

## SECOND DIVISION

[ G.R. Nos. 195011-19, September 30, 2013 ]

**GREGORIO SINGIAN, JR., PETITIONER, VS. SANDIGANBAYAN  
(3<sup>RD</sup> DIVISION), THE PEOPLE OF THE PHILIPPINES, AND THE  
PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT,  
RESPONDENTS.**

### DECISION

#### **DEL CASTILLO, J.:**

The grant or denial of a Demurrer to Evidence is left to the sound discretion of the court, and its ruling on the matter shall not be disturbed in the absence of a grave abuse of such discretion.

This Petition for *Certiorari Ad Cautelam*<sup>[1]</sup> seeks to set aside the August 5, 2010 Resolution<sup>[2]</sup> of the *Sandiganbayan* in Criminal Case Nos. 26297-26305, denying petitioner Gregorio Singian, Jr.'s Demurrer to Evidence<sup>[3]</sup> and the November 18, 2010 Resolution<sup>[4]</sup> denying reconsideration thereof.

#### **Antecedents**

The criminal cases involved in the present Petition have been the subject of a previous disposition of the Court, specifically *Singian, Jr. v. Sandiganbayan*.<sup>[5]</sup> In said case, the Court made the following recital of facts:

Atty. Orlando L. Salvador was Presidential Commission On Good Government Consultant on detail with the Presidential *Ad Hoc* Committee on Behest Loans (Committee). He was also the coordinator of the Technical Working Group composed of officers and employees of government financing institutions to examine and study the reports and recommendations of the Asset Privatization Trust relating to loan accounts in all government financing institutions. Among the accounts acted upon by the Committee were the loans granted to Integrated Shoe, Inc. (ISI) by the Philippine National Bank (PNB).

It would appear that on 18 January 1972, ISI applied for a five-year confirmed irrevocable deferred letter of credit amounting to US\$2,500,000.00 (P16,287,500.00) to finance its purchase of a complete line of machinery and equipment. The letter of credit was recommended to the PNB Board of Directors by then Senior Vice[-]President, Mr. Constantino Bautista.

On 27 January 1972, the PNB approved the loan, subject to certain stipulations. The said letter of credit was to be secured by the following

collaterals: a) a second mortgage on [a] 10,367-square meter lot under Transfer Certificate of Title No. 218999 with improvements, machinery and equipment; b) machinery and equipment to be imported under the subject letter of credit; and c) assignment of US\$0.50 per pair of shoes of ISI's export sales. It was further subjected to the following pertinent conditions: a) that the letter of credit be subject to joint and several signatures of Mr. Francisco J. Teodoro, Mrs. Leticia T. Teodoro, Marfina T. Singian, Tomas Teodoro, and Gregorio Singian, Jr.; b) that ISI, which has a paid-up capital amounting to P1,098,750.00 as of January 1972, shall increase its authorized capital to P5,000,000.00, and in the event that cash receipts do not come up to the projections, or as may be required by the bank, ISI will further increase its capitalization and the present stockholders will subscribe to their present holdings; and c) that ISI shall submit other collaterals in case the appraised value of the new machinery and equipment be insufficient.

ISI was further extended the following subsequent loan accommodations:

1. P1,500,000.00 on 10 February 1972 for the purchase of raw materials;
2. P1,000,000.00 on 18 January 1973 as export advance;
3. P1,500,000.00 on 21 March 1973 as export advance;
4. P600,000.00 on 06 March 1974 as credit line;
5. P2,500,000.00 renewed on 15 December 1976;
6. P5,000,000.00 on 19 November 1978 as export advance;
7. P1,500,000.00 on 04 August 1980 as export advance; and
8. P7,000,000.00 on 15 December 1980 also as an export advance.

The Committee found that the loans extended to ISI bore characteristics of behest loans specifically for not having been secured with sufficient collaterals and obtained with undue haste.

As a result, Atty. Orlando Salvador filed with the Office of the Ombudsman a sworn complaint dated 20 March 1996, for violation of Section 3, paragraphs (e) and (g), of Republic Act No. 3019, as amended, against the following: Panfilo Domingo, former PNB President, Constantino Bautista, former PNB Senior Vice[-]President, Domingo Ingco, former member of the PNB Board of Directors, John Does, former members of the PNB Board of Directors, Francisco Teodoro, President of ISI, Leticia Teodoro, Vice[-]President of ISI, Marfina Singian, Incorporator of ISI, Tomas Teodoro, General Manager of ISI, and Gregorio Singian, Jr., Executive Vice[-]President of ISI. The complaint, docketed as OMB-0-96-0967, was assigned to Graft Investigation Officer I Atty. Edgar R. Navales (Investigator Navales) of the Evaluation and Preliminary Investigation Bureau (EPIB) for investigation.

