



REPUBLIC OF THE PHILIPPINES
Sandiganbayan
Quezon City

CERTIFIED TRUE COPY:

ATTY. DENNIS E. PULMA
Sitting Clerk of Court III
Third Division

Third Division

PEOPLE OF THE PHILIPPINES,
Plaintiff,

CRIM. CASE NO. 28020

Present:

- versus -

VILLARUZ, J.
DE LA CRUZ, J.
QUIROZ, JJ.

BGen. JOSE SERVANDO RAMISCAL, JR.,
Atty. MEINRADO ENRIQUE A. BELLO,
Atty. MANUEL SE SATUITO, Capt.
PERFECTO O. QUILICOT, JR., Jr., John
Does and Jane Does, all of the Armed
Forces of the Philippines-Retirement
Separation and Benefit System (AFP-RSBS),
Camp Aguinaldo, Quezon City and Private
Individuals John Does and Jane Does,
Accused.

Promulgated on:

NOVEMBER 26, 2009

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DECISION

DE LA CRUZ, J.

Accused BGen. Jose Servando Ramiscal, Jr., Atty. Meinrado Enrique A. Bello, Atty. Manuel Se Satuito, Capt. Perfecto O. Quilicot, Jr., John Does and Jane Does, stand charged for violation of Section 3(e) of Republic Act 3019, as amended, otherwise known as the Anti-graft and Corrupt Practices Act. The accusatory portion of the Information against them reads:

"That on February 21, 1997 and sometime prior or subsequent thereto, in the Province of Batangas and Quezon City, Philippines, and within the jurisdiction of this Honorable Court, the above-named accused public officers, namely: **Brigadier General Jose Servando Ramiscal, Jr.**, a high-ranking public official, being then the President

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of the Armed Forces of the Philippines-Retirement Separation and Benefit System (AFP-RSBS); **Atty. Meinrado Enrique A. Bello**, Head of Legal Division; **Atty. Manuel Se Satuito**, Chief Documentation, Legal Division; **Captain Perfecto O. Quilicot, Jr.**, Project Officer; and certain **John** and **Jane Does**, also of the AFP-RSBS, a government entity, being a government owned or controlled corporation, while in the performance of their official functions and committing the offense in relation to their office, acting with evident bad faith, conspiring, confederating and mutually helping one another, and with private individuals **John Does** and **Jane Does**, did then and there willfully, unlawfully and criminally cause undue injury to AFP-RSBS and its members by purchasing a parcel of land covering an area of twelve thousand one hundred fifty-seven square meters (12,157 sq. m.), more or less, situated at Tanauan, Batangas, registered in the name of Angeles, Onofre, Anacleto, Jun, Aquilino, Regina, Eufonio, Virginia, Pellie and Alfredo, all surnamed Panganiban, and covered by TCT No. T-34473 of the Registry of Deeds of Tanauan, Batangas, under a bilateral Deed of Absolute Sale dated February 21, 1997, making it appear therein that the aforescribed property was sold by the said owners and purchased by the AFP-RSBS, represented by accused **BGen. Jose Servando Ramiscal, Jr.**, for the amount of TWO MILLION FOUR HUNDRED FIFTY-FIVE THOUSAND SEVEN HUNDRED FOURTEEN PESOS (P2,455,714.00), Philippine Currency, paid under AFP-RSBS General Voucher No. 60706 dated April 21, 1997, with corresponding Philippine National Bank Check No. 71907 dated April 24, 1997, when in truth and in fact, accused knew fully well that the true and real consideration thereof is only FOUR HUNDRED TWENTY-FIVE THOUSAND FOUR HUNDRED NINETY-FIVE PESOS (P425,495.00), Philippine Currency, as correctly indicated in a unilateral Deed of Absolute Sale dated February 20, 1997 executed by the said owners, thereby resulting to an overprice of TWO MILLION THIRTY THOUSAND TWO HUNDRED NINETEEN PESOS (P2,030,219.00), to the damage and prejudice of the AFB-RSBS and its members.

"CONTRARY TO LAW."

This case was jointly tried with Criminal Case No. 28021, for Estafa through Falsification of Public Documents, against the same accused, but the estafa case was dismissed on demurrer.¹

Upon arraignment on January 10, 2006, all known accused entered a separate plea of "Not Guilty".

¹ Resolution, promulgated on September 5, 2007, Records, Vol. IV, pp. 5-12

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The parties stipulated on the following facts:

"For Accused Ramiscal, Jr.:

"1. That accused General Ramiscal, Jr. was the President of Armed Forces of Philippines-Retirement and Separation Benefits System (AFB-RSBS).

"2. That accused Ramiscal, Jr., approved for payment the amount of Two Million Four Hundred Fifty Five Thousand Seven Hundred Fourteen Pesos (Php2,455,714.00) for the purchase of Transfer Certificate of Title No. T-34473 as evidenced by General Voucher No. 60706 dated April 21, 1997.

"For Accused Bello:

"1. That accused Meinrado Enrique Bello was the Head, Legal Department, AFP-RSBS.

"2. That the amount of P2,455,714.00 payment involving the lot covered by TCT No. T-34473 was paid by RSBS in the form of cross-check.

"3. That the acquisition of the lots at the tri-boundaries of Calamba, Laguna and Laurel and Tanauan, Batangas was duly approved by the Investment and Executive Committees and the Board of Trustees of RSBS.

"For accused Satuito:

"1. That accused Manuel Satuito was the Head, Documentation Division, AFP-RSBS.

"2. That the amount of P2,455,714.00 payment involving the lot covered by TCT No. T-34473 was paid by RSBS in the form of a cross-check.

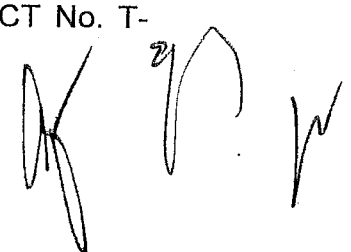
"For Accused Quillicot, Jr.:

"1. That accused Perfecto Quillicot, Jr., was the Project Officer, AFP-RSBS."²

The parties likewise agreed on the following issues:

"1. Whether or not Deed of Absolute Sale was executed by Lot Owners Angeles, Onofre, Anacleto, Jun, Aquilino, Regina, Eufonio, Virginia, Pellie and Alfredo, all surnamed Panganiban (represented by Florencia Magpantay) on February 21, 1997 involving a property under TCT No. T-

² Pre-trial Order dated August 15, 2006, Records, Vol. III, pp. 29-30



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34473 in favor of AFP-RSBS and acknowledged before Atty. Manuel Satuito.'

- "2. 'Whether or not Deed of Absolute Sale was executed by Lot Owners Angeles, Onofre, Anacleto, Jun, Aquilino, Regina, Eufronio, Virginia, Pellie and Alfredo, all surnamed Panganiban (represented by Florencia Magpantay) on February 20, 1997 involving a property under TCT No. T-34473 in favor of AFP-RSBS and acknowledged before Atty. Alfredo Nasser.'
- "3. 'Whether or not accused committed the crime of Estafa thru Falsification of Public Documents.'³
- "4. 'Whether or not accused violated Section 3(e) of Republic Act 3019.'
- "5. 'Whether or not AFP-RSBS suffered any damage or injury in the purchase of the lot in question.'⁴

EVIDENCE FOR THE PROSECUTION

Armando M. Paulino was a Clerk II of the Office of the Register of Deeds of Tanauan, Batangas. His testimony was dispensed with after the parties stipulated on the following: (1) the existence of TCT No. T-34473,⁵ in the names of Angeles, Onofre, Anacleto, Jun, Aquilino, Regina, Eufronio, Virginia, Pellie, and Alfredo, all surnamed Panganiban;⁶ (2) the existence, due execution and authenticity of TCT No. 65281,⁷ under the name of AFP-RSBS; (3) that the unilateral Deed of Sale, dated February 20, 1997,⁸ was a faithful reproduction of the original on file with the Register of Deeds of Tanauan, Batangas; and (4) that O.R. No. 9823280,⁹ was a faithful reproduction of its original.

³ For Criminal Case No. 28021

⁴ Pre-trial Order, page 30

⁵ Exhibit B

⁶ Exhibit B-1

⁷ Exhibit C

⁸ Exhibit F

⁹ Exhibit L

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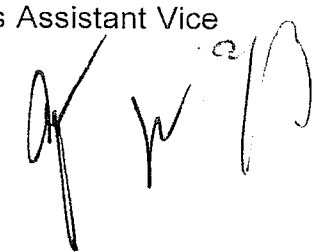
Merrisa Castillo, who was the City Assessor of Tanauan, Batangas, confirmed that the previous owners of the subject land were Angeles, Onofre, Anacleto, Jun, Aquilino, Regina, Eufronio, Virginia, Pellie, and Alfredo, all surnamed Panganiban. The parties also stipulated that the Tax Declaration,¹⁰ covering the lot described in TCT No. 65281 was a faithful reproduction of its original.

Marietta Co Arnaldo,¹¹ who was the Head of the Human Resource Management Office (HRMO) of the AFP-RSBS, testified that she was with the System since October 1, 1979, starting as a Planning Assistant. As head of the HRMO, it was her duty to formulate HR strategy, to administer the compensation and benefits and the performance management system, to keep all personal records of past and present employees, and to formulate or recommend amendments to the HR files from time to time.

She knew accused Ramiscal, Jr., Bello, Satuito and Quilicot, Jr. and she testified on the personnel orders covering the appointment of the said accused. Based on Personnel Order 34-02-94, dated April 5, 1994, signed by accused Bello as Vice President of the Human Resource Management Office (HRMO), accused Ramiscal, Jr., was appointed President and Chief Executive Officer of the AFP-RSBS with a pay grade of 18-2. Per Personnel Order No. 62-02-96, dated October 2, 1996, signed by accused Ramiscal, Jr., accused Bello was the head of the Subsidiaries Holding Department and designated as head of the Legal Department. Under Personnel Order 63-02-96, dated October 7, 1996, and signed by Ariel G. Palacios as Assistant Vice

¹⁰ Exhibit K

¹¹ See Order, dated August 22, 2006, Records, Vol. 3, pp. 39-40



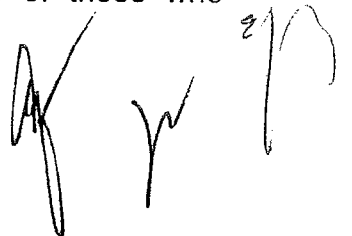
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President of the HRMO, accused Quilicot, Jr. was detailed to the AFP-RSBS as Project Officer with a corporate rank of Senior Manager and a pay grade of 17-1. The name of accused Satuito, with a position of Branch Head from January 16, 1987, appeared on the Re-classification of Plantilla Positions and Basic Pay Rates for pay grades 15-17 of Personnel Order No. 1-31-98, dated July 22, 1998, which was signed by Jacinto A. Galang as President.

Based on the two-page document she presented to the Court, accused Ramiscal, Jr. was the vice-chairman of the AFP-RSBS Board of Trustees in 1996 and 1997. The System had also an Investment Committee and for the calendar years 1996 and 1997, it was composed of accused Ramiscal, Jr. as President, Oscar Martinez as Vice Chairman, Cesar Ibo, Edmundo Mendigo, Julian Alzaga, Alejandro Flores, Benigno Cabrieto, accused Bello, Ruben Garcia, Marietta Co, Caroline Mercado, Dalia Peña and Francisco Paredes, as members, Jasmine Sutaria as Secretariat, and Gabriel Sapno as Assistant Secretariat.

Rolando G. Borja, who was the Corporate Secretary of AFP-RSBS in 2006, brought with him certified true copies of the minutes of the meeting of the Board of Trustees of AFP-RSBS, dated March 4, 1996,¹² and July 27, 1996,¹³ with attached approval sheets. The minutes of the meeting showed among others, an investment proposal, land banking in Calamba, Laguna, and the members of the Board present in the meeting, including accused Ramiscal, Jr., as the President and Vice Chairman. Page 9 of the minutes also included the name of accused Ramiscal, Jr. as one of those who

¹² Exhibit S to S-13

¹³ Exhibit T to T-16



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approved said minutes. These documents were taken from the Office of the Treasury Department, headed by one Liza Lorenzana, and the witness did not have any personal knowledge about what transpired during the meetings where these minutes were taken. Also, the witness identified Circular No. 18, dated December 28, 1989, with Implementing Rules and Regulations, dated September 3, 1997.¹⁴

Rito Negado was employed with Metrobank (now the owner of Solid Bank),¹⁵ Head Office, since 1978, and was promoted to the position of Jr. Assistant Manager of the Legal Division in 2000. As assistant manager, he coordinates with other Metrobank branches which receive *subpoena duces tecum* and other court processes, and advises them to retrieve these documents from the head office to be brought to the court concerned.

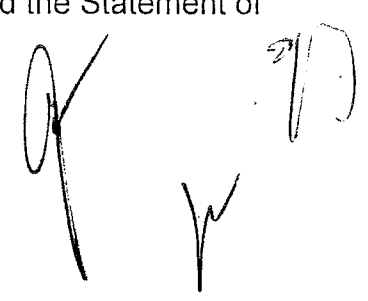
He testified that he received a fax copy of the *subpoena*, dated June 22, 2006, issued by the Third Division of this Court, directing the manager or authorized representative of Solid Bank, Shaw Boulevard Branch, to bring the original or certified true copies of documents, including the statement of account, from 1996 to 1997, relative to Account No. 2070-0121-14, under the name of First Integrated Finance Corporation, and to testify thereon, at the hearing on August 22, 2006.

The witness brought with him certified true copies of the specimen signature card of First Integrated Finance Corporation,¹⁶ and the Statement of

¹⁴ Exhibit R

¹⁵ Memorandum of the prosecution dated March 31, 2009, pp. 82-83.

¹⁶ Exhibits U to U-I



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Account of Account No. 2070-0121-14,¹⁷ from April 1997 to November 1998. He secured these documents from their Antipolo Branch, which requested them from their Records Management Division.

This was not the first time that witness testified before this Court because he had also identified specimen signatures, statement of account and deposit information sheet, before the other Division of this Court.

Among the documents relative to Account No. 2070-0121-14 was PNB Check No. 000071907, dated April 24, 1997,¹⁸ payable to Florencia Magpantay, in the amount of P2,455,714.00. The check was deposited with Solid Bank on April 25, 1997, as shown by "No. 2070-0121-14", a Solid Bank account number, written below the handwritten name of Florencia Magpantay at the left-hand margin, dorsal portion of the check.¹⁹

Aside from PNB Check No. 000071907, he also identified photocopies of 66 other PNB checks,²⁰ issued by AFP-RSBS to different payees, which he claimed to have been deposited with Solid Bank, except Check No. 00073376.

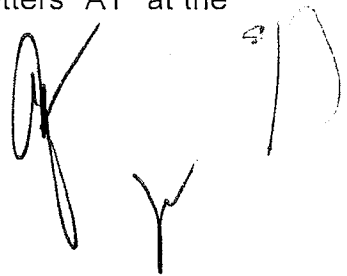
He likewise explained that the debit and credit entries on the Statement of Account of Account No. 2070-0121-14 represented the withdrawals of investment and deposits, respectively. The letters "TC" stood for "Transaction Code"; however, he did not know what the letters "AT" at the

¹⁷ Exhibits V to V-18

¹⁸ Exhibit J (Exhibit "10") for accused Bello

¹⁹ Exhibit J-1

²⁰ Exhibits J2 to J-65

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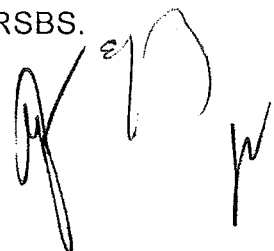
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"TC" column meant, because Metrobank and Solid Bank used different transaction codes.

