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Marcos Papers Show Global Financial Web

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More than 2,000 pages of financial documents released yesterday show that deposed Philippine president Ferdinand Marcos surreptitiously accumulated hundreds of millions of dollars during his 20-year rule and concealed the wealth in a global network of bank accounts, stocks, dummy corporations and real estate.

The documents, taken by Marcos as he fled the presidential palace in Manila and obtained under subpoena by a House subcommittee, include certificates of deposit and promissory notes worth \$4 million, some of them obtained less than a week before Marcos and his wife Imelda left the country last month.

It appears from the papers that Marcos and his associates long ago blurred the line between public and private funds in the Philippines, with the first family freely drawing on government accounts for personal expenses and cronies keeping Marcos regularly apprised of multimillion-dollar "commissions" from foreign corporations.

The documents show that Imelda Marcos used "the Philippine intelligence

budget as the equivalent of an American Express Gold Card," to pay \$1.5 million in traveling expenses to Kenya, Iraq New York and elsewhere, said Rep. Stephen J. Solarz (D-N.Y.), chairman of the subcommittee that released the papers.

The stack of documents provides clues to Marcos' opulent life style and the tangled web of Philippine, Netherlands Antilles, European and Panamanian corporations apparently used to channel and conceal the Marcos' overseas wealth, including:

*A bank record showing that more than \$100 million flowed through 19 different bank accounts -- apparently controlled by Marcos -- from December 1979 to February 1982. A handwritten memo on presidential stationery also lists bank accounts containing millions of dollars in Paris, Switzerland and Grand Cayman Island.

*A document from an alleged "front company" headed by Marcos associate Herminio Disini which received millions of dollars in commissions paid by Westinghouse Corp. in connection with a contract to build a nuclear power plant in the Philippines. A federal grand jury in Pittsburgh is investigating whether Marcos received these payments.

This document said the front company planned to buy control of a public company listed in the Zurich or Luxembourg stock exchanges. "This move is necessary so that we can effectively utilize the excess cash that will be coming," the document said.

*A list of payments involving five Japanese companies totaling over \$1 million.

*Indications of possible kickbacks from various business transactions, including a \$5 million payment to the Banque de Paris et des Pays Bas in France in connection with sugar exports from the Philippines.

*Letters from Dovie Beams, the reputed mistress of Marcos, seeking more money for her role in a film about Marcos' war exploits. The film, entitled "Maharlika," Marcos' guerrilla name, was never released because Marcos did not like it.

*A report to Marcos' daughter Imee listing her share in a San Francisco investment account in June 1984 as worth \$756,313. A 1985 check to Imee for 25,000 pesos is listed as being drawn on the Philippine treasury.

*An order on presidential stationery for a Deser Eagle .357 magnum pistol and a 12-gauge shotgun from a New York dealer.

In addition to the papers released by Solarz, other documents were presented in a New York courtroom yesterday in support of the new Philippine government's contention that Marcos is the hidden owner of five prime Manhattan properties.

A 1982 document signed by New York real estate manager Joseph Bernstein, who managed most of the properties, indicated that Bernstein had authority to act on Marcos' behalf. Bernstein has been cited for contempt of Congress for refusing to answer questions about his relationship to Marcos.

The documents released in Washington further tie the exiled leader to the New York properties. One shows \$9.3 million in certificates of deposit going from an apparent Marcos account to Voloby Ltd., an offshore corporation that

owns the nine-story \$70 million Herald Center shopping mall in Manhattan.

And in Austin, Tex., representatives of the government of Philippine President Corazon Aquino yesterday filed a lawsuit charging that Marcos and his associates diverted at least \$50 million from the Philippine treasury into prime Texas real estate over the last 15 years. The defendants acquired at least 7,000 acres in Houston, Dallas, San Antonio and Corpus Christi, the suit said.

The documents released in Washington yesterday confirmed a number of disparate threads involving Marcos' wealth, many of which have leaked out in the three weeks since the former president fled Manila. Other details, including sketches of life in Malacanang Palace, were disclosed for the first time. Travel and Discount Gems

A 1981 memo from the Philippine National Bank shows four \$200,000 payments to finance Imelda Marcos' trips to Kenya, Iraq and New York in October and December of 1981.

