

Imee Marcos, sons tied to offshore trust in Caribbean

By Ben Laguarda and Kristi Rogers, Philippine Center for Investigative Journalism



(Part of Two Parts)

MANILA, Philippines – Maria Imelda Marcos Manotoc, the Princeton-educated eldest child of the late Philippine dictator Ferdinand Marcos and now a senior political figure in her own right, is beneficiary of a secret offshore trust.

The hardworking and popular provincial governor – widely known as Imee Marcos – is one of the beneficiaries of the Sirita Trust, which financial records uncovered by the International Consortium of Investigative Journalists show to have been formed in June 2002 in the British Virgin Islands. Other beneficiaries are Imee Marcos' adult sons with estranged husband Tomas Manotoc: Ferdinand Richard Michael Marcos Manotoc, Matthew Joseph Marcos Manotoc, and Fernando Martin "Bing" Marcos Manotoc.

Scores of documents, the most recent dated 2010, show that Imee Marcos was also a financial advisor for the Sirita Trust as well as a company in which the Sirita Trust was a beneficial shareholder called ConComCo Corporation, formed in January 2002 in the BVI and in its operation, and a "master client" for the M Trust, formed July 2007 in Liechtenstein, and closed July 2009.

Philippine law requires government officials to disclose their assets no matter where they're held, and Imee Marcos' disclosure statements do not list the three offshore entities. It's not known what assets they hold, but one Sirita Trust document refers to a bank account with United Overseas Bank Limited, a financial institution headquartered in Singapore. Another record related to ConComCo refers to an account at HSBC.

The Philippines' Presidential Commission on Good Government (PCGG) is eager to find out if the entities connected to Imee Marcos might contain some of the estimated \$5 billion that her father allegedly amassed through corruption. He too held offshore accounts, which the Philippine government has sought to freeze.

Why send stash abroad?

Ferdinand Marcos fled the Philippines with his family and their close associates when a revolution toppled his 21-year rule in February 1986. He had been accused of large-scale human rights violations as well as widespread corruption.

After Marcos died in exile in 1989 at age 72, his wife, the flamboyant Imelda Marcos, returned to the Philippines with their three grown children to rebuild political careers and to contest the government's seizure of their assets as properties.

Though many cases are still in the courts almost 25 years on, the government has scored a few major victories, including a Supreme Court ruling forbidding the state \$356 million of the Marcos couple's secret Swiss deposits after declaring the funds to be "illegotten."

Imee Marcos' role in the offshore entities uncovered by the ICIJ data raises questions on why a public official has need for offshore trusts and corporations in the first place.

Philippine law requires public officials to list all assets in annual Statements of Assets, Liabilities and Net Worth. This statement must include business interests and financial connections, including those located in other countries.

In addition, the Philippine Constitution requires that "members of the Senate and the House of Representatives shall, upon assumption of office, make a full disclosure of their financial and business interests."

But the Sirita Trust and the two other offshore companies linked to Imee Marcos were not listed in the asset disclosure statements that she filed as lieutenant provincial governor and which were examined by the Philippine Center for Investigative Journalism.

Imee won't comment

PCIJ sent an email and a fax to Imee Marcos asking her to comment on the ICIJ findings, but she did not respond to the detailed questions. The day after the PCIJ sent the questions to the governor, a person who claimed to be a long-time friend of Imee Marcos called the journalists to inquire about the story. The PCIJ requested that she ask Imee Marcos to respond to the questions or agree to be interviewed. The person called twice more later to say that she would visit the PCIJ office but did not show up at all.

A Civil Service Commission expert who helped draft the latest guidelines on asset disclosures said the law requires public officials to disclose all their assets and properties whether in the Philippines or elsewhere. "If it's yours, you should declare it," said Anir Banglaid of the commission's legal affairs office.

