Nevada-incorporated Aruze USA was sent first to Future Fortune, which was set up in Hong Kong in 2008 and run by a succession of Universal employees; from that Future Fortune's HSBC bank account, the money was sent to People's Technology Holding Ltd, a firm established in 2009 and wholly owned by Soriano;

WHEREAS, the payment was allegedly part of the \$40 million that moved from Aruze USA's accounts through Future Fortune in the first half of 2010, just as Universal sought tax and ownership-related concessions in the final months of the previous administration; the remaining \$35 million was reportedly paid in January-May 2010 to a firm called Subic Leisure and Management, according to records;

WHEREAS, the report claimed that Universal won a provisional license to operate a casino in the Philippines when it paid about \$300 million for land as part of the Manila Bay project, but Universal continued to lobby for its casino to be exempt from corporate tax and for an exception to rules requiring that Philippine investors own 60 percent of the venture, according to three former employees involved in the project;

WHEREAS, it was reported that Universal also sought to resolve road use issues that risked complicating its casino development, according to people involved in the project;

WHEREAS, Universal, which has a market value of around \$1.7 billion, reportedly announced that it won those concessions in April 2010, a few months before former President Gloria Macapagal Arroyo left office; however, incumbent Pagcor management allege that it has no knowledge about the said transfer of funds;

WHEREAS, it was alleged that Subic Leisure was registered in the British Virgin Islands in September 2008, weeks after Universal acquired reclaimed land on Manila Bay and announced plans to build Asia's largest aquarium, a Ferris wheel and a 2,050-room hotel and casino;

WHEREAS, according to the report, Subic Leisure does not have to disclose its directors or investors under corporate laws in the British Virgin Islands;

WHEREAS, the report claimed that internal Universal documents reviewed by Reuters describe the series of payments to Future Fortune as both "consulting fees" and, in one case, an "increase in capital"; while the \$5-million payment to Soriano's People's Technology was described as an "advance payment" in one internal document;

WHEREAS, according to the report, it was not immediately clear how the payments were treated in quarterly financial reports or in mandatory disclosures to Nevada gaming regulators; it was also alleged that in an e-mail from a member of Universal's compliance unit, the company staff sought guidance on how to account for the \$40 million paid to Future Fortune in mid-2010;

WHEREAS, it's not clear, however, whether the 70-year-old Okada, ranked 18th among Japan's wealthiest by Forbes, personally approved the payments;

WHEREAS, the Nevada Gaming Control Board is reportedly looking into payments by Okada-controlled companies to Soriano; the control board has also reportedly sent agents to Japan and elsewhere to investigate claims that potentially improper payments were made to Soriano; in addition, the payments are also allegedly part of an audit by Nevada authorities of Universal in Japan that began in August;

WHEREAS, the report said that if Nevada authorities determine there is evidence of wrongdoing, state gaming regulators can limit or restrict gaming licenses or impose other sanctions;

WHEREAS, probe into payments made by Okada's company could allegedly complicate Universal's push to complete the casino on Manila Bay that it began building in January and has promoted as a VIP destination resort for China's newly rich;

WHEREAS, it was reported that both Soriano, Genuino and 16 other former officials of Pagcor are facing plunder charges for alleged malversation of public funds and goods amounting to more than P100 million;

WHEREAS, the report claimed that among the charges listed by the Department of Justice were allegedly illegal cash advances amounting to P44 million that Pagcor donated to the Batas Iwas Droga Foundation where Genuino served as a board member;

WHEREAS, Genuino resigned as Pagcor chairman in June 2010 while Soriano quit as Pagcor consultant a day later.

WHEREAS, it was reported that Soriano could not be reached for comment, and a woman at his home in Manila said he no longer lived there;

WHEREAS, it is imperative that the legislature create measures limiting the powers of consultants to government-owned and -controlled corporations and provide for greater penalties on government officials who give a blanket authority to consultants to transact on behalf of their agency or the Philippine government;

WHEREAS, the legislature should also review Pagcor's charter, and provide for stricter guidelines on granting franchises to foreign entities;

WHEREAS, the legislature should recommend the filing of proper charges with the Office of the Ombudsman, should it find that there is probable cause that certain Pagcor officials and employees have received millions of dollars in bribes;

WHEREFORE, be it hereby resolved by the Philippine Senate, to direct the proper Senate Committee to conduct an inquiry, in aid of legislation, on allegations that former Pagcor consultant, Rodolfo Soriano, and former Pagcor Chair Efraim Genuino, received millions of dollars in connection with a \$2-billion Manila Bay casino project.

Adopted,


MIRIAM DEFENSOR SANTIAGO