

Republic of the Philippines
SANDIGANBAYAN
Quezon City
FOURTH DIVISION

PEOPLE OF THE PHILIPPINES,
Plaintiff,

SB-18-CRM-0530

For: Violation of Sec. 3(e) of
Republic Act No. 3019

-versus-

CRISTETA CUEVAS REYES,
YOLANDA FACUN CABISCUELAS,
JEANETTE CASTILLO FRUELDA,
Accused.

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PEOPLE OF THE PHILIPPINES,
Plaintiff,

SB-18-CRM-0531

For: Violation of Sec. 3(h) of
Republic Act No. 3019

-versus-

CRISTETA CUEVAS REYES,
Accused.

Present:

MUSNGI, J., *Chairperson*
PAHIMNA, J.
JACINTO, J.

Promulgated:

SEP 23 2022

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DECISION

PAHIMNA, J.:

Accused CRISTETA CUEVAS REYES ("Reyes"), YOLANDA FACUN CABISCUELAS ("Cabiscuelas"), and JEANETTE CASTILLO FRUELDA ("Fruelda") are charged with violation of Section 3(e) of Republic Act No. (R.A.) No. 3019, as amended, otherwise known as the "Anti-Graft and Corrupt Practices Act", the accusatory portion of the *Information*¹ dated March 26, 2018 reads as follows:

¹ Records, Vol. 1, pp. 1-3.

SB-18-CRM-0530

That on or about *31 July 2009*, or sometime prior or subsequent thereto, in Malvar, Batangas, Philippines and within the jurisdiction of this Honorable Court, the above-named accused, all public officers, **CRISTETA C. REYES**, being then the Municipal Mayor and as such a high ranking officer, **YOLANDA F. CABISCUELAS**, being then the Municipal Treasurer, and **JEANETTE C. FRUELDA**, being then the Municipal Budget Officer, respectively, of the Municipal Government of Malvar, Batangas, while in the performance of their respective administrative and/or official functions and committing the crime in relation to office, taking advantage of their official positions, acting with evident bad faith, manifest partiality and/or gross inexcusable negligence, conspiring and confederating with one another, did then and there, willfully, unlawfully and criminally give unwarranted benefit, advantage or preference to Katherine, Cynthia Rose, Kristina, Jose Gabriel and Karina, all surnamed Reyes and children of the accused, by causing the payment or approving, facilitating, preparing, processing and releasing the payment in the amount of PhP6,650,000.00 for the purchase of the 5000-square meter lot owned by the Reyes children, months prior to the execution of the Deed of Portion Sale conveying the property to the municipality, to the damage and prejudice of the government.

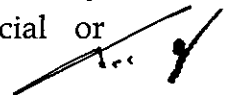
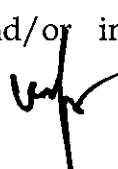
CONTRARY TO LAW."

Arising from the same transaction, accused Reyes is also charged with violation of Section 3(h) of R.A. No. 3019, as amended. The accusatory portion of the *Information*² dated March 26, 2018 is quoted hereunder.

SB-18-CRM-0531

That on or about *21 January 2010*, or sometime prior or subsequent thereto, in the Municipality of Malvar, Batangas, Philippines and within the jurisdiction of this Honorable Court, the above-named accused, **CRISTETA C. REYES**, a high ranking public officer, being then the Municipal Mayor of Malvar, Batangas while in the performance of her official and administrative duties, did then and there, willfully, unlawfully and criminally, have direct and/or indirect financial or

² Records, Vol. 1, pp. 4-5.



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pecuniary interest in the procurement of the Municipality of Malvar of the 5000-square meter lot owned by accused's children, Katherine, Cynthia Rose, Kristina, Jose Gabriel and Karina, by representing the said municipality in the execution of the Deed of Portion Sale, and by approving or causing the payment of the amount of Php6,650,000.00 in her children's favor, thereby intervening in her official capacity as Mayor in the said transaction of which she had direct or indirect financial or pecuniary interest, to the detriment of public interest.

CONTRARY TO LAW."

On October 5, 2018, this Court ordered the Bureau of Immigration to hold the departure from the Philippines of the above-named accused and to include their names in the Hold Departure List of the said Bureau.³

Accused Reyes, Cabiscuelas, and Fruelda voluntarily surrendered on October 15, 2018 and posted the necessary cash bail bond for their provisional liberty.⁴

Claiming that the facts alleged in the *Informations* do not constitute an offense, accused Reyes filed a *Motion (To Quash and to Defer Arraignment)*⁵ on November 16, 2018. Said motion was denied by this Court in its Resolution dated February 22, 2019.⁶ Undeterred, accused filed a *Motion For Reconsideration (Re: Resolution dated 22 February 2019)*⁷ on March 13, 2019, which was likewise denied by this Court in its Resolution dated May 15, 2019.⁸

When arraigned on June 14, 2019, accused Reyes, Cabiscuelas, and Fruelda entered a negative plea to the crime charged in SB-18-CRM-0530. Accused Reyes also pleaded not guilty to the crime charged in SB-18-CRM-0531.⁹

³ Records, Vol. 1, p. 193.

⁴ Records, Vol. 1, pp. 195-217. Accused Reyes deposited the amount of Php60,000.00 for SB-18-CRM-0530 and SB-18-CRM-0531 under Official Receipt No. 5497551 V. Accused Cabiscuelas and Fruelda deposited Php30,000.00 each for SB-18-CRM-0530 under Official Receipt Nos. 5497552 V and 5497550 V, respectively.

⁵ Records, Vol. 1, pp. 223-256. The prosecution filed its *Opposition (Re: Motion [To Quash and to Defer Arraignment] dated November 12, 2018)* on December 3, 2018 (Records, Vol. 1, pp. 500-509).

⁶ Records, Vol. 2, pp. 11-18.

⁷ Records, Vol. 2, pp. 21-28. The prosecution filed its *Opposition (Re: Motion for Reconsideration [Re: Resolution dated 22 February 2019])* on March 28, 2019 (Records, Vol. 2, pp. 37-44).

⁸ Records, Vol. 2, pp. 51-54.

⁹ Records, Vol. 2, pp. 66-70.

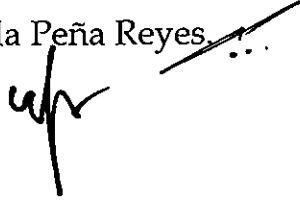
Accused Reyes, Cabiscuelas, and Fruelda then waived their right to be present during the trial of these cases.¹⁰


On the basis of the *Joint Stipulations*¹¹ submitted by the prosecution and all accused, this Court issued a *Pre-Trial Order*¹² dated January 20, 2020 with the following stipulated facts:

1. That at the time material and relevant to these cases, the following accused were public officers, holding government positions, respectively, as follows:

Accused	Position
CRISTETA CUEVAS REYES	Municipal Mayor, Municipality of Malvar, Province of Batangas
YOLANDA FACUN CABISCUELAS	Municipal Treasurer, Municipality of Malvar, Province of Batangas
JEANETTE CASTILLO FRUELDA	Municipal Budget Officer, Municipality of Malvar, Province of Batangas

2. That whenever referred to orally or in writing by the Honorable Court and the prosecution and/or its witnesses, accused Cristeta Cuevas Reyes, Yolanda Facun Cabiscuelas and Jeanette Castillo Fruelda admit that they are the same Cristeta Cuevas Reyes, Yolanda Facun Cabiscuelas and Jeanette Castillo Fruelda, the accused named in case No. SB-18-CRM-0530.
3. That whenever referred to orally or in writing by the Honorable Court and the prosecution and/or its witnesses, accused Cristeta Cuevas Reyes admits that she is the same Cristeta Cuevas Reyes, the accused named in case No. SB-18-CRM-0531.
4. Accused Reyes is married to Maximo dela Peña Reyes.



¹⁰ Records, Vol. 2, pp. 124-126.
¹¹ Records, Vol. 2, pp. 148-164.
¹² Records, Vol. 2, pp. 239-255. 

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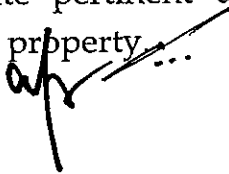
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5. Accused Reyes and her husband has [sic] five children, namely: Katherine, Cynthia Rose, Kristina, Jose Gabriel and Karina, all surnamed Reyes.
6. Katherine, Cynthia Rose, Kristina, Jose Gabriel and Karina, all surnamed Reyes, are the registered owners of a real property located at Barangay Santiago, Malvar, Batangas covered by Transfer Certificate of Title No. T-97136 containing an area of 21,425 square meters.
7. On November 16, 2008, the Sangguniang Barangay of Santiago, Malvar passed Resolution No. 16, Series of 2008 requesting accused Reyes for fund allocation to finance the purchase of 5,000 square meters lots [sic] to be used as site for the proposed Santiago National High School (SNHS).