Officers of the PCGG, tasked to recover the billions believed to have been stashed away by the Marcoses, are now keen to find out if funds being managed by the Sirita Trust and the two other offshore entities came from the former dictator's allegedly illegotten wealth. "We are duty bound to investigate, and then pursue or discount the matter depending on informed findings," said Maria Chan-Dominga, a commissioner of the PCGG. "If funds came from the pre-1986 Marcos secret deposits that were the subject of freeze orders, then those responsible for moving the funds around could be committing money laundering."

Former and current government officials shown some of the documents gathered by PCIJ said they were reminiscent of the methods Ferdinand and Imelda Marcos used in the 1970s when they created secret offshore accounts and foundations.

"Fruit never falls far from the tree. Like parents, like daughters," said former Sen. Rene Sagugua, a human rights lawyer during the Marcos dictatorship and a spokesman for President Corason Aquino, who succeeded Marcos in 1986.

Sagugua said that the discovery of any assets linked to Imee Marcos may help in the enforcement of a \$4.2 million judgment made by a U.S. court against her in 1991 for the 1977 death of a Filipino student activist who publicly questioned her about her government appointments and who was kidnapped and tortured by state security forces under her control. In 1993, the mother of the victim initiated court proceedings in the Philippines to force the U.S. judgment, but the Supreme Court rejected the claim in 2006 saying Imee Marcos had not been properly notified.

Didn't show in SALN

Imee Marcos' offshore assets are unknown, but the statements she's filed show wealth that's significant by Philippine standards but less so in the context of the international elite. PCIJ examined 12 of the 15 such statements that she filed from 1988 to 2007 when she was a member of Congress and then in 2010 and 2011 when she was provincial governor.

The statements showed that her assets, comprising mostly of inherited jewelry, paintings and artifacts, as well as vehicles, rose in value from about \$20,000 (Pc 72 million) in December 1998 to about \$640,000 (P27.5 million) in December 2011. Almost half of the overall increase came from the higher value of jewelry and the value of her paintings and artifacts more than doubled.

Most Marcos statements that PCIJ examined were less than specific in listing business connections and financial interests. "Names of various corporations currently under litigation, estate of Ferdinand E. Marcos," one reported. In 2010 and 2011, she listed about \$2,300 worth of stocks among her assets.

The ICIJ investigation also found more than 500 other Philippine residents who have links with offshore trusts, corporations and other entities. Only about half the names have public profiles, of varying prominence. Most are business people, professionals or people who work for foreign companies in the Philippines. But some are closely tied to public officials.

Resurrected careers

The Marcoses have staged a remarkable comeback in Philippine politics. In 2010, Ferdinand Marcos Jr., known as Bongbong, won a Senate seat. He is now being looked as a possible presidential candidate in 2016.

Imee's and Ferdinand Jr.'s mother is now a member of Congress, where she is seeking a second three-year term.

Imee Marcos ran and won as member of the House of Representatives representing her father's political base in Ilocos Norte from 1998 to 2007. In 2010, she made a successful run as governor of Ilocos Norte province, defeating the incumbent, who is her first cousin.

One of Marcos' biggest achievements as provincial governor is developing Ilocos Norte as a major tourism draw for both local and foreign tourists.

She says she has set new standards for transparency in local government, calling it "open governance." The provincial government celebrates the province's foundation day by opening up the capitol to the people, literally. "Students see how government works and how departments process papers," she boasted to the Philippine Daily Inquirer early this year. "We even opened a provincial safe to show tax collections, how they process the money and bring them to the bank."

In a sign of her popularity in the province, she is running unopposed for a second term as provincial governor in a May election.

Offshore accounts details

The Sirita Trust was created in June 2002 with the help of a Singapore-based offshore service firm called Portofino TrustNet.

The documents indicate that in her role of financial advisor, Imee Marcos had powers to direct the investment of trust assets held by banks and other financial institutions.

