



THE CORONA IMPEACHMENT

Day 9 - Tuesday, 31 January 2012

On the Second Article of Impeachment, *continued*

Event / Witness	Highlights / Remarks
<p>Senator-Judge Pia Cayetano</p>	<p>Cayetano (Pia) sought clarification on the testimony of Giovanni Ng the previous day, with regards to the marketing and sales aspect of the Bellagio property, that was acknowledge as being hearsay.</p> <p>She then said that she would look into the records to see which part of the testimony were carried and which were stricken out of the records.</p>
<p><i>Presentation of witness continues</i></p> <p>Rep. Reynaldo Umali <i>House Prosecutor</i></p> <p><i>Tenth witness:</i></p>	<p>Umali called on Securities and Exchange Commission (SEC) Benito Cataran to testify on the fact that the corporate franchise of the Basa-Guidote Enterprises had been revoked since 2003. The SALN of Chief Justice Renato Corona for the said year showed an entry under the liabilities indicating that Corona made a cash advance amounting to P11 million from the said company.</p> <p>Lead Defense Counsel Serafin Cuevas objected to the presentation of the testimony arguing that the witness could only testify on factual matters and not on legal matters.</p> <p>Nevertheless, Enrile allowed the witness to testify, but it was cut short upon acknowledgement of the presence of the marketing and sales executive of Megaworld. The witness was ordered to appear following the admission of Megaworld finance director that he was not competent to answer questions regarding the transaction prices of the property.</p> <p>Hernandez stated that the penthouse unit bought by the</p>

<p>Noli Hernandez <i>SVP for Marketing and Sales, Megaworld Corporation</i></p> <p>Joseph Perez <i>Private Prosecutor</i></p>	<p>Coronas was located at the topmost floor, and that normally, the higher the floor the more expensive it gets. He also said that it gets more expensive as the construction is near its completion.</p> <p>The witness also revealed that the regular selling price of the unit was around P80,000 per square meter, thus the cost of the 303-square meter property should be around P24 million.</p> <p>When inquired about the circumstances surrounding the 40% discount given to the buyer, the witness disclosed that considering the damage or water leakage sustained by the unit due to a typhoon, they lowered the price to P19.6 million. The P5 million reduction accounted for the cost that would be incurred should the unit be repaired. Hernandez added that the price was further reduced with the application of a 15% standard discount since the unit was purchased at “almost cash” basis or short-term payment.</p> <p>Perez asked the witness if it was common for Megaworld to give such discounts and if it was the company’s practice to sell damaged units.</p> <p>Enrile pointed that it was incorrect to refer to the reduction of the original price from P24 million to P19.6 million as a discount since by force majeure, it was the company’s decision to reassess the value of the property. He also reminded Perez that Hernandez was their witness and that the private prosecutor should not be impeaching him.</p> <p>Meanwhile, Cayetano (Pia) made an observation that they already spent 33 minutes just on the matter of the price reduction.</p> <p>During the cross examination, Hernandez was asked if they considered in the reduction that the buyer was Chief Justice Renato Corona, which he replied to in the negative.</p>
<p><i>Point of Order</i> Senator-Judge Ferdinand Marcos Jr.</p>	<p>Marcos, echoing the point raised by Cayetano (Pia) asked the prosecution what was the connection of the testimony to the second article of impeachment. House Prosecutor Elpidio Barzaga Jr. stated that they were presenting the</p>

<p>Senator-Judge Sergio Osmeña III</p>	<p>were.</p> <p>Hernandez said that there were six penthouses, two units on each of the top three floors. Inquiring on the nature of the damages, Osmeña requested for several documents: the original price list of the units, photos showing the damage, and proof of insurance claims.</p>
<p>Senator-Judge Ralph Recto</p>	<p>Recto asked what the prosecution wanted to point out with regards to the purchase price of the property. Barzaga contended that in the 2010 SALN of the Chief Justice the entry with regards to the Bellagio unit was valued at P6.9 million, which was said to be the property's current fair market value. The House prosecutor further stated the acquisition cost was P14.5 million, and given the supposed reduction of P5 million due to the damages in the unit, it should at least reflected in the SALN.</p> <p>Recto also asked if the prosecution presented properties not declared in Corona's SALNs. Barzaga replied they already did upon the presentation by the register of deeds of Marikina City.</p> <p>With the presentation of about 100 witnesses and documentary evidence by the prosecution, after which the defense panel would follow, Recto proposed a new order of presentation. He suggested whether the prosecution could present all witnesses and evidence on a particular article of impeachment to be followed by the counter-presentation of the defense, before proceeding to another article. However, Enrile opined that changing the manner of presentation would require an amendment to the Rules of Impeachment.</p>
<p>Senator-Judge Francis Pangilinan</p>	<p>Pangilinan stated that it in the event where there was water leakage, there should have been an engineer's report. The witness said he was not aware of any. On whether there were other buyers, he said that there were many (more than 10). Hernandez was also asked if there were already negotiations with the Coronas and other buyers when there was already the water damage. The witness disclosed that all the other units were sold between P20-24 million and being the last unit, it was that particular unit that was damaged.</p>