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Hence, the corresponding eighteen (18) Informations against petitioner and his co-accused for violation of Section 3(e) and (g) of Rep. Act No. 3019, docketed as Criminal Cases No. 26297 to No. 26314, were filed before the *Sandiganbayan* and were raffled to the Third Division thereof. The eighteen (18) Informations correspond to the nine (9) loan accommodations granted to ISI, each loan being the subject of two informations alleging violations of both paragraphs of Section 3 of Rep. Act No. 3019.<sup>[6]</sup>

Thus, herein petitioner was charged with nine counts of violation of Section 3(e),<sup>[7]</sup> and another nine counts of violation of Section 3(g),<sup>[8]</sup> of Republic Act No. 3019 (RA 3019), or the Anti-Graft and Corrupt Practices Act. Docketed as Criminal Case Nos. 26297-26314, the cases involved the purported granting of behest loans by the government's Philippine National Bank (PNB) to Integrated Shoes, Inc. (ISI), in various amounts and on different dates as above-enumerated.

The Informations<sup>[9]</sup> covering Section 3(e) charged that Panfilo Domingo (Domingo), then PNB Director/President/Vice-President (Europe); Domingo C. Ingco (Ingco), then PNB Director; and Constantino Bautista (Bautista), then PNB Senior Executive Vice-President, while in the performance of their official functions and taking advantage of their official positions, conspired with private individuals, specifically officers of ISI, including petitioner, who was ISI's Executive Vice-President, in willfully, unlawfully and criminally causing undue injury to the government and giving unwarranted benefits, advantage and preference to ISI by accommodating and granting several loans and advances to the latter, despite knowing that it lacked sufficient capitalization, or failed to give adequate collateral or raise its working capital to secure the government's interest in case it failed to pay said loans, as in fact it failed to pay these loans.

On the other hand, the Informations<sup>[10]</sup> covering Section 3(g) charged the above individuals, including petitioner, with conspiring, confederating, and willfully, unlawfully and criminally entering into the above-mentioned loan transactions which are grossly and manifestly disadvantageous to the government, for lack of sufficient capitalization or adequate collateral, and for failure of ISI to raise its working capital to secure the government's interest in case it failed to pay said loans, which indeed ISI failed to pay.

On January 27, 2004, petitioner entered a plea of not guilty on all counts. All the other accused were arraigned as well, except for Bautista, who passed away prior to his scheduled arraignment.

On April 29, 2005, the *Sandiganbayan* dismissed Criminal Case Nos. 26306-26314.<sup>[11]</sup> On October 6, 2007, the accused Ingco passed away; as a result, the cases against him were dismissed as well. Accused Domingo likewise passed away on June 26, 2008 resulting in an October 29, 2008 Resolution wherein the *Sandiganbayan* dropped the cases against him.

Trial with respect to the remaining cases ensued. For its testimonial evidence, the

prosecution called to the stand nine witnesses:

1. Director Danilo R.V. Daniel, then Coordinator of the Technical Working Group on Behest Loans (TWG) and Director of the Research Division of the Presidential Commission on Good Government (PCGG), who testified on the investigation conducted by the TWG of the ISI account and on various documents relative thereto, including the Fourteenth (14<sup>th</sup>) Report of Presidential *Ad Hoc* Fact-Finding Committee on Behest Loans<sup>[12]</sup> (*Ad Hoc* Committee) dated July 15, 1993 which he drafted, and which characterized the ISI account as a behest loan;<sup>[13]</sup>
2. Atty. Reginald Bacolor from the Legal Department, Privatization Management Office of the Asset Privatization Trust (APT), who testified on the deeds, documents and titles covering the foreclosed properties offered as collaterals in the ISI account and thereafter sold by the government through the APT;<sup>[14]</sup>
3. Atty. Edwin Flor V. Barroga, then Deputy Registrar of Deeds of Binangonan, Rizal, who testified on the property offered as collateral by ISI, which was the subject of a prior encumbrance to the Government Service Insurance System (GSIS);<sup>[15]</sup>
4. Atty. Cinderella Benitez, Securities Counsel II of the Securities and Exchange Commission (SEC), who testified on ISI's SEC documents, specifically its capitalization and financial status. She identified certified copies of ISI's Articles of Incorporation, By-Laws, Amended Articles of Incorporation, Certificates of Increase of Capital Stock, etc.;<sup>[16]</sup>
5. Atty. Mary Ann B. Morales, SEC Securities Counsel III from its Registration and Monitoring Department, who likewise testified on ISI's SEC documents. She identified ISI's General Information Sheets, Schedule of Stockholders, Subscribed and Paid-Up Capital, Certificate of Corporate Filing/ Information, etc. She testified, among others, that as of 1973, ISI's subscribed capital stock was only P1.6 million, while its paid-up capital was merely P1,298,750.00;<sup>[17]</sup>
6. Cesar Luis Pargas, of the Privatization Management Office, APT, custodian of ISI's loan documents, who testified on and brought with him the loan documents, deeds, titles, notes, etc. covering the ISI account;<sup>[18]</sup>
7. Claro Bernardino, Senior Manager of PNB's Human Resource Group, who brought the personnel records/certificates of employment of the accused Domingo and Ingco;<sup>[19]</sup>
8. Ramonchito Bustamante, Manager of the Loans and Implementing Services Division of PNB, expert witness on banking policy and PNB's loan policies, as well as ISI's loan data; and<sup>[20]</sup>
9. Stephen Tanchuling, Chief Administrative Officer of the Records Division of the Research Department of the PCGG, custodian of documents turned over to PCGG by the *Ad Hoc* Committee. He testified that his function was to authenticate documents in his custody, which consisted of records transmitted to the *Ad Hoc* Committee by different government agencies. He identified as well the Executive Summary<sup>[21]</sup> of

the ISI account; the Fourteenth (14<sup>th</sup>) Report of Presidential *Ad Hoc* Fact-Finding Committee on Behest Loans dated July 15, 1993; the Executive Summary of the *Ad Hoc* Committee Findings; and other relevant documents.<sup>[22]</sup>

For its documentary evidence, the prosecution presented the following, among others:

- 1) Photocopy of the Fourteenth (14<sup>th</sup>) Report of Presidential *Ad Hoc* Fact-Finding Committee on Behest Loans<sup>[23]</sup> which listed ISI as among the corporations with loans obtained from the government or government banks (in this case, PNB) which were found to possess the characteristics of a behest loan;
- 2) Photocopy of an Executive Summary of Findings of the *Ad Hoc* Committee,<sup>[24]</sup> detailing the particulars of the ISI account;
- 3) Photocopy of the certified true copy of the January 10, 1972 Memorandum<sup>[25]</sup> from Bautista to the PNB Board of Directors, detailing Bautista's findings and recommendations regarding ISI's application for a \$2.5 million (P16,287,500.00) letter of credit for the purpose of purchasing machinery and equipment for a new shoe factory then being built in Bataan.
- 4) Certified photocopy of a Deed of Undertaking and Conformity to Bank Conditions<sup>[26]</sup> (Deed of Undertaking) dated March 24, 1972 executed by ISI in favor of PNB;
- 5) Certified photocopy of a Deed of Assignment<sup>[27]</sup> dated March 24, 1972, assigning \$0.50 per pair of shoes of all export sales of ISI in favor of PNB;
- 6) Certified photocopy of Chattel Mortgage with Power of Attorney<sup>[28]</sup> executed by ISI in favor of PNB;
- 7) Certified true copy of Certificate of Filing of Certificate of Increase of Capital Stock<sup>[29]</sup> issued by the SEC dated February 6, 1974, showing that ISI increased its authorized capital stock from P3 million to P7 million; and
- 8) Certified true copy of the By-Laws of Integrated Pacific, Inc. (ISI's predecessor corporation).<sup>[30]</sup>

After the presentation of its testimonial and documentary evidence, the prosecution rested its case and filed its Formal Offer of Exhibits.<sup>[31]</sup> The respondent court admitted *in toto* the State's documentary exhibits.

### ***Petitioner's Demurrer to Evidence***

On February 17, 2010, petitioner, with prior leave, filed a Demurrer to Evidence<sup>[32]</sup> anchored on the following grounds: (1) lack of proof of conspiracy with any PNB official; (2) the contracts with PNB contained provisions that are beneficial, and not manifestly and grossly disadvantageous, to the government; (3) the loans could not be characterized as behest loans because they were secured by sufficient collaterals