The so-called "vetter," "trust protector" and "master client" listed in the documents is Mark Chua, a Singapore-based businessman. Imee's sister-in-law Lisa Aranda-Marcos, in newspaper reports published in May 2007, had named Chua as Imee's boyfriend. The sister refers to the person who creates the trust by transferring a certain asset that he or she owns to the trustee, who then assumes legal ownership of the assets on behalf of the beneficiaries.

Chua has not replied to PCIJ questions on his role in Sirita Trust.

In June 2005, Imee was named investment advisor of the Sirita Trust, according to a document uncovered by PCIJ. As investment advisor, she can direct any financial institution in the purchase, sale, liquidation, and investment of the trust assets. Chua also became an investment advisor for the trust in 2006.

Although the Sirita Trust is located in the British Virgin Islands, another PCGG official said he does not find it surprising that its servicing company, Portofino TrustNet, is based in Singapore, which has one of the toughest financial secrecy regulatory systems in the world. It ranked No. 6 in the 2011 Financial Secrecy Index of the Tax Justice Network, a London-based group which campaigns against tax havens.

"We've had a hard time getting cooperation from Singapore in our requests for international mutual assistance on criminal matters," said the PCGG official, who asked not to be identified because of the confidential nature of his work for the agency.

Parallels with Dad's foundations

Despite being formed in 2002, thirteen years after the death of Ferdinand Marcos, Sirita Trust has parallels with the Marcos foundations set up in the early 1970s in Liechtenstein. Then as now, the offshore entities were established in well-known tax havens that guaranteed secrecy. Before, the beneficiaries were the Marcos couple and their children. Now, it is Imee and her children. Both the BVI trust and Liechtenstein foundations were set up with the help of foreign lawyers and other professionals whose job is ensuring the real owners and beneficiaries are well hidden.

Some of the documents that the Marcoses left behind at the Malacañang presidential palace as they were rushing to board U.S. military helicopters to take them to safety on February 25, 1986, show that the former president instructed one of his foreign agents, Marcos-God of Gurtin in Switzerland, to set up the Xandy Foundation in Vaduz, Liechtenstein in March 1970. Marcos and Imelda were named first beneficiaries, the surviving spouse the second beneficiary, and the three Marcos children were named as equal third beneficiaries.

A few months later, Marcos instructed his foreign agents to transfer funds from four secret Swiss bank accounts that Marcos and Imelda opened in 1965, just two years after he became president, to the Xandy Foundation. The couple hid their identities, using the false names "William Saunders" and "Jane Rye" when they opened their Swiss bank accounts. Among the documents the Marcoses left behind at the presidential residence were accomplished "declarations of open signatures" forms where Ferdinand signed with their real names as well as pseudonyms.

In August 1970, Imelda also instructed Gurtin to set up the Tristad Foundation in Vaduz, Liechtenstein, with CW Froscher, E. Scheider of Swiss Credit Bank, and Otto Tondury as directors. Imelda was named first beneficiary while her three children were named second beneficiaries.

The secret Swiss deposits, which include funds held in the name of the Xandy and Tristad foundations and other secret entities, were part of the Marcos money frozen by the Swiss authorities in 1986 and eventually forfeited in favor of the government by the Philippine Supreme Court in 2003.

Investigating the remnants of the famed Marcos billions has become more difficult and costly in recent years because the money trail has gone cold. Many of the offshore financial centers where the funds are deposited are reluctant to help for fear it will undermine their attractiveness to investors, according to PCGG officials.

As a result, public and government interest in the Philippines in recovering the alleged illegotten wealth of the Marcoses and their associates seem to be waning. Last year, the head of the PCGG spoke of the possibility of the agency folding up as its functions are taken over by the Department of Justice and other government agencies. An outcry from Marcos-era victims of human rights violations forced the government to keep the commissioning, at least for now. **—** *Ma Cabales of the International Consortium of Investigative Journalists contributed to this story. PCIJ, April 2013*

