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DEPARTMENT OF DEFENSE INTELLIGENCE INFORMATION REPORT

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15. SUMMARY: (U) This report forwards information on the Philippine Navy being accused of smuggling dutiable goods from Guam. It contains information on press coverage and investigations undertaken by Congress and the Department of National Defense. It is significant in that the navy has received almost two weeks adverse publicity resulting in the relieving of command of one ship's commanding officer.

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1. (U) GENERAL: The RPS BATANES (LP-65), (ex LSM), returned from a shipyard overhaul at the U.S. Naval Ship Repair Facility at Agana, Guam. Reported loaded aboard were 53 refrigerators, 31 electric stoves, 6 freezers, 6 motorcycles, 60 TV sets, 5 car engines, 7 floor polishers, and 42 radio/phonos, 4 electric fans, all of which, if new, are highly dutiable items. The crew members are reported to have paid \$4,300 (3.90 to \$1) duty on these items which were brought in as personal effects of the 67 crewmen. Some of these goods were also reported to belonging to crew members of the RPS CAPIZ (PS-27), (ex PC), due to return from Guam in a few weeks. A Congressman, Representative Pablo V. Ocampo (Nationalista Manila) accused the navy of smuggling appliances. This attack with follow-up investigation has received front page coverage in all the local papers for more than a week.

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2. (U) The navy made a press release shortly after being accused, stating that most of the appliances were classified as junk and were purchased at the U.S. Navy Disposal Unit, Guam, for prices ranging from \$5 - \$25. Ocampo countered this the next day accusing the crew members of paying a ₱3,000 bribe to Customs officials to expedite clearance of the goods. (Leave Blank)

3. (U) The press also reported that the navy sent a disbursing officer to Guam to file special orders for top armed forces brass. He was identified as LT Santos CRISPIN, who returned with the ship. The navy stated he was temporarily assigned as disbursing officer while the ship was away from the Philippines.

4. (U) All of these charges have launched a series of investigations, the navy's, the Department of National Defense, and the Congressional one from the House Committee on National Defense.

a. (U) A board of inquiry headed by Brig General Mariano PUNSA LANG is the Armed Forces investigative body for this incident. No significant reports have come forth from this body.

b. (U) The house committee has had the ships commanding officer, LCDR Alfredo ADAM on the stand. He reportedly admitted that he violated Navy Regulations in allowing his ship to ferry dutiable goods. He stated that he did this as a means to boost the morale of his men. He also stated that most of the appliances were junk bought from the U.S. Navy Disposal Unit. The following day, the cargo officer of the RPS BATANES told the committee that some of the appliances were new and were purchased at the U.S. Navy PX in Guam. He did not know how many were new.

c. (U) Commodore Apolinario, Flag Officer-in-Command, appointed Captain EVANGELISTA, the Vice Commander, to look into the bribery charge. No results of this investigation have been released.

5. (U) The Manila Times reported on 25 April, that President Marcos had relieved LCDR Alfredo ADAM of command and ordered that court martial action be taken against him and other officers who were involved.

COMMENT: (U) The results of all these investigations are significant as the navy has already received more than a week of adverse publicity which cannot be overcome even if they are innocent, which they are probably not. Previously, the navy had taken the spot light in President Marcos' anti-smuggling campaign - they had taken over water patrol duties from Customs and had racked up an impressive series of seizures of smuggled cigarettes and other goods for the new administration.

(U) The navy could have saved some "face" if Commodore Apolinario had stepped in and taken the initiative to relieve LCDR Adam, but his failure to do so forced the decision to be made by the President.

(U) The navy has been effective in Manila Bay combatting the local syndicate which pilfers goods from the commercial ships by placing marine fire teams aboard the ships as guards (see reference b). The new SWIFT patrol boats, reported in IR 5877012766 have also been used to combat smuggling and pilferage of vessels in Manila Bay. This whole series of events could easily be the syndicates way of striking back at the navy hoping to force the navy to ease up in the anti-smuggling/anti-pilferage campaign.

SOURCE COMMENT: The basic information in this report was taken from the Manila Times, Manila Bulletin, Chronicle, and the Evening News. When information from the different papers conflicted (as it usually does in the Philippines), the Times was used as the authority. All of these papers are known to distort the truth on frequent occasions.

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