Caroline Mercado, who was the Head of the Comptroller Office of AFP-RSBS at the time material to this case, testified that from 1996 to 1997 the Accounting Division and the Budget and Management Evaluation Division were under her control and supervision. As the supervisor or head of the Accounting Division, she was responsible in clearing and approving the accounting entries in the general vouchers, a form used in the fund disbursement of the System, in controlling the daily activities of the Division and in hiring and training the Division's staff. She was also attending meetings, as a representative of the Division, and coordinating with the external auditor for the audit of the System.

As the head of the Comptroller Office and the direct supervisor of the Accounting Division, all disbursements passed through her. AFP-RSBS uses a general voucher form in the disbursement of funds. On April 1997, several vouchers were processed in relation to the acquisition by the AFPB-RSBS of lands for its Calamba-Tanauan Project for the development of residential and commercial areas, a portion of which to be allotted for the soldiers of the Armed Forces of the Philippines. These lands were located in Calamba, Laguna and Tanauan, Batangas. The soldiers of the AFP were beneficiaries of this project because they were one of the major contributors of the funds of the AFP-RSBS. These contributions were deducted from their salary on a monthly basis and the collections were remitted to the AFP-RSBS.

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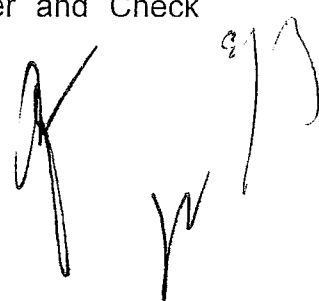
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In connection with the Calamba Project, the witness recalled having processed payment for a certain lot in Sulpoc, Tanauan, Batangas, in favor of a certain Florencia Magpantay. The payment process started when her office received a Request for Voucher and Check Preparation No. 60320,²¹ from the Real Estate Management Department of the AFP-RSBS on April 21, 1997. The document was signed by Helena C. Tiamzon,²² accused Quilicot, Jr.,²³ who recommended for approval, Cesar L. Ibo²⁴ and Ruben G. Garcia,²⁵ who approved the document as head of the Real Estate Management Department. The witness was familiar with the said signatures because she had been receiving a lot of documents signed by them.

The Real Estate Management Department of the AFP-RSBS scouts for project proposals, analyzes them and presents them to various approving authority. It also coordinates and negotiates with the proponents in relation to a particular acquisition, initiates payment of the said acquisition, coordinates with the Treasury Department for the preparation of the checks, and with the Legal Department for documentation, and safekeeps these documents. All these functions were performed by the Real Estate Management Department in the subject transaction covering the payment of P2,455,714.00 in favor of Florencia Magpantay.

The witness likewise confirmed that she received all the necessary supporting documents attached to the Request for Voucher and Check

²¹ Exhibit H
²² Exhibit H-2
²³ Exhibit H-3
²⁴ Exhibit H-4
²⁵ Exhibit H-5

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Preparation, i.e., Status of Transaction Form,²⁶ certified true copy of TCT No. T-34473,²⁷ certified true copy of TCT No. 65281,²⁸ Deed of Absolute Sale,²⁹ Joint Venture Agreement,³⁰ and Natatanging Gawad ng Kapangyarihan. After the completion of the acquisition, these documents were safekept at the Treasury Department as a standard operating procedure.

The Status of Transaction Form with Reference No. 185-4-17-97 emanated from the Real Estate Management Department-Acquisition and Evaluation Division and was prepared by Helena C. Tiamzon,³¹ the Project Accountant. Tiamzon was the one who wrote the entries "*Florencia Magpantay*" as the payee, "*payment for 12,157 sq m of property*",³² and the amount "*P2,455,714*",³³ on the document. She also marked what supporting documents were attached to the Status Transaction Form.³⁴ The entries were then verified by accused Quilicot, Jr., Project Officer,³⁵ Aldorie Tolenada, Chief Accountant-Office of the Comptroller, and certified to be legally sufficient and in order by accused Satuito, Head of the Documentation Division-Legal Department.³⁶ Accused Bello, Head of the Legal Department,³⁷ and Julian Alzaga, Senior Vice President for Legal,³⁸ then recommended the document for approval. The document then went to Mr. Ruben Garcia who endorsed it for payment based on the findings of the Legal

²⁶ Exhibit G

²⁷ Exhibit B

²⁸ Exhibit C

²⁹ Exhibit E

³⁰ Exhibit D

³¹ Exhibit G-1

³² Exhibit G-11

³³ Exhibit G-12

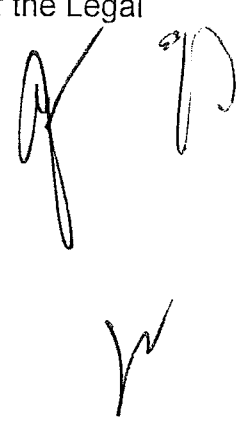
³⁴ Exhibit G-10

³⁵ Exhibit G-2

³⁶ Exhibit G-3

³⁷ Exhibit G-4

³⁸ Exhibit G-5

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Department,³⁹ then to Mr. Cesar L. Ibo, Head of the CIHG,⁴⁰ and finally to Mr. Oscar Martinez,⁴¹ who recommended the approval of payment. Accused Ramiscal, Jr., finally approved the payment.⁴² The witness was familiar with the signatures of all these officers because she received several documents from them.

After accused Ramiscal, Jr. approved the Status of Transaction Form, this was returned to the Acquisition and Evaluation Project Calamba of the Real Estate Management Department. This was then attached to the Request for Voucher and Check Preparation and forwarded to the Accounting Division for the preparation of the General Voucher. General Voucher No. 60706,⁴³ dated April 21, 1997, was prepared based on these documents. The General Voucher was for the acquisition of Lot No. 7052, covered by TCT No. 65281, having an area of 12,157 square meters, in the amount of P2,455,714.00. It was noted/cleared and approved for payment by the witness⁴⁴ on the basis of the Deed of Absolute Sale, dated February 21, 1997,⁴⁵ particularly page 2 thereof, indicating the amount of P 2,455,714.00,⁴⁶ recommended for approval by Oscar O. Martinez,⁴⁷ and approved for payment by accused Ramiscal, Jr. After the General Voucher was prepared and verified by Chief Accountant Aldorie Tolenada, he signed the "certified

³⁹ Exhibit G-6

⁴⁰ Exhibit G-7

⁴¹ Exhibit G-8

⁴² Exhibit G-9

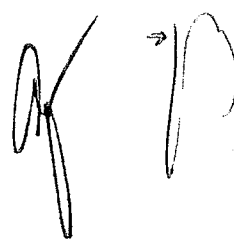
⁴³ Exhibit I for the prosecution; Exhibit 4 for accused Quilicot, Jr.; and Exhibit 7 for accused Ramiscal, Jr.

⁴⁴ Exhibit I-1

⁴⁵ Exhibit E

⁴⁶ Exhibit E-1

⁴⁷ Exhibit I-2



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correct" portion of the Status of Transaction Form and forwarded it to the Office of the Internal Auditor.

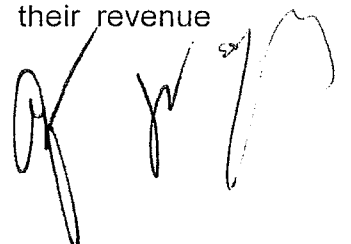
The witness knew that a check⁴⁸ was prepared for the payment of the amount stated on the voucher because after the preparation of the voucher, it passed through the Treasury Department for the drawing of the check. After several days, the check coming from the PNB was received by the Treasury Department and submitted to the Accounting Division for bank reconciliation. She also knew that the check was negotiated because of the inscriptions "Solid Bank" and "Account No. 2070-0121-14" at the back of the check, which meant that it was deposited with Solid Bank.

Olo-odin S. Lucman was the Assistant Revenue District Officer of the Bureau of Internal Revenue, Lipa, Batangas, at the time material to this case. He had been with the BIR for 20 years. As an Assistant Revenue District Officer, he was tasked to collect internal revenue taxes and implement internal rules, and performed other duties and functions enumerated in Revenue Administrative Order 10-2000.

He testified on the Schedule of Zonal Valuation of lots particularly in Brgy. Sulpoc, Tanauan City.⁴⁹ He explained that the letters "RR" and "A" under the Classification column meant "Residential" and "Agricultural", respectively, while "Interior A" refers to the agricultural lot that does not have access to the main road. "ZV/SQ.M" on the second column was the zonal valuation implemented in their district approved on October 9, 1997, and on the 3rd column was the first zonal valuation implemented in their revenue

⁴⁸ Exhibit J

⁴⁹ Exhibit W

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district, approved by the Department of Finance Secretary on October 5, 1994. Thus, the first zonal valuation of properties located in Brgy. Sulpoc was P35.00 per sq. m.⁵⁰ from October 5, 1994 to October 7, 1997.

Atty. Edith R. Castillo-Napalan, who was the Securities Counsel III of the Securities and Exchange Commission, brought to the Court First Integrated Finance Corporation's Certificate of Incorporation,⁵¹ Articles of Incorporation,⁵² Certificate of Filing of Amended Articles of Incorporation,⁵³ General Information Sheet,⁵⁴ and Financial Statements, for the Year 2003.⁵⁵

When the prosecution offered Napalan's testimony, the parties stipulated on the existence and due incorporation of First Integrated Finance Corporation at the time material to this case, as well as on the authenticity and due execution of the aforesaid documents she brought to the Court.

On March 6, 2007, the Court admitted the following exhibits offered and submitted by the prosecution in a Formal Offer of Evidence, dated October 16, 2006:

Exhibits	Description
A	Joint Affidavit-Complaint, dated May 22, 2000, of Ricardo A. Sullano, Rodil C. Buenaventura and Anatalio A. Alejandrino
B-B-2	Certified true copy of Transfer Certificate of Title No. T-34473, registered under the name of Angeles, Onofre, Anacleto, Jun, Aquilino, Regina, Eufronio, Virginia, Pellie and Alfredo, all surnamed Panganiban

⁵⁰ Exhibit W-1

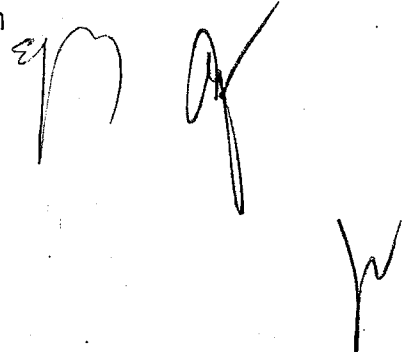
⁵¹ Exhibit X

⁵² Exhibits X-1 to X-24

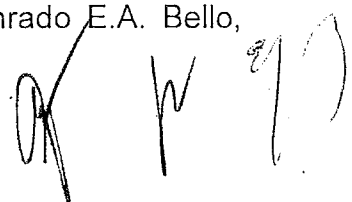
⁵³ Exhibits Y to Y-11

⁵⁴ Exhibits Z to Z-3

⁵⁵ Exhibits AA to AA-4

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- B-3 Annotation on the title with Entry No. 6-168365, indicating the cancellation of the old title in favor of the new owner which is AFP-RSBS, by virtue of a Deed of Sale covering the amount of P425,495.00
 - C Certified xerox copy of Transfer Certificate of Title No. 65281, registered under the name of AFP-RSBS
 - C-1 Date and time of entry under the name of AFP-RSBS
 - D Certified true copy of Joint Venture Agreement, dated February 21, 1997, executed between Angeles, Onofre, Anacleto, Jun, Aquilino, Regina, Eufonio, Virginia, Pellie and Alfredo, all surnamed Panganiban, thru their attorney-in-fact Florencia Magpantay, and AFP-RSBS.
 - E – E-2 Certified true copy of the Deed of Absolute Sale, dated February 21, 1997, between Angeles, Onofre, Anacleto, Jun, Aquilino, Regina, Eufonio, Virginia, Pellie and Alfredo, all surnamed Panganiban, thru their attorney-in-fact Florencia Magpantay, and AFP-RSBS, represented by its President, accused Ramiscal, Jr.
 - E-3 Signature above the printed name of Atty. Manuel Se Satuito, Notary Public
 - E-4 Date of execution of the Deed of Absolute Sale which is February 21, 1997
 - F Certified true copy of Deed of Absolute Sale, executed on February 20, 1997 by Angeles, Onofre, Anacleto, Jun, Aquilino, Regina, Eufonio, Virginia, Pellie and Alfredo, all surnamed Panganiban, thru their attorney-in-fact Florencia Magpantay, in favor of AFP-RSBS, over a parcel of land covered by TCT No. 34473
 - G Certified true copy of the Status of Transaction Form (STF for brevity) with Reference No. 185-4-17-92
 - G-1 Signature above the printed name of Helena C. Tiamzon, Project Accountant, under the heading "Prepared by:"
 - G-2 Signature above the printed name of Perfecto O. Quilicot, Jr., Project Officer, under the heading "Verified by:"
 - G-3 Signature above the printed name of Atty. Manuel Se Satuito, Head, Documentation Division, under the heading "All above documents are certified to be legally sufficient and in order"
 - G-4 Signature above the printed name of Meinrado E.A. Bello,



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- Head, Legal, AFP-RSBS, under the heading "Recommended Approval"
- G-5 Signature above the printed name of Julian A. Alzaga, SVP, Legal, AFP-RSBS, under the heading "Recommend by"
- G-6 Signature above the printed name of Ruben Garcia
- G-7 – G-8 Signatures above the printed names of Cesar L. Ibo, Head, CIHG, AFP-RSBS, and Oscar Martinez, EVP/Chief Operating Officer, AFP-RSBS, respectively
- G-9 Signature above the printed name of accused Ramiscal, Jr. as the President of AFP-RSBS
- G-10 Portion of the STF indicating the documents attached to the STF
- G-11 Entries under the heading payee and its particulars
- G-12 The amount of P2,455,714.00
- H Certified true xerox copy of Request for Voucher and Check Preparation No. 60320, dated April 14, 1997
- H-1 Signature above the printed name of Caroline E. Mercado, Head, AD, AFP-RSBS
- H-2 Signature above the printed name of Helena C. Tiamzon under the heading "Prepared by:" and the heading "Charged to: REMD"
- H-3 Signature above the printed name of accused Quillicot, Jr. under the heading "Recommend Approval"
- H-4 – H-5 Signatures above the printed names of Ruben G. Garcia, Office/Dept. Head and Cesar L. Ibo, Group/Dept. Head, AFP-RSBS, respectively
- I General Voucher No. 60706, dated April 21, 1997
- I-1 – I-2 Signatures above the printed names of Caroline Mercado and Oscar Martinez, respectively
- J Certified true xerox copy of Philippine National Bank (PNB) Check No. 0-000071907, dated April 24, 1997, issued under the account of AFP-RSBS
- J-1 Alleged signature of Florencia Magpantay and Account Number 2070-0121-14

