

MALACAÑANG

MANILA

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 309

CONSIDERING MR. LAUREANO S. MARQUEZ RESIGNED FROM OFFICE AS
DIRECTOR OF ANIMAL INDUSTRY.

This is an administrative case against Mr. Laureano S. Marquez, Director of Animal Industry, for dereliction of duty and conduct prejudicial to the best interest of the service in connection with the importation of cattle for breeding purposes. The case was investigated by a committee headed by the Secretary of Justice.

It appears that on April 8, 1957, the Bureau of Animal Industry (BAI), represented by the respondent as director thereof, and the Manila Livestock Dealers Corporation, represented by its manager, Mr. Jose A. Rojas, entered into a contract whereby the corporation undertook to sell to the Bureau 733 head of heifers consisting of 366 Bali and 367 Madura cattle of specified age and physical conditions. As the Indonesian Government did not allow the exportation of Bali cattle and only granted an export permit for 500 head of Madura cattle and 233 head of Ongole cattle, the contract was amended accordingly. Both the contract and its amendment were with the written approval of the Secretary of Agriculture and Natural Resources.

Pursuant to the contract, a letter of credit for ₱249,612.15 covering the total purchase price of the cattle was opened with the Philippine National Bank on May 17, 1957, in favor of the Manila Livestock Dealers Corporation. The letter of credit contained the condition that before it could be withdrawn certain documents enumerated therein should be presented. Some of the stipulations of the contract referred to the examination and selection of the cattle by BAI representatives to be sent to Indonesia for the purpose and the immunization and quarantine of the animals before the final selection and shipment.

Respondent designated a team of two veterinarians headed by Dr. Enrique de Leon and with Dr. Julio Fernandez as member to go to Indonesia to select and accept the breeder cattle. They arrived in Indonesia on May 17, 1957, but it was not until July 16, 1957, that the cattle were ready for their inspection. The selection was slow. By July 25 only 130 head had been selected and conditionally accepted by the two government veterinarians, thus leaving 603 yet to be selected to complete the 733 head called for in the contract. One reason for the delay in the selection was the fact that the two

government veterinarians were observing strictly the provisions of the contract.

Meanwhile, upon representations of the Philippine Charge d'Affaires who complained to respondent of the alleged non-cooperation of Dr. De Leon for insisting on the observance of the provisions of the contract with reference to the period of quarantine, respondent, without the approval of the Secretary of Agriculture and Natural Resources, reduced the quarantine period from three weeks (as stipulated in the contract) to five days. He communicated his decision to Dr. De Leon in a radiogram dated July 29, 1957.

Of the 733 head of cattle called for in the contract only 191 head were selected and accepted by Drs. De Leon and Fernandez. This fact was verbally communicated to the two representatives of the suppliers in Indonesia who pleaded to also have the 542 rejected animals loaded on the same boat with the 191 head so that respondent and the Manila Livestock Dealers Corporation could decide what price should be paid for them upon their arrival in Manila. Dr. De Leon consented to the arrangement.

The 733 head of cattle, including the rejected ones, were loaded on the s.s. Jalawang which left Indonesia on August 1, 1957, and arrived at the Port of Manila on August 7. On August 6, 1957, the manager of the Manila Livestock Dealers Corporation wrote the respondent requesting amendment of the letter of credit in its favor "to the payment against presentation of bank guaranty and release certificate," which amendment was allegedly necessary because of the delay in the receipt of the documents by its bank and because the Bureau had only 48 hours within which to unload all the cattle, otherwise it would be responsible for payment of demurrage.

The request for amendment of the letter of credit was discussed by respondent with the administrative officer and the budget officer of the Bureau who both advised respondent against amendment of the letter of credit. Nevertheless the respondent consented thereto and wrote to the Philippine National Bank on August 7, 1957, requesting that an amendment be made in the letter of credit opened in favor of the corporation "to the effect that presentation of bank guaranty and release certificate by the beneficiary may be accepted to effect payment due to the alleged delay of the receipt of the pertinent documents by the bank supplier."

