

Written by Nene Pimentel Press Office
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A recent Supreme Court (SC) ruling dismissing a complaint of R-II Builders, Inc. should pave the way for the recovery of billions of pesos in investments by government corporations in the controversial Smokey Mountain project.

Former Senator Aquilino "Nene" Pimentel pointed this out yesterday, referring to a 28-page SC decision, which dismissed R-II's complaint against Home Guaranty Corp. (HGC), the agency that guaranteed the loans secured for the project from other government agencies.

He said that the ruling would allow HGC to meet its obligations to creditors which funded the project like the Government Service Insurance System (GSIS), Overseas Workers Welfare Administration (OWWA) and Social Security System (SSS).

"It was GSIS, OWWA and SSS that bankrolled the P4-billion project after R-II failed to fully fund the same as originally stipulated in its joint venture agreement with the National Housing Authority (NHA)," said Mr. Pimentel.

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“Thus, it is only right that HGC is allowed to sell properties under the Smokey Mountain Asset Pool (SMAP) to pay off its creditors, which happened to be government-owned and-controlled corporations (GOCCs).”

The SC ruling was in stark contrast to the pat on the back that some members of the House of Representatives to R-II when they cleared the company of any liability over government's termination of the project.

In its ruling, the SC did not find any error in a CA decision that found Branch 22 of the Regional Trial Court of Manila (RTC) without jurisdiction over the civil suit filed by R-II against HGC seeking to stop the sale of the properties.

The high court stressed that R-II's complaint should have been dismissed outright by Branch 24 of the Manila RTC instead of being transferred to Branch 22 because the two courts were special commercial courts that have no jurisdiction over civil cases like the one filed by R-II.

But Mr. Pimentel said that another sticky issue must be threshed out is how R-II was able to acquire 79 hectares of public land, which was later increased to 229 hectares, despite its failure to fund the project in full.

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He also sought a review on payments already made to R-II for the project which involved the construction of 30 buildings to house 3,000 families at the former dumpsite.

Former Senator Pimentel noted a letter by HGC vice president Jimmy Sarona that HGC had already paid almost P2.93 billion to R-II despite the fact that the contractor only invested P270 million in the project.

"I am perplexed really how an investment of just P270 million netted R-II a payment of P2.93 billion, more so since based on reports R-II is still seeking P1.8 billion in so-called residual value from HGC," Nene Pimentel said.

"To me, the P2.93 billion paid to R-II and the additional P1.8 billion it is seeking are not just questionable. They are suspiciously scandalous."

R-II had claimed in its collection case against HGC that the residual value represents what the contractor should have earned had the Smokey Mountain project not been scuttled.

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But Sarona had said that the project was stopped precisely because its contractor failed to fulfill its contractual obligation to fund it in full. # # #

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