Senator-Judge Franklin Drilon	Drilon asked whether a subpoena would be issued, and if the witness would be required to appear the next day. Enrile asked the witness if he was willing to submit the documents requested otherwise the Court would issue a subpoena to compel the corporation to produce the documents.
Senator-Judge Teofisto Guingona III	<p>Guingona expounded the three elements of the disclosure of SALN – truthfulness, accuracy, and timeliness. He asked the prosecution what their contention was with regard to the purchase of the property in relation to Corona’s SALN.</p> <p>The prosecution noted that the contract to buy and sell was executed in 2008, while the deed of absolute sale was undated. However, notarial marks therein dated it on 2009. The said property was only declared in 2010. The prosecution also doubted the entry in the SALN because the property’s fair market value declaration of P6.9 million was way cheaper from the P14.5 million purchase price of the unit.</p>
Senator-Judge Manuel Villar	Villar cited another developer that actually offered 50% off on their condominium prices last year.
Senator-Judge Francis Escudero	Escudero asked whether the unit was sold at a loss. Hernandez answered in the negative but then explained that the profit was very minimal. He then inquired the case numbers of the cases involving Megaworld decided upon by the Supreme Court.
Senator-Judge Panfilo Lacson	<p>Lacson challenged the competence of the prosecution to argue on the property’s fair market value, claiming that only assessors could testify on it. Enrile added that the determination of the fair market value was subjective.</p> <p>Lacson also inquired on the cases decided by the Supreme Court. Hernandez claimed there were two cases but they actually lost in both. Lacson however, argued that there were three cases, the first of which was penned by Corona when he was still an Associate Justice where they actually won. The witness said that the case was decided in 2004 prior to the purchase of the properties from Megaworld.</p>
Senator-Judge Jinggoy Estrada	Estrada inquired if there were other pending cases before the Supreme Court and asked the witness to submit in

<p>Senator-Judge Koko Pimentel III</p>	<p>writing if indeed there were cases.</p> <p>Pimentel made a “brotherly” advice to the prosecution not to pursue the issue on discount on Article 3 (on the standards or qualifications of a Chief Justice) since it was already found to be irrelevant.</p>
<p>Senator-Judge Ramon Revilla Jr.</p>	<p>Revilla inquired on the deductions made to the selling price of the Bellagio unit. He noted that given the 15% discount for a short-term payment applied to the reduced price of P19.6 million, the final purchase price of P14.5 million still does not account for another P2 million reduction. In response, the witness stressed that the P2 million was the only actual discount given to the buyer.</p>
<p><i>Redirect examination</i> Joseph Perez <i>Private Prosecutor</i></p>	<p>Perez asked the witness to read the 2008 annual report of Megaworld which indicated that the company increased its profit as compared to the previous year, and that no external factors had adversely affected the operations of the company. This disproved the witness’ earlier claim that the reason for the price reduction was due to the financial crunch from the collapse of the Lehman Brothers as well as on the typhoon which caused the water leakage in the unit.</p> <p>However, Enrile warned the prosecutor that they were actually grilling their witness. He advised them to first confer with their witnesses before presenting them before the Court.</p>
<p>Senator-Judge Joker Arroyo</p>	<p>Arroyo sought clarification from the lead prosecutor on the matter of another impeachment complaint against an Associate Justice that would soon be transmitted to the Senate. He asked whether the House member expected the Senate to simultaneously hear the two impeachments. Tupas said that the impeachment was still at the Justice Committee level and that they did not intend to burden the Senate with another impeachment proceeding.</p>