Marcos signed brief, one-paragraph letters to Central Bank president P.O. Domingo, authorizing the payments for the first lady's trips. The money was to be drawn from "intelligence account No. 2," according to Marcos' instructions.

Former Philippine senator Jovito Salonga told the Solarz committee on Wednesday that Congress should investigate "because of the possibility that U.S. funds were involved."

One handwritten letter, addressed to Imee Marcos, apparently was sent from the Hilton hotel in Milan, Italy, in July of last year. In the letter, the writer --

someone named "Baby" -- says:

"I'm sending your suitcase full of goodies thru Manila. Please be careful when you start 'looting' the bag." The writer adds, "I hope you find time to wear all the clothes So far I've spent U.S. \$3,717 out of the \$5,000 set aside for clothes."

Also included is a listing of expensive jewelry on the stationery of "Olemir Trading Inc." It includes a 519-carat sapphire worth \$15,570, emeralds costing \$63,200, and emerald beads and pearls valued at \$80,000.

The documents also include various receipts, one totaling \$364,500 for items including a \$157,500 choker, a \$162,000 brooch with a 30-carat diamond, and one pair of pear-shaped cut-diamond dangling earrings for \$45,000. The earrings were marked down 30 percent from the regular price, according to the papers.

Documents released separately in New York reveal that Imelda Marcos, her daughter and some friends went on an eight-week, \$3.3 million spending spree in the United States in the spring of 1983. They spent at least \$2 million on silver, diamonds, emeralds and antique jewelry. There also is a notation for the purchase of a \$1 million Michelangelo painting in July 1983.

The fruits of such conspicuous consumption were evident in the cargo brought to the United States with the Marcos entourage last month. A federal official said yesterday that the baggage included an enormous number of pearl strands, a jeweled bracelet with the \$12,000 price tag still attached and a three-foot ivory statue studded with jewels.

Amid the receipts for jewels and other luxury items released yesterday are records of two charitable contributions: a \$200 contribution to a religious organization, Our Lady of Perpetual Help, and a \$1,000 contribution to the Princeton University Parent Committee. Imee Marcos was a Princeton student. Westinghouse Payments

One document shows Westinghouse Electric Corp. making \$11.2 million in payments to Herdis Management and Investment Corp., owned by longtime Marcos associate Disini and now under investigation by a Pittsburgh grand jury.

On a page entitled, "Accounting of Commissions Received from Westinghouse," Herdis reported that Westinghouse paid the money between 1976 and 1982 to Swiss and Philippine accounts. Westinghouse has acknowledged paying Disini \$17 million between 1976 and 1985 for helping secure the contract to build the Philippines' first nuclear power plant, but the company has emphatically denied any improprieties. There have been published allegations that some of the money was channeled to Marcos.

The Herdis report shows that \$9.9 million of the Westinghouse commissions went overseas. With about \$1.3 million, Herdis bought half the interest in United Orient Bank in New York's Chinatown section in 1981. Another \$4.7 million financed "photocopying operations" in Germany and Switzerland.

Under the heading of "Future Plans," the report described some of the elaborate techniques by which Marcos associates obfuscated their involvement in multimillion dollar investments:

"Whenever we acquire or dispose of a company, the question that always

comes up is who is the buyer or owner," the report states. It says the firm plans to buy a public company with its excess cash. "In the end, it is not only the personality of the buyer that is safeguarded but also the return of the investment in the form of dividends," the document concludes.

Other Marcos associates alleged by the Aquino government to have acted as his "nominees" appear in a variety of the documents released yesterday.

A bank statement describing certificates of deposit apparently held by the Marcoses shows a contribution of \$3 million by "RSB" -- the initials of Roberto S. Benedicto, a longtime Marcos friend installed by the deposed president as head of the Philippine sugar monopoly and alleged by the new government to have "fronted" for Marcos in West Coast investments. Benedicto bought the California Overseas Bank in Los Angeles in 1976.