In a Resolution¹³ dated February 26, 2020, this Court ordered the preventive suspension of the accused from the public offices they currently occupy for a period of ninety (90) days. Based on the *Compliance Report*¹⁴ submitted by the Department of the Interior and Local Government, Region IV-A, CALABARZON, the period of their preventive suspension ran from October 19, 2020 to January 17, 2021. Accused Reyes and Fruelda reassumed their functions as Mayor and Budget Officer, respectively, on January 18, 2021.

EVIDENCE FOR THE PROSECUTION

Ryan O. Silvestre ("Silvestre"),¹⁵ Graft Investigation and Prosecution Officer II of the Field Investigation Office, Office of the Ombudsman, testified that sometime in 2016, he conducted a fact-finding investigation in relation to the purchase and acquisition of a real property covered by Transfer Certificate of Title ("TCT") No. T-97136 by the Municipality of Malvar, Batangas. In the course of his investigation, he was able to secure and collate pertinent documents relative to said purchase and acquisition of real property...



¹³ Records, Vol. 2, pp. 396-400.

¹⁴ Records, Vol. 3, pp. 567-573.

¹⁵ Transcript of Stenographic Notes (TSN) dated January 22, 2020 and January 29, 2020.

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As culled from Mr. Silvestre's Complaint-Affidavit,¹⁶ his findings may be summarized as follows:

1. On November 16, 2008, the Sangguniang Barangay of Santiago, Malvar ("Sanggunian") passed Resolution No. 16, Series of 2008, requesting accused Reyes for fund allocation to finance the purchase of a 5,000 square meter lot to be used as site for the proposed SNHS;¹⁷
2. On February 9, 2009, accused Reyes wrote a letter to the Sanggunian, through Vice Mayor Simeon B. Magpantay, requesting for authority to purchase a 5,000 square meter lot for the establishment of the proposed SNHS;¹⁸
3. On the same date, the Sanggunian passed Resolution No. 17, Series of 2009,¹⁹ authorizing accused Reyes to purchase said real property with the condition that the cost of the lot will be based on the appraised market value approved by the Provincial Appraisal Committee ("PAC");
4. Thereafter, the PAC appraised a real property located at Barangay Santiago beside Lima Technology Center, containing 21,425 square meters, more or less, under TCT No. T-97136²⁰ and covered by ARP No. 015-002288, classified as commercial and agricultural land. The property is declared for taxation and registered in the name of Katherine C. Reyes, et al., children of accused Reyes;
5. The PAC recommended the price of One Thousand Three Hundred Thirty Pesos (Php1,330.00) per square meter as cost of the lot to be purchased by the Municipality of Malvar;²¹
6. On February 16, 2009, the Sanggunian passed a resolution reclassifying the subject property from agricultural to commercial land;²²



¹⁶ Exhibit "Y"

¹⁷ Exhibit "L"

¹⁸ Exhibit "M"

¹⁹ Exhibit "P"

²⁰ Exhibit "N"

²¹ Exhibits "R" and "S"

²² Exhibit "Q"

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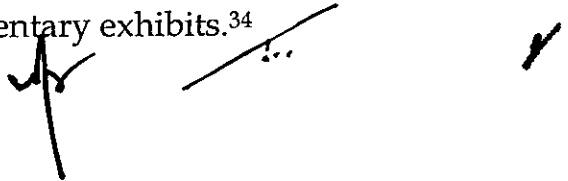
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7. By virtue of the undated Disbursement Voucher No. 0907168²³ and Land Bank of the Philippines ("LBP") Check No. 246324 dated July 31, 2009,²⁴ the Municipality of Malvar paid the registered owners, through Jose Gabriel C. Reyes, the amount of Php6,650,000.00, representing the value of the lot as determined by the PAC. The check was signed by accused Reyes and Cabiscuelas;
8. In the disbursement voucher, accused Fruelda certified that the supporting documents are proper and complete, and that cash is available. Accused Cabiscuelas certified that there are funds available while accused Reyes approved the same for payment;
9. On January 21, 2010, the Municipality of Malvar, represented by accused Reyes, entered into a Deed of Portion Sale with Partition Agreement²⁵ with the registered owners conveying the property in favor of the Municipality; and
10. As a result of the sale, TCT No. T-97136 was cancelled; and TCT Nos. T-143966²⁶ and T-143968²⁷ were issued in the name of the Municipality of Malvar, Batangas on December 7, 2010.

The prosecution also called to the witness stand **Ms. Aurea Garcia Carandang** ("Carandang"), Land Registration Examiner I designated as Acting Records Officer, Registry of Deeds – Land Registration Authority of Tanauan City, Batangas.²⁸ Her testimony was dispensed with after stipulation by the parties that: (1) the witness is the official custodian of TCT Nos. T-97136,²⁹ T-143966,³⁰ and T-143968,³¹ as well as the Deed of Portion Sale with Partition Agreement,³² which were all identified by the witness in her Judicial Affidavit dated February 18, 2020;³³ and (2) she has no personal knowledge of said documentary exhibits.³⁴



²³ Exhibit "T"

²⁴ Exhibit "U"

²⁵ Exhibit "V"

²⁶ Exhibit "W"

²⁷ Exhibit "X"

²⁸ TSN dated March 9, 2020, pp. 3-7.

²⁹ Exhibit "N"

³⁰ Exhibit "W"

³¹ Exhibit "X"

³² Exhibit "V"

³³ Records, Vol. 2, pp. 347-353.

³⁴ Records, Vol. 2, p. 403.

Similarly, the testimony of **Mr. Aaron Francis Perseveranda Vegas**³⁵ ("Vegas"), State Auditor III designated as OIC-Audit Team Leader of the Commission on Audit ("COA") Region IV-A, Team R4A-10, was dispensed with following a stipulation by the parties that the documents³⁶ identified by him in his Judicial Affidavit dated February 3, 2020³⁷ were under his custody, and that he has no personal knowledge of the same.³⁸

The Court admitted into evidence the following exhibits, including their sub-markings, as offered in the tenor that they were testified on by the prosecution witnesses including the stipulations made by the parties in the course of the hearings:³⁹

<i>Exhibit/s</i>	<i>Description</i>
A	Personal Data Sheet of accused Cristeta Cuevas Reyes
B	Service Record of accused Cristeta Cuevas Reyes
C	Personal Data Sheet of accused Yolanda Facun Cabiscuelas
D	Service Record of accused Yolanda Facun Cabiscuelas
E	Personal Data Sheet of accused Jeanette Castillo Fruelda
G	Certificate of Live Birth of Katherine Cuevas Reyes
H	Certificate of Live Birth of Cynthia Rose Cuevas Reyes
I	Certificate of Live Birth of Kristina Cuevas Reyes
J	Certificate of Live Birth of Jose Gabriel Cuevas Reyes
K	Certificate of Live Birth of Karina Cuevas Reyes
L	Resolution No. 16, Series of 2008 dated November 16, 2008 issued by the Sangguniang Barangay, Brgy. Santiago, Malvar, Batangas
M	Letter dated February 9, 2009 issued by accused Mayor Cristeta Cuevas-Reyes addressed to the Sangguniang Bayan, Thru Vice-Mayor/Presiding Officer, Malvar, Batangas
N	Transfer Certificate of Title No. T-97136 under the name of Katherine, Cynthia Rose, Kristina, Jose Gabriel and Karina, all surnamed Reyes

³⁵ TSN dated March 9, 2020, pp. 7-10.
³⁶ In his Judicial Affidavit, witness Vegas identified the undated Disbursement Voucher No. 0907168 (Exhibit "T") and LBP Check No. 246324 dated July 31, 2009 (Exhibit "U").
³⁷ Records, Vol. 2, pp. 312-318.
³⁸ Records, Vol. 2, p. 403.
³⁹ *Prosecution's Formal Offer of Exhibits* (Records, Vol. 3, pp. 6-111). In a Resolution dated August 27, 2020, the Court resolved to admit the prosecution's Exhibits "A" to "E" and "G" to "Y" including their sub-markings (Records, Vol. 3, p. 141).

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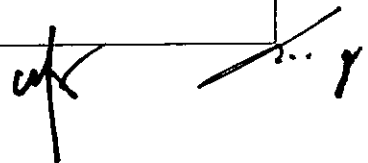
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O	Tax Declaration of Real Property with TD/ARP No. 015-01310 under the name of Katherine, Cynthia Rose, Kristina, Jose Gabriel and Karina, all surnamed Reyes
P	Resolution No. 17 dated February 9, 2009 issued by the Sangguniang Bayan of Malvar, Batangas entitled <i>"Resolution Authorizing The Municipal Mayor To Purchase The Five Thousand Square Meters [sic] Lot To Be Used As The New Site Of The Proposed Santiago National High School, Santiago, Malvar, Batangas, Provided, That The Cost Per Square Meter Shall Be Based On The Approval Of The Provincial Appraisal Committee"</i>
Q	Resolution No. 23 dated February 16, 2009 issued by the Sangguniang Bayan of Malvar, Batangas entitled <i>"Resolution Reclassifying The Portion Of Parcel Of Land Covered Lot No. 3 PSU-180975 (TCT No. T-97136) With The Area Of Five Thousand (5,000) Square Meters From Agricultural To Commercial Use"</i>
R	Memorandum dated June 23, 2009 issued by the Office of the Provincial Assessor/Provincial Appraisal Committee
S	Resolution No. 23-2009 dated June 25, 2009 issued by the Provincial Appraisal Committee
T	Disbursement Voucher No. 0907168 in the amount of P6,650,000.00 as payment for the acquisition of land at Santiago, Malvar, Batangas with Jose Gabriel Reyes as payee
U	Landbank of the Philippines Check No. 0000246324 dated July 31, 2009 in the amount of P6,650,000.00 payable to the order of Jose Gabriel Reyes
V	Deed of Portion Sale with Partition Agreement dated January 21, 2010
W	Transfer Certificate of Title No. T-143966 in the name of the Municipal Government of Malvar, Batangas
X	Transfer Certificate of Title No. T-143968 in the name of Municipal Government of Malvar, Batangas
Y	Complaint-Affidavit dated May 20, 2016 executed by Graft Investigation and Prosecution Officer II Ryan O. Silvestre of the Field Investigation Office - Office of the Ombudsman



EVIDENCE FOR THE ACCUSED

Jhony O. Mendoza,⁴⁰ Barangay Councilor of Santiago, Malvar Batangas from 2002 to 2013, and **Araceli U. Mendoza**,⁴¹ Punong Barangay of Santiago, Malvar, Batangas from 2002 to 2013, testified by way of their respective Judicial Affidavits that:

1. Araceli U. Mendoza spearheaded the establishment of the proposed SNHS by leading a signature campaign to petition the Municipality of Malvar to push through with the construction of the SNHS building;
2. There was a public hearing and consultation with the residents of Barangay Santiago regarding the establishment of a national high school;
3. Barangay Santiago initially donated a two thousand (2,000) square meter parcel of land for the construction of the SNHS building. However, the lot was rejected by the Department of Education ("DepEd") on the ground that it did not comply with the minimum requirements for the establishment of a national high school;
4. The Sangguniang Barangay of Santiago then passed Resolution No. 16, Series of 2008, requesting accused Reyes to allocate funds for the purchase of a five thousand (5,000) square meter lot to be used as the new site for the proposed SNHS;
5. The witnesses allegedly continued to look for a parcel of land that is compliant with the DepEd requirements until they found a lot owned by accused Reyes' children. The owners agreed to sell a portion of their property to the Municipality of Malvar after informing accused Reyes that there is no legal impediment to the sale; and
6. The construction of the SNHS building started in March 2009, and was completed in September 2009.⁴²

⁴⁰ *Judicial Affidavit of Jhony Mendoza* dated October 16, 2020 (Records, Vol. 3, pp. 273-288).

⁴¹ *Judicial Affidavit of Araceli U. Mendoza* dated October 16, 2020 (Records, Vol. 3, pp. 230-240).

⁴² TSN dated March 10, 2021. The prosecution stipulated and admitted the entire testimonies of Witnesses Jhony O. Mendoza and Araceli U. Mendoza in their respective Judicial Affidavits, along with the exhibits identified thereon, subject to the qualification that the witnesses do not

Juanita L. Gutierrez ("Gutierrez"), School Principal of Payapa Elementary School from August 2, 2004 to July 31, 2009, testified through her Judicial Affidavit⁴³ that the Payapa Elementary School lent at least two (2) classrooms from June to September 2009 to SNHS due to insufficiency of classrooms. The construction of the SNHS commenced sometime in March 2009, and was completed in September 2009.

According to Gutierrez, accused Reyes prioritized the education sector of the Municipality of Malvar. She targeted to establish at least one elementary school in every barangay, and secondary schools in densely populated areas such as Barangay Santiago. Due to her commitment to uplift the quality of education, accused Reyes received several awards such as the Literacy Award in 2003, outstanding Local Chief Executive, etc.⁴⁴

Accused **Jeanette Castillo Fruelda** ("Fruelda"),⁴⁵ currently the Municipal Budget Officer of Malvar, Batangas, testified that she was the Assistant Municipal Treasurer during the time material to these cases, and was Municipal Accountant Designate of Malvar, Batangas in 2009. She signed the Disbursement Voucher No. 0907168 in the amount of Php6,650,000.00 for the processing and payment of the land acquired by the Municipality of Malvar. According to her, the documents transmitted to her office consisted of the Local School Board Ordinance No. 1;⁴⁶ Resolution from the Sangguniang Bayan authorizing purchase;⁴⁷ Resolution from the PAC for the assessment of the property;⁴⁸ Deed of Portion Sale;⁴⁹ TCT No. T-97136;⁵⁰ tax declaration;⁵¹ and the disbursement voucher.⁵²



have any participation in the execution of the deed of sale, disbursement voucher, and check involved in these cases.

⁴³ Records, Vol. 4, pp. 207-213.

⁴⁴ No cross-examination of the witness was conducted by the prosecution (Records, Vol. 4, p. 218-B).

⁴⁵ TSN dated September 28, 2021; See also *Judicial Affidavit of Jeanette Castillo Fruelda* dated September 23, 2021 (Records, Vol. 4, pp. 222-239).

⁴⁶ Exhibit "13"

⁴⁷ Exhibit "16"

⁴⁸ Exhibit "19"

⁴⁹ Exhibit "51"

⁵⁰ Exhibit "52"

⁵¹ Exhibit "53"

⁵² Exhibit "54"

Accused Fruelda further testified that the Deed of Portion Sale with Partition Agreement ("Deed") was already signed and executed by the parties prior to the release of payment to the sellers. She saw the Deed, albeit unnotarized, when she signed the disbursement voucher. The Deed was eventually notarized on January 21, 2010. Nevertheless, the COA neither reported any anomaly nor issued a notice of disallowance on the subject transaction. Accused Fruelda added that they were exonerated from the administrative charges against them by virtue of the Court of Appeals Decision⁵³ dated November 27, 2018 in *Reyes, et al. vs. Field Investigation Office – Office of the Ombudsman*, docketed as CA-G.R. SP No. 155362.

Willie M. Tagle ("Tagle"),⁵⁴ Municipal Councilor of Malvar, Batangas, corroborated the testimonies of the other witnesses as to the signature campaign and petition for the construction of SNHS; supposed donation of a 2,000 square meter lot which was rejected by the DepEd; and the eventual construction of the SNHS. Mr. Tagle further testified that he, together with other Municipal Councilors, approved Resolution No. 16, Series of 2008 dated November 18, 2008 because of the urgent need to construct the SNHS extension to improve the municipality's educational system. Thus, the Resolution was approved in order to give accused Reyes the authority to purchase a lot for the construction and renovation of the SNHS building.

After the Resolution was approved, Barangay Santiago found a 5,000 square meter lot that meets the requirements prescribed by the DepEd. Said lot was owned by accused Reyes' children, namely: Katherine, Cynthia Rose, Kristina, Jose Gabriel and Karina. The Municipality of Malvar then purchased the same in the amount of Php6,650,000.00, or at a price much lower than its supposed market value.

On cross-examination, witness Tagle clarified that at the time they passed the Resolution, they were already aware that the property to be purchased belongs to the children of accused Reyes.⁵⁵

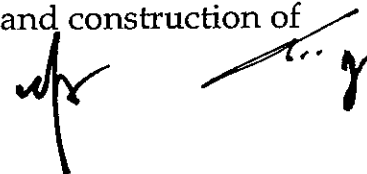
Nerio L. Ronquillo ("Ronquillo"),⁵⁶ former Provincial Engineer of Batangas, testified that he handled the implementation and construction of

⁵³ Exhibit "25"

⁵⁴ Records, Vol. 5, pp. 172-180.

⁵⁵ TSN dated February 15, 2022, pp. 25-27.

⁵⁶ Records, Vol. 4, pp. 112-122.



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the SNHS building as one of the infrastructure projects of the Province of Batangas in 2009. Engr. Ronquillo was also a member of the PAC, together with the Provincial Treasurer and Provincial Assessor. In his capacity as member of the PAC, he concurred in the Memorandum⁵⁷ dated June 23, 2009, which appraised the 5,000 square meter lot purchased by the Municipality of Malvar at Php1,330.00 per square meter.