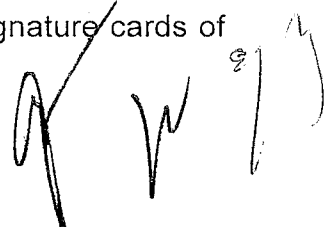


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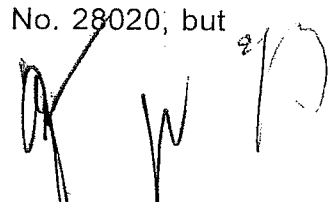
- /-----/
- J-2 – J-66 Philippine National Bank Checks issued by AFP-RSBS
 - K – K-1 Certified true copy of the Declaration of Real Property of TCT No. 65281, registered under the name of AFP-RSBS
 - K-2 Entries under the heading Memoranda and the cancellation of the old declaration of real property
 - L Certified xerox copy of Official Receipt No. 9823280, dated February 20, 1997
 - L-1 The amount of P425,495.00
 - L-2 The amount of P2,127.47
 - M Certified true photocopy of composition of the Investment Committee of AFP-RSBS for the years 1996-1997
 - M-1 Certified true photocopy of composition of the Board of Trustees of AFP-RSBS for the years 1996-1997
 - M-2 Certified true photocopy of the composition and functions of the Investment Committee of AFP-RSBS
 - N Certified true photocopy of Personnel Order No. 34-02-94, dated April 15, 1994
 - O Certified true photocopy of Personnel Order No. 03-02-96, dated October 7, 1996
 - P Certified true photocopy of Personnel Order Number 02-02-96, dated October 2, 1996
 - Q Certified true photocopy of Personnel Order Number 1-31-88, dated July 22, 1998
 - R-4 – R-8 Rules and Regulations No. A-97 (Rules and Regulations Implementing Presidential Decree No. 361 as Amended by Presidential Decree No. 1656)
 - S – S-13 Certified true copy of the Minutes of the Meeting of the Board of Trustees, AFP-RSBS, held on March 4, 1996, and the Approval Sheet for the said meeting
 - T – T-16 Certified true copy of the Minutes of the meeting of the Board of Trustees, AFP-RSBS, on July 27, 1996
 - U – U-1 Certified true copy from the original of the signature cards of

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- Account Number 2070-0121-14 Solid Bank (now Metrobank)
- V – V-18 Statement of Account of Account Number 2070-0121-14
- W Schedule of Zonal Valuation of the properties located in
Barangay Sulpoc, Tanauan, Batangas
- W-1 Entries under the heading Barangay Sulpoc, Municipality of
Tanauan.
- X True and correct xerox reproduction of the Official files in
custody of the Securities and Exchange Commission (SEC)
of the Certificate of Incorporation of First Integrated Finance
Corporation (FIFC)
- X1 – X-11 True and correct xerox reproduction of the Official files in
custody of the Securities and Exchange Commission (SEC)
of the Articles of Incorporation of First Integrated Finance
Corporation
- X-12 – X-24 True and correct xerox reproduction of the Official files in
custody of the Securities and Exchange Commission (SEC)
of the By-Laws of First Integrated Finance Corporation
- Y True and correct xerox reproduction of the Official files in
custody of the Securities and Exchange Commission (SEC)
of the Certificate of Filing of Amended Articles of
Incorporation of First Integrated Finance Corporation
- Y-1 – Y-11 True and correct xerox reproduction of the Official files in
custody of the Securities and Exchange Commission (SEC)
of the Certificate of Filing of Amended Articles of
Incorporation of First Intergrated Finance Corporation (FIFC)
- Z – Z-4 True and correct xerox reproduction of the Official files in
custody of the Securities and Exchange Commission (SEC)
of the General Information Sheet of First Integrated Finance
Corporation (FIFC) for the year ended 1999
- AA – AA-4 True and correct xerox reproduction of the Official files in
custody of the Securities and Exchange Commission (SEC)
of the Financial Statement of First Integrated Finance
Corporation (FIFC) for the year ended 2003

With prior leave of Court, accused Ramiscal, Jr., Bello and Satuito separately filed demurrers to evidence in both Criminal Cases Nos. 28020 and 28021. The Court denied the demurrer in Criminal Case No. 28020, but

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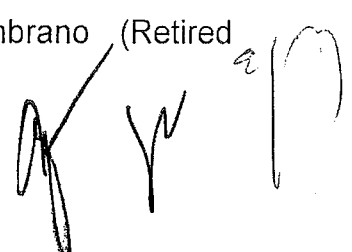
granted the demurrer in Criminal Case No. 28021. The dismissal of Criminal Case No. 28021 likewise applied to accused Quillicot, Jr. who was earlier denied leave of court to file a demurrer.

EVIDENCE FOR THE DEFENSE

Jose S. Ramiscal, Jr., who was the President of AFP-RSBS, and one of the accused in this case, testified that as President, he was the Chief Executive Officer in-charge of the implementation of the directives, policies and resolutions approved by the Board of Trustees. He was assisted by Executive Vice-President Col. Oscar Martinez.

The AFP-RSBS is a pension fund, providing retirement pension to the AFP retirees. Its funds grew with investment in land banking, in giving out commercial loans to the public and the military members, and in engaging in stock trading and real estate. Among its real estate business were the Orchard Golf Course, San Lorenzo South Land Development and Calamba Land Banking.

The Calamba Land Banking was a project involved in the acquisition of some 611 hectares of land in Calamba, Laguna and Tanauan, Batangas. The System ventured into this project because its San Lorenzo South Land project was already maturing and it needed to look for another place or area which would sustain the current income of AFP-RSBS from real estate operation. This was authorized by the members of the Board of Trustees, namely, Msgt. Joel Trumpeta (Philippine Army-Member), Alfredo Fabron (Philippine National Police-Member), BGen. Jose Sembrano (Retired



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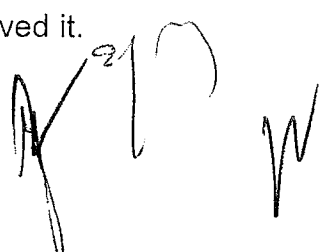
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Member), Capt. Luisito Fernandez (Philippine Navy-Member), Deputy Director General Adiong (Philippine National Police-Member), Maj. Clemente Mariano (AFP-Member), Lt. Gen. Arnulfo Acedera, Jr. (AFP-Member), Vice Admiral Caranza (AFP-Member), Gen. Arturo Enrile (PNP Chairman), and himself (President, Vice Chairman), as shown by the Approval Sheet,⁵⁶ dated March 4, 1996. Of all these 11 trustees, he was the only one charged.

The Calamba Land Banking Project was under the Real Estate Management Department of the AFP-RSBS, headed by Commander Benigno Cabrieto. Among the significant conditions set by the Board of Trustees in approving it were, the amount must be P1.57 billion more or less and the terms of payment was 30% down payment and 70% upon signing of the deed of sale. Of the P1.57 billion, P1.35 billion was the budget for the inner lots covering the 600 hectares. The 11 hectares were supposed to be for the right of way.

As an investment proposal, the project was reviewed, deliberated and voted upon by the Investment Committee (ICOM), then it was elevated to the Executive Committee (ExeCOM) where it was also deliberated and voted upon. The chairman, vice-chairman and members of the ICOM were the president, executive vice-president and heads of the different departments of AFP-RSBS, respectively. For, the ExeCOM, the chairman was the president, the vice-chairman was the executive vice-president and the members were the representatives of the major service commands like the Philippine Army and Philippine Navy. From the ExeCOM, the witness recommended the project to the Board of Trustees, which eventually approved it.

⁵⁶ Exhibit 1 for accused Ramiscal, Jr., Jr.; Exhibit 4 for accused Bello



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As a practice in the acquisition of large tract of lands, the AFP-RSBS avails of the professional services of a consolidator because it is very much familiar with the place and the land owners, and it is necessary that the land to be acquired be contiguous. It is also to shield the System from price escalation because land owners tend to increase the price when they know that the buyer is the AFP-RSBS. In the Calamba Land Banking Project, Vintage Builders Corporation (Vintage) first undertook the consolidation as shown by a Memorandum of Understanding (MOU),⁵⁷ signed by the witness as the buyer⁵⁸ and Jesus S. Garcia as the consolidator.⁵⁹ The basis of the MOU was the Disposition Form,⁶⁰ signed by Mr. Cabierto⁶¹ (Head of the Real Estate and Management Department) and Mr. Ibo (Head of the Management Office). Before the witness signed the MOU, it was first reviewed by the Real Estate Management Department and the Legal Department, which recommended its approval; then, it was indorsed by the Executive Vice President. However, there were no lots acquired because the seller wanted outright cash payment instead of the term payment of 30% down payment and 70% upon signing of the deed of sale. To remedy the situation, and in order to facilitate the acquisition of land for the land banking project of the System, Vintage, through Jesus S. Garcia, entered into a Memorandum of Agreement (MOA),⁶² dated June 27, 1996, with another partner, First Integrated Finance Corporation (FIFC). The witness had no participation in the MOA and he first knew about it when it was sent to his office for his

⁵⁷ Exhibits 2 to 2-C for accused Ramiscal, Jr.

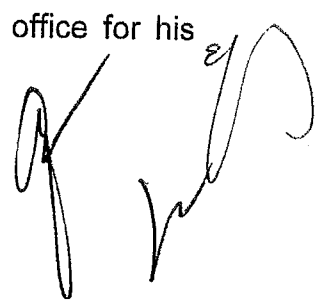
⁵⁸ Exhibit 2-D for accused Ramiscal, Jr.

⁵⁹ Exhibit 2-E for accused Ramiscal, Jr.

⁶⁰ Exhibit 9 for accused Ramiscal, Jr.; Exhibit 1 for accused Satuito

⁶¹ Exhibit 9-a

⁶² Exhibit 6 for accused Bello; Exhibit 3 for accused Ramiscal, Jr.

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approval. The MOA was evaluated by the Real Estate Management Department and the Legal Department, which both recommended its approval. But again, no lots were acquired under the MOA because the terms of payment of the System were not met. Thus, Vintage and FIFC sent a letter,⁶³ dated September 11, 1996, to the witness requesting that there be another arrangement. The letter was signed by Jesus Garcia for Vintage Builders Corporation, and Albert L. Yam for First Integrated Finance Corporation, and conformed by the accused.⁶⁴ The accused then referred the letter to the Legal Department, Real Estate Management Department, the Executive Vice-President and to the Corporate Investment head. All of them recommended approval of the letter. Under the third scheme, the AFP-RSBS was able to acquire lands which led to the Deed of Absolute Sale,⁶⁵ between AFP-RSBS, represented by the witness,⁶⁶ Jesus Garcia⁶⁷ for Vintage, and the representative of the Panganiban family, Florencia Magpantay, covering Lot No. 7052 of the Cadastral Survey of Tanauan. Apart from this deed of sale, he did not remember having signed another document involving the same lot and owners.

The witness confirmed that he approved the Status of Transaction Form,⁶⁸ because ten (10) members had already approved it and that he did not see anything irregular on the face of the form. He said that he was the last signatory. Of the eleven (11) signatures appearing on the Status of

⁶³ Exhibit 8 for accused Bello; Exhibit 4 for accused Ramiscal, Jr.

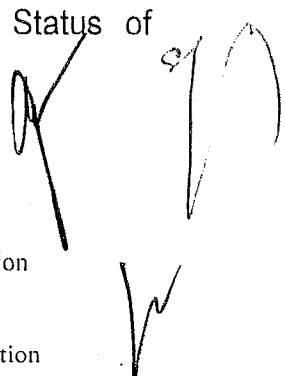
⁶⁴ Exhibit 4-A for accused Ramiscal, Jr.

⁶⁵ Exhibit 5 for accused Ramiscal, Jr. and previously marked as Exhibit E of the prosecution

⁶⁶ Exhibit 5-A

⁶⁷ Exhibit 5-B

⁶⁸ Exhibit 6 for accused Ramiscal, Jr. and previously marked as Exhibit G for the prosecution



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Transaction Form, four (4) of them namely, accused Bello, Quilicot, Jr., Satuito and himself, were charged.

The Status Transaction Form was attached to General Voucher No. 60706,⁶⁹ and the amount of P2,455,714.00 appearing thereon was paid to the Panganiban family. The witness approved the voucher because his subordinate officers, namely Caroline Mercado (Head of the Budget Division), Jane Anio (Head of the Internal Audit), Alovioly Culinada (Head of the Accounting Division) and Executive Vice-President Oscar Martinez had already signed it. Also, the witness said that he was not among the signatories of the PNB check,⁷⁰ in the amount of P2,455,714.00, because only Mr. Bautista (Head of the Treasury Department) and Oscar Martinez signed it.

The witness denied that the AFP-RSBS suffered any loss from this transaction. According to the witness, the AFP-RSBS should have posted an income because real estate development was on the rise before.

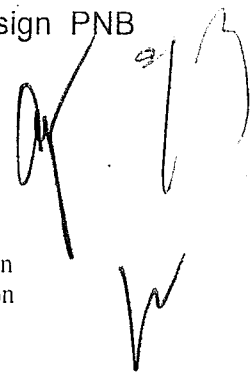
Liza M. Lorenzana was the Head of the Treasury Department of AFP-RSBS. Her testimony was dispensed with when the parties stipulated that pursuant to Board Resolution No. 07-95,⁷¹ dated April 3, 1995, and Secretary's Certificate,⁷² dated April 17, 1995 (which documents were admitted by the prosecution), Col. Martinez was authorized to sign PNB

⁶⁹ Exhibit 7 for accused Ramiscal, Jr. and previously marked as Exhibit I for the prosecution

⁷⁰ Exhibit 8 for accused Ramiscal, Jr. and previously marked as Exhibit J for the prosecution

⁷¹ Exhibit 10

⁷² Exhibit 11

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Check No. 00071907, dated April 24, 1997, in the absence of accused Ramiscal, Jr.⁷³

Meinrado Enrique A. Bello, who was the Head of the Legal Department of AFP-RSBS on February 1997 and one of the accused in this case, testified that the primary responsibility of his position was to act as legal counsel of the System. As such, he passed upon contracts entered into by AFP-RSBS and checked that the System complied with its legal and contractual obligations.

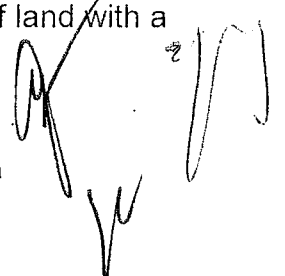
He confirmed that he recommended approval of the payment of the property owned by the Panganibans, as shown by his signature on the Status of Transaction Form. His recommendation was based on three (3) reasons: *first*, prior to his designation as Legal Head, there were already approvals relative to the Calamba project and one of those properties acquired was that of the Panganibans; *second*, already attached to the Status Transaction Form was a title in the name of AFP-RSBS; and *third*, he did not wish that AFP-RSBS would be sued should he fail to indorse the payment.

According to the witness, the acquisition was duly approved by the Board of Trustees of AFP-RSBS as evidenced by the Approval Sheet,⁷⁴ and Minutes of the Meeting, dated March 4, 1996.⁷⁵ Prior to the approval of the land banking by the Board, the project passed the ICOM and the ExeCOM. Based on the Minutes of the Meeting taken on February 22, 1996, the ExeCOM approved the project. The acquisition of 600 hectares of land with a

⁷³ TSN, dated July 28, 2008

⁷⁴ Exhibit 4 for accused Bello and previously marked as Exhibit S-10 by the prosecution

⁷⁵ Exhibit 15 for accused Bello and previously marked as Exhibit S for the prosecution



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guaranteed price of P225.00 per square meter for the Calamba project was also deliberated upon and approved by the ICOM at its February 14, 1996 meeting.⁷⁶ At that time, he was not yet a member of the ICOM and he was never a member of the ExeCOM.