Several documents indicate what Solarz called "possible kickbacks" in connection with sugar exports from the Philippines. Records from October 1977 through February 1979 used the code-name "Noah's Ark" to describe shipments of sugar. They also discuss methods of combating price manipulation in the sugar market.

An unsigned February 1979, memorandum to Marcos states, "I personally courted this 200,000-peso donation of Noah's Ark merchandising." It urges Marcos to influence "Amb. Benedicto to give Noah's Ark good sugar."

Another set of documents shows Marcos associate Rudolfo Cuenca, a Manila industrialist, purchasing a \$900,000 yacht in 1975 with money transferred from a corporation based in the Cayman Islands. The purpose of the yacht, according to the records, was to promote tourism in Manila. Japanese

Connections

In the records released yesterday, Japanese firms far outpaced their American counterparts in payments to Marcos cronies.

Many of them engaged a Manila firm called Angenit Investment Corp. The firm is headed by Andres V. Genito Jr., who is identified as having deposited \$1 million in certificates of deposit in 1982 into a bank account described on one of the documents found in Marcos' possession.

A 1978 letter from Genito found among the Marcos documents and addressed simply to "Sir," refers to a company named PHESCO Inc., which was seeking a hydroelectric project contract in Iligan City. The letter says PHESCO was referred by "our friends in Tokyo."

The letter says that PHESCO would pay Angenit 5 million pesos [about \$678,000 under exchange rates at the time] if awarded the contract. It adds, "They say this is the maximum they can offer."

In closing, Angenit asked: "Kindly endorse [PHESCO's] letter to Sec. [Geronomio Z.] Velasco," a reference to the Philippine energy minister.

Another document shows a 1977 agreement between Angenit and the Toyo Corp. of Japan, a supplier of construction materials and equipment. Under the agreement, Toyo would pay Angenit 15 percent of its Philippine contracts. It lists public works contracts valued at 13 billion yen that Toyo was seeking. It is signed by Yoshio Kotake, Toyo's managing director, and by Genito.

The Toyo Corp. wrote more than a dozen letters to Angenit Investment Corp

in Manila, mostly in 1977 and 1978, signed by director Masayoshi Mitomi.

Many of the letters begin, "We are pleased to advise your good firm that we have remitted to your account at WLB by T.T.", with sums then listed in dollars and yen.

The letters indicate Toyo paid Genito's firm \$1,258,414 in three installments during one week in 1977.

Much of the money was paid into the Wing Lung Bank Ltd. of Hong Kong. Also included in the documents are bank statements from the Wing Lung Bank, which read: "Amount received from the bank of Tokyo, Ltd." Those statements were mailed or telexed to Andres Genito.

Among typewritten memos on Angenit stationery "from the desk of Andres V. Genito, Jr." is one dated May 31, 1978, which lists assets of \$426,581 at the Royal Traders Bank in the Philippine capital. It concludes: "Due from Tokyo, June 10th, Yen 286,200,000 (approx. \$1,140,000.)"

Also among the documents is a letter to Angenit from Yoshio Kotake, with no letterhead or identifying information. In the letter, however, he refers to "we, Toyo". He is identified on other documents as that company's managing director.

In the letter, Kotake says he has "been away from Tokyo" and is now submitting a list of contracts and pending projects. He says he has made arrangements to remit \$170,000 to the Angenit's Hong Kong account.

Kotake advises Genito not to employ another Marcos crony, whom he

identifies as a government official responsible for spending programs: "You should also know that he is one of those unofficially blacklisted by . . . our embassy and is being watched. So, if he starts collecting, it might blow up in Japan like the Lockheed scandal [in the mid-1970s], which drove our Premier Tanaka into jail. I think the corporation system which your board decided on is the best practice as it makes everything legal and legitimate."

Other documents indicate payments to unidentified recipients in return for Japanese business contracts. For example, a 1977 telex signed by the import and export manager of Sakai-Heavy-Industries Ltd. and addressed to "Mssrs. Atakaco Trading" states that "if item No. 1 and No. 2 are awarded to the bidder, Sukmitomo Shoji, we confirm that we will pay you 15 percent commission on each item."

 **0 Comments**

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