According to Engr. Ronquillo, the COA prohibits the construction of any public infrastructure using public funds in a private property. During the construction of the SNHS Building, he cannot recall if ownership over the lot was already transferred to the school or the Municipality of Malvar. The construction of the two-storey, six classroom SNHS building started in March 2009, and was completed on September 18, 2009, as evidenced by the Certificate of Acceptance and Completion,⁵⁸ Accomplishment Report,⁵⁹ and Variation Order.⁶⁰

On cross-examination, Engr. Ronquillo insisted that the PAC conducted an appraisal of the subject property upon the request of the Local School Board despite the first "Whereas clause" in Resolution No. 23-2009⁶¹ which states that "*Hon. Cristeta Cuevas Reyes, Municipal Mayor of Malvar, Batangas requested the appraisal of land to be purchased by the said municipality for purpose [sic] School site in Barangay Santiago, that municipality.*" When the property was appraised, he was not aware that the property belongs to the children of accused Reyes. Moreover, the assessment or appraisal of the subject property was done primarily by the Provincial Assessor and he simply signed Resolution No. 23-2009 as part of his ministerial duty.⁶²

Accused **Yolanda F. Cabiscuelas** ("Cabiscuelas"),⁶³ Municipal Treasurer of Malvar, Batangas, testified that the Municipal Accountant signed the Disbursement Voucher No. 0907168 in the amount of Php6,650,000.00 to certify that the necessary documents are complete for the processing of payment relative to the acquisition of a portion of land covered by TCT No. T-97136. The disbursement voucher and supporting documents, including the Local School Board Ordinance, Resolution from

⁵⁷ Exhibit "19-B"

⁵⁸ Exhibit "30"

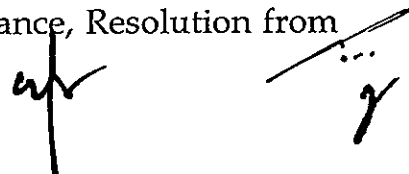
⁵⁹ Exhibit "33"

⁶⁰ Exhibit "32"

⁶¹ Exhibit "19"

⁶² TSN dated February 15, 2022, pp. 40-57.

⁶³ Records, Vol. 5, pp. 18-34.



the Sangguniang Bayan, Resolution and Memorandum from the PAC, TCT, Tax Declaration, and Deed of Portion Sale, were forwarded to her office. She then signed the disbursement voucher to certify that there were funds available for the purchase of the subject property. Thereafter, she forwarded the documents to the Office of the Mayor, who then signed and approved the disbursement voucher. After which, accused Cabiscuelas prepared the check and affixed her signature thereon. The check was released for payment on August 6, 2009.

Accused Cabiscuelas added that she and her co-accused were exonerated from the administrative charges against them by virtue of the Court of Appeals Decision⁶⁴ dated November 27, 2018 in *Reyes, et al. vs. Field Investigation Office – Office of the Ombudsman*, docketed as CA-G.R. SP No. 155362.

On cross-examination, accused Cabiscuelas attested that she signed the disbursement voucher because she was satisfied that the supporting documents were complete and proper. Sangguniang Bayan Resolution No. 17, Series of 2009 did not specify the owners of the property, not even the TCT and corresponding tax declaration of the property to be purchased by the Municipality of Malvar. Said Resolution did not also state the exact amount appropriated by the council for the acquisition of the lot.

Accused Cabiscuelas further admitted that she was not aware of the requirement of notarizing the Deed in order to consider the sale completed. When she examined the supporting documents, she simply checked whether the parties to the sale signed the Deed. She also confirmed that only the portion purchased from the subject property, *i.e.*, 5,000 square meters out of the 21,425 square meter lot, was classified as commercial based on the summary of findings rendered by the PAC.⁶⁵

Valentina S. Malabanan ("Malabanan")⁶⁶ was the State Auditor III, Audit Team Leader of the COA in the Municipality of Sto. Tomas, Province of Batangas from January to September 2010. She audited the purchase of the 5,000 square meter lot by the Municipality of Malvar on a post-audit basis by verifying the payment, availability of funds,

⁶⁴ Exhibit "25"

⁶⁵ TSN dated February 15, 2022, pp. 71-96.

⁶⁶ Records, Vol. 5, pp. 212-2202.

accounting entries, and posting in the financial statements. She also prepared an Audit Certificate⁶⁷ dated February 26, 2010.

According to Ms. Malabanan, the financial statements presentation of the Municipality of Malvar is in accordance with the Generally Accepted Accounting Principles and COA standards as provided for in the Government Accounting Manual and the Government Standard Chart of Accounts. There being no violation or irregularity in the subject transaction, no notice of disallowance was issued in relation thereto. Ms. Malabanan added that the purchase of the subject lot was approved by virtue of Resolution No. 17, Series of 2009, and the purchase value of the lot is reasonable based on Resolution No. 23-2009.

On cross-examination, Ms. Malabanan attested that since a contract is obligatory in whatever form it was entered into, the deed of sale need not be notarized before the local official signs the disbursement voucher and issues the check. When she conducted the post-audit examination, the Deed was already notarized in 2010. She maintained that the purchase of the subject lot was regular and proper even though the disbursement voucher and check were approved and issued prior to the notarization of the Deed. Yet, she stated that before disbursement and payment of the purchase price, the property should already be under the name of the local government unit. In the instant case, she did not make any adverse findings since the subject lot was already being used by the Municipality of Malvar before payment.

The Court admitted into evidence the following exhibits,⁶⁸ including their sub-markings, as offered in the tenor that they were testified on by the defense witnesses, including the stipulations made by the parties in the course of the hearings:⁶⁹

<i>Exhibits</i>	<i>Description</i>
3	Certificate of Public Hearing
4 to 4Q	Petitions dated 04 August 2008 with the signatures of the residents of Puroks 1, 3 to 7 of Barangay Santiago of Malvar
5 to 5A	Petitions of the students

⁶⁷ Exhibit "20"
⁶⁸ *Formal Offer of Exhibits (For the Accused with Motion to Mark Exhibits)* dated March 23, 2022 (Records, Vol. 5, pp. 289-497).
⁶⁹ Records, Vol. 6, pp. 5-6.

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5B	Deed of Donation
6	Education Facilities Manual of the DepEd requiring the 5,000-square meter parcel of land for national high school
7	Resolution No. 16, Series of 2008
11	Narrative Expression of the Urgent Need for the Establishment of the Proposed Santiago National High School prepared and submitted by Joel B. Lubis
12 to 12A	Affidavit of then Barangay Chairman of Barangay Santiago Jhony Mendoza
13	Minutes of the School Board Meeting dated January 21, 2009 and the Local School Board Ordinance No. 1 allocating the amount for the purchase of the property
15	Letter of accused Reyes to the Sangguniang Bayan dated February 9, 2009
16	Resolution No. 17, Series of 2009
19	Resolution No. 23-2009 of the Provincial Appraisal Committee dated June 25, 2009
19-A	Signature of Nerio Ronquillo
19-B	Memorandum dated June 23, 2009
19-C	Signature of Nerio Ronquillo
20	Certification from the Commission on Audit dated February 26, 2010
25	Court of Appeals Decision regarding Cristeta Cuevas Reyes, Yolanda F. Cabiscuelas, and Jeanette C. Fruelda vs. FIO - Office of the Ombudsman with case no. CA-G.R. 155362
29	Letter to the Provincial Auditor dated September 18, 2009 from the Provincial Engineer
30	Certificate of Completion dated September 18, 2009
31 and 31-B	Letter dated September 10, 2009 and Final Inspection Report dated September 17, 2009
32	Variation Order
33	Accomplishment Report from March 23, 2009 to September 15, 2009
34	Letter of Contractor to the Provincial Engineer (admitted only insofar as it forms part of the testimony of Nerio L. Ronquillo, Jr.)
46	Letter dated December 4, 2009 (Authorization to use

	transformer)
47	Letter dated May 4, 2009 (Lending of 2 Classrooms)
50	Counter-Affidavit of Fruelda
51	Deed of Portion Sale
52	Transfer Certificate of Title No. T-97136 under the name of Katherine, Cynthia Rose, Kristina, Jose Gabriel and Karina, all surnamed Reyes
53	Tax Declaration of Real Property with TD/ARP No. 015-01310 under the name of Katherine, Cynthia Rose, Kristina, Jose Gabriel and Karina, all surnamed Reyes
54-A, B & C	Disbursement Voucher 0907168 and Signatures
55	Personal Data Sheet of Fruelda
55-A	Appointment letter as budget officer
58	Counter-Affidavit of Cabiscuelas
59	Counter-Affidavit of Cristeta Reyes

After the accused terminated the presentation of their evidence and formally rested their case, the prosecution opted not to adduce rebuttal evidence. Both parties complied with this Court’s directive⁷⁰ to file their respective memoranda.

MEMORANDUM OF THE PROSECUTION

The prosecution posits that it has successfully proved the guilt of the accused for the offenses charged inasmuch as the evidence presented are more than sufficient to overturn the presumption of innocence. Accused acted with manifest partiality, evident bad faith, or gross inexcusable negligence when they signed the undated Disbursement Voucher No. 0907168, authorizing the release and disbursement of the amount of Php6,650,000.00 for the acquisition of the lot owned by accused Reyes’ children. Furthermore, accused Reyes and Cabiscuelas signed LBP Check No. 246324 dated July 31, 2009 before the Deed was executed on January 21, 2010. The conspiratorial acts of the accused then gave unwarranted benefits, advantage or preference to accused Reyes’ children by releasing the payment on July 31, 2009, months prior to the execution of the Deed conveying the property to the Municipality of Malvar.