Prior to the presentation of the Calamba project proposal to the ICOM and ExeCOM, it was first evaluated by the Real Estate Management Department as shown by the Disposition Form.⁷⁷ Upon his assumption as head of the Legal Department, he had seen four (4) documents proving that AFP-RSBS had a contractual obligation to pay the Panganibans, through Magpantay, as a result of the transfer of ownership of the property to the System. These documents were the MOU,⁷⁸ dated January 22, 1996, between Vintage and AFP-RSBS, the MOA,⁷⁹ dated June 27, 1996, between Vintage and FIFC, and the two letter agreements, dated August 8, 1996, from Vintage to Jose Ramiscal, Jr.,⁸⁰ and dated September 11, 1996, also addressed to and was conformed by Ramiscal, Jr.⁸¹ The MOU was for Vintage to consolidate 600 hectares of properties in Calamba, Laguna and Tribal Tourist, Laurel, Tanauan for AFP-RSBS at a guaranteed price of P225.00 per square meter. The MOA was an agreement between Vintage and FIFC to the effect that both would join together in the consolidation of lots for the Calamba project, and FIFC would finance the acquisition. The August 8, 1996 letter signified AFP-RSBS's conformity to the agreement between Vintage and FIFC, and that the P225.00 per square meter price would include

⁷⁶ Exhibits 2-A to 2-C

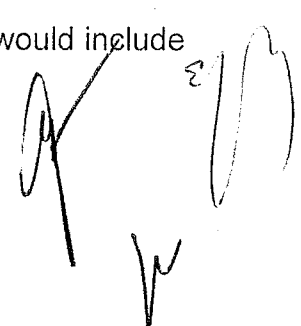
⁷⁷ Exhibit 1 for accused Bello

⁷⁸ Exhibit 5 for accused Bello

⁷⁹ Exhibit 6 for accused Bello

⁸⁰ Exhibit 7 for accused Bello

⁸¹ Exhibit 8 for accused Bello

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payment for capital gains tax, documentary stamp tax, and such other expenses for the transfer of the title in the name of AFP-RSBS. The September 11, 1996 letter reiterated the agreement between Vintage and AFP-RSBS that the former shall shoulder all the necessary expenses up to the transfer of the title in favor of AFP-RSBS. Only then will AFP-RSBS pay.

Another basis of the witness' recommendation for approval of payment to the Panganibans was the bilateral Deed of Sale, dated February 21, 1997,⁸² executed between the Panganibans, through Magpantay, and AFP-RSBS. He thought that the consolidator advanced the payment to the seller but he was not aware whether the seller was doubly paid.

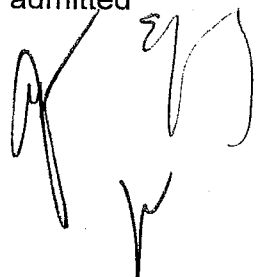
The witness testified that the AFP-RSBS did not make any cash advances to the Panganibans in payment of the subject property. The Panganibans were paid with a crossed PNB Check No. 000071907,⁸³ in the amount of P2,455,714.00. The check was received by the representative and employee of Vintage, Romeo Marquez, although the check was payable to Florencia Magpantay. Magpantay in a *Natatanging Gawad Na Kapangyarihan*,⁸⁴ among others, authorized Vintage to receive the payment.

The witness remembered that AFP-RSBS was sued by FIFC before the Regional Trial Court of Mandaluyong for non-payment of obligation in connection with its land banking project in Calamba, Laguna. Eventually, the parties entered into a compromise agreement whereby AFP-RSBS admitted

⁸² Exhibit 16 for accused Bello and previously marked as Exhibit E for the prosecution

⁸³ Exhibit 10 for accused Bello and previously marked as Exhibit J for the prosecution

⁸⁴ Exhibit 9 for accused Bello



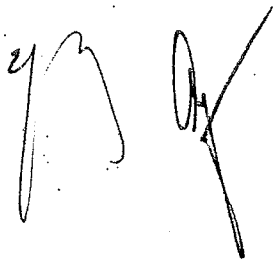
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having unpaid balance as of May 31, 1991,⁸⁵ on the lots that were consolidated by FIFC in the amount of P151,800,000.00. The properties involved in that case were also located in Calamba, Laguna and Tanauan, Batangas for the Calamba project. The basis of the compromise agreement was the fact that the Board agreed to pay the amount. He affirmed that the amount based on the compromise was paid by AFP-RSBS because there was an approval by the Board and a voucher indicating the last payment for the P151 million to FIFC.

Further, the witness said that the compromise agreement showed that AFP-RSBS never suffered any injury from the acquisition of the lots for the Calamba project, including the property from the Panganibans. Based on the compromise, the cost per square meter is more than P202.

The witness never acted as counsel for either Vintage or FIFC. Also, his participation in the acquisition of the Panganiban lot was limited to his indorsement of the payment and his signature on the Status of Transaction Form.

Accused Quilicot, Jr. adopted the testimony of accused Bello as his own, and asked additional questions. Accused Bello's further testimony is summarized as follows:



⁸⁵ Exhibit 12 (List of Unpaid Accounts as of May 31, 1999)



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Based on page 6 of the Approval Sheet,⁸⁶ the Board approved the acquisition of 600 hectares for the total amount of P1,576,100,000.00, broken down as follows: (1) payment for inner lots: P1,350,000,000.00; (2) payment for the right of way: P165,000,000.00; and (3) conversion fees: P61,100,000.00.

The witness confirmed that the ExeCOM approved the guaranteed price of P225.00 per square meter for the acquisition of the 600 hectares.⁸⁷ "Guaranteed price" meant that AFP-RSBS should pay P225.00 per square meter to Vintage for the lots it would acquire for the System.

Accused Satuito propounded additional questions to accused Bello. Accused Bello's further testimony is summarized as follows:

Other than that amount, no other payment was paid to Magpantay or to the Panganibans for the acquisition of the lots.

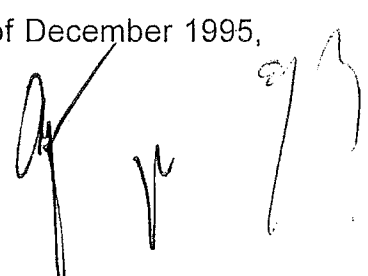
Before the witness affixed his signature on the Status of Transaction Form, he did not see any thing adverse on the document. He also denied that the real and true consideration of the property of the Panganibans was P425,495.00.

Accused Ramiscal, Jr. adopted the foregoing testimonies of accused Bello.

Manuel Se Satuito, who joined the Legal Department of AFP-RSBS on January 1987, testified that sometime in the later part of December 1995,

⁸⁶ Exhibit S

⁸⁷ Exhibit 3-a for accused Bello



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the System evaluated certain properties in the tri-boundaries of Calamba, Laguna, Tanauan and Laurel, Batangas for its Calamba project. The project was for the purpose of providing housing units to its members and for its real estate operations.

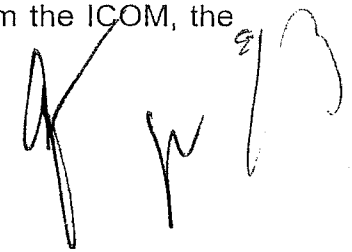
The project started with the evaluation of the property as shown by a Disposition Form,⁸⁸ dated December 26, 1995, which enabled the AFP-RSBS to enter into a memorandum of understanding with a consolidator. The disposition form was merely a recommendation by the Real Estate Management Department presented and forwarded by its head, Benigno Cabrieto, as shown by his signature⁸⁹ on the document.

The role of the consolidator was to consolidate about 600 hectares of properties in the area considering that there were several sellers and their prices were not the same, which ranged from P225.00 to P1,575.00. The consolidator would fix the price at P225.00 per square meter and it would absorb the excess should the selling price be more than the guaranteed amount of P225.00. This scheme was beneficial to the System because it did not need to negotiate with the sellers, and AFP-RSBS was assured that the price would be only up to P225.00 per square meter. The hiring of a consolidator was also for economic purposes. As a matter of fact, the System only paid P202.00 per square meter instead of the guaranteed price of P225.00 which meant that AFP-RSBS saved about P35 million.

From the evaluation of the project by the Real Estate Management Department, it was elevated to the ICOM for approval. From the ICOM, the

⁸⁸ Exhibit 1 for accused Satuito

⁸⁹ Exhibit 1-a for accused Satuito



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proposal was brought to the ExeCOM for deliberation and approval, then to the Board of Trustees. In all these levels of approval, he had no participation because he was not a member of either the ICOM, the ExeCOM or the Board. His specific role was only to see and determine that the title was already transferred in the name of AFP-RSBS.

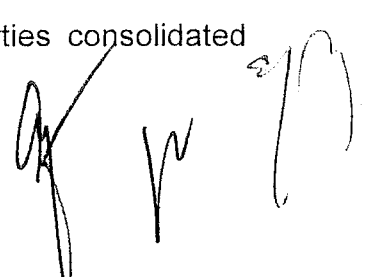
The terms and conditions of the MOU were not implemented because the sellers would not want to part with their title over their lots unless the full amount would be paid, while the AFP-RSBS would not also pay unless the title was registered under its name. Thus, the consolidator Vintage entered into a MOA⁹⁰ with FIFC, whereby the consolidators would advance payment to the sellers and AFP-RSBS would pay them once the title had been transferred in the name of the System. The witness denied having any participation in the preparation and execution of these agreements.

After the MOA, the consolidators sent several letters⁹¹ to AFP-RSBS manifesting their desire to hasten the consolidation and acquisition, and to simplify the transaction, such that the System would only be compelled to pay the consolidators upon the transfer of the title under the name of the System. AFP-RSBS agreed to the proposals in the letters considering that it was the consolidators that would register the title and pay the capital gains tax, transfer fees and all other incidental expenses. What all the System had to do was to check whether the title was already transferred in its name.

The witness further testified that there was a time that the System could not anymore pay the consolidators, and the properties consolidated

⁹⁰ Exhibit 6 of accused Bello

⁹¹ Exhibits 7 and 8 of accused Bello



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were already titled to, and the titles in the possession of, AFP-RSBS. Thus, the consolidators filed a case against the System. Realizing that it was a contractual obligation, the System eventually paid the consolidators.

Accused Ramiscal, Jr. adopted the foregoing testimony of accused Satuito, and asked additional questions. Satuito's further testimony is summarized as follows:

There was no juridical tie or direct link between AFP-RSBS and FIFC, except the MOA. What took place between the System and FIFC was purely business transaction.

Accused Quilicot, Jr. adopted the questions asked by the counsel for accused Satuito and accused Ramiscal, Jr., while accused Satuito adopted the questions asked by the counsel for accused Ramiscal, Jr..

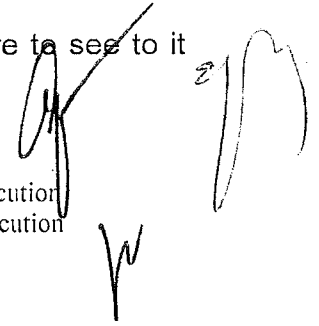
Lloyd A. Lopez was the Securities Custodian of AFP-RSBS. His testimony was dispensed with after the parties stipulated on the authenticity and due execution of the Investment Control Form No.88,⁹² and after accused Quilicot, Jr. adopted as his evidence the Deed of Absolute Sale,⁹³ dated February 21, 1997, and the Status of Transaction Form,⁹⁴ presented by the prosecution.

Perfecto O. Quilicot, Jr., who was employed with AFP-RSBS since 1988, testified that he was the Project Officer of the Calamba Project at the time material to this case, and as such, his basic functions were to see to it

⁹² Exhibit 1 for accused Quilicot, Jr.

⁹³ Exhibit 2 for accused Quilicot, Jr. and previously marked as Exhibit E for the prosecution

⁹⁴ Exhibit 3 for accused Quilicot, Jr. and previously marked as Exhibit G for the prosecution



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that the price, specifications and time table of the project were faithfully followed.

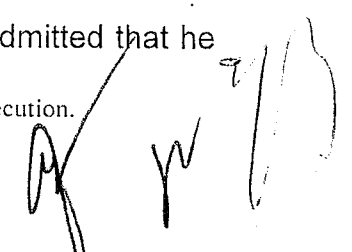
He said that the System ventured in this project because in the early 90's up to the mid 90's, AFP-RSBS was very successful in its real estate operation up to the extent that it had almost exhausted its inventory.

The Calamba project was only passed on to him and when he took over, there was already an agreement on the price between AFP-RSBS and the consolidator. The price was established on the basis of the study of the area, and the range of prices at that time, which was as high as P2,500.00 per square meter in the area near the highway and as low as around P300.00 per square meter for the inner lots.

The witness did not personally know Magpantay, but he knew she was paid as shown by the General Voucher,⁹⁵ in the amount of P2,455,714.00, as reflected in the bilateral Deed of Absolute Sale and as indicated in the Investment Control Form (ICF) No. 88. Through the ICF, they would know what was mandated by the Board. All the properties for the Calamba project were covered by an ICF. After an ICF was accomplished, it would be collected and placed in the vault of the Treasury Department.

The witness confirmed that he signed the Status of Transaction Form (STF) prepared by the project accountant, Helena Tiamzon. The amount on the STF was the same as that on the ICF. There were 11 signatories to the STF, the last signatory being accused Ramiscal, Jr. But only 4 of the signatories were charged before the Ombudsman. He also admitted that he

⁹⁵ Exhibit 4 for accused Quilicot, Jr. and previously marked as Exhibit I for the prosecution.

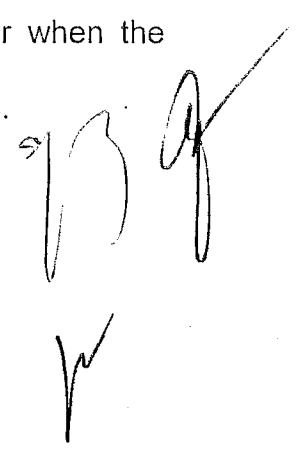


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signed the Request for Voucher and Check Preparation because the budget of the Calamba project was not under the Real Estate and Management Department. He could refuse to sign the Request for Voucher and Check Preparation but it was very dangerous because he had no reason not to recommend its approval. The Request for Check and Voucher Preparation was also collected, collated and filed in the vault of the Treasury Department for safekeeping.

The witness denied any participation on the preparation of the unilateral Deed of Absolute Sale.⁹⁶ He first heard of it during the Senate Blue Ribbon Committee hearing, and he first saw it when he was already charged. He did not see the deed at the preliminary investigation because he was not subjected to a preliminary investigation in this case.

He did not agree that the government suffered injury in this case because the amount reflected on the bilateral deed of sale was even less than the amount fixed and approved by the Board. Also, neither the COA nor the graft investigator nominated by the prosecution mentioned anything about any damage sustained by the AFP-RSBS when an audit of the transaction was conducted. Most of all, AFP-RSBS should have been the first one to file a complaint against them if it suffered injury, but it did not; and it should not have entered into an amicable settlement with the consolidator when the latter filed a case against the System for the remaining unpaid lots.

⁹⁶ Exhibit F of the prosecution



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Accused Satuito and Ramiscal, Jr. adopted the foregoing testimony of accused Quilicot, Jr. Accused Ramiscal, Jr. asked additional questions on the said witness. Quilicot, Jr.'s further testimony is summarized as follows:

Vintage was the consolidator appointed by AFP-RSBS for its Calamba project for three (3) primary purposes: *One*, to shield the System from rogue investors and speculative land owners and from political parties from favors and threats; *Two*, to avoid the risk of increment cost because the price is pre-determined; and *Three*, to enhance the time-table because the consolidator knows the technology involved in the acquisition. FIFC was the co-consolidator and financier of Vintage. The Calamba project was duly approved by the ICOM, ExeCOM and finally by the Board of Trustees of AFP-RSBS.

On January 28, 2009, the Court admitted the following exhibits offered by the accused in a Joint Formal Offer of Evidence, dated November 17, 2008:

Exhibit	Description
	<u>For Accused Ramiscal, Jr.</u>
1	Approval Sheet by the Board of Trustees on the Land Banking in Calamba, Laguna, consisting of 2 pages (Exhibit 4-Bello)
2, 2-A to 2-C	Memorandum of Understanding, dated January 22, 1996, executed between Vintage Builders Corporation and AFP-RSBS, consisting of 4 pages (Exhibit 5-Bello)
2-D & 2-E	Signatures above the printed names BGEN JOSE S. RAMISCAL, JR., JR (Exhibit 2-D) and JESUS C. GARCIA (Exhibit 2-E)

DECISION

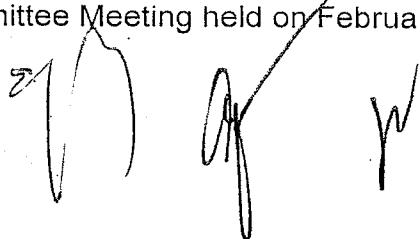
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- 3 Memorandum of Agreement, dated June 27, 1996, executed between Vintage Builders Corporation and First Integrated Finance Corporation, consisting of 4 pages (Exhibit 6-Bello)
 - 4 Letter, dated September 11, 1996, from Vintage Builders Corporation, addressed to Brig. Gen. Jose S. Ramiscal, Jr., President, AFP-RSBS, consisting of 2 pages (Exhibit 8-Bello)
 - 5 Deed of Absolute Sale, executed on February 21, 1997, between AFP-RSBS represented by Jose S. Ramiscal, Jr., and Angeles, Onofre, Anacleto, Jun, Aquilino, Regino, Eufonio, Virginia, Pellie and Alfredo, all surnamed Panganiban, represented by Florencia Magpantay, over a parcel of land, covered by TCT No. 34473, for P2,455,714.00 (Exhibit E)
 - 6 Status of Transaction Form of Project Calamba with Ref. No. 185-4-17-92, prepared by AFP-RSBS, reflecting the amount of P2,455,714.00 (Exhibit G)
 - 7 General Voucher No. 60706, dated April 21, 1997, for P2,455,714.00 (Exhibit I)
 - 8 PNB Check No. 0-000071907, dated 24 April 1997, showing Florencia Magpantay as payee, covering the amount of P2,455,714.00 (Exhibit J)
 - 9 AFP-RSBS Disposition Form, dated February 9, 1996, Subject: Land Banking in Calamba, Laguna consisting of 6 pages (Exhibit 1-Satuito)

For Accused Bello

- 1 AFP-RSBS Disposition Form, dated February 9, 1996, Subject: Land Banking in Calamba, Laguna, consisting of 6 pages
- 1-A Signature above the printed name "QUILICOT, JR."
- 2 Minutes of the Investment Committee Meeting held on February 14, 1996, consisting of 4 pages.
- 2-A to 2-C Record of the specific discussions and deliberations by the members of the Investment Committee relative to the Land Banking Project in Calamba, Laguna, as reflected on pages 2 to 4 of the Minutes of the Investment Committee Meeting.
- 3 Minutes of the Executive Committee Meeting held on February 22, 1996 consisting of 7 pages



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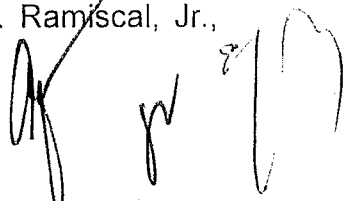
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- 3-A to 3-C Record of the specific discussions and deliberations by the members of the Executive Committee relative to the Land Banking Project in Calamba, Laguna, as reflected on pages 2 to 4 of the Minutes of the Executive Committee Meeting.
- 4 Approval Sheet by the Board of Trustees on the Land Banking in Calamba, Laguna, consisting of 2 pages.
- 5 Memorandum of Understanding, executed on January 22, 1996, between Vintage Builders Corporation and AFP-RSBS, consisting of 4 pages.
- 6 Memorandum of Agreement, executed on June 27, 1996, between Vintage Builders Corporation and First Integrated Finance Corporation, consisting of 4 pages.
- 7 Letter, dated August 8, 1996, from Vintage Builders Corporation, addressed to Brig. Gen. Jose S. Ramiscal, Jr., President, AFP-RSBS, consisting of 2 pages.
- 7-A & 7-B Quoted statements from Exhibit 7, to which AFP-RSBS gave its conformity:

"The previous arrangement consisted of adhering to the guaranteed price of P225 as the amount paid for the purchase of the different properties in the area. However, this method created a lot of difficulties which resulted in complications such that you decided to just revert back to the original agreement in what should be paid and reflected in the deeds of contracts of sale, should be the actual purchase of the property demanded of offered by the seller/owner." (Exhibit 7-A)

"Please note that the actual cost is P28.18 higher than the net selling price which was previously set at P245. Such amount already includes cap gains tax and documentary stamp tax and brokers commission which adds up to 11.5% of the seller's net selling price. Thus, the actual acquisition cost as reflected above represents the gross selling price of seller. We hereby propose also, that we shall take full responsibility in paying for the above two tax items such as included in the actual acquisition cost. Furthermore, we would include all the cost items reflected above as part of the parameters for our guaranteed average acquisition cost of P225. Should a significant deviation in anticipated due to a very special case, it shall be negotiated with and between our goodselves." (Exhibit 7-B)

- 8 Letter, dated September 11, 1996, from Vintage Builders Corporation, addressed to Brig. Gen. Jose S. Ramiscal, Jr.,
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President; AFP-RSBS, consisting of 2 pages.

- 8-A Quoted statements from Exhibit 8, to which AFP-RSBS gave its conformity:

"With this proposal, our companies shall be compelled to shoulder all the necessary expenses up to the transfer of title in favor of the System. The advantage of such a proposal is to hasten our mode of acquisition, as embodied in our Memorandum of Understanding with you. All that AFP-RSBS has to do is accept and verify the TCT as basis upon which payment will be effected. Hence, the System, will not be compelled to make payment except upon presentation and surrender/delivery of the TCT already in the name of the System as explained above."

- 9 Certified True Copy of the Natatanging Gawad na Kapangyarihan (Special Power of Attorney), executed on February 21, 1997, by Angeles, Onofre, Anacleto, Jun, Aquilino, Regino, Eufonio, Virginia, Pellie and Alfredo, all surnamed Panganiban, through their attorney-in-fact Florencia Magpantay, constituting Vintage Builders Corporation/First Integrated Finance Corporation as their sub-agents with the specific powers or authority as clearly spelled in the said Special Power of Attorney, consisting of 3 pages.

- 9-A to 9-E Quoted specific powers or acts as delegated in the special power of attorney:

"Mag-alok na ipagbibili, makipag-usap sa AFP RETIREMENT AND SEPARATION BENEFIT SYSTEM ('RSBS') at makipagsundo sa kundisyon ng bilihan hinggil sa aking lupain sa Sulpok, Bayan ng Tanauan na napapsailalim ng Tax Declaration No. 042-00174, Transfer Certificate of Title No. T-34473 ng Register of Deeds ng Batangas na may sukat na Twelve Thousand One Hundred Fifty Seven (12,157) METRO CUADRADO kasama ng halagang aking nais na ipagbibili ang aking nasabing lupain at sa pamaraan ng kabayaran ng buong presyo; at gumawa, lumagda o pumirma sa anumang kasulatan ng bilihan o pagbenta ng aking lupa sa RSBS para sa aking kapakanan;" (Exhibit 9-A)

"Singilin, tanggapin at kunin sa AFP RETIREMENT AND SEPARATION BENEFIT ('RSBS'), na siyang bumili ng aking lupain sa Sulpok, Bayan ng Tanauan na napapasailalim ng Tax Declaration No. 042-00174/Transfer Certificate of Title No. T-34473 ng Register of Deeds ng Batangas ang buong kabayaran ng bilihan sa pagbenta ng lupa at kunin ang halagang ibinayad ng RSBS para sa pagbili ng aking lupain;" (Exhibit 9-B)



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"Na kung sakaling ang kabayaran na ibibigay ng RSBS bilang bayad sa kabuuang presyo ng bilihan ay sa pamamagitan ng tseke, aking pinapahintulutan at binibigyang kapangyarihan ang aking kinatawan na suklian or ipalit sa bangko ang tseke at kunin at tanggapin bilang kanya o kanila ang perang ibabayad ng bangko sa pagsukli at pagpalit ng tseke ng kuwalta;" (Exhibit 9-C)

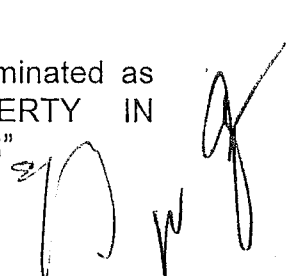
"Lumagda at gumawa ng anumang kasulatan tungkol sa pagkatanggap sa RSBS ng paunang bayad sa aking lupain." (Exhibit 9-D)

"Binibigyan din namin nang kapangyarihan ang aking kinatawan na humirang at tumalaga ng kanyang kapalit or sugo o ibang tao upang isagawa ang mga bagay na nakasaad dito sa kasulatang ito." (Exhibit 9-E)

- 10 Certified true copy of PNB Check No. 000071907
- 11 Decision, promulgated on December 27, 1999, by the Regional Trial Court, Branch 214, Mandaluyong City, based on Compromise Agreement, in Civil Case No. MC99-744, entitled First Integrated Finance Corporation vs. AFP Retirement and Separation Benefits System consisting of 5 pages.
- 12 List of unpaid accounts, Calamba land acquisitions as of 31 May 1999
- 12-A Signature of Aldorie J. Tolenada, Head, Accounting Div, OC
- 12-B Signature of Caroline E. Mercado, Head OC
- 13 Approval Sheet of the Board of Trustees on 5 May 2003 regarding the Full Settlement of First Integrated Finance Corp (FIFC) Account consisting of 2 pages.
- 14 General Voucher No. 96111, dated 15 May 2003
- 15 Certified true copy of the Minutes of the Meeting of the Board of Trustees, AFP-RSBS held on March 4, 1996, and the Approval Sheet for the said Meeting (Exhibits S to S-13).

For Accused Satuito

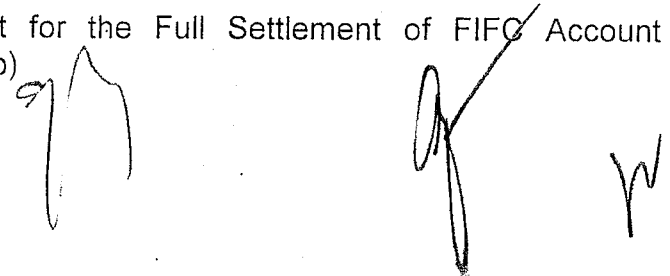
- 1 Disposition Form, dated February 9, 1996, denominated as "EVALUATION OF REAL ESTATE PROPERTY IN CALAMBA, LAGUNA AND TANAUAN, BATANGAS"

Handwritten signature and initials in black ink, located at the bottom right of the page. The signature appears to be a stylized 'J' or 'G' followed by some initials.

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- 1a Signature of Cabrieto, Head, Real Estate Management Department
 - 2 Memorandum of Understanding, executed on January 22, 1996, between Vintage Builders Corporation and AFP-RSBS, consisting of 4 pages (Exhibit 5-Bello)
 - 3 AFP-RSBS Disposition Form, dated February 9, 1996, Subject: Land Banking in Calamba, Laguna, consisting of 6 pages (Exhibit 1-Bello)
 - 4 Minutes of the Investment Committee Meeting, held on February 14, 1996, consisting of 4 pages (Exhibit 2-Bello)
 - 5 Minutes of the Executive Committee Meeting, held on February 22, 1996 (Exhibit 3-Bello)
 - 6 Approval Sheet by the Board of Trustees on the Land Banking in Calamba, Laguna, consisting of 2 pages (Exhibit 4-Bello)
 - 7 Memorandum of Agreement, executed on June 27, 1996, between Vintage Builders Corporation and First Integrated Finance Corporation, consisting of 4 pages (Exhibit 6-Bello)
 - 8 Letter, dated August 8, 1996, from Vintage Builders Corporation, addressed to Brig. Gen. Jose S. Ramiscal, Jr., AFP RSBS President (Exhibit 7-Bello)
 - 9 Letter, dated September 11, 1996, from Vintage Builders Corporation, addressed to Brig. Gen. Jose S. Ramiscal, Jr., AFP RSBS President (Exhibit 8-Bello)
 - 10 Letter, dated September 25, 1996, from Vintage Builders Corporation, addressed to Brig. Gen. Jose S. Ramiscal, Jr., AFP RSBS President
 - 11 Compromise Agreement, between First Integrated Finance Corporation and AFP RSBS
 - 12 Decision, promulgated by the Regional Trial Court, Branch 214, Mandaluyong, approving the Compromise Agreement (Exhibit 11-Bello)
 - 13 Disposition Form, dated April 21, 2003, subj: Full settlement of FIFC Account
 - 14 Approval Sheet for the Full Settlement of FIFC Account (Exhibit 13-Bello)
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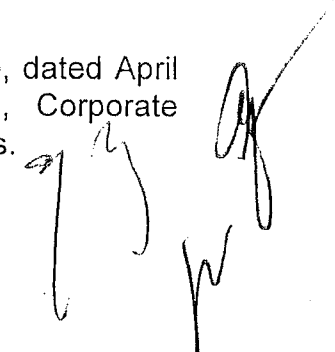
- 15 General Voucher No. 96111 (Exhibit 14-Bello)
- "Natatanging Gawad na Kapangyarihan" (Exhibit 9-Bello).
- PNB Check No. 000071907 (Exhibit 10-Bello)
- List of Unpaid Accounts (Exhibits 12, 12-A and 12-B-Bello)

For Accused Quilicot, Jr., Jr.

- 1 Investment Control Form No. 88
- 1-A Price of P202.00/sqm, appearing on ICF No. 88, which is the actual acquisition cost of the land owned by the Panganiban family.
- 1-B Total consideration of sale is P2,455,714.00 (12,157 sqm x P202.00) of the land owned by the Panganiban family.
- 2 Deed of Absolute Sale; of P2,455,714.00, between Panganiban family represented by Florencia Magpantay, and AFP-RSBS, represented by Jose S. Ramiscal, Jr.
- 2-A Indicating the total consideration of sale of P2,455,714.00, as appearing on Exhibit 2
- 3 Status of Transaction Form of Project Calamba, with Ref. No. 185-4-14-92, prepared by AFP-RSBS
- 3-A Reflecting the total consideration of P2,455,714.00

On February 20, 2009, the Court admitted the following exhibits offered by accused Ramiscal, Jr. in a Supplemental Offer of Evidence, dated November 20, 2008:

Exhibit	Description
10	Certified true copy of Board Resolution No. 07-95, dated April 3, 1995, of the Board of Directors of AFP-RSBS, consisting of 2 pages
11	Certified True Copy of the Secretary's Certificate, dated April 17, 1995, issued by Atty. Julian A. Alzaga, Corporate Secretary of the AFP-RSBS, consisting of 2 pages.



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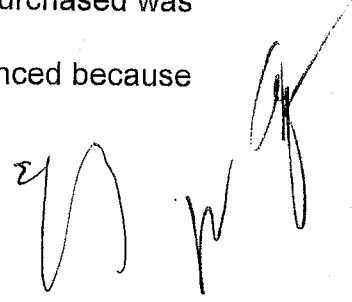
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THE FACTS

From the evidence on record, we found the facts as follows:

In the latter part of December 1995, the Real Estate Management Department of the AFP-RSBS initiated an evaluation of a real estate property for its real estate operation and low cost housing project for its members. In the process, Vintage Builders Corporation (Vintage), a consolidator, offered for the purpose, an area of 600 hectares at the tri-boundary of Calamba, Laguna and Laurel and Tanauan, Batangas, later called the "Calamba Project" with accused Quilicot, Jr. as Project Officer. The Real Estate Management Department of the AFP-RSBS recommended that the System acquire the property, it being the best offer.

As a practice in the acquisition of large tracts of land, AFP-RSBS engaged the professional services of a consolidator for a number of reasons. It was the consolidator which would consolidate the 600 hectares of land in the area as there were several lots and sellers to deal with, and the prices of each lot were not the same. The System would not have to negotiate directly with the sellers. Besides, the consolidator was familiar with the place and the owners of the land to be purchased. The practice also shielded the System from price escalation because land owners tended to increase the price when they knew that the buyer was the System. Also, the use of the consolidator protected the System from favors and threats of politicians. Moreover, risk of increment cost was avoided because the price of the lot to be purchased was pre-determined. Finally, the time-table of the System was enhanced because the consolidator knew the technology involved in the acquisition.



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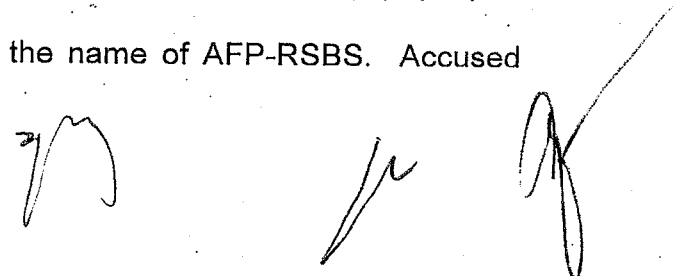
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Hence, on January 22, 1996, accused Ramiscal, Jr., representing the System, entered into a Memorandum of Understanding (MOU) with Vintage for the consolidation of the 600 hectares of property in Calamba and Batangas at a guaranteed price of P225.00 per square meter. Payment for titled properties was agreed in the following manner: 30% upon signing of the deed of conditional sale, and the remaining 70% upon signing of the deed of absolute sale and delivery of the owner's copy of the transfer certificate of title. Upon the recommendation of Quilicot, Jr., the MOU was approved by the Investment Committee of the AFP-RSBS, with accused Ramiscal, Jr. as the Chairman/President. The matter was further elevated to and approved by the Executive Committee of the System, then finally by its Board of Trustees.

On June 27, 1996, Vintage entered into a Memorandum of Agreement (MOA) with First Integrated Finance Corporation, whereby the latter joined the former as co-consolidator and financier, for the AFP-RSBS project under the MOU earlier executed between Vintage and the System. The MOA was notarized by accused Satuito. Accused Ramiscal, Jr. conformed to this joint undertaking as sought by the consolidators, in a letter, dated August 8, 1996.

In a letter, dated September 11, 1996, Vintage informed AFP-RSBS that it had already consolidated in favor of the System about 16 hectares of land since August 8, 1996, and further proposed to AFP-RSBS that for future acquisition, it shall shoulder all the incidental expenses up to the transfer of the title in the name of the System, and the latter shall only pay upon surrender/delivery of the title already in the name of AFP-RSBS. Accused Ramiscal, Jr. conformed to this proposal.



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Indeed, TCT No. 65281 in the name of AFP-RSBS, covering a parcel of land with an area of 12,157 square meters, situated in Tanauan, Batangas, was issued and delivered to the System. TCT No. 65281 appears to be a transfer from TCT No. T-34473, which was cancelled by virtue of a unilateral Deed of Absolute Sale, executed on February 20, 1997, by its registered owners Angeles, Onofre, Anacleto, Jun, Aquilino, Regina, Eufonio, Virginia, Pellie and Alfredo, all surnamed Panganiban, represented by their attorney-in-fact Florencia Magpantay, in favor of the AFP-RSBS, for a consideration of P425,495.00. The said deed of sale was entered as Entry No. 168365 in the books of the Register of Deeds of Tanauan, Batangas, on February 18, 1997.

To process the payment for the acquisition of the property covered by TCT No. 65281, the Real Estate Management Department of the System, through the accountant of the Calamba project, Helena Tiamzon, prepared the Status of Transaction Form with Reference No. 185-4-17-97, where she wrote the entries "*Florencia Magpantay*", as the payee, "*payment for 12,157 sq. m. of property*", and the amount "*P2,455,714*". Florencia Magpantay was said to be the attorney-in-fact of the Panganibans. She also marked what supporting documents were attached to the Status of Transaction Form, i.e., TCT No. 34473, TCT No. 65281, bilateral Deed of Absolute Sale (dated February 21, 1997, signed by AFP-RSBS and Mapantay, covering 12,157 square meters of the property of the Panganibans for the amount of P2,455,714.00), Joint Venture Agreement, *Natatanging Gawad na Kapangyarihan* and Special Power of Attorney. The entries were then verified by accused Quilicot, Jr. as Project Officer, Aldorie Tolenada as Chief

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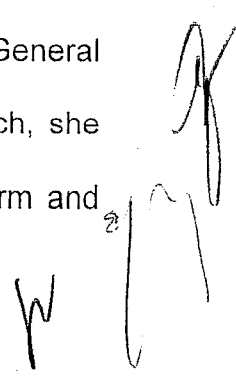
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Accountant-Office of the Comptroller, and the documents attached to the form certified to be legally sufficient and in order by accused Satuito as Head of the Documentation Division-Legal Department. Accused Bello as Head of the Legal Department and Julian Alzaga as Senior Vice President for Legal, recommended the approval of the Status of Transaction Form. Ruben Garcia then endorsed it for payment based on the findings of the Legal Department, and Cesar L. Ibo, as Head of the CIHG, and Oscar Martinez as Executive Vice President/COO, recommended the approval of payment. Accused Ramiscal, Jr. finally approved the payment. After accused Ramiscal, Jr. approved the Status of Transaction Form, it was returned to the Real Estate Management Department to be attached to the Request for Voucher and Check Preparation.

On the basis of the accomplished Status of Transaction Form, the Request for Voucher and Check Preparation (RVCP), dated April 14, 1997, was prepared by Tiamzon, recommended for approval by accused Quilicot, Jr., and approved by Cesar L. Ibo (Group/Dept. Head) and Ruben G. Garcia (Office/Dept. Head). The accomplished RVCP requested the VP, Treasury and VP, Controllershship, to prepare the voucher and check for P2,455,714.00, payable to Florencia Magpantay, for the payment of the lot with an area of 12,157 square meters. Based on these documents, General Voucher No. 60706, dated April 21, 1997, covering the amount appearing on the RVCP was prepared, noted/cleared by Tiamzon, recommended for approval by Martinez and approved for payment by accused Ramiscal, Jr. The General Voucher was then verified by Chief Accountant Tolenada, after which, she signed the "certified correct" portion of the Status of Transaction Form and



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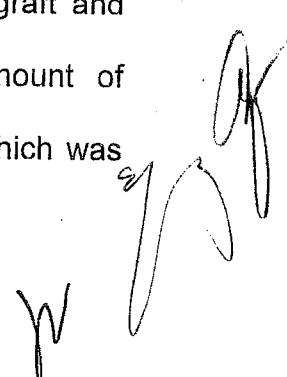
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forwarded it to the internal audit. Eventually, a crossed PNB Check No. 000071907, dated April 24, 1997, in the amount of P2,455,714.00, payable to Florencia Magpantay, was drawn and signed by Bautista and Martinez. The check was received by a representative of Vintage and the same was deposited in Solid Bank Account No. 2070-0121-14, under the account name First Integrated Finance Corporation.

In sum, the Deed of Absolute Sale, dated February 20, 1997 (unilateral deed of sale), which was signed by the sellers and which was registered and used to transfer the ownership of the subject lot from its former owners to the name of AFP-RSBS reflects the amount of **P425,595.00** as the purchase price, while the Deed of Absolute Sale, dated February 21, 1997 (bilateral deed of sale), which was executed both by the sellers and the buyer (AFP-RSBS), which in turn was attached to the Status of Transaction Form and which was the basis for the processing of payment, and the actual payment made, by the System, indicates the purchase price as **P2,455,714.00**.

DISCUSSION

The prosecution accuses BGen. Jose S. Ramiscal, Jr., Atty. Meinrado Enrique Bello, Atty. Manuel Se Satuito and Capt. Perfecto O. Quilicot, Jr., in conspiracy with each other and with other unknown accused, of violation of Section 3(e) of Republic Act 3019, otherwise known as the Anti-graft and Corrupt Practices Act, for making the AFP-RSBS pay the amount of P2,455,714.00 for a property the true and real consideration of which was



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only P425,595.00, as reflected in that unilateral deed of sale. Section 3(e) of RA 3019 states:

"SEC. 3. **Corrupt Practices of Public Officers.**—In addition to acts or omissions of public officers already penalized by existing law, the following shall constitute corrupt practices of any public officer and are hereby declared to be unlawful:

"xxx

"e. Causing any undue injury to any party, including the Government, or giving any private party any unwarranted benefits, advantage or preference in the discharge of his official administrative or judicial functions through manifest partiality, evident bad faith or gross inexcusable negligence. This provision shall apply to officers and employees of offices or government corporations charged with the grant of licenses or permits or other concessions."

To warrant the conviction of the accused, the prosecution is burdened

to prove the following essential elements of the crime:


(1) That the accused is a public officer discharging administrative, judicial or official functions;

(2) That he must have acted with manifest partiality, evident bad faith, or gross inexcusable negligence; and

(3) That his action has caused undue injury to any party, including the Government, or has given any party any unwarranted benefit, advantage or preference in the discharge of his functions.⁹⁷

The first element is clearly present in this case, as all accused were public officers within the contemplation of the law, which includes all persons "who, by direct provision law, popular election or appointment by competent authority, shall take part in the performance of public functions in the

⁹⁷ Cabrera, et al v. Sandiganbayan, et al., G. R. No. 162314-17, October 25, 2004, and later in Velasco v Sandiganbayan, et al., G.R. No. 160991, February 28, 2005



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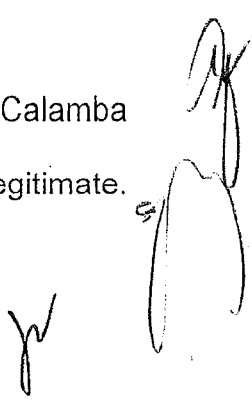
Philippine Government, or shall perform in said government or any of its branches, public duties as an employee, agent or subordinate official or any rank or class,"⁹⁸ with the admission during the pre-trial conference that at the time material to the case, accused Ramiscal, Jr., Bello, Satuito and Quilicot, Jr., were President, Head of the Legal Department, Head of the Documentation Division and Project Officer, all of the AFP-RSBS, respectively. It should be stressed that AFP-RSBS is a government-owned and controlled corporation imbued with public interest.

On the second element, of the three distinct modes Section 3 (e) may be committed, the prosecution imputed only **evident bad faith** against the accused in causing undue injury to AFP-RSBS and its members in the amount of P2,030,219.00, representing the difference between P2,445,714.00 and P425,495.00. "Bad faith does not simply connote bad judgment or negligence; it imputes a dishonest purpose or some moral obliquity and conscious doing of a wrong; a breach of sworn duty through some motive or intent or ill will; it partakes of the nature of fraud. (*Spiegel v Beacon Participations*, 8 NE 2nd Series 895, 1007). It contemplates a state of mind affirmatively operating with furtive design or some motive of self interest or ill will for ulterior purposes (*Air France v. Carrascoso*, 18 SCRA 155, 166-167). Evident bad faith connotes a manifest deliberate intent on the part of the accused to do wrong or cause damage."⁹⁹

At this point, it is well to note that it is undisputed that the Calamba land banking project of the AFP-RSBS in itself was valid and legitimate.

⁹⁸ Art. 103, Revised Penal Code

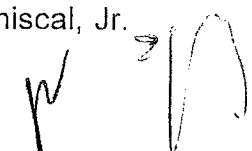
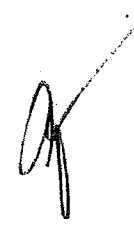
⁹⁹ cited in *Llorente v. Sandiganbayan*, 287 SCRA 382, at p. 404-405



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There was no question or issue as to the motive or reason for the venture. The controversy centers on the price of the 12,157 square meters of land acquired by the System for the project. This arose from the existence of the two deeds of sale, one a unilateral deed of sale, dated February 20, 1997, with a consideration of P425,495.00, executed only by the sellers in favor of the System, and another, a bilateral deed of sale, dated February 21, 1997 with a consideration of P2,455,714.00, executed by both the sellers and the buyer. Given these inconsistency and discrepancy, the prosecution pointed to the accused as the author of the irregularity. In gist, the prosecution theorizes that the accused, in conspiracy with each other, and with evident bad faith, caused or made the System, to pay the amount of P2,455,714.00 for a 12,157-square meter property, which true and real cost was only P425,495.00. In support of its conspiracy theory, the prosecution heavily relied on the signatures of the accused on the different documents from the inception of the Calamba project to the release of PNB Check No. 000071907 in the amount of P2, 455,714.00.

First, we shall summarize the participation and role of each accused in the transaction. Accused Ramiscal, Jr.'s signature was visible and present in almost all the papers related to the Calamba project, being the highest authority of AFP-RSBS and the head of the ICOM, the ExeCOM and the Vice-Chairman of the Board of Trustees of the System. He did not deny having conformed to the MOU between Vintage and AFP-RSBS, and to the letters dated August 8, 1996 and September 11, 1996, of Vintage to AFP-RSBS. He signed the bilateral deed of sale and approved for payment the Status of Transaction Form and the General Voucher. In short, accused Ramiscal, Jr.



