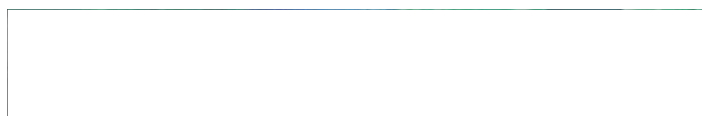




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Imelda Marcos Found Not Guilty : Philippines: The former first lady's late husband was the culpable party, some jurors feel. Khashoggi is also cleared.

BY WILLIAM C. REMPEL

JULY 3, 1990 12 AM PT



TIMES STAFF WRITER

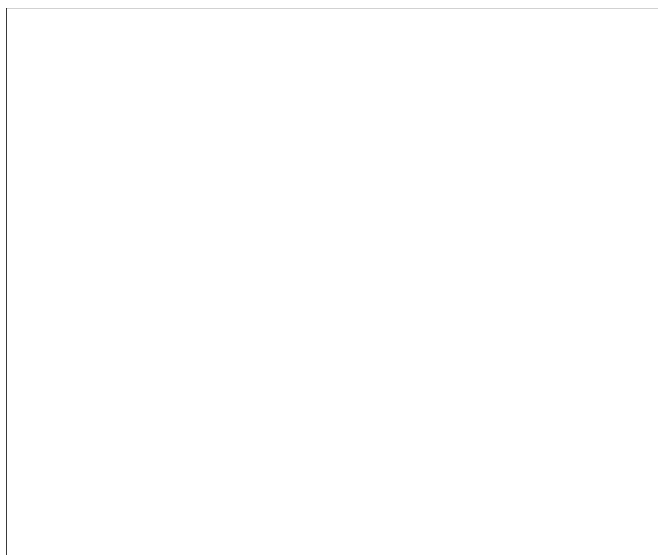
NEW YORK — Former Philippine first lady Imelda Marcos was acquitted Monday of all federal fraud and racketeering charges stemming from allegations that she helped loot her country.

Jurors called the government's case inadequate, and some were apparently convinced that political factors influenced the prosecution. The case was tried "on the wrong side of the ocean," one said.

Saudi businessman Adnan Khashoggi, a co-defendant on fraud and obstruction of justice charges, also was acquitted on all counts.

A courtroom packed with Marcos loyalists erupted in cheers and tears as the three-month trial of the dictator's widow came to a dramatic end on her 61st birthday. She stood crying as the jury forewoman answered "not guilty" to each of the four counts.

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Mrs. Marcos said that she was grateful to the American jury system "for my vindication." She left immediately for St. Patrick's Cathedral, where she walked on her knees down the center aisle to the altar, bowed her head to the floor and prayed.

She had hoped that the verdict also would indicate vindication of her late husband, ousted Philippine President Ferdinand E. Marcos.

But some members of the jury told reporters after the verdict was announced that there was little sympathy for the former Philippine dictator in the jury room.

"If Ferdinand Marcos was present in this trial, the jury would have convicted him," said juror Theodore Kutzy. And juror Sandra Albert, a

paralegal, said that the government “had nothing on her and everything on her husband. He should have been the one on trial.”

The former President, who was accused of looting his nation and indicted along with his wife in 1988, died last fall.

A spokeswoman for the Philippine government expressed regret about the verdict but said the trial had “clearly established before the world . . . what the Marcos regime was all about--unbridled corruption and total abuse of power.”

Still, Mrs. Marcos’ innocent verdict came as a blow to the U.S. and Philippine governments, which had worked closely in prosecuting the unprecedented case. Her acquittal also posed potentially serious political difficulties for the Administration of President Corazon Aquino.

Immediately there were calls from Marcos supporters--even in the courthouse hallways--to let her return to the Philippines to bury her dead husband who lies entombed in Hawaii. However, the Philippine government said that she would not be allowed to return.

Members of Aquino’s Presidential Commission on Good Government, created to help track down billions of dollars in wealth believed stolen from the Philippines by Marcos, worked on the federal prosecution as legal advisers, auditors and liaison with the Manila government.

Mrs. Marcos still faces a number of major court challenges, including the massive civil suit filed by the Philippine government in Los Angeles federal court. That suit, which was expected to go to trial as soon as the criminal case ended, seeks to recover some of the estimated \$5 billion that the

Manila government claims was looted from its treasury by the Marcos regime.

Additional civil suits involving Mrs. Marcos and Philippine efforts to recover assets also are pending in New York and Switzerland.

Defense attorneys criticized the criminal case as “a political prosecution.” Gerry Spence, an attorney for Mrs. Marcos, said the Justice Department pressed the criminal charges to curry favor with the Manila government to protect the U.S. interest in military bases there.

He argued before jurors that Aquino may have forced the indictment by insisting: “No prosecution, no bases.”

Such claims seemed to trouble some members of the jury panel, which was composed of seven women and five men.

“We are not big brothers to people overseas,” said juror Thomas O’Rourke. He said the case was tried “on the wrong side of the ocean.”

Several jurors said they thought the case should have been dropped after Marcos became ill and died.

“They have made his poor wife miserable,” said O’Rourke, expressing a degree of sympathy that turned out to be common among the panel.

The Marcos and Khashoggi verdicts came during the fifth day of jury deliberations, shortly after Mrs. Marcos returned from noon Mass at the nearby St. Andrew’s Catholic Church, where she had prayed daily since the jury began considering her case.

Two of her children, Ferdinand Jr. (Bongbong) and Irene Araneta, sat in the audience surrounded by well-wishers. They were instantly wrapped in joyful embraces when the first “not guilty” was read.

As the jury filed out, the audience began to cheer again despite Judge John Keenan’s admonitions not to demonstrate. And the chamber burst into unrestrained applause when defense attorney Spence raised both arms high over his head in a triumphant salute to the departing jurors.

Mrs. Marcos, whose health had been a source of constant concern to Keenan, was ushered into a back room where she conferred privately with family members, close aides and her attorneys.

Then Mrs. Marcos descended the courthouse steps for the last time, saying:

“A great burden is lifted. I’m glad it’s over . . . God bless America.”

A beaming Khashoggi, surrounded by many members of his family, close friends and aides, walked from the courthouse clutching the Koran.

The prominent financier, a key figure three years ago in the controversial White House arms initiative with Iran, said he will return to his native Saudi Arabia in a few days to join the holy pilgrimage to Mecca.

“I have now permission to go and give my respects to my country, my God and my king,” he said.

Lead prosecutor Charles LaBella, who had directed the Marcos investigation since its earliest days in 1987, declined to discuss the verdict.

One clear failing of the government's case was its inability to satisfy the jury that Mrs. Marcos was directly involved in the graft and corruption committed by her husband and the business associates who claimed to represent them.

The central allegation of the racketeering charges was that Mrs. Marcos used stolen funds to purchase art, jewelry and Manhattan real estate. She and Khashoggi were also accused of attempting to hide ownership of the New York buildings and some paintings after a court order in a civil lawsuit filed by the Aquino government froze all Marcos assets.

Not one witness testified directly that Mrs. Marcos engaged in coercion, bribery and kickback schemes. Nor was the jury persuaded by government arguments that Mrs. Marcos "had to know" the vast amounts of money she was spending on art, jewels and real estate came from corrupt sources. That evidence was almost exclusively circumstantial.

Spence conceded that Mrs. Marcos was "a world-class shopper," but he said she did not know the sources of her husband's wealth.

The trial was an emotional and physical ordeal for the former Philippine first lady.

Through more than 10 weeks of testimony from 95 witnesses the most intimate details of her personal and financial affairs were explored before a packed courtroom.

Former friends and close associates testified about the graft and corruption of the Marcos regime, about siphoning money for the couple's personal use from such sources as Japanese war reparations payments and

from the nation's food program. Bribery, kickback and coercion schemes were linked to her late husband with incontrovertible detail.

Almost daily, documents were entered into the voluminous public record showing how much she spent on jewelry, facials, sun glasses and special "soft toilet paper" for the President.

One New York newspaper published a daily picture of the shoes she wore to court.

As the trial neared its end she confided to friends that it was the most humiliating experience of her life.

The stress began to show physically about midway into the government's case. Suitcases filled with jewelry and business documents and cartons filled with millions of dollars in freshly minted Philippine pesos were stacked in the courtroom as a U.S. customs agent described what the Marcoses brought with them into exile in Hawaii in 1986.

She started crying after the agent described finding 24 bricks of gold (valued at about \$300,000 today) in a case inscribed: "To my husband on our 24th wedding anniversary."

Moments later, with the jury excused, Mrs. Marcos broke into loud sobs and had to be escorted to the courthouse nursing chamber when her blood pressure soared.

For several weeks thereafter Mrs. Marcos wore a portable blood pressure monitor strapped to her arm that buzzed loudly whenever her blood pressure climbed.

Twice the trial had to be interrupted because her blood pressure rose to what her doctors regarded as dangerous levels. Then late in May, she coughed up blood and fainted on the defense table as jurors gasped.

When the trial resumed after a week's delay, her private physician with a portable oxygen tank and other emergency medical supplies was given a front row seat just outside the court railing.

Dissension among her defense team reportedly contributed to the stress. But there were no outward signs of dissension among the lawyers Monday.

Spence, a noted Wyoming defense attorney, lauded the jury, calling it a "jewel of the American justice system."

Assisting on this story were Kristina M. Luz, a reporter for the Philippine Daily Inquirer, Times staff writer Jim Mann and intern Tien Lee.

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