⁷⁰ Records, Vol. 6, pp. 5-6.

Anent Criminal Case No. SB-18-CRM-0531, the prosecution submits that accused Reyes actively participated and intervened in her official capacity in the purchase of lot by the Municipality from her children. Her intervention is evident throughout the transaction process - from requesting the Sangguniang Bayan for authority to purchase, requesting the PAC to appraise the lot for her children, up to the signing of the Deed, disbursement voucher and check - thereby ensuring that the fund allocated in the amount Php6,650,000.00 would be disbursed from the local government coffers and released into the hands of her children. Also, because of accused Reyes' relationship to the sellers, there is a disputable presumption that they indirectly benefit from each other's financial successes.⁷¹

MEMORANDUM OF THE ACCUSED

In their *Memorandum*,⁷² accused justify that the Deed was notarized only on January 21, 2010 because the Municipality of Malvar became preoccupied with the construction of the school building. In any case, the notarization of the document is not the controlling event that signaled the consummation of the sale, but the delivery of possession of the property to the Municipality. Additionally, it was undisputed that the Municipality acquired possession of, and control over the property sometime in March 2009. The sellers were paid only on August 6, 2009, and the construction of the SNHS building was completed on September 15, 2009.

Accused Fruelda and Cabiscuelas signed the disbursement voucher as part of their ministerial duties. Accused Reyes followed suit only after her co-accused had certified the completeness of all the requirements and documents. Accused further emphasize that the COA had issued an Audit Certificate finding no violation in the purchase of the land, and another Certification dated July 30, 2010 stating that there were no anomalies in the 2009 transactions of the Municipality of Malvar.

With respect to Criminal Case No. SB-18-CRM-0531, accused Reyes claims that although the subject property belonged to her children, she never benefitted from the transaction directly or indirectly. The property was also sold to the municipality at a price much lower than its market value.



⁷¹ Records, Vol. 6, pp. 9-25.

⁷² Records, Vol. 6, pp. 26-58.

THE COURT'S RULING

At the outset, "there is nothing that precludes the government from entering into a negotiated sale with a private landowner to acquire a property to be devoted for a public purpose. In fact, expropriation proceedings or court intervention would be unnecessary should a deed of sale be executed where the parties come to an agreement as to the price of the property to be sold."⁷³

As provided under R.A. No. 8974,⁷⁴ the law in place at the time material to the subject transaction, "the government may acquire real property needed as right-of-way, site or location for any national government infrastructure project through donation, negotiated sale, expropriation or any other mode of acquisition as provided by law." The law also laid down the guidelines and standards for the assessment of the value of the land subject of negotiated sale.⁷⁵

In any case, it is necessary that payments made by the government do not contravene the principles set forth in Section 4, Presidential Decree No. 1445⁷⁶ on the use of government funds, to wit:

Section 4. Fundamental principles. Financial transactions and operations of any government agency shall be governed by the fundamental principles set forth hereunder, to wit:

x x x

5. Disbursements or disposition of government funds or property shall invariably bear the approval of the proper officials.

6. Claims against government funds shall be supported with complete documentation.

The present controversy originated from the acquisition by the Municipality of Malvar, represented by accused Reyes, of a 5,000 square

⁷³ *Republic vs. Jose Gamir-Consuelo Diaz Heirs Association, Inc.*, G.R. No. 218732, November 12, 2018.

⁷⁴ An Act To Facilitate The Acquisition Of Right-Of-Way, Site Or Location For National Government Infrastructure Projects And For Other Purposes.

⁷⁵ R.A. No. 8974, Sections 5 and 6.

⁷⁶ Also known as the Government Auditing Code of the Philippines.

meter portion of a parcel of land covered by TCT No. T-97136, registered in the name of accused Reyes' children. In processing and releasing the payment to the registered landowners, prior to the execution of the pertinent transfer document, accused Reyes, Cabiscuelas, and Fruelda are charged with violation of Section 3(e) of R.A. No. 3019. Accused Reyes also stands charged with violation of Section 3(h) of the same law.

SB-18-CRM-0530
For: Violation of Sec. 3(e) of R.A. No. 3019

Section 3(e) of R.A. No. 3019 provides:

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:

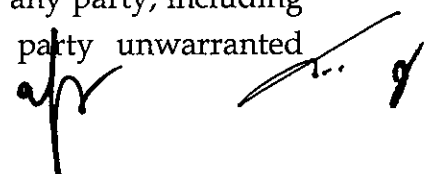
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(e) Causing any undue injury to any party, including the Government, or giving any private party any unwarranted benefits, advantage, or preference in the discharge of his official, administrative or judicial functions through manifest partiality, 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.

In *Fuentes vs. People*,⁷⁷ the Supreme Court enumerated the essential elements of the crime, to wit:

1. That the accused must be a public officer discharging administrative, judicial, or official functions (or a private individual acting in conspiracy with such public officers);
2. That he acted with manifest partiality, evident bad faith, or inexcusable negligence; and
3. That his action caused any undue injury to any party, including the government, or giving any private party unwarranted

⁷⁷ G.R. No. 186421, 17 April 2017.



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benefits, advantage, or preference in the discharge of his functions.

It is no longer necessary to discuss at length the first element as it is not disputed, having been stipulated by the parties that during the material time and date alleged in the *Information*, accused Reyes was the Municipal Mayor of Malvar, Batangas while accused Cabiscuelas and Fruelda held the positions of Municipal Treasurer and Municipal Budget Officer, respectively, of the same Municipality.

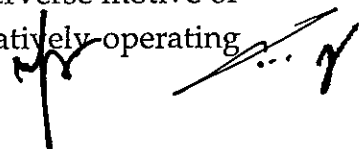
Anent the second element, the law provides three modes of commission of the crime, *i.e.*, through "manifest partiality," "evident bad faith," and/or "gross inexcusable negligence." These modes are not separate offenses, and proof of the existence of any of these three in connection with the prohibited act is enough to convict.⁷⁸ Explaining what the foregoing terms mean, the Supreme Court held in *Fuentes vs. People (supra)*, citing *Coloma, Jr. vs. Sandiganbayan*,⁷⁹ to wit:

"Partiality" is synonymous with "bias which "excites a disposition to see and report matters as they are wished for rather than as they are." "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." "Gross negligence has been so defined as negligence characterized by the want of even slight care, acting or omitting to act in a situation where there is a duty to act, not inadvertently but willfully and intentionally with a conscious indifference to consequences in so far as other persons may be affected. It is the omission of that care which even inattentive and thoughtless men never fail to take on their own property."

In other words, there is "manifest partiality" when there is a clear, notorious, or plain inclination or predilection to favor one side or person rather than another. On the other hand, "evident bad faith" connotes not only bad judgment but also palpably and patently fraudulent and dishonest purpose to do moral obliquity or conscious wrongdoing for some perverse motive or ill will. It contemplates a state of mind affirmatively operating

⁷⁸ *Cabrera, et al. vs. People*, G.R. No. 191611-14, 29 July 2019.

⁷⁹ G.R. No. 205561, 24 September 2014.



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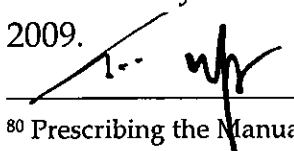
with furtive design or with some motive or self-interest or ill will or for ulterior purposes.

The Court is convinced that accused Reyes, Cabiscuelas, and Fruelda committed gross inexcusable negligence by disbursing the amount of Php6,650,000.00 despite the absence of a duly executed deed of conveyance in favor of the Municipality of Malvar.

Under COA Circular No. 2002-003 dated June 20, 2002,⁸⁰ disbursements from the general fund shall require the following certifications on the disbursement voucher:

1. Certification and approval of vouchers and payrolls as to validity, propriety and legality of the claim (Box A of DV) by head of the department or office who has administrative control of the fund concerned. In case of temporary absence or incapacity of the department head or chief of office, the officer next-in-rank shall automatically perform his function and shall be fully responsible therefor;
2. Necessary documents supporting the disbursement vouchers and payrolls as certified to and reviewed by the Accountant (Box B of DV); and
3. Certification that funds are available for the purpose by the Local Treasurer (Box C of DV).⁸¹

The facts are clear. In signing the undated Disbursement Voucher No. 0907168,⁸² accused Fruelda certified the propriety and completeness of the supporting documents while accused Cabiscuelas certified the availability of funds. Accused Reyes then approved the payment and, together with accused Cabiscuelas, signed LBP Check No. 0000246324⁸³ dated July 31, 2009, payable to the order of Jose Gabriel Reyes, one of accused Reyes' children. The check was released to the payee on August 6, 2009.


⁸⁰ Prescribing the Manual on the New Government Accounting System (Manual Version) For Use in Local Government Units. [Note that COA Circular No. 2020-004 dated January 31, 2020 (Prescribing the Government Accounting Manual for Local Government Units) replaced COA Circular No. 2002-003].

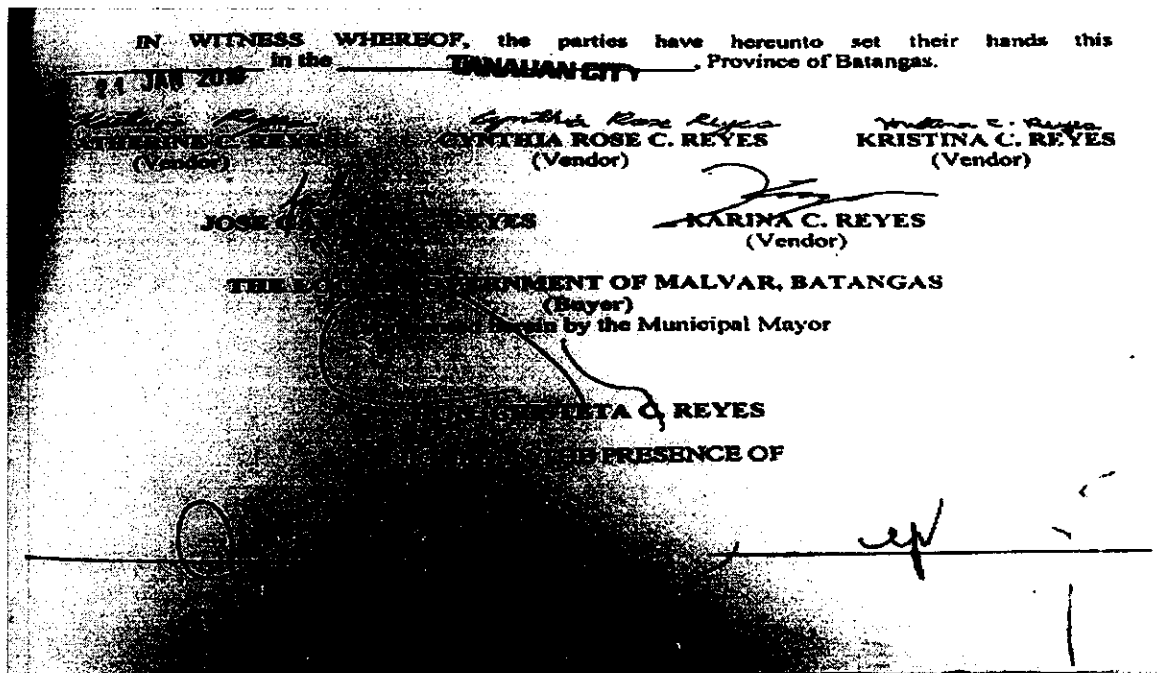
⁸¹ Ibid, Section 38.

⁸² Exhibit "T"

⁸³ Exhibit "U"

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However, it is evident from the records that the parties signed the Deed of Portion Sale with Partition Agreement only on January 21, 2010, several months after payment had been made to the sellers. For guidance, the relevant portion of the Deed is reproduced hereunder.



Except for the defense's insistence that the parties had already signed the Deed sometime in July 2009, little else was offered by way of corroboration. Accused Fruelda merely testified that she saw the signed yet unnotarized Deed attached to the disbursement voucher before affixing her signature thereon, thus:

"Q33. You also mentioned earlier that the Deed of Portion Sale with Partition Agreement was already signed and executed by the parties prior to the release of the payment to the sellers, how do you know this?

(Nasabi niyo po kanina na may Deed of Portion Sale with Partition na pinirmahan ng mga Partido bago pa mailabas ang bayad para sa mga nagbebenta, paano niyo po ito nalaman?)

A: As I mentioned earlier, I saw the signed Deed of Portion Sale before I signed the disbursement voucher early July 2009, which also meant that the said Deed was signed before July 2009, however it was notarized only on 21 January 2010. In fact, the construction of Santiago National High School Building

[Handwritten signature]

already started in the subject land sometime March 2009 if I remember it correctly.

*(Gaya po nang aking nasabi kanina, [n]akita ko po ang pirmadong Deed of Portion Sale bago ko po pirmahan ang disbursement voucher noong simula ng July 2009. Ibig po sabihin ay bago pa man ang July 2009 ay napirmahan na po ito ngunit ito lamang po ay napanotaryo noong January 21, 2010. Sa katunayan nga po ay nagsimula ang konstruksyon nang nasabing National High School noong March 2009 sa aking pagkakaalala.)*⁸⁴

Accused Cabiscuelas echoed the claim that the Deed was included in the attachments, viz:

"PROS. RAFAEL: xxx

Now, Madam Witness, in your judicial affidavit do you confirm you specified that also one of the fourteen (14) documents in the purchase by the Municipality of this lot is the Deed of Portion Sale, correct?

WITNESS: Yes, sir.

PROS. RAFAEL: And this is one of the documents you thoroughly examined as Municipal Treasurer, correct?

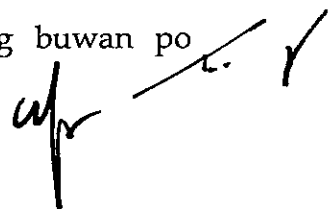
WITNESS: Yes, sir.

PROS. RAFAEL: Can you go tell us, Madam Witness, when were the documents for the purchase of the property subject of these cases submitted to you by the Municipal Accountant?

WITNESS: Sir, naka-attach po yung Deed of Portion Sale doon sa Disbursement Voucher, kasama pa po noong ibang required documents.

PROS. RAFAEL: Yes, ma'am. Mga anong buwan po

⁸⁴ Record, Vol. 5, p. 232.

Handwritten signature and initials in black ink, located at the bottom right of the page.

kaya 'yun na-i-submit po sa inyo?

WITNESS: July 2009 po.”⁸⁵

If the Deed was in fact attached to the disbursement voucher as accused claim to be, they nevertheless failed to advance any satisfactory explanation why it was not properly dated at the time it was entered into by the parties. They did not also endeavor to present the signatories to the Deed, witnesses present during its signing, or even the notary public to testify on the exact date of execution. Elementary is the rule that bare allegations, unsubstantiated by evidence, are not equivalent to proof.⁸⁶ Thus, even granting that it was the notary public who inserted or caused the insertion of the date “21 JAN 2010”, the Court is left with no choice but to reasonably consider the Deed to have been entered into on the date stamped thereon absent any other evidence of the actual date of execution.

There is also the failure of the accused to comply with Section 449 of the Government Accounting and Auditing Manual (GAAM),⁸⁷ to wit:

SECTION 449. Purchase of land. — Land purchased by agencies of the Government shall be evidenced by a Torrens Title drawn in the name of the Republic of the Philippines or such other document satisfactory to the President of the Philippines that the title is vested in the Government.

These titles and documents shall accompany the vouchers covering the purchase of land, after which they shall be forwarded to the Records Management and Archives Office.

During her cross-examination, COA Auditor Malabanan confirmed the requirement of transferring the title in the name of the local government unit before processing a disbursement voucher for release of payment, viz:

“[PROS. RAFAEL]
Q:

By the way, Madam Witness, during your post-audit were you also able to examine the transfer certificate of title covering the property?

⁸⁵ TSN dated February 15, 2022, pp. 77-78.

⁸⁶ *Menez vs. Status Maritime Corporation, et al.*, G.R. No. 227523, August 29, 2018.

⁸⁷ COA Circular No. 368-91 dated December 19, 1991, Volume I. Note that COA Circular No. 2002-03 dated June 20, 2002 (*Supra* Note 80) repealed only Volume II of the GAAM.

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[WITNESS]
A: The title? No, sir. Kasi, the title was issued in 2010. December 2010.

Q: Would you agree with me that a land purchased by a government especially, including a local government like Malvar, must be evidenced by a Torrens Certificate of Title before approval of the check and the disbursement voucher, would you agree with me, Madam Witness?

A: Yes, sir.

x x x

PROSECUTOR
RAFAEL:
Q: Now, would you agree with me when I say that when a local government is going to purchase a property, that property should already be under the name of the Local Government even before the disbursement voucher and the check, covering the purchase price, be issued or approved?

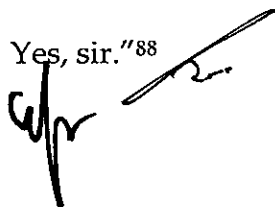
A: Yes, sir.

Q: Thank you, Madam. But in these cases, the transaction happened in 2009, correct?

A: Yes, sir.

Q: And yet the transfer certificate of title under the name of the Municipality of Malvar was only issued in December 2010, correct?

A: Yes, sir."⁸⁸



⁸⁸ TSN dated February 16, 2022, pp. 13-14.

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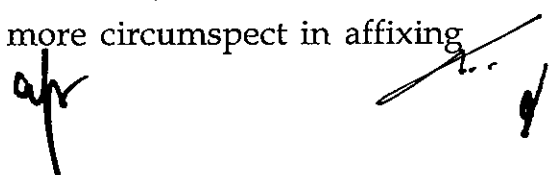
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The Court fails to see the merit in accused' argument that the registered owners had already placed the Municipality of Malvar in possession and control over the subject property before the issuance and release of the check. The Court need not dwell on the modes of transmission of ownership under the Civil Code as it only veers away from the main issue, *i.e.*, the disbursement of government funds without complete and proper documentation. In other words, the transmission of ownership is not put in issue here, but the lack of proper evidence to support the payment to accused Reyes' children.

That the COA neither reported any anomaly nor issued any notice of disallowance on the subject transaction is also of no moment. Suffice it to say that the determination of accused' culpability would still depend on the facts obtaining in this case, as well as the sum of the evidence presented by both parties. Besides, a notice of disallowance is not a condition *sine qua non* for a charge of violation of R.A. No. 3019 to prosper.

Accused further argue that they were exonerated from the administrative charges against them by virtue of the Court of Appeals Decision dated November 27, 2018 in *Reyes, et al. vs. Field Investigation Office - Office of the Ombudsman*, docketed as CA-G.R. SP No. 155362.⁸⁹ An examination though of the Decision reveals that the Court of Appeals applied the doctrine of condonation in view of the re-election of accused Reyes to public office, and *ipso facto* absolved accused Cabiscuelas and Fruelda from the alleged insinuations. "[I]t is well settled that condonation of an officer's fault or misconduct during a previous expired term by virtue of his reelection to office for a new term can be deemed to apply only to his administrative and not to his criminal guilt."⁹⁰

In fine, accused Reyes, Cabiscuelas, and Fruelda committed gross inexcusable negligence and failed to faithfully perform their duty of ensuring that claims against government funds shall be supported with complete documentation.⁹¹ As signatory to Box A of the disbursement voucher, accused Fruelda is expected to examine the supporting documents necessary to establish the validity and correctness of the claim for payment. The lack of date of execution in the Deed, if indeed observed by accused Fruelda, should have made her more circumspect in affixing



⁸⁹ Exhibit "25"

⁹⁰ *Cabrera, et al. vs. Marcelo*, G.R. Nos. 157419-20, December 13, 2004.

⁹¹ PRESIDENTIAL DECREE NO. 1445, Section 4(6).

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her signature on the disbursement voucher, and in certifying that the documents are complete and proper. The prudent course of action is to notify the relevant parties of the infirmity and to request that appropriate measures or actions be taken thereon.

As for accused Cabiscuelas, she cannot simply rely on accused Fruelda's certification and claim that her act of signing the disbursement voucher was ministerial. Her position as Municipal Treasurer holds her to a higher standard of duty to verify or countercheck the supporting documents before facilitating the payment of public funds. On the other hand, accused Reyes, as the approving authority, is all the more expected to be cognizant of the mandatory requirements and procedure, and is duty-bound to punctiliously follow the same. As Municipal Mayor, she is primarily responsible for all government funds pertaining to the municipality.⁹² As accountable officers, accused Reyes and Cabiscuelas are not precluded from raising questions on the validity of the claim or regularity of the transaction involved in order to ensure that funds are properly disbursed and accounted for.

Notwithstanding the above findings, the third element of the offense, *i.e.*, that the act of the accused caused undue injury to any party, including the Government, or gave any private party unwarranted benefit, advantage or preference in the discharge of the functions of the accused, was not sufficiently established.

Jurisprudence dictates that the "accused is said to have caused undue injury to the government or any party when the latter sustains actual loss or damage, which must exist as a fact and cannot be based on speculations or conjectures. The loss or damage need not be proven with actual certainty. However, there must be some reasonable basis by which the court can measure it. Aside from this, the loss or damage must be substantial. It must be more than necessary, excessive, improper or illegal."⁹³

Here, the Court finds no legal basis as to the alleged damage caused to the government. While it is not disputed that the Municipality of Malvar paid the amount of Php6,650,000.00 to accused Reyes' children, it must be

⁹² PRESIDENTIAL DECREE NO. 1445, Section 102. Section *Primary and secondary responsibility*. - (1) The head of any agency of the government is immediately and primarily responsible for all government funds and property pertaining to his agency. x x x

⁹³ *Cabrera, et al. vs. People*, Supra Note 78.

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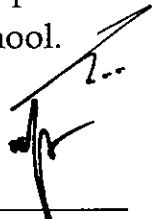
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noted that title over the 5,000 square meter lot was eventually transferred in the name of the Municipality of Malvar, as evidenced by TCT Nos. T-143966⁹⁴ and T-143968.⁹⁵ Additionally, the construction of the SNHS building was completed on September 18, 2009.⁹⁶

On the other hand, the word "unwarranted" means lacking adequate or official support; unjustified; unauthorized or without justification or adequate reason. "Advantage" means a more favorable or improved position or condition; benefit, profit or gain of any kind; benefit from some course of action. "Preference" signifies priority or higher evaluation or desirability; choice or estimation above another.⁹⁷

As earlier mentioned, the government may acquire private real property through negotiated sale should the property owner accept the former's offer as to selling price, subject to the limitations and guidelines set by law. Obviously, not all properties within the same vicinity stand in equal footing as they vary in area or size, shape, location (whether interior, enclosed, or accessible to the main highway), market value, *etc.* The implementing agency also has to consider the suitability of the property for the intended public purpose before making an offer. The reasonable conclusion is that when the government offers to purchase a particular private property from the landowner, it does not necessarily follow that the former is giving unwarranted benefit, preference, or advantage to the latter within the contemplation of Section 3(e), R.A. No. 3019.

In the present case, the registered owners did not plan on selling a portion of their property to the Municipality of Malvar, and accused Reyes initially refused to intervene in the transaction. The selection and eventual acquisition of the subject property resulted from the initiative to construct a national high school in Barangay Santiago, Malvar, and the rejection by the DepEd of the 2,000 square meter parcel of land donated by the Barangay for such purpose. The subject property was also found to be suitable and compliant with the minimum requirements in establishing a national high school.



⁹⁴ Exhibit "W"

⁹⁵ Exhibit "X"

⁹⁶ Exhibit "29", "30", "31" and "31-B"

⁹⁷ *Rivera vs. People*, G.R. No. 156577, December 3, 2014; *Perez, Jr. vs. People*, G.R. No. 156587; *Montero vs. People*, G.R. No. 156749.



It is also worth highlighting that the amount disbursed was in accordance with the price recommended by the PAC. Notably, the PAC stated in Resolution No. 23-2009⁹⁸ that the price of Php1,330.00 per square meter is fair, just and reasonable, thus:

“WHEREAS, the Provincial Appraisal Committee after careful study of the aforementioned recommendation found out that the recommended price of P1,330.00 per square meter for the subject portion is fair, just and reasonable as of this time.

NOW, THEREFORE, for and in consideration of the foregoing premises, we the members of the Provincial Appraisal Committee hereby resolved to APPROVE AS IT IS HEREBY APPROVED the price not exceeding ONE THOUSAND THREE HUNDRED THIRTY (P1,330.00) PESOS per square meter for the subject portion which can be used as basis for negotiation and payment of just compensation, moreover, payment may be less than the approved amount depending upon the agreement of the contracting parties.”

These circumstances negate the allegation of unwarranted benefit, advantage or preference extended to the sellers. Considering that the third element is wanting, acquittal must follow as a matter of course.

SB-18-CRM-0531

For: Violation of Sec. 3(h) of R.A. No. 3019

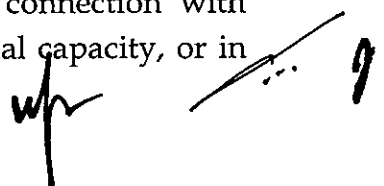
Section 3(h) of R.A. No. 3019 declares it unlawful for public officers to intervene in certain transactions, thus:

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:

x x x x

(h) Directly or indirectly having financial or pecuniary interest in any business, contract or transaction in connection with which he intervenes or takes part in his official capacity, or in

⁹⁸ Exhibits “Q” and “19”

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which he is prohibited by the Constitution or by any law from having any interest.

The essential elements of the afore-quoted violation of law are as follows:

1. The accused is a public officer;
2. He has a direct or indirect financial or pecuniary interest in any business, contract, or transaction;
3. He either:
 - a. intervenes or takes part in his official capacity in connection with such interest; or
 - b. is prohibited from having such interest by the Constitution or by any law.⁹⁹

As explained in *Teves vs. Sandiganbayan*,¹⁰⁰ there are two modes by which a public officer who has a direct or indirect financial or pecuniary interest in any business, contract, or transaction may violate Section 3(h) of the Anti-Graft Law. The first mode is if in connection with his pecuniary interest in any business, contract or transaction, the public officer intervenes or takes part in his official capacity. The second mode is when he is prohibited from having such interest by the Constitution or any law.