DECISION

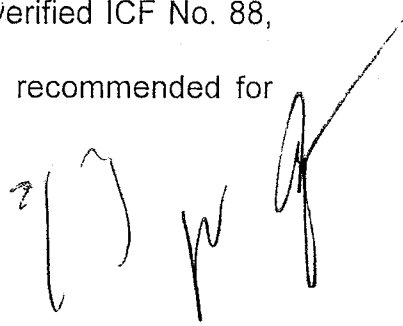
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had knowledge and had consented (a) to the acquisition of the 12,157-square meter land of the Panganibans at the price of P2,455,714.00, (b) to the terms and conditions of payment and the changes thereto in the process, from the 30%-70% agreement to the arrangement that the consolidators would shoulder all the expenses and AFP-RSBS would only pay the guaranteed price of P225.00 per square meter upon delivery of the title already in the name of the System, and (c) to the release of the amount of P2,455,714.00. Accused Bello, on the other hand, was the Head of the Legal Department on October 2, 1996. But prior to his designation, there were already approvals relative to the Calamba project. He was one of the members of the ICOM for the calendar years 1996 and 1997, and he was never a member of the ExeCOM. He admitted having recommended approval of the payment of the subject property for P2,455,714.00, as shown by his signature on the Status of Transaction Form. Accused Satuito, as Head of the Documentation Division of the Legal Department, certified that all documents attached to the Status of Transaction Form were legally sufficient and in order. He also notarized the MOA between Vintage and FIFC, the bilateral deed of sale, the Joint Venture Agreement,¹⁰⁰ dated February 21, 1997, between Magpantay and AFP-RSBS, and the Natatanging Gawad Na Kapangyarihan of Magpantay in favor of Vintage. Accused Quilicot, Jr. was the Project Officer of the Calamba project and the one who made an evaluation of the 600 hectares of property offered by Vintage for acquisition, and who presented it to the members of the ICOM. He verified ICF No. 88, verified and signed the Status of Transaction Form, and recommended for approval the Request for Voucher and Check Preparation.

¹⁰⁰ Exhibit D



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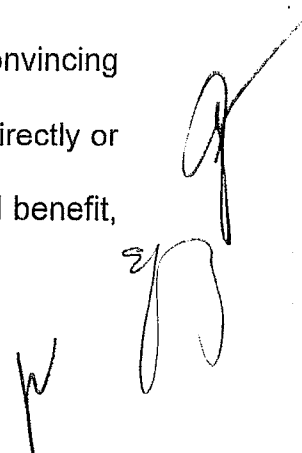
The foregoing participation of the accused to the series of events that led to the acquisition and eventual payment of the subject property indubitably shows that they conceded to the purchase of the subject property and the payment of its price as reflected in the bilateral deed of absolute sale. However, the mere fact that the accused concurred in the mode and manner of acquisition of the subject property and were in harmony to pay the purchase price which the prosecution believes to be bogus, to our mind, does not indicate the existence of conspiracy to defraud AFP-RSBS. Conspiracy is present when one concurs with the criminal design of another, indicated by the performance of an overt act leading to the crime committed. To establish conspiracy, direct proof of an agreement concerning the commission of a felony and the decision to commit it is not necessary. It may be inferred from the acts of the accused before, during or after the commission of the crime, which, when taken together, would be enough to reveal a community of design, as the proof of conspiracy is perhaps most frequently made by evidence of a chain of circumstances.¹⁰¹ Conspiracy must be proven by the same quantum of evidence as the felony subject of the agreement of the parties.¹⁰² Guilt must be premised on a more knowing, personal, and deliberate participation of each individual who is charged with others as part of a conspiracy.¹⁰³

The prosecution miserably failed to present positive and convincing evidence that the accused by their signatures and official positions directly or indirectly agreed to "over price" the property for their self-interest and benefit,

¹⁰¹ Peralta v. Desierto, 473 SCRA 322

¹⁰² Preferred Home Specialties Inc. v. CA, 478 SCRA 387

¹⁰³ Arias v. Sandiganbayan, 180 SCRA 309, at p. 313



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or to the prejudice of AFP-RSBS. On the contrary, it appears that the acquisition and payment of the subject property went through a regular process and their signatures were procured and affixed on the required documents in accordance with a standard operating procedure. Every public official who signs or initials documents in the course of a standard operating procedure does not automatically become a conspirator in a crime that transpired at some stage in which the official had no participation.¹⁰⁴ There should be other grounds than the mere signature or approval appearing on a voucher to sustain a conspiracy charge and conviction.¹⁰⁵ Before the acquisition was implemented, the Calamba project passed through the three levels of approving bodies, the ICOM, the ExeCOM and the Board of Trustees of the AFP-RSBS. It should be emphasized that these bodies were composed of members other than the accused. Of the 4 accused, only Ramiscal, Jr. and Bello were members of these approving bodies, accused Ramiscal, Jr., as Chairman of the ICOM, ExeCOM and Vice-Chairman of the Board of Trustees, and Bello, as member of the ICOM. But there is no showing that the two accused influenced each other or the other members to approve the proposal. In fact, Bello was neither a member yet of the ICOM at the time of the deliberation¹⁰⁶ and approval of the project,¹⁰⁷ nor did he ever attend the deliberation of these two committees regarding the project.¹⁰⁸ Neither could we discern fraud or ulterior motives on accused Quilicot, Jr. when he presented the project proposal. Based on the Disposition Form,¹⁰⁹

¹⁰⁴ *Albert v. Gangan*, 353 SCRA 673, 68

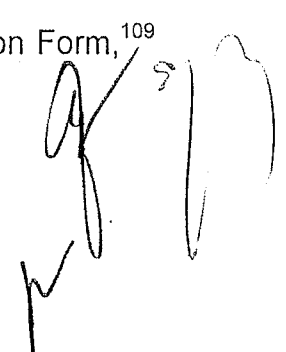
¹⁰⁵ *Arias v. Sandiganbayan*, supra, at p. 316

¹⁰⁶ TSN, September 3, 2008, pg. 65

¹⁰⁷ TSN, supra, p. 16

¹⁰⁸ TSN, supra, pp. 65-66

¹⁰⁹ Exhibit 1 for accused Bello

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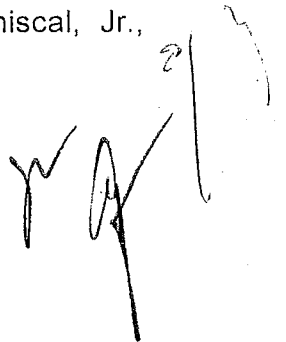
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Minutes of the Meeting of the ICOM,¹¹⁰ and Minutes of the Meeting of the ExeCOM,¹¹¹ Quilicot, Jr. simply echoed what purports to be the "fact" surrounding the project, i.e., the location, size and the price and terms of payment as embodied in the MOU. Independent of these documents, we cannot find anything on record implying that Quilicot, Jr. and the other accused had any arrangement or prior agreement from which we could infer a unity of design to benefit from the transaction. In fact, the Disposition Form was with the approval of Cabrieto, Head of the Real Estate Management Department, under which department accused Quilicot, Jr. belonged.

The narration of the prosecution witness Mercado¹¹² as to the method of payment and the routing procedure of the signatures appearing on the Status of Transaction Form, Request for Voucher and Check Preparation, and the General Voucher, to our mind, blurs the prosecution's charge of conspiracy and imputation of bad faith on the part of the accused. Mercado testified that the payment process started from receipt of her office of the Request for Voucher and Check Preparation No. 60320, signed by Tiamzon, recommended for approval by Quilicot, Jr., and approved by Ibo and Garcia. Attached to the Request was the Status of Transaction Form which originated from the Real Estate Management Department-Acquisition and Evaluation Division. The Status of Transaction Form was signed in particular order by Tiamzon, accused Quilicot, Jr., Tolenada, accused Satuito, accused Bello, Alzaga, Garcia, Ibo, Martinez and accused Ramiscal, Jr. The voucher was recommended for approval by Martinez and approved by Ramiscal, Jr.,

¹¹⁰ Exhibit 2-a for accused Bello

¹¹¹ Exhibit 3-a for accused Bello

¹¹² TSN, September 6, 2006, pp. 18-51

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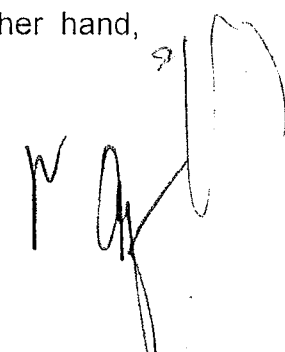
certified correct by Tolenada and verified correct by the Internal Audit Office. With all these officials having signed these three documents, which are indispensable for the release of the amount of P2,455,714.00, it confuses the Court how the prosecution inferred that out of these signatories, only the four accused conspired with each other, absent any specifics of their culpability other than their mere signatures. If the premise of the conspiracy is based on the fact that the accused signed the documents that caused the release of the P2,455,714.00, then all the persons who signed the documents should have been charged, because precisely the documents and the payment could not have been processed absent their signatures. The completeness of the signatures on the documents which were necessary for the payment of the property all the more proves that there was no short-cuts or railroading in the payment process, there being no evidence that the accused influenced the decision of the other signatories.

It did not escape our attention the inadequacies and failings of the accused in the discharge of their functions, and the inconsistencies in their declarations too. We have observed and noted the laxity and lack of conscientiousness on the part of the accused in dealing with the affairs of the System, particularly on the acquisition of the subject property. Accused Ramiscal, Jr. did not evaluate the approval sheet to see if it reflects the terms of payment in the MOU,¹¹³ and he only made a cursory examination of the attachments to the Status of Transaction Form,¹¹⁴ so that he did not know that one of them was the cancelled TCT No. 34473.¹¹⁵ On the other hand,

¹¹³ TSN, February 5, 2008, p. 13

¹¹⁴ TSN, supra, p. 23

¹¹⁵ TSN, supra, p. 34



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accused Bello, who was the head of the Legal Department and whose primary and foremost responsibility was to act as legal counsel of the System and to pass upon its contracts and to check that the System complies with its legal and contractual obligations, seemed to be "selective" in the discharge of his responsibilities and ignorant of the circumstances of the documents involved in the project. He claimed to have passed upon the supporting documents of the Status of Transaction Form. But when he saw that the title was already in the name of AFP-RSBS, he did not anymore try to check how the title was transferred from the Panganibans to the System.¹¹⁶ Neither did he consider it important to determine whether the title of the previous owners was already cancelled,¹¹⁷ although he reviewed TCT No. T-34473, but without browsing its second page. In fact, he never saw that TCT No. T-34473 which was attached to the Status of Transaction Form was cancelled.¹¹⁸ He also did not notice that the date of the entry of the unilateral deed of sale in the Primary Entry Book of the Registry of Deeds of Batangas was two days ahead of the date of the said deed of sale. Accused Bello confidently presumed that as long as the title was already in the name of AFP-RSBS, then the System's contractual and legal obligation to pay already attached. Accused Satuito who, on the other hand, was supposed to draft and review documents and generally to protect the interest of AFP-RSBS, did not review¹¹⁹ or could not remember if the TCT of the Panganibans attached to the Status of Transaction Form was cancelled.¹²⁰ He was least concerned of the annotation on the cancelled title that the consideration appearing on the

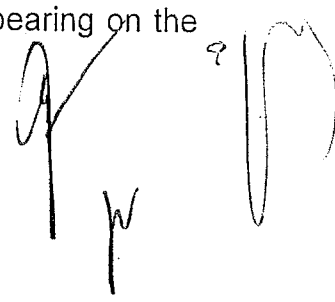
¹¹⁶ TSN, September 4, 2008, pp. 35-36

¹¹⁷ TSN, September 3, 2008, p. 80

¹¹⁸ TSN, supra, p. 75

¹¹⁹ TSN, September 29, 2008, p. 69

¹²⁰ TSN, supra, p. 59

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title of the Panganibans was only P425,495.00.¹²¹ He did not wonder how or why the title had been transferred in the name of AFP-RSBS when he was reviewing the deed of sale. Indeed, he did not see from the face of TCT No. 65281 that it was a transfer from TCT No. T-34473, nor did he recall having read it.¹²² Accused Quilicot, Jr., who was the Project Officer, did not bother to check the classification of the property, although he was agreeable that it would affect the price.¹²³ He was not also concerned with the attachments to the Status of Transaction Form and he merely collated them for the cursory review of accused Satuito of the Documentation Division of the Legal Department.¹²⁴

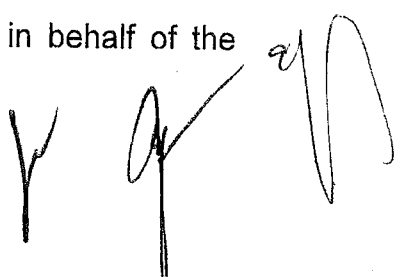
It frustrates us to observe how the accused had taken lightly a transaction involving millions of pesos of the soldiers' money. They tried to impress upon the Court that for as long as the title was already in the name of AFP-RSBS, they had already fulfilled their obligations. Accused Bello testified that since the title was already registered in the name of AFP-RSBS, the legal obligation to pay on the part of the System had already attached. As a lawyer, the said accused should have known that further verification on the circumstances surrounding the transfer of the property in the name of the System was in order, as there could be some deficiencies or irregularities which attended the documentation and the transfer that could have prevented this legal obligation to attach. Accused Satuito ought to know this too, being also a lawyer himself. Yet, neither accused Satuito nor Bello bothered to inquire on the authority of Magpantay to sell the property in behalf of the

¹²¹ TSN, supra, p. 47

¹²² TSN, supra, p. 72-73

¹²³ October 16, 2008, p. 61

¹²⁴ TSN, supra, pp. 39-40

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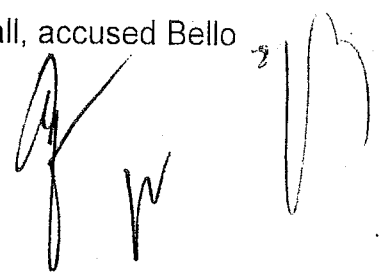
Panganibans. The Court notes that there is nothing on record which would show that Magpantay was the authorized representative of the Panganibans. In fact, the signatures of the Panganibans do not appear in any of the documents on record. While the Status of Transaction Form indicates a Special Power of Attorney, it does not specify the parties thereto and the same was not submitted in evidence. The Court likewise observed that the Joint Venture Agreement and the bilateral deed of absolute were both notarized by accused Satuito on the same day, February 21, 1997. He should know that the terms and conditions of the joint venture agreement were inconsistent with those of the deed of sale.

Both accused passed on the responsibility, if not the blame of reviewing and evaluation of the documents to their subordinates, accused Bello to accused Satuito,¹²⁵ and the latter to his staff.¹²⁶ True that heads of department may rely on their subordinates, but it should be to a reasonable extent only.¹²⁷ Here, it appears that the accused only signed the documents without the slightest effort of validating the acts of their subordinates. The accused should have at least checked on the very basic or salient features of the documents, not necessarily its nitty-gritty. As in this transaction, prudence dictates that they should have looked into the authority of Magpantay to sell the property for the Panganibans, the deed of sale, the previous title which should be cancelled, and the new title indicating that it was sourced from the cancelled title. They were supposed to know that not only the fact of transfer was important but also the manner it was transferred. After all, accused Bello

¹²⁵ TSN, September 4, 2008, pp. 6-7

¹²⁶ TSN, September 29, 2008, pp. 46 and 48

¹²⁷ Arias, supra, at p. 316



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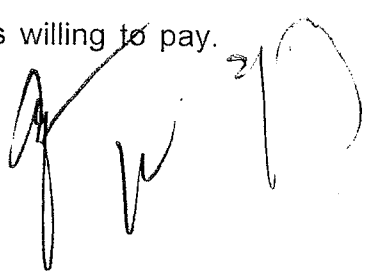
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was duty bound to see to it that the System complies with its legal obligation, accused Satuito to protect the interest of the System, and accused Ramiscal, Jr. to oversee that the entire AFP-RSBS properly performs its functions and its affairs well protected. Were they more concerned, they should have at the very least inquired on the titling procedure, considering that the original (bilateral) deed of sale signed between the seller and the System was still in the possession of the System, and there should have been an explanation on why the check was made payable to the supposed attorney-in-fact of the sellers. The fact that the new title under the name of the System came ahead of the bilateral deed of sale and the presence of a joint venture agreement, which was also attached to the Status of Transaction Form, incoherent with a deed of sale, all the more should have prompted them to devote closer attention to the documentation, rather than simply depended on their subordinates. More so that the payee was still Magpantay, despite the representation of Vintage in the September 11, 1996 letter that the consolidators would be the one to advance all expenses of the acquisition, and its request in the letter dated August 11, 1996 that *"check payments in connection with the purchase and acquisition of the properties be made payable directly to First Integrated Finance Corporation."*¹²⁸

The pricing of the property is just as perplexing. It was agreed that AFP-RSBS would pay a guaranteed price of P225.00 per square meter, and yet based on the bilateral deed of sale, the System only paid P202.00 per square meter. It is understandable that the price may not be exactly P225.00 because the same was only the ceiling that the System was willing to pay.

¹²⁸ Exhibit B-1



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What confuses us is how the P202.00 was arrived at, there being no basis on record. It appears that the P225.00 was the price offered by Vintage. From there the System, through accused Quilicot, Jr., made an aerial study¹²⁹ of the property not really to determine the reasonableness of the guaranteed price based on the prevailing market value of the property at that time, but to determine its potential income opportunity. He went to Glenwood Park, a developed real estate almost opposite the right of way of the Calamba Project, and discovered that the property was selling at P3,000.00 to P4,000.00 per square meter.¹³⁰ He thought that should the System develop the Calamba Project similar to Glenwood,¹³¹ then the project would yield a profit of 68% to 186%.¹³² With this, he concluded, without basis, that the worth of the property is within the P225.00 limit approved by the System.

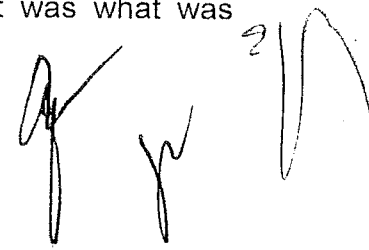
Indeed, from the foregoing discussions, we observed that the accused seemed to have fallen short of what is reasonably expected of them by virtue of their responsible positions to protect the interest of the System. However, simply because the accused have failed to do what is reasonably expected of them does not necessarily mean that they were animated by some dishonest purpose. Again we emphasize that the Information only speaks of "evident bad faith" on the part of the accused. The evidence of the prosecution falls deficient of associating the perceived thoughtlessness of the accused to its assertion of evident bad faith. In fact, the accused's act of signing the documents that facilitated the release of P2,455,714.00 was with reason. All four of them saw the need to do it because said amount was what was

¹²⁹ TSN, October 16, 2008, p. 13 and 59

¹³⁰ TSN, supra, p. 50

¹³¹ TSN, supra, p. 52

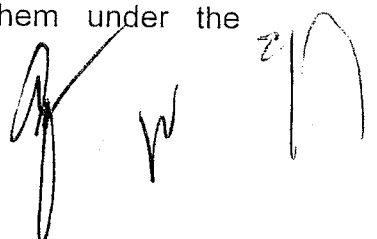
¹³² TSN, supra, p. 50

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indicated in the deed of sale. Otherwise, they would expose themselves to a possible litigation for non-payment of the System's obligation and which they in fact had, but which ended in a compromise agreement. If the inculpatory facts and circumstances are capable of two or more reasonable explanations, one of which is consistent with the innocence of the accused and the other with his guilt, then the evidence does not pass the test of moral certainty and will not suffice to support a conviction.¹³³ Besides, there is no evidence on record that will show that the accused derived personal benefit from the transaction, because the whole amount of P2,455,714.00 disbursed by the System was given to Vintage which was also deposited to FIFC's account with Solid Bank. The fact that FIFC was able to deposit the check to its account notwithstanding that it was crossed and payable to Magpantay is immaterial to the determination of the culpability of the accused. The matter is an issue between FIFC and Solid Bank.

From the loopholes of the transaction process, we could only surmise that something might have gone wrong somewhere. However, jurisprudence mandates that conviction could not rest on mere speculations and conjectures. The attendance of irregularity in the transaction process does not automatically make the accused criminally accountable, more so that there were other officials of the AFP-RSBS who participated in the transaction in question. The prosecution having the burden of proof to prove the guilt of the accused beyond reasonable doubt has to support its accusation with concrete evidence. Suffice it to state that no matter how we find that the accused indeed fell short of what is expected of them under the

¹³³ People v. Lagramada, 388 SCRA 173. at pp. 193-194

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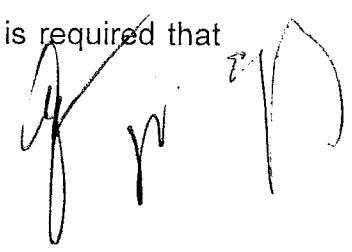
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circumstances, that the fixing of the price of the subject lot rested not on a solid basis, and that some irregularities may have attended the transfer of the title from the Panganibans to AFP-RSBS, it stands that the evidence of the prosecution is not sufficient to secure a conviction. It is a hornbook precept that the evidence for the prosecution must stand or fall on its own merit and cannot be allowed to draw strength from the weakness of the defense's evidence.¹³⁴

While the determination of the existence of the third element has become academic, nevertheless, we deem it necessary to still discuss it. Simply put, the prosecution's theory is that considering that there are two deeds of sale, one signed only by the representative of the seller in favor of the System with a consideration of P425,495.00 only, and another one signed by both the representative of the seller and AFP-RSBS, with a consideration of P2,455,714.00, it follows that AFP-RSBS suffered undue injury in the amount of P2,030,219.00, representing the difference between the two considerations in the two deeds of sale. The Court does not share the theory of the prosecution.

"Undue Injury" requires proof of actual injury or damage. Unlike in actions for torts, undue injury in Sec. 3(e) cannot be presumed even after a wrong or a violation of a right has been established. Its existence must be proven as one of the elements of the crime. In fact, the causing of undue injury or the giving of any unwarranted benefits, advantage of preference through manifest partiality, evident bad faith or gross inexcusable negligence constitutes the very act punished under this section. Thus, it is required that

¹³⁴ People v. Buenaflor, June 27, 2001

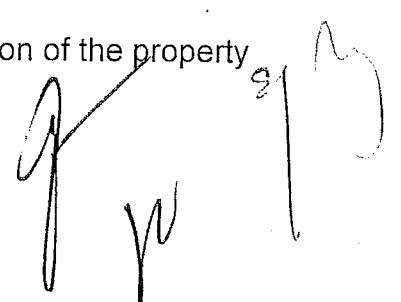


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the undue injury be specified, quantified and proven to the point of moral certainty.¹³⁵ The theory of the prosecution assumes that the amount of consideration set forth in the unilateral deed of sale is what was actually parted by AFP-RSBS for the acquisition of the subject property. But the prosecution failed to present any evidence to this effect. On the contrary, the documents supporting the System's payment of the subject property show that what was processed and actually disbursed was the amount of P2,455,714.00. Nowhere in the documentation of the System surfaced the unilateral deed of sale. The accused could not be bound by the contents of the unilateral deed of sale because it was signed only by Magpantay. The fact that it was the unilateral deed with smaller amount of consideration that was registered to transfer the title of the sellers to the System does not support the intimation of the prosecution that the price of the property was only P425,495.00. What it purports to prove is only the fact that the unilateral deed of sale was the one used in the transfer of the title from the Panganibans to AFP-RSBS, but not as to the actual purchase price. It is noteworthy that it was the consolidators and not AFP-RSBS which registered the property. Whatever transpired during the registration process that made use of the unilateral deed of sale, absent evidence of participation by the accused, was a matter between the consolidators and the sellers.

The zonal value of the acquired property in the amount of P35.00 per square meter which when multiplied by 12,157 square meters would equal to P425,495.00 hardly proves that the true and real consideration of the property

¹³⁵ Llorrente v. Sandiganbayan, supra, at. p. 399

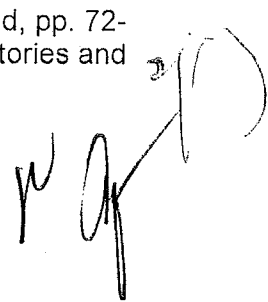
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was what appeared on the unilateral deed of sale. In *Arias*,¹³⁶ the Honorable Supreme Court held that the Sandiganbayan, without any clear factual basis for doing so has assumed that the P5.00 per square meter value fixed by the assessor in the tax declaration was the correct market value of the Mangahan property and if the Government purchased the land for P80.00 per square meter, it follows that it must have suffered undue injury. It quoted with approval the explanation of the Solicitor General why this conclusion is erroneous, thus:

"It bears stress that the Agleham property was acquired through negotiated purchase. It was, therefor, nothing more than an extraordinary contract of sale where the purchase price had to be arrived at by agreement between the parties and could never be left to the discretion of one of the contracting parties (Article 1473, Civil Code). For it is the essence of a contract of sale that there must be a meeting of the minds between the seller and the buyer upon the thing which is the object of the contract and upon the price (Article 1475, New Civil Code). Necessarily, the parties have to negotiate the reasonableness of the price, taking into consideration such other factors as location, potentials, surroundings and capabilities. After taking the foregoing premises into consideration, the parties have, thus, arrived at the amount of P80.00 per square meter as the fair and reasonable price for the Agleham property.

It bears stress that the prosecution failed to adduce evidence to prove that the true and fair market value in 1978 of the Agleham property was indeed P5.00 per square meter only as stated by the assessor in the tax declaration (Exhibit W). On the contrary, the prosecution's principal witness Pedro Ocol, the Assistant Municipal Assessor of Pasig, admitted that the purchase price of P80.00 per square meter paid for the Agleham property was stated in the Deed of Sale (Exhibit G) is 'reasonable' (tsn, August 19, 1983, p. 20) and 'fair' (Ibid, p. 76); that 'the value of lands within the town of Pasig ranges from P80.00 to P500.00' (Ibid, p. 21); that the Agleham property is 'around 300 meters' from Ortigas Avenue, 'adjacent to the existing Leongson [Liamson] Subdivision x x x and near Eastland Garment Building' (Ibid, pp. 12-13); that said property is surrounded by factories, commercial establishments and residential subdivisions (Ibid, pp. 73-74); that the P5.00 per square meter assessed valuation of the Agleham property appearing on the tax declaration (Exhibit W) was based on actual use only (Ibid, pp. 26-27), it being the uniform rate for all ricefields in Pasig irrespective of their location (Ibid, pp. 72-74) and did not make into account the existence of many factories and

¹³⁶ supra, at pp. 313-314



DECISION

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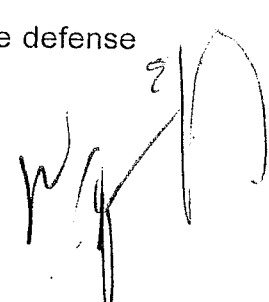
subdivisions in the area (Ibid., pp. 72-74) and did not take into account the existence of many factories and subdivisions in the area (Ibid., pp. 25-27, 72-74), and that the assessed is different from and always lower than the actual market value (Ibid, pp. 22-23)."

So too, in the instant case, the prosecution precipitately concluded that there was an "overpricing" just because the price paid by AFP-RSBS was P2,030,219.00 more than the zonal value, without adducing evidence as to the fair market value of the property at the time material to this case. As in *Arias*, the transaction between the consolidators and AFP-RSBS could be regarded as a negotiated purchase, as could be gleaned from the documents executed by both parties and as admitted by accused Quilicot, Jr.¹³⁷ Thus, the amount of P2,445,714.00 stands to be the fair and reasonable price for the 12,157-square meter property as agreed upon by the parties, for want of evidence on its fair market value upon which the presence of overpricing may be determined.

Every person accused has the right to be presumed innocent until the contrary is proved beyond reasonable doubt. The presumption of innocence stands as a fundamental principle of both constitutional and criminal law. Thus, the prosecution, has the burden of proving every single fact establishing guilt. Every vestige of doubt having a rational basis must be removed. The defense of the accused, even if weak, is no reason to convict. Within this framework, the prosecution must prove its case beyond any hint of uncertainty. The defense need not even speak at all. The presumption of innocence is more than sufficient.¹³⁸ Indeed, the prosecution must rely on the strength of its own evidence and not on the lack or weakness of the defense

¹³⁷ TSN, October 16, 2008, p. 57

¹³⁸ *People v. Castillo*, 425 SCRA 136, at. pp. 164-165

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evidence. Here, we found the evidence of the defense to be weak, the accused must still be acquitted because the prosecution has failed to prove their guilt with moral certainty.

WHEREFORE, in light of all the foregoing, and for failure of the prosecution to prove their guilt beyond reasonable doubt, accused BGen. Jose S. Ramiscal, Jr., Atty. Meinrado Enrique A. Bello, Atty. Manuel Se Satuito and Capt. Perfecto O. Quilicot, Jr, are hereby **ACQUITTED** of the charge of violation of Section 3(e) of Republic Act 3019.

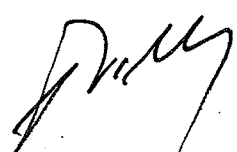
Considering the absence of facts from which civil liability may arise, no civil liability is adjudged against the accused.

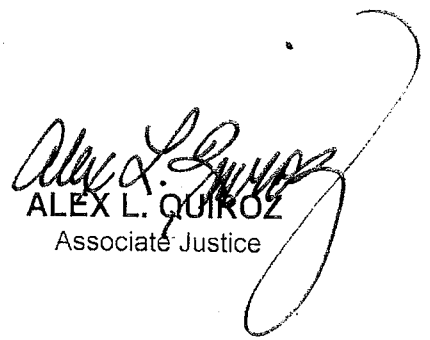
The hold-departure order issued against them by reason of this case is hereby **LIFTED** and their bonds ordered **RELEASED**.

SO ORDERED.


EFREN N. DE LA CRUZ
Associate Justice

WE CONCUR:


FRANCISCO H. VILLARUZ, JR.
Chairman/Associate Justice


ALEX L. QUIROZ
Associate Justice

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CERTIFIED TRUE COPY:

ATTY. DENNIS E. PULMA
Acting Clerk of Court III
Third Division

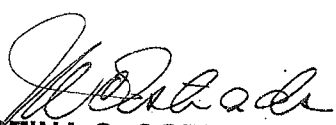
ATTESTATION

I attest that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


FRANCISCO H. VILLARUZ, JR.
Chairman, Third Division

CERTIFICATION

Pursuant to Article VIII, Section 13, of the Constitution, and the Division Chairman's Attestation, it is hereby certified that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MA. CRISTINA G. CORTEZ-ESTRADA
Presiding Justice

