REVOCATION OF LICENSE TO OPERATE OF HANDICAPPED OF THE ORIENT MUSICAL AND EDUCATIONAL, INC. (HOME)

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Attached for your information and ready reference is a letter dated April 8, 1998 from Ms. Lina B. Laigo, Secretary, Department of Social Welfare and Development endorsing a copy of the Order of Revocation of the License to Operate issued to the Handicapped of the Orient Musical and Educational, Inc. (HOME) dated April 6, 1998.

Please be guided accordingly.

Adopted: 21 April 1998

(SGD.) RAY M. ALLAS
Deputy Commissioner
Internal Administration Group

“Attachment”

April 8, 1998

Hon. Salvador Enriquez
Secretary
Department of Finance
BSP, Harrison Avenue, Manila

Dear Secretary Enriquez,

Enclosed, please find a copy of the Order for the Revocation of the License-to-Operate issued to the Handicapped of the Orient Musical and Educational, Inc. (HOME) dated April 6, 1998, which is self-explanatory.

With this revocation, we reiterate our earlier request for immediate seizure/confiscation of the total volume of used clothes consigned to the HOME wherein our favorable endorsement was obtained through misrepresentation of the real intent/purpose of the donation.

We look forward to your immediate favorable action on this.

Very truly yours,

LINA B. LAIGO
Secretary

ORDER

This is a case of revocation of License-to-Operate as a Social Welfare and Development Agency involving Handicapped of the Orient Musical and Educational Inc. (HOME Inc.)

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The records of the case show the material facts as follows:

1. The Handicapped of the Orient Musical and Educational Inc. (HOME Inc.) is a non-stock, non profit organization registered with the Securities and Exchange Commission under Registration No. 63120. The subject organization is also licensed by the Department of Social Welfare and Development on August 26, 1997.

2. On September 18, 1997, the agency submitted its request for the duty free entry of 440 bales of assorted used clothings donated by the INOUE INTERNATIONAL CORPORATION of Japan. The shipment arrived in the Philippines from Japan on April 28, 1997.

3. On December 2, 1997, the DSWD endorsed to the Department of Finance the HOME's request for duty-free entry of the donation which was subsequently granted;

4. The subject shipment was released from the BOC's warehouse in RSBS, Taguig Metro Manila on February 24, 1998 and was brought to a warehouse located at 247 Roosevelt Avenue, Quezon City with DSWD and EIIB escorts. The said warehouse was contracted by the HOME as shown in a Memorandum of Agreement/Contract of Lease signed by Ms. Evelyn P. Reyes, Project Officer In-charge and attested to by Mr. Rolando S. Domdom, HOME's Board Secretary;

5. When the convoy of five (5) trucks arrived at the warehouse in the evening of February 24, 1998, three (3) armed men who claimed they were policemen intercepted and attempted to get the donated goods. Only the timely response of the Baler Policemen, whose assistance was called by the warehouse owner, prevented the armed from consummating their illegal act. However, during the incident one truck was able to speed away and the same is still unaccounted for up to the present;

6. The three policemen who attempted to hijack the shipment were brought to the Baler police station for investigation;

7. On February 25, 1998, at the Baler Police Station, a Joint Undertaking was signed by Mrs. VILMA CABRERA, DSWD representative, Mr. ANGEL MAGRACIA, Chief-Task Force Paglilingkod-EIIB, P/SRINSP JOSE GARCIA and Mrs. DEBBIE INOUE, the donor's representative. The said undertaking states, among others, that "the donor's representative confided to the DSWD representative the agreement they have with the HOME that part of the bales will go to the Donee and part of these will go the Donor";

8. On February 27, 1998, Mrs. DEBBIE INOUE, together with Mr. ALEXANDER DUVLA, President of HOME, appeared at the office of DSWD Director Teodulo R. Romo Jr., Administrative Service, and in the presence of Mrs. Vilma B. Cabrera and Mr. Bernard Marquez, both DSWD employees, complained and expressed her suspicion that the HOME and the armed men, who figured in the earlier attempted hijacking incident, were in connivance to deprive her of the goods. Then Mrs. Inoue confessed and admitted, thus:

> "That sometime in 1997, a certain Jun Orquiola who represented himself as Executive Director of HOME Inc. convinced her to engage and finance an enterprise she was made to believe was profitable which involves the importation of "used clothings" and a simulated donation to the HOME Inc. That the donation was necessary so that the goods would be exempted from paying taxes. The donation should only be in paper because the goods, once released from the Bureau of Customs to the donee, would be handed over by the HOME to the donor for eventual sale in the black market where bales of used clothing command very high price. In return for using HOME Inc. to simulate a donation, HOME would be given P 100,000 plus forty (40) bales of used clothings".

9. That the confession made by Ms. Inoue was confirmed by Mr. Alex Dulva during the same meeting on February 27, 1998 as attested by Director Romo, Mrs. Cabrera and Mr. Marquez in their Joint Affidavit;

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10. On March 10, 1998, on the basis of the confession and admission of Mrs. Inoue that the donation was a simulated one, the HOME was directed to explain why its license to operate should not be revoked;

11. In its reply dated March 17, 1998, the HOME, represented by its President, Mr. Alexander Duvla, DID NOT DENY the allegation of a simulated donation and in fact, its explanation indirectly CONFIRMED the illegal transaction between the Inoue International corporation and the HOME when it stated that "according to her the foundation approach(ed) her thru Executive Director Jun Orquiola (for her) to donate a commodity assistance in the form of used clothings (but the donation) appears to (be for) her own profits".. " it is very clear.... kind and philanthropic-hearted people like (Mrs. Inoue use poor and indigent people for her own purpose";

Department Order No. 07, series of 1995, which prescribed the "Revised Rules on Licensing of Social Work and Social Welfare and Development Agencies", provides under Section 26 the grounds for revocation of license-to-operate as follows:

> "Section 26.Grounds for revocation. — The license should be revoked for any of the following:
>
> 1. Violation of existing laws of the land
> 2. Mismanagement of Fund
> 3. Exploitation, abuse, or neglect of its clientele or employees
> 4. Failure to function as a welfare agency
> 5. When suspension extends beyond one (1) year due to failure to get accredited
> 6. When the agency ceases its operation and notifies the Field Office in writing.

Moreover, under Section 25 of RA 4373, otherwise known as "An Act to Regulate the Practice of Social Work and the Operation of Social Work Agencies in the Philippines and for other purposes," the Certificate of Registration issued to any social work agency may be revoked if, after due investigation, the Social Welfare Administration (now the DSWD) finds that it has failed to perform as social work agency or it has violated existing laws, rules and regulations.

In view of the above-mentioned findings that the HOME knowingly allowed itself to be used and cooperated in what actually is a simulated donation, resulting in the evasion of payment of duty, taxes and other charges, which acts constitute violation of law, rules and regulations, the License to Operate No. 062 granted to Handicapped of the Orient Musical and Educational, Inc. is hereby revoked effective immediately.

So ordered.

Adopted: April 6, 1998

(SGD.) LINA B. LAIGO
Secretary

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