A perusal of the *Information* reveals that the act for which accused Reyes has been charged falls under the first mode, *i.e.*, having financial or pecuniary interest in the acquisition of the 5,000-square meter lot owned by accused's children. The Supreme Court said in *Domingo vs. Sandiganbayan*,¹⁰¹ "what the law prohibits is the actual intervention by a public official in a transaction in which he has a financial or pecuniary interest, for the law aims to prevent the dominant use of influence, authority and power."

The first element need not be explained. As regards the second element, the prosecution solely relies on the relationship of the accused and her children as basis of financial or pecuniary interest in the

⁹⁹ *Teves vs. Sandiganbayan*, G.R. No. 154182, December 17, 2004; See also *Teves vs. COMELEC*, G.R. No. 180363, April 28, 2009.

¹⁰⁰ G.R. No. 154182, December 17, 2004

¹⁰¹ G.R. No. 149175, October 25, 2005; *Garcia vs. People*, G.R. No. 149406, October 25, 2005.

transaction. Invoking Article 195 of the Family Code, the prosecution posits the view that immediate relatives are obliged to support each other, and this family support is essentially financial. Also, accused's relationship with her children gives rise to a disputable presumption that they indirectly benefit from each other's financial successes.

Reliance on Article 195 of the Family Code alone is not sufficient to establish the element of pecuniary or financial interest. It cannot even be made to apply in this case absent any proof that accused Reyes' children were, in fact, providing financial support to accused Reyes, or vice versa.

Also, Article 195 of the Family Code should be read in conjunction with Article 203 of the same Code, *viz*:

Art. 195. Subject to the provisions of the succeeding articles, the following are obliged to support each other to the whole extent set forth in the preceding article:

- 1) The spouses;
- 2) Legitimate ascendants and descendants;
- 3) Parents and their legitimate children and the legitimate and illegitimate children of the latter;
- 4) Parents and their illegitimate children and the legitimate and illegitimate children of the latter; and
- 5) Legitimate brothers and sisters, whether of full or half-blood.

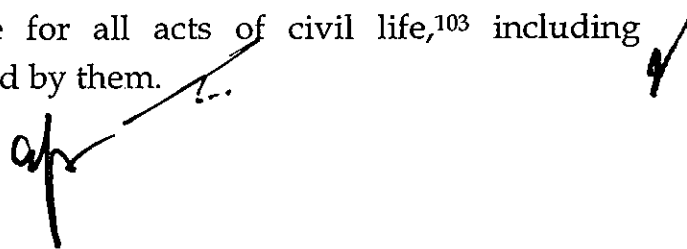
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Art. 203. The obligation to give support shall be demandable from the time the person who has a right to receive the same needs it for maintenance, but it shall not be paid except from the date of judicial or extra-judicial demand.

It is also worth highlighting that accused Reyes' children have all attained the age of majority¹⁰² at the time the Deed was executed. Parental authority over their person and property had already terminated, making them qualified and responsible for all acts of civil life,¹⁰³ including disposition of real property owned by them.

¹⁰² See Exhibit "G" to "K".

¹⁰³ FAMILY CODE, Article 236.

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The Court further observes that the prosecution based its arguments on the dissenting opinion of Honorable Associate Justice Marvic M.V.F. Leonen in *People vs. Sandiganbayan and Zurbano*,¹⁰⁴ viz:

Although the prosecution did not provide evidence specifically showing respondent Zurbano's pecuniary interest in her sister's company, I submit that, because of their relationship as siblings, there is a disputable presumption that they indirectly benefit from each other's financial successes.

Close family ties are a common Filipino trait, and the relationship between respondent Zurbano and her sister cannot be brushed aside as if that relationship has no implications.¹⁰⁵
(Underscoring supplied)

Notably, Justice Leonen stated in his opinion that the Supreme Court in *Republic vs. Tuvera*¹⁰⁶ "expressly found that a relationship in itself can establish the indirect pecuniary interest of someone charged with violation of Republic Act No. 3019, Section 3(h)." ¹⁰⁷

In *Republic vs. Tuvera (supra)*, former Executive Secretary Juan Tuvera was found having indirect pecuniary interest in the transaction of Twin Peaks where his son appeared as the principal stockholder of the said corporation. The Supreme Court said, "[t]he fact that the principal stockholder of Twin Peaks was his own son establishes his indirect pecuniary interest in the transaction he appears to have intervened in." It should be emphasized, however, that the Supreme Court also mentioned in that case that "kinship alone may not be enough to disqualify [the son] from seeking a timber license agreement."

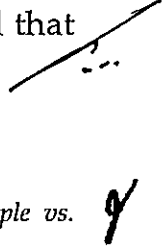
The Supreme Court had the occasion to clarify in *People vs. Sandiganbayan and Zurbano (supra)* that there is nothing in the text of *Tuvera [supra]* "which expressly found that relationship, in and of itself, can establish the indirect pecuniary interest of someone charged with violation of Republic Act No. 3019, Section 3(h)." The Supreme Court explained that

¹⁰⁴ G.R. Nos. 233280-92, September 18, 2019.

¹⁰⁵ See Separate Opinion of Honorable Associate Justice Marvic M.V.F. Leonen in *People vs. Sandiganbayan and Zurbano* (Supra Note 104).

¹⁰⁶ G.R. No. 148246, February 16, 2007.

¹⁰⁷ Supra Note 105.



the presumption of indirect pecuniary interest in the *Tuvera* case was arrived at based on the facts obtaining therein, thus:

In the *Tuvera* case, the Court imposed the burden upon Mr. *Tuvera* the presumption that he indirectly benefitted financially from the transaction of Twin Peaks' request for timber license because of the evidence on record which showed that there was "failure to undergo public bidding or to comply with the requisites for the grant of such agreement by negotiation, and in favor of a corporation that did not appear legally capacitated to be granted such agreement." Said the Court, "Certainly, the circumstances presented by the evidence of the prosecution are sufficient to shift the burden of evidence to *Tuvera* in establishing that he did not violate the provisions of the Anti-Graft and Corrupt Practices Act in relation to the Twin Peaks' 'request'." The burden was shifted to Mr. *Tuvera* because he waived his right to present evidence to disprove that he violated the allegations against him.

Applied to this case, the fact that accused Reyes and the landowners are related to each other does not automatically translate to having financial or pecuniary interest, whether direct or indirect, in the execution of the subject Deed. To reiterate, there is nothing that precludes the government from entering into negotiated sale of real property. While it may be said that accused Reyes had indeed intervened in her official capacity in the subject transaction, the prosecution nevertheless failed to show how her participation in the Deed led her to gain any financial or pecuniary benefit. Thus, the Court finds no more reason to discuss the third element.

"In criminal cases, to justify a conviction, the culpability of an accused must be established by proof beyond a reasonable doubt. The burden of proof is on the prosecution, as the accused enjoys a constitutionally enshrined disputable presumption of innocence. The court, in ascertaining the guilt of an accused, must, after having marshalled the facts and circumstances, reach a moral certainty as to the accused's guilt. Moral certainty is that degree of proof which produces

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conviction in an unprejudiced mind. Otherwise, where there is reasonable doubt, the accused must be acquitted.”¹⁰⁸

WHEREFORE, judgment is hereby rendered as follows:


In Criminal Case No. SB-18-CRM-0530, accused **CRISTETA CUEVAS REYES, YOLANDA FACUN CABISCUELAS, and JEANETTE CASTILLO FRUELDA** are hereby **ACQUITTED** of violation of Section 3(e) of Republic Act No. 3019, as amended, for failure of the prosecution to prove their guilt beyond reasonable doubt.

In Criminal Case No. SB-18-CRM-0531, accused **CRISTETA CUEVAS REYES** is likewise **ACQUITTED** of violation of Section 3(h) of Republic Act No. 3019, as amended, for failure of the prosecution to prove her guilt beyond reasonable doubt.

Since the act or omission from which the civil liability may arise did not exist, no civil liability may be assessed against the accused.

The Hold Departure Order issued against them in relation to the instant cases is hereby Lifted and Set Aside. Also, the cash bonds posted by the accused for their provisional liberty are ordered Released, subject to the usual accounting and auditing procedures.

SO ORDERED.


LORIFEL LACAP PAHIMNA
Associate Justice

We concur:



MICHAEL FREDERICK L. MUSNGI
Chairperson
Associate Justice


BAYANI H. JACINTO
Associate Justice

¹⁰⁸ *Caunan vs. People*, G.R. Nos. 181999 & 182001-04, September 2, 2009; *Marquez vs. Sandiganbayan*, G.R. Nos. 182020-24.


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.


MICHAEL FREDERICK L. MUSNGI
Chairperson
Associate Justice

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.


AMPARO M. CABOTAJE-TANG
Presiding Justice