The s.s. Jalawang with 732 head of cattle on board (one died on the high seas) arrived at the Port of Manila on August 8, 1957, in the morning. Dr. De Leon reported to respondent about two o'clock in the afternoon and informed him that only 191 head had been accepted by him. Thereupon respondent instructed his administrative officer to

call up the Philippine National Bank to stop payment of the letter of credit, which was followed up by a letter the next morning. However, the bank said that the letter of credit was withdrawn on the afternoon of the previous day, August 7, and that payment had been made on the strength of the letter-amendment of August 7, 1957, stating that "presentation of bank guaranty and release certificate may be accepted to effect payment."

Despite the information that only 191 head of cattle were accepted and that the remaining 541 rejected cattle were also on board the s.s. Waiwerang, respondent allowed the rejected cattle to be unloaded from the boat and brought to the quarantine station in Sisisan, Mariveles, at the expense of the Bureau of Animal Industry.

On August 12, 1957, respondent addressed a letter to the Manila Livestock Dealers Corporation for the refund of the amount of P185,054.15 representing the price of the rejected animals which it had collected under the letter of credit in alleged violation of the contract. The corporation rejected the demand on the ground that under the surrounding circumstances the Bureau had accepted the shipment in its entirety.

Foot-and-mouth disease broke out among the animals on August 11, three days after their arrival at the Port of Manila and two days after their arrival at Sisisan. The disease was so devastating that by November 10, 1957, 361 of them had died, leaving only 371 alive. Many more died before the disease was put under control. By July 24, 1958, 402 had died. Of the 191 selected only 39 survived, and of the 541 rejected only 241 remain alive.

The amendment to the letter of credit enabled the Manila Livestock Dealers Corporation to collect payment in full of the entire shipment including the rejected cattle.

Upon the foregoing facts the Secretary of Agriculture and Natural Resources charged the respondent with (1) sending inexperienced government veterinarians to select the cattle in Indonesia; (2) allowing, without the approval of the Secretary of Agriculture and Natural Resources, a reduction of the quarantine period for the animals before shipment from three weeks to five days, thereby rendering it impossible to detect the presence of foot-and-mouth disease among the animals before shipment from Indonesia; (3) amending the letter of credit, thereby allowing full payment of the entire shipment of 733 head of cattle even before their arrival in the Philippines, without the approval of the Secretary of Agriculture

and Natural Resources, and without prior verification whether the number of animals selected by the government veterinarians was as stipulated in the contract.

1. As regards the first count, respondent explains in effect that the two veterinarians sent by him had adequate technical qualifications. He entirely missed the point, as the charge refers to the assignment of men with no experience in buying breeder cattle abroad. However, I agree with the investigating committee that the first count may be dropped, it appearing that the veterinarians properly implemented the provisions of the contract with reference to age requirements. And had not respondent reduced the quarantine period, they also would have enforced the provisions of the contract thereon.

2. The reduction of the period of quarantine was an amendment to the contract. Since the contract required the approval of the Secretary of Agriculture and Natural Resources, the amendment should have been with similar approval. Respondent effected the amendment without such approval. His claim that the Secretary of Agriculture and Natural Resources was then out of town on official business and that the matter involved was technical, anyway, is obviously untenable.

Foot-and-mouth disease broke out among the cattle on August 11, 1957, ten days after they left Indonesia on August 1, and three days after their arrival at the Port of Manila on August 4. Had the period of quarantine stipulated in the contract been observed and if the animals were infected in Indonesia before they were loaded on the boat, the disease would have broken out and would have been discovered before shipment because the animals would have been still in Indonesia on August 11, 1957. The reduction of the quarantine period from three weeks to five days prevented timely discovery.

Respondent's belief that the cattle might have been infected while on board by virus of foot-and-mouth disease that survived disinfection after previous shipments appears untenable first, because his assumption of the presence on deck of crevices sufficient to protect the virus against disinfectant has no basis in the record; and secondly, the 191 head of cattle which were accepted were segregated from those rejected, and to accept respondent's theory is to admit the widespread presence of the virus on board at the time the 733 head of cattle were loaded. If there was really hidden virus in crevices on deck--although there is no proof of prior shipments' being infected with foot-and-mouth disease--because of the disinfection, the virus that survived it could have been found only in isolated places. The fact that both the accepted and the rejected cattle were later found to be infected shows that infection was widespread among them and consequently points to Indonesia as the source of the infection.

3. Contrary to respondent's contention, the amendment to the letter of credit was an amendment to and not a mere implementation of the contract, as the amendment did away with the requirement for the presentation of the documents specified in the contract and the letter of credit before the letter of credit could be withdrawn and the stipulation in the contract that full payment could be effected only "upon safe arrival of every shipment in Manila." The contract was entered into with the approval of the Secretary of Agriculture and Natural Resources; hence the amendment also required similar approval.

There is no merit in respondent's claim that the amendment to the domestic letter of credit was solely to facilitate unloading of the cattle. Circumstances abound indicating that when he authorized the amendment he knew that the same was to allow the Manila Livestock Dealers Corporation to collect the full value of the letter of credit. The amendment was requested precisely to facilitate payment which would be delayed without said amendment. In fact in his letter to the bank he requested that the domestic letter of credit be amended "to the effect that presentation of bank guaranty and release certificate by the beneficiary may be accepted in effect payment." His immediate reaction was one of alarm when he was informed that only 191 out of the 733 head of cattle stipulated in the contract were accepted by Dr. De Leon, which betrays his pretension that he authorized amendment of the letter of credit merely to facilitate unloading. As will be recalled, he immediately instructed his administrative officer to ask the Philippine National Bank to also payment, which he followed with a formal letter of the same tenor.

Similarly devoid of merit is his accusation that 733 head of cattle had been selected when he authorized amendment of the letter of credit. Drs. De Leon and Fernandez arrived in Intrabala on May 17, 1957, to select 733 head of cattle. By July 25, 1957, after more than two months, they had been able to select 130 head only, according to the certificates enclosed in Dr. De Leon's letter of that date which respondent received on August 1, 1957. If in two months the government veterinarians could select 130 only, respondent should have foreseen that within the short period of six days between the date of the letter and the departure of the boat on August 1, 1957, the odds were overwhelmingly against the possibility of the selection of the remaining 603 head to complete the 733 head stipulated in the contract.

4. Respondent claims that he could not possibly have ordered the suspension of the unloading of the animals on August 8, 1957, as he did not know the whole circumstances surrounding that shipment and that the best he could do was to allow the unloading of the animals for quarantine. But he knew that except 191 head selected

by the government veterinarians the rest of the shipment had been rejected. This alone should have been sufficient reason for him to take steps to prevent the unloading of the rejected animals. Instead he wrote to the surveyor of the Port of Manila that same afternoon of August 8 for permission to unload the cattle. If he needed time to acquire full knowledge of the whole circumstances surrounding that shipment before making a decision, he could have secured that knowledge from Dr. De Leon. Considering that he was informed of the rejection of the entire shipment except 191 head at two o'clock in the afternoon and that it took many hours to unload the 541 head of rejected cattle, he could have prevented the unloading of the rejected cattle.

If it is true that he allowed the unloading of the rejected cattle for quarantine purposes only, it is strange that in his request for permission to unload the cattle he did not say so although he took pains to mention such details as the guards' overtime pay and others less important than the disposition of the rejected animals. Neither did he inform the Manila Livestock Dealers Corporation of the arrival of the rejected cattle and/or why they were unloaded despite their rejection. This omission gave the corporation a colorable ground for rejecting his subsequent demand for reimbursement of the overpayment and for contending that he had accepted the entire shipment of 732 head.

Respondent pleads good faith as a defense. Granting that he so acted, although his conduct with reference to the transaction is not absolutely free from suspicion, his good faith alone is obviously not sufficient to justify his acts and his negligence which have caused the Government enormous losses. Neither can he excuse himself by diverting attention to his subordinates' mistakes or contributory negligence. For maintenance alone of the rejected animals the Government had spent P95,025.50 up to July 24, 1953, including the price paid for them, the total loss to the Government amounts to more than P200,000 as of said date. It is feared that the loss might run up to P400,000 by the time the question as to what to do with the survivors is finally settled.

In the light of the above, I find the respondent guilty of incompetence, inefficiency, gross negligence amounting to dereliction of duty, and conduct prejudicial to the best interest of the service.

WHEREFORE, Mr. Laureano B. Marquez is hereby considered resigned from office as Director of Animal Industry, effective as of the date of his preventive suspension.

Done in the City of Manila, this 31st day of August in the year of Our Lord, nineteen hundred and fifty-nine, and of the Independence of the Philippines, the fourteenth.

from the federal Government was forthcoming.