

## FIRST DIVISION

[ G.R. NO. 169328, October 27, 2006 ]

**JULIAN A. ALZAGA, MEINRADO ENRIQUE A. BELLO, AND MANUEL S. SATUITO, PETITIONERS, VS. HONORABLE SANDIGANBAYAN (2<sup>ND</sup> DIVISION) AND PEOPLE OF THE PHILIPPINES, RESPONDENTS.**

### **DECISION**

**YNARES-SANTIAGO, J.:**

This Petition for *Certiorari* assails the April 25, 2005 and August 10, 2005 Resolutions<sup>[1]</sup> of the Sandiganbayan in Criminal Case Nos. 25681-25684, which respectively reversed the May 27, 2004 Resolution<sup>[2]</sup> of the court a quo and denied petitioners' Motion for Reconsideration.<sup>[3]</sup>

On October 7, 1999,<sup>[4]</sup> four separate Informations for violation of Section 3(e) of Republic Act (R.A.) No. 3019 were filed against petitioners Julian A. Alzaga, Meinrado Enrique A. Bello and Manuel S. Satuito relative to alleged irregularities which attended the purchase of four lots in Tanauan, Batangas, by the Armed Forces of the Philippines Retirement and Separation Benefits System (AFP-RSBS). Alzaga was the Head of the Legal Department of AFP-RSBS when one of the lots was purchased. Bello was a Police Superintendent and he succeeded Alzaga as Head of the Legal Department. It was during his tenure when the other three lots were purchased. Both were Vice Presidents of AFP-RSBS. On the other hand, Satuito was the Chief of the Documentation and Assistant Vice President of the AFP-RSBS.<sup>[5]</sup>

Petitioners filed their respective Motions to Quash and/or Dismiss the informations alleging that the Sandiganbayan has no jurisdiction over them and their alleged offenses because the AFP-RSBS is a private entity created for the benefit of its members and that their positions and salary grade levels do not fall within the jurisdiction of the Sandiganbayan pursuant to Section 4 of Presidential Decree (P.D.) No. 1606 (1978),<sup>[6]</sup> as amended by R.A. No. 8249 (1997).<sup>[7]</sup>

On May 27, 2004, the Sandiganbayan granted petitioners' motions to dismiss for lack of jurisdiction.

However, in a Resolution dated April 25, 2005, the Sandiganbayan reversed its earlier resolution. It held that the AFP-RSBS is a government-owned or controlled corporation thus subject to its jurisdiction. It also found that the positions held by Alzaga and Bello, who were Vice Presidents, and Satuito who was an Assistant Vice President, are covered and embraced by, and in fact higher than the position of managers mentioned under Section 4 of P.D. No. 1606, as amended, thus under the jurisdiction of the Sandiganbayan.

Petitioners' Motion for Reconsideration<sup>[8]</sup> was denied, hence, this petition raising the following issues:

I

THE COURT *A QUO* COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN DECIDING A QUESTION OF SUBSTANCE IN A MANNER NOT ACCORD WITH LAW AND APPLICABLE JURISPRUDENCE THAT IT HAS JURISDICTION OVER THE PERSON OF THE PETITIONERS

II

THE COURT *A QUO* COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN DECIDING A QUESTION OF SUBSTANCE IN A MANNER NOT IN ACCORD WITH LAW OR JURISPRUDENCE THAT THE ARMED FORCES RETIREMENT AND SEPARATION BENEFITS SYSTEM (AFP-RSBS) IS A GOVERNMENT-OWNED OR CONTROLLED CORPORATION

III

THE COURT *A QUO* COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN DECIDING A QUESTION OF SUBSTANCE IN A MANNER NOT IN ACCORD WITH LAW OR JURISPRUDENCE THAT PETITIONERS ALZAGA AND BELLO[, ] WHO WERE BOTH VICE-PRESIDENTS OF THE AFP-RSBS[, ] AND PETITIONER SATUITO[, ] WHO WAS ASSISTANT VICE-PRESIDENT OF THE AFP-RSBS[, ] ARE COVERED AND EMBRACED BY THE POSITION "MANAGERS" MENTIONED UNDER SECTION 4 a (1) (g) OF PD NO. 1606, AS AMENDED.

<sup>[9]</sup>

The petition is without merit.

The AFP-RSBS was established by virtue of P.D. No. 361 (1973)<sup>[10]</sup> in December 1973 to guarantee continuous financial support to the AFP military retirement system, as provided for in R.A. No. 340 (1948).<sup>[11]</sup> It is similar to the Government Service Insurance System (GSIS) and the Social Security System (SSS) since it serves as the system that manages the retirement and pension funds of those in the military service.<sup>[12]</sup>

The AFP-RSBS is administered by the Chief of Staff of the AFP through a Board of Trustees and Management Group,<sup>[13]</sup> and funded from congressional appropriations and compulsory contributions from members of the AFP; donations, gifts, legacies, bequests and others to the system; and all earnings of the system which shall not be subject to any tax whatsoever.<sup>[14]</sup>

Section 4 of P.D. No. 1606, as further amended by R.A. No. 8249, grants jurisdiction to the Sandiganbayan over: