



Republic of the Philippines
SANDIGANBAYAN
Quezon City

SIXTH DIVISION

PEOPLE OF THE PHILIPPINES,
Plaintiff,

SB-18-CRM-0498
For: Violation of Section 3(e) of
Republic Act (R.A.) No. 3019

-versus-

PROCESO JARAZA ALCALA,
LAUREANO ARNULFO
FIDELINO MAÑALAC, AND
BAUTISTA HERNANDEZ ELLA,
Accused.

PRESENT:

FERNANDEZ, J., *Chairperson*
MIRANDA, J, &
VIVERO, J.

Promulgated:

August 23, 2018

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DECISION

MIRANDA, J.:

May the Department of Agriculture (DA) legally accredit or award a project to a foundation whose incorporators are agents or relatives of the DA official who will process or approve the application? This is the core issue in this case.

In an Information dated February 12, 2018, the prosecution charged accused **PROCESO JARAZA ALCALA** (Alcala), **LAUREANO ARNULFO FIDELINO MAÑALAC** (Mañalac), and **BAUTISTA HERNANDEZ ELLA** (Ella) with violation of Section 3(e) of R.A. No. 3019, or the Anti-Graft and Corrupt Practices Act, as follows:

“That on or about 27 September 2012, or sometime prior or subsequent thereto in Quezon City, Philippines, and within the jurisdiction of this Honorable Court, accused **PROCESO JARAZA ALCALA**, a high-ranking public officer, being then the Secretary of the Department of Agriculture (DA), in such capacity committing the crime in relation to his office and acting in conspiracy with accused **LAUREANO ARNULFO FIDELINO MAÑALAC**, Head Executive Assistant of the DA, and with accused **BAUTISTA H. ELLA**, President of the Isa Akong Magsasaka Foundation, Inc. (Foundation), with manifest partiality, evident bad faith or gross inexcusable negligence, did then and there willfully, unlawfully and criminally cause undue injury to the government in the amount of 13.5 million Philippine pesos or giving the Foundation unwarranted benefit, advantage or preference through the following acts: (1) by applying with the DA for accreditation of the Foundation as DA Development Partner, submitting together with its application

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for accreditation an unauthenticated Articles of Incorporation and concealing the fact that accused LAUREANO ARNULFO FIDELINO MAÑALAC is actually an incorporator of the Foundation, in violation of Commission on Audit Circular No. 2007-001 and which is highly irregular; (2) by accrediting the Foundation as DA Development Partner; (3) by entering into a Memorandum of Agreement between the DA and the Foundation; (4) by releasing the amount of 13.5 million Philippine pesos to the Foundation; and (5) by failing to investigate the grant of public funds to the Foundation which is not entitled thereto, in violation of aforesaid Memorandum of Agreement, to the damage and prejudice of the government.

CONTRARY TO LAW.”¹

On July 24, 2018, the court issued a hold departure order against all the accused.² On the same date, the court approved the cash bail bond of accused Alcala, who voluntarily surrendered, and issued a warrant of arrest against accused Mañalac and Ella.³

On August 23, 2018, the court approved the cash bail bond of Mañalac.⁴

On August 24, 2018, Alcala was arraigned and entered a plea of “not guilty”.⁵

On September 7, 2018, Mañalac was arraigned and entered a plea of “not guilty”.⁶

In the Pre-Trial Order dated February 6, 2019, the parties stipulated that:⁷

1. Alcala, Mañalac, and Ella are the same persons charged in the Information and the court has jurisdiction over them;
2. Alcala was the Secretary of the DA at the time material to the case;
3. Alcala signed the Certificate of Accreditation of the Isa Akong Magsasaka Foundation, Inc. (IAMFI) as DA development partner;
4. Alcala and IAMFI executed a Memorandum of Agreement (MOA) for the construction of the Quezon Corn Trading and Processing Center (Center) on February 11, 2013; and
5. The court can take judicial notice of Commission on Audit (COA) Circular No. 2007-01 and the Department of Agriculture - Agri-Pinoy Trading Center (DA-APTC) Program marked as Exhibits “X” and “Y”, respectively.⁸

¹ Information dated February 12, 2018, Records, Vol. I, pp. 1-2.

² Minutes of the Proceedings held on July 24, 2018, Records, Vol. 1, p. 270.

³ *Id.*, pp. 271-272.

⁴ Minutes of the Proceedings held on August 23, 2018, Records, Vol. 1, p. 288.

⁵ Order dated August 24, 2018, Records, Vol. 1, p. 292-A.

⁶ Order dated September 7, 2018, Records, Vol. 1.

⁷ Pre-Trial Order dated February 6, 2019, Records, Vol. 2, pp. 97-109.

⁸ *Id.*, p. 98.

EVIDENCE FOR THE PROSECUTION

In support of its accusations against the accused for violation of Section 3(e) of R.A. No. 3019, the prosecution presented ten (10) witnesses, namely: 1) Atty. RJ A. Bernal (Atty. Bernal); 2) Jean R. Caldino (Caldino); 3) Brenda B. Sumalabe (Sumalabe); 4) Charie Sarah Saquing (Saquing); 5) Bernard Corales (Corales); 6) Sherrilyn Mendoza (Mendoza); 7) Marivic Jadsac (Jadsac); 8) Philip Daniel Matthews (Matthews); 9) Cristine D. Baldelomar (Baldelomar); and 10) Jeffrey Caliwanagan (Caliwanagan).

Before Atty. Bernal could testify, the parties stipulated that he can identify, affirm, and confirm his Judicial Affidavit dated January 9, 2019 and his signature therein.⁹ He testified that:

- 1) As Securities Counsel II at the Company Registration and Monitoring Department (CRMD) of the Securities and Exchange Commission (SEC), he verifies information in the articles of incorporation during pre-processing for incorporation and amendment purposes;¹⁰
- 2) He affirmed the contents and authenticity of the following documents submitted by the CRMD to the Office of the Special Prosecutor (OSP): (a) Certification of Corporate Filing dated December 13, 2018; (b) Certification of Incorporation of IAMFI dated July 13, 2010; (c) AOI and By-Laws of IAMFI dated July 5, 2010 (Exhibit “C-1” and “C-2”); (d) Financial Statement of IAMFI as of December 31, 2011; and (e) Independent Auditor’s Report dated April 10, 2012 of Corazon R. Ladiza;¹¹
- 3) He did not personally examine, review, and approve the said documents;¹² and.
- 4) He knows the signatures of Director Gerardo F. Del Rosario, Assistant Director Sampaguita R.H. Ladrido, and Atty. Daniel P. Gabuyo.¹³

Before Caldino could testify, the parties stipulated that she can identify, affirm, and confirm her Judicial Affidavit dated January 16, 2019 and her signature therein.¹⁴ She testified that:

- 1) As Officer-in-Charge (OIC)-Chief of the Personnel Division of the DA, she secures files of officials and employees of the DA;¹⁵ and
- 2) She prepared and submitted the following documents to the OSP: (a) certified true copy of the undated Personal Data Sheet (PDS) of Alcala; (b) Oath of Office dated June 30, 2010 of Alcala; (c) original copy of the Service Record dated January 11, 2019 of Alcala; (d) certified true copy of the undated PDS of Mañalac; (e) undated Position Description Form of Mañalac; (f) original Service Record



⁹ TSN dated February 12, 2019, p. 8.

¹⁰ Judicial Affidavit dated January 9, 2019, Records, Vol. 2, pp. 11-12.

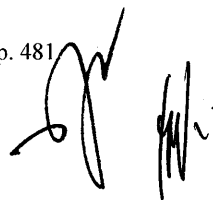
¹¹ *Id.*, pp. 12-13.

¹² *Supra* note 9, p. 10.

¹³ *Supra* note 10, pp. 13-14.

¹⁴ *Supra* note 9, p. 8.

¹⁵ Judicial Affidavit dated January 16, 2019, Records, Vol. 1, p. 481



dated January 11, 2019 of Mañalac; and (g) certified true copy of Special Order No. 370, Series of 2010 dated August 16, 2010.¹⁶

Before Sumalabe could testify, the parties stipulated that she can identify, affirm, and confirm her Judicial Affidavit dated February 4, 2019 and her signature therein.¹⁷ She testified that: 1) As City Assessor of Tayabas, Quezon, she supervises and controls the City Assessor’s Office in Tayabas which is the official custodian of Tax Declaration Records and other related property documents within the jurisdiction of Tayabas, Quezon;¹⁸ and 2) She prepared and submitted to the OSP the following documents: (a) certified true copy of Tax Declaration No. 38-065-4197; and (b) original Tax Declaration No. A-00-0031-01799.¹⁹

Before Saquing could testify, the parties stipulated that she can identify, affirm, and confirm her Judicial Affidavit dated February 7, 2019 and her signature therein.²⁰ She testified that: 1) As Department Chief Accountant of the DA-Central Office, she supervises the Accounting Division in the Central Office;²¹ 2) The DA released Thirteen Million Five Hundred Thousand Pesos (PhP13,500,000.00) to IAMFI for the construction of the APTC in Quezon Province;²² and 3) She prepared and executed the Certification dated February 11, 2015.²³

Corales testified that: 1) As Legal Assistant II at the Philippine Statistics Authority (PSA), he brings documents pursuant to subpoenas and testifies on those documents;²⁴ and 2) He is familiar with the Certificate of Live Birth of Eleanor Ella²⁵ and the Marriage Contract dated January 31, 1986 between Laureano Mañalac and Eleanor Ella²⁶ because he requested the PSA verifier to produce them.²⁷

Before Mendoza could testify, the parties stipulated that she can identify, affirm, and confirm her Judicial Affidavit dated February 27, 2019 and her signature therein.²⁸ She testified that: 1) As Records Officer II of the Register of Deeds of the Province of Quezon, she is duly authorized to represent her office in this case;²⁹ and 2) She can identify the true electronic copy of Transfer Certificate of Title (TCT) No. T-230555³⁰ because she personally verified it.³¹

¹⁶ *Id.*, pp. 481-482.

¹⁷ TSN dated February 13, 2019, pp. 8-10.

¹⁸ Judicial Affidavit dated February 4, 2019, Records, Vol. 2, pp. 70-71.

¹⁹ *Id.*, pp. 71-72.

²⁰ TSN dated February 19, 2019, pp. 8-10.

²¹ Judicial Affidavit dated February 7, 2019, Records, Vol. 2, p. 82; *Id.*, pp. 7-8.

²² *Id.*, p. 82-83.

²³ *Id.*

²⁴ TSN dated February 26, 2019, pp. 5-7.

²⁵ Exhibit “P”.

²⁶ Exhibit “U”.

²⁷ *Supra* note 24, pp. 8-9.

²⁸ TSN dated March 5, 2019, p. 7.

²⁹ Judicial Affidavit dated February 27, 2019, Records, Vol. 2, p. 125.

³⁰ Exhibit “T”.

³¹ *Supra* note 29, p. 126.

Before Jadsac could testify, the parties stipulated that: 1) She can identify, affirm, and confirm her Judicial Affidavit dated February 28, 2019 and her signature therein; 2) She has no personal knowledge of the transaction in this case; and 3) She was not part of the COA Audit Team at the time material to this case.³² She testified that:

- 1) As State Auditor IV/Audit Team Leader at COA-DA, she issues certified true copies of documents under the custody of their office upon request of competent authority;³³
- 2) She issued and can identify the certified true copies or certified true xerox copies of Exhibits “G”, “H”, “I”, “K”, “L”, “M”, “N”, “S”, “X”, and “KK” pursuant to the subpoena issued by the OSP;³⁴ and
- 3) COA Circular No, 2007-001 dated October 25, 2007 is still in effect.³⁵

Before Matthews could testify, the parties stipulated that he can identify, affirm, and confirm his Judicial Affidavit dated March 25, 2019 and his signature therein.³⁶ He testified that:

- 1) As Associate Graft Investigation Officer-II at the General Investigation Bureau, Field Investigation Office-II, Office of the Ombudsman (OMB-FIO), he gathers evidence for case building, prepares investigation reports, and testifies in court for cases investigated by the OMB-FIO;³⁷
- 2) He was part of the team that investigated the DA transaction with IAMFI against Alcala which was triggered by an undated complaint from the Kilusang Magbubukid Foundation;³⁸
- 3) There was enough basis to charge Alcala, Mañalac, and Ella for violation of Section 3(e) of R.A. No. 3019 in relation to Section 4(2) of P.D. No. 1449;³⁹ and
- 4) The team prepared the Complaint dated February 16, 2016⁴⁰ with annexes and signed by their team leader, Atty. Corinne M. Garillo.⁴¹

Before Baldelomar could testify, the parties stipulated that she can identify, affirm, and confirm her Judicial Affidavit dated March 29, 2019 and her signature therein.⁴² She testified that: 1) As Marketing Specialist II at the Department of Agriculture-Agribusiness and Marketing Assistance Service (DA-AMAS), she assists in the implementation of market related projects. She is also a document custodian of the DA for APTC projects;⁴³ 2) She issued and can identify the certified true copies or certified true xerox copies of Exhibits “D”, “F series”, “J”, “Y”, and “DD” pursuant to the

³² TSN dated March 6, 2019, pp. 7-8, 16.

³³ Judicial Affidavit dated February 28, 2019, Records, Vol. 2, p. 138.

³⁴ *Id.*, p. 139-144.

³⁵ *Id.*, p. 145.

³⁶ TSN dated April 3, 2019, pp. 5-6.

³⁷ Judicial Affidavit dated March 25, 2019, Records, Vol. 2, p. 227.

³⁸ *Id.*, pp. 227-228; *Supra* note 36, p. 17.

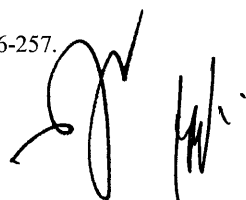
³⁹ *Id.*

⁴⁰ Exhibit “CC”.

⁴¹ *Supra* note 37, p. 229.

⁴² TSN dated April 10, 2019, p. 5.

⁴³ Judicial Affidavit dated March 29, 2019, Records, Vol. 2, pp. 256-257.



subpoena issued by the OSP;⁴⁴ and 3) She is aware that Mañalac already resigned as Executive Assistant even before the APTC Assessment in 2015. She is not aware of any investigation or case filed by the DA against IAMFI.⁴⁵

Caliwanagan's testimony was dispensed with after the parties stipulated that: 1) As President of IAMFI, he safekeeps documents and records of IAMFI; 2) He received a subpoena from the court directing him to bring a copy of Exhibit "H" or the DA's Certificate of Accreditation of IAMFI and the Affidavit of Mr. Armando Valencia, but said documents could no longer be located despite diligent efforts; and 3) The current officers of IAMFI do not have records of IAMFI prior to June 2019.⁴⁶

On July 17, 2019, the court dismissed the case against Ella, who passed away.⁴⁷

On September 23, 2019, the prosecution formally offered the following exhibits in evidence:⁴⁸

Exhibit	Description
A	Undated PDS of Alcala
A-1	Service Record dated January 11, 2019 of Alcala
A-2	Oath of Office dated June 30, 2010 of Alcala as DA Secretary
B	Undated PDS of Mañalac
B-1	Service Record dated January 11, 2019 of Mañalac
B-2	Undated Position Description Form of Mañalac as DA Head Executive Assistant
C	Certificate of Incorporation dated July 13, 2010 of IAMFI
C-1	Attached AOI dated July 5, 2010 of IAMFI (sourced from the SEC)
C-2	Attached By-Laws dated July 5, 2010 of IAMFI (sourced from the SEC)
C-3	Certification of Corporate Filing/Information dated December 13, 2018
D and sub-markings	AOI dated July 5, 2010 of IAMFI
F and sub-markings	IAMFI's application for accreditation dated July 24, 2012 with complete set of requirements
G	IAMFI letter dated September 27, 2012
H	Certificate of Accreditation dated November 5, 2012 of IAMFI from the DA
I	MOA dated February 11, 2013 between the DA and IAMFI
J	Lease Contract dated June 19, 2012 between Ella and IAMFI
K	Disbursement Voucher No. 13-02-1836 dated February 28, 2013
L	Disbursement Voucher No. 13-11-10663 dated November 28, 2013
M	Official Receipt No. 00002 issued by IAMFI dated June 4, 2013

⁴⁴ *Id.*, pp. 258-261.

⁴⁵ *Supra* note 42, pp. 16-19; *Supra* note 43, p. 262.

⁴⁶ Order dated September 17, 2019, Records, Vol. 3, pp. 111A-111B.

⁴⁷ Minutes of the Proceedings held on July 17, 2019, Records, Vol. 3, p. 37.

⁴⁸ Prosecution's Formal Offer of Evidence dated September 23, 2019, Records, Vol. 3, pp. 112-124.

Exhibit	Description
N	Official Receipt No. 00002 issued by IAMFI dated February 24, 2013
O	Certification dated February 11, 2015 issued by Saquing
P	TCT No. T-230555 registered under the name Bautista Ella married to Veneracion Escarza
S	Affidavit dated March 18, 2013 of Armando A. Valencia
T	Certificate of Live Birth of Eleanor Escarza Ella
U	Marriage Contract dated January 31, 1986 between Mañalac and Eleanor Escarza Ella
X	COA Circular 2007-0001 dated October 25, 2007
Y	Implementing Guidelines for the APTC Program
Z	Special Order No. 370, Series of 2010 dated August 16, 2010 of the DA-Office of the Secretary
AA	Tax Declaration of Real Property No. 38-065-4197
AA-1	Tax Declaration of Real Property No. A-00-0031-01799
CC	Complaint dated February 15, 2016 of Graft Investigation Officer III Corinne Joie M. Garillo
KK	Memorandum of Project Evaluation Report dated October 29, 2012.
LL and sub-markings	AOI dated July 5, 2010 of IAMFI
MM and sub-markings	Pictures taken during the capacity building and APTC assessment with the DA-AMAS

On October 25, 2019, the court admitted all exhibits offered by the prosecution.⁴⁹

On November 19, 2019, the court received the Motion for Leave to File Demurrer dated November 18, 2019 of Mañalac.⁵⁰

On December 26, 2019, the court received the Motion for Leave to File Demurrer dated December 23, 2019 of Alcala.⁵¹

In its Resolution dated February 14, 2020, the court denied the motions for leave to file demurrer of both Mañalac and Alcala.⁵²

On February 21, 2020, the court received the Motion for Reconsideration dated February 18, 2020 of Mañalac.⁵³

On February 24, 2020, the court received the Motion for Reconsideration dated February 23, 2020 of Alcala.⁵⁴

In its Resolution dated July 10, 2020, the court denied the motions for reconsideration of both Mañalac and Alcala.⁵⁵

⁴⁹ Minutes of the Proceedings dated October 25, 2019, Records, Vol. 3, pp. 352-353.

⁵⁰ Records, Vol. 3, pp. 404-409.

⁵¹ *Id.*, pp. 444-455.

⁵² *Id.*, pp. 481-489.

⁵³ Records, Vol. 4, pp. 50-57.

⁵⁴ *Supra* note 53, pp. 14-25.

⁵⁵ *Id.*, pp. 120-126.

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Thereafter, the defense presented its evidence.

EVIDENCE FOR THE DEFENSE

In support of their defense, the accused presented eight (8) witnesses, namely: 1) Atty. Emerson U. Palad (Atty. Palad); 2) Jeselyn B. Santos (Santos); 3) Atty. Vero Librojo (Atty. Librojo); 4) Maribel Dela Rosa (Dela Rosa); 5) Assistant Secretary Ophelia Agawin (Assistant Secretary Agawin); 6) Baldelomar; 7) Engr. Leandro H. Gazmin (Engr. Gazmin); and 8) Caliwanagan.

Before Atty. Palad could testify, the parties stipulated that he can identify his Judicial Affidavit dated March 20, 2020 and his signature therein.⁵⁶ He testified that:

- 1) As Undersecretary and Chief of Staff of Alcala, he supervised the staff and administered day-to-day transactions and documents;⁵⁷
- 2) He received the Memorandum dated January 23, 2013 of Atty. Librojo to DA-AMAS Director Gazmin on the legality of the establishment of the Quezon Corn Trading and Processing Center pursuant to the MOA between the DA and IAMFI. He is familiar with the signature of Atty. Librojo because he worked with him for several years;⁵⁸
- 3) He received the Memorandum dated January 28, 2013 of DA-AMAS Director Gazmin to Alcala requesting for the approval of the MOA between the DA and IAMFI. He is familiar with the signature of Engr. Gazmin because he worked with him for several years;⁵⁹
- 4) He received the Memorandum dated December 25, 2013 of Atty. Librojo to him and Saquing on the transfer of regular funds to NGOs;⁶⁰ and
- 5) The documents forwarded to the Program Management Committee of the Agri-Pinoy did not pass through his office.⁶¹

Santos' testimony was dispensed with after the parties stipulated that she can identify and authenticate the documents mentioned in her Judicial Affidavit dated November 20, 2020.⁶²

Atty. Librojo testified that:

- 1) As Chief of the Legal Division of the DA, he supervises the Legal Division, reviews contracts and transactions, and creates legal advisories or opinions addressed to the DA Secretary;⁶³

⁵⁶ TSN dated February 16, 2021, pp. 13-14

⁵⁷ Judicial Affidavit dated March 20, 2020, Records, Vol. 5, p. 97.

⁵⁸ *Id.*, pp. 97-100.

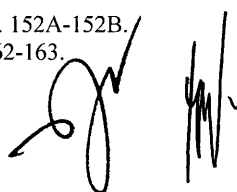
⁵⁹ *Id.*, pp. 98-99.

⁶⁰ *Id.*, p. 99.

⁶¹ *Supra* note 56, p. 20.

⁶² *Id.*, pp. 27-32; Order dated February 16, 2021, Records, Vol. 5, pp. 152A-152B.

⁶³ Judicial Affidavit dated February 18, 2021, Records, Vol. 5, pp. 162-163.

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- 2) He reviewed the MOA between the DA and IAMFI to ensure that it was in accordance with existing laws and regulations and then prepared the corresponding legal memoranda;⁶⁴
- 3) He issued the following: (a) Legal Memorandum dated January 23, 2013 (Re: Reply to the Legal Opinion Rendered on the MOA between the DA and IAMFI on the establishment of the Quezon Corn Trading and Processing Center); (b) Legal Memorandum dated February 11, 2013 (Re: Request for Legal Opinion on the MOA between DA and the IAMFI on the establishment of the Quezon Corn Trading and Processing Center); and (c) Legal Memorandum dated December 26, 2013 (Re: Transfer of Regular Funds to NGOs);⁶⁵
- 4) He reviewed the application of IAMFI as DA Development Partner as a member of the Special Screening Committee (SSC). Mañalac was not part of the SSC;⁶⁶
- 5) He has no personal knowledge whether the documents submitted by IAMFI are authentic because he did not personally verify their validity and authenticity;⁶⁷ and
- 6) The SSC issued Certification dated November 5, 2012⁶⁸ attesting that IAMFI complied with the requirements enumerated in COA Circular No. 2007-001.⁶⁹

Dela Rosa's testimony was dispensed with after the parties stipulated that: 1) She held the position of State Auditor IV/Audit Team Leader of COA-DA-CO; 2) In the course of the performance of her official functions, her office received two subpoenas duces tecum/ad testificandum dated February 9, 2021 and February 19, 2021 issued by the 6th Division of the Sandiganbayan requiring her office to submit and testify on documents in relation to the above-entitled case; 3) In compliance with the subpoena, her office submitted certified true copies of the original of the requested documents; and 4) She can identify and authenticate the documents attached to her Judicial Affidavit dated February 22, 2021.⁷⁰

Before Assistant Secretary Agawin could testify, the parties stipulated that she can identify her Judicial Affidavit dated March 9, 2020 and her signature therein.⁷¹ She testified that:

- 1) She was the Assistant Secretary for Finance of the DA and Chairperson of the SSC per Special Order No. 149, Series of 2012;⁷²
- 2) The SSC was tasked to screen the qualification documents, conduct ocular inspections of business sites, and evaluate technical and financial capabilities of the NGOs;⁷³

⁶⁴ *Id.*, pp. 163-164.

⁶⁵ *Id.*, pp. 164-165.

⁶⁶ *Id.*, p. 163; TSN dated February 23, 2021, p. 13.

⁶⁷ *Id.*, pp. 15-18, 21.

⁶⁸ Exhibit "3".

⁶⁹ *Supra* note 63, Vol. 5, p. 166.

⁷⁰ TSN dated March 2, 2021, pp. 8-15; Order dated March 2, 2021, Records, Vol. 5, pp. 257-A-257-B.

⁷¹ TSN dated March 9, 2021, p. 11.

⁷² Judicial Affidavit dated March 9, 2020, Records, Vol. 5, p. 244.

⁷³ *Id.*

- 3) After IAMFI applied for accreditation, the SSC validated the submitted documents and made a report;⁷⁴
- 4) The AOI (sourced by the prosecution from the SEC), marked as Exhibit “C-1”, is different from the AOI marked as Exhibit “F series” which was submitted to the SSC for screening;⁷⁵ and
- 5) Their evaluation of IAMFI’s financial capability was not limited to the submitted financial statement.⁷⁶

Before Baldelomar could testify, the parties stipulated that: 1) She can identify Exhibits “5”, “6”, “7”, “10”, “11”, “18”, “20”, “26”, and “27-B” as attached to her Judicial Affidavit dated March 1, 2021; 2) These documents are certified true copies of the photocopies on file with the DA-AMAS; and 3) She has no personal knowledge of the transactions involved in the said documents.⁷⁷ Thereafter, her testimony was dispensed with.⁷⁸

Before Engr. Gazmin could testify, the parties stipulated that he can identify his duly executed Judicial Affidavit dated June 10, 2021 and its annexes.⁷⁹ He testified that:

- 1) As Director of AMAS of the DA, he manages the office to promote agriculture-related products. As DA Assistant Secretary for Agribusiness, he oversees the operational work and coordination of AMAS with other departments;⁸⁰
- 2) AMAS is a Department Service of the DA which is primarily responsible for identifying markets for Philippine agricultural products and assisting in the planning of market centers and distribution networks. There was no connection between the work of AMAS and SSC. AMAS merely relied on the results of the selection, screening and certification process of the SSC;⁸¹
- 3) Under the APTC Program, the DA assessed the viability of constructing trading centers across the country;⁸²
- 4) The Project Management Office (PMO), which was created under Special Order No. 369, Series of 2010 and was headed by Mañalac, had direct contact with IAMFI. The process which resulted in the preliminary recommendation to give/award the foundation the grant began sometime in May 2011. The APTC-PMO, headed by Mañalac as Program Director, gave the proposal of IAMFI on the Quezon Corn Trading and Processing Center a positive recommendation after hearing its technical details;⁸³
- 5) The AOI and proof of previous projects and prior investment, submitted by IAMFI, were not forwarded to the legal division of the

⁷⁴ *Id.*⁷⁵ *Supra* note 71, pp. 35-37.⁷⁶ TSN dated March 10, 2021, pp. 9-10.⁷⁷ Order dated March 16, 2021, Records, Vol. 5, pp. 316-317.⁷⁸ *Id.*, pp. 316-317.⁷⁹ *Supra* note 71.⁸⁰ Judicial Affidavit dated June 10, 2021, Records, Vol. 5, pp. 350-351.⁸¹ *Id.*, Vol. 5, pp. 350-353.⁸² *Id.*, Vol. 5, p. 351.⁸³ TSN dated June 29, 2021, pp. 10-11; *Supra* note 80, p. 358.

DA for its opinion. Only the MOA was forwarded. He did not verify the authenticity of IAMFI’s AOI with the SEC as this was not his duty, but that of the SSC;⁸⁴

- 6) IAMFI was required to execute a document stating that none of the incorporators, organizers, directors, or officials is an agent of or related by consanguinity or affinity up to the fourth civil degree to the official authorized to process and/or approve the proposal, MOA, and the release of funds;⁸⁵
- 7) An application for accreditation as DA Development-Partner must be in connection with, or in relation to, a specific project proposal submitted to the DA for funding;⁸⁶
- 8) The IAMFI was chosen for the Quezon Corn Trading and Processing Center after a technical evaluation conducted by the National Agribusiness Corporation (NABCOR). Mañalac was not included as an incorporator of IAMFI in the Final Report of the NABCOR;⁸⁷ and
- 9) He can identify Exhibits “5”, “6”, “7”, “8”, and “18.”⁸⁸

Caliwanagan testified that:

- 1) He has been the Chairman of the Board/President of IAMFI since June 2019;⁸⁹
- 2) No member of the DA Accreditation Committee is related to him by consanguinity or affinity within the fourth civil degree;⁹⁰
- 3) Mañalac was present at the special election for IAMFI officers in 2019;⁹¹ and
- 4) He is not aware of the obligation of IAMFI to transfer the facilities to a federated farmers’ cooperative at the end of the fifth year upon execution of the MOA. The transfer process to a federated farmers’ cooperative has not started.⁹²

On March 22, 2022, Alcala formally offered the following exhibits in evidence:⁹³

Exhibit	Description
1	DA Special Order No. 149, Series of 2012, dated February 13, 2012
2 and 2-A	Memorandum dated October 29, 2012
3	Certification dated November 5, 2012 issued by the SSC
4	Certificate of Accreditation dated November 5, 2012 of IAMFI from the DA
5	Memorandum dated January 7, 2013 (Subject: Request for Legal Opinion on the MOA between DA and the IAMFI on the Establishment of the Quezon Corn Trading and Processing Center)

⁸⁴ *Id.*, pp. 20-22. TSN dated July 6, 2021, pp. 18-19.

⁸⁵ *Id.*, p. 28.

⁸⁶ *Supra* note 80, Vol. 5, p. 359.

⁸⁷ *Id.*, p. 357; TSN dated June 29, 2021, p. 29.

⁸⁸ Judicial Affidavit dated June 10, 2021, Records, Vol. 5, pp. 360-364.

⁸⁹ Judicial Affidavit dated October 15, 2021, Records, Vol. 5, p. 477.

⁹⁰ *Id.*, p. 477.

⁹¹ TSN dated October 26, 2021, p. 12.

⁹² *Id.*, pp. 29-30.

⁹³ Formal Offer of Evidence for Alcala dated March 22, 2022, Records, Vol. 6, pp. 123-198.

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Exhibit	Description
6	Memorandum dated January 17, 2013 (Subject: Reply to the Legal Opinion on the MOA between DA and the IAMFI on the Establishment of the Quezon Corn Trading and Processing Center)
7	Memorandum dated January 23, 2013 (Subject: Reply to the Legal Opinion on the MOA between DA and the IAMFI on the Establishment of the Quezon Corn Trading and Processing Center)
8	Memorandum dated January 28, 2013 (Subject: Request for Approval on the MOA between the DA and the IAMFI on the Establishment of the Quezon Corn Trading and Processing Center)
9	MOA dated February 11, 2013 between the DA and IAMFI
10	Memorandum dated December 26, 2013 (Subject: Transfer of Regular Funds to NGOs)
11	Memorandum dated February 12, 2014 (Subject: MOA between the DA and IAMFI for the Construction of a Warehouse for Trading Transaction on Corn Products produced by Quezon Farmers)
18	Certification dated May 26, 2014 issued by Teodora Mamades
20	Letter dated April 28, 2014 of Ella to Engr. Gazmin
26	Certification dated September 2, 2015 issued by Elizabeth Dimapilis
27	COA Audit Observation Memorandum No. 14-033 dated October 8, 2014
27-A	Memorandum dated October 23, 2014
27-B	Letter dated February 15, 2014 of Ella to Alcala
27-C	Memorandum dated May 4, 2015
27-D	Letter dated May 19, 2015 of State Auditor IV Abdulla R. Manzano (Manzano) to OIC DA-AMAS Rowena S. Genete
27-E	Letter dated July 10, 2015 of CESO IV Director Bernadette F. San Juan (Director San Juan) to State Auditor V Estelita B. Catubay
27-F	Letter dated July 30, 2015 of Manzano to Director San Juan
28	COA Circular No. 2007-001 dated October 25, 2007
30	Letter dated September 10, 2018 of Atty. Henry S. Rojas to OIC DA Records Division Romirose B. Padin

On June 9, 2022, Mañalac formally offered the following exhibits in evidence.⁹⁴

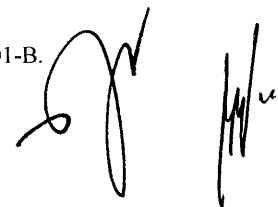
Exhibit	Description
1	AOI dated July 5, 2010 of IAMFI (submitted to the DA)
2	General Information Sheet June 26, 2019 of IAMFI (submitted to the DA)
3	Certificate of Accreditation dated November 5, 2012 of IAMFI from the DA
4 and sub-markings	Pictures showing the warehouses, structures, and machineries funded by the DA

On July 4, 2022, the court did not admit Exhibits “2” and “4” series offered by Mañalac because they did not bear the markings of the court. The rest of the Exhibits offered by both Alcala and Mañalac were admitted.⁹⁵



⁹⁴ Formal Offer of Exhibits dated June 9, 2022, Records, Vol. 6, pp. 239-D-283.

⁹⁵ Minutes of the Proceedings dated July 4, 2022, Records, Vol. 6, pp. 301-A-301-B.



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On rebuttal, the prosecution presented two witnesses, namely Baldelomar and Elsa Marcos (Marcos).

Baldelomar testified that she issued, submitted, and can identify the certified photocopy of the photocopy on file of the Usufruct Agreement between IAMFI and Ella pursuant to the subpoena of the OSP.⁹⁶ After her testimony, the parties stipulated that: 1) Alcala and the DA are not parties to the Usufruct with Construction Agreement dated February 13, 2012; 2) She is not testifying on the contents of said document or whether public funds were used for a private purpose; and 3) Mañalac was not named in said document.⁹⁷

Before Marcos could testify, the parties stipulated that: 1) She is a Court Stenographer IV at the Sandiganbayan; and 2) She can identify her Judicial Affidavit dated July 20, 2022 and her signature therein.⁹⁸ She testified that she prepared a Transcript of Stenographic Notes (TSN) dated October 14, 2021 in *People of the Philippines vs. Laureano Arnulfo Mañalac*, docketed as SB-18-CRM-0499 to 0502, and that she can identify and authenticate said TSN.⁹⁹

On September 9, 2022, the prosecution formally offered the following exhibits on rebuttal:¹⁰⁰

Exhibit	Description
NN	Usufruct with Construction Agreement dated February 13, 2012 between IAMFI and Ella
OO and sub-markings	TSN dated October 14, 2021 in <i>People of the Philippines vs. Laureano Arnulfo Mañalac</i> , docketed as SB-18-CRM-0499 to 0502

On September 16, 2022, the court admitted all exhibits offered by the prosecution on rebuttal.¹⁰¹

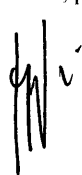
On sur-rebuttal, the defense presented Engr. Gazmin. Before he could testify, the parties stipulated that he can identify his Judicial Affidavit dated October 13, 2022 and his signature therein.¹⁰² He testified that:

- 1) There was no Usufruct Agreement between the DA and IAMFI in connection with the construction of the Corn Trading and Processing Center Project in Quezon;¹⁰³
- 2) The DA and Alcala are not parties to the Usufruct with Construction Agreement dated February 13, 2012;¹⁰⁴



⁹⁶ Judicial Affidavit dated May 18, 2022, Records, Vol. 6, p. 291.
⁹⁷ Amended Order dated August 16, 2022, Records, Vol. 7, pp. 47-A-47-B.
⁹⁸ TSN dated September 6, 2022, pp. 6-8.
⁹⁹ Judicial Affidavit dated July 20, 2022, Records, Vol. 6, p. 400.
¹⁰⁰ Formal Offer of Rebuttal Evidence dated September 7, 2022, Records, Vol. 7, pp. 96-165.
¹⁰¹ Minutes of the Proceedings dated September 16, 2022, Records, Vol. 7, p. 190-B.
¹⁰² TSN dated October 18, 2022, pp. 5-7.
¹⁰³ Judicial Affidavit dated October 13, 2022, Records, Vol. 7, p. 214.

¹⁰⁴ *Id.*

- 3) The Corn Trading and Processing Center in Quezon is owned by the DA because the funds came from said department;¹⁰⁵
- 4) IAMFI was designated as the interim manager and operator of the Quezon Corn Trading and Processing Center for 5 years or until a federated farmers cooperative is organized and capacitated to manage and operate the Center pursuant to Article V of the MOA. After an eventual buy-out by the cooperative, it shall become the full owner of the trading and warehousing facility;¹⁰⁶
- 5) The land for the project site, facilities, supplements, etc. can be provided by the NGO/PO Partner per COA Circular No. 2007-001;¹⁰⁷ and
- 6) The MOA does not specifically state that the DA owns the trading facility.¹⁰⁸

On January 3, 2023, Alcala filed his Memorandum dated January 3, 2023. On January 4, 2023, the prosecution filed its Memorandum dated December 29, 2022.

Findings of Fact

On June 30, 2010, Alcala was appointed Department of Agriculture (DA) Secretary.¹⁰⁹ One of the projects he implemented was the Agri-Pinoy Trading Center Program (APTC Program). It aimed to make marketing services available to farmers through the construction of trading centers across the country.¹¹⁰ The tasks of the Project Management Committee (PMC) are to:¹¹¹

1. Set the appropriate directions of the Program;
2. Formulate or approve of operational policies to ensure Program success;
3. Review Program performance periodically;
4. Review and approve/disapprove recommended geographic sites for APTC projects;
5. Review APTC project proposals and decide whether or not these should be supported by the Program; and
6. Review and approve/disapprove recommended recipient / partner coops or associations, including the locator food processors.

The tasks of the Program Management Office (PMO) Program Director are to:¹¹²

¹⁰⁵ *Id.*, p. 215.

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

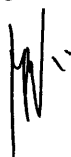
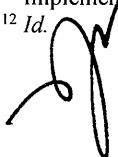
¹⁰⁸ *Supra* note 102, p. 11.

¹⁰⁹ Panunumpa Sa Katungkulan dated June 30 2020, Exhibit "A-2".

¹¹⁰ *Supra* note 80.

¹¹¹ Implementing Guidelines for the Agri-Pinoy Trading Center Program, Exhibit "Y".

¹¹² *Id.*



1. Anchor the formulation of the Program’s strategic development plan and annual budget;
2. Recommend the most suitable sites for the APTCs to the PMC for approval;
3. Liaise with the LGUs and other support agencies, both government and non-government, for purposes of enjoining their support;
4. Recommend the most suitable recipient coop or association for PMC approval;
5. Hire and / or fire Program staff;
6. Approve / disapprove disbursement of Program funds;
7. Submit and present periodic reports of accomplishments to the PMC; and
8. Provide overall administrative supervision over the Program staff.

The APTC’s organizational and management structure is as follows.¹¹³

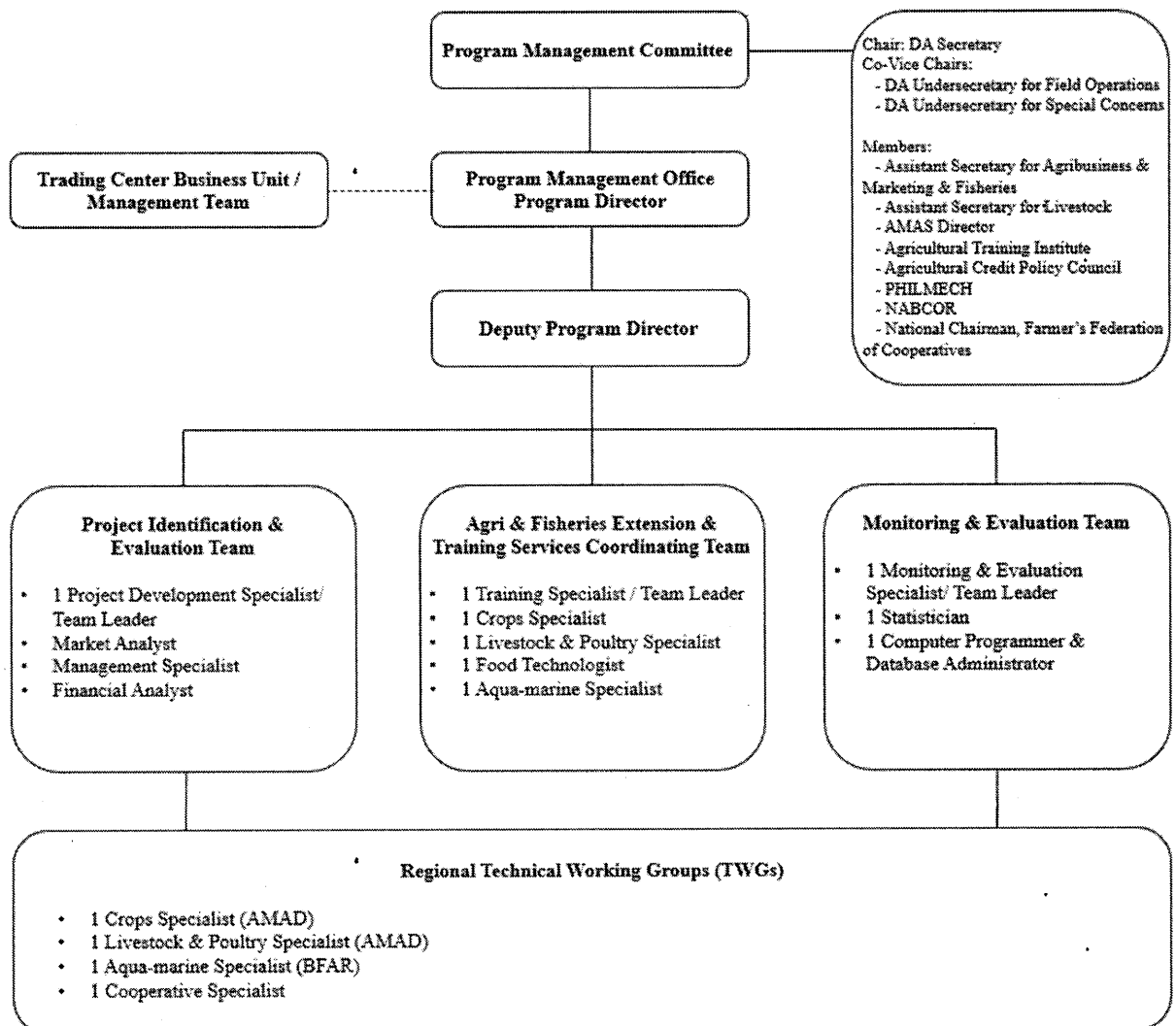


Image 1. APTC Organization and Management Structure.

¹¹³ Id.

[Handwritten signatures and scribbles]

On July 13, 2010, Isa Akong Magsasaka Foundation, Inc. (IAMFI) was duly incorporated under the laws of the Philippines.¹¹⁴ Its incorporators are: (a) accused Ella; (b) Veneracion Escarza Ella; (c) Eleanor Ella Mañalac; (d) Marian Louise Mayin R. Mañalac; and (e) accused Mañalac.¹¹⁵

On August 2, 2010, Mañalac was appointed Head Executive Assistant of Alcala.¹¹⁶ After a week, Alcala designated Mañalac Program Director of the APTC-PMO through Special Order No. 370 dated August 16, 2010.¹¹⁷

Sometime in May 2011, IAMFI applied to become a DA Development Partner. The APTC-PMO, headed by Mañalac, as Program Director, gave the proposal a positive recommendation after it reviewed the technical details and recommendations.¹¹⁸

On February 13, 2012, Alcala created the Special Screening Committee (SSC) on Selection of Non-Governmental Organization/People’s Organization (NGO/PO) Project Partner through DA Special Order No. 149, dated February 13, 2012.¹¹⁹ The SSC was tasked to screen the qualification documents, conduct ocular inspections of business sites, and evaluate technical and financial capabilities of the NGOs applying as project partners of the DA.¹²⁰

Also on February 13, 2012, IAMFI and Ella entered into a contract entitled Usufruct with Construction Agreement involving the property of the spouses Ella.¹²¹ The project owner (IAMFI) and grantee (Ella) agreed on the following: 1) a monthly rental rate of five thousand pesos (Php5,000.00) where the Quezon Trading and Processing Center would be built; 2) the facility will be turned over to Ella upon completion of its construction; and 3) the tax declaration shall be in Ella’s name after the project is turned over to him.¹²²

On June 19, 2012, IAMFI and Ella entered into a lease contract with an initial period of ten (10) years.¹²³

On September 13, 2012, IAMFI submitted to the DA, through the SSC, its application for accreditation as partner/beneficiary/project proponent.¹²⁴ Its application included the following documents – 1) Letter of Intent; 2) SEC Certificate of Good Standing; 3) Board Resolution; 4)

¹¹⁴ Certificate of Incorporation dated July 13, 2010, Exhibit “C”.

¹¹⁵ Exhibit “C-1”.

¹¹⁶ Service Record dated January 11, 2019, Exhibit “B-1”.

¹¹⁷ Special Order No. 370, Series of 2010 dated August 16, 2010, Exhibit “Z”.

¹¹⁸ *Supra* note 83.

¹¹⁹ Exhibit “1”.

¹²⁰ *Supra* note 72.

¹²¹ Exhibit “NN”.

¹²² *Id.*

¹²³ Exhibit “J”.

¹²⁴ Requirements for Accreditation submitted on September 12, 2021, Exhibit “F”; Letter of Estacio Lim to Alcala dated September 27, 2021, Exhibit “G”.

Organizational Profile; 5) Audited Financial Statements; 6) Lease Contract; 7) Sworn Statement; 8) Accomplishment Report; 9) Barangay Clearance; 10) Bio-Data of Officers; 11) Certification from Barangay Chairman; 12) Mayor’s Permit; 13) Certification from QCPDC; 14) Letter of Undertaking; 15) General Information Sheet; 16) Articles of Incorporation; 17) Tax Clearance Certificate; 18) Income Tax Return for the last three years; 19) Project Proposal and Work and Financial Plan; and 20) Ocular Inspection. The SSC validated the documents submitted and made a report.¹²⁵

On September 30, 2012, Mañalac resigned from the DA.¹²⁶

On October 29, 2012, the SSC issued a Project Evaluation Report recommending that the project be undertaken.¹²⁷

On November 5, 2012, the SSC issued a Certification of even date stating that the IAMFI complied with the requirements enumerated in Commission on Audit (COA) Circular No. 2007-001 dated October 25, 2007.¹²⁸ The Circular requires the submission of a sworn affidavit that none of the applicant’s incorporators, organizers, directors, or officials is an agent of or related by consanguinity or affinity up to the fourth civil degree to the officials of the government agency authorized to process and/or approve the proposal, the MOA and the release of funds. Any relationship of such kind would automatically disqualify the applicant. On the same day, the DA, through Alcala, issued a Certificate of Accreditation for IAMFI as a development partner.¹²⁹

On January 23, 2013, Atty. Librojo of the DA Legal Division issued a legal memorandum stating that the Memorandum of Agreement (MOA) between the DA and IAMFI was in order and ready for Alcala’s signature.¹³⁰

On February 11, 2013, the DA and IAMFI executed a MOA where the DA agreed to give IAMFI Fifteen Million Pesos (PhP15,000,000.00) for the establishment of the Quezon Trading and Processing Center.¹³¹

The DA, thereafter, released Thirteen Million Five Hundred Thousand Pesos (PhP13,500,000.00) to the IAMFI, as follows:¹³²



¹²⁵ *Supra* note 72.

¹²⁶ *Supra* note 116.

¹²⁷ Memorandum dated October 29, 2012, Common Exhibits “KK” and “2”.

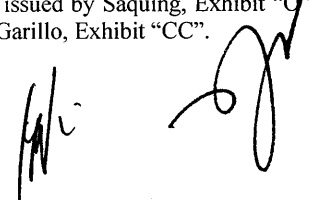
¹²⁸ Certification dated November 5, 2012, Exhibit “3”.

¹²⁹ Certificate of Accreditation dated November 5, 2012 of IAMFI from the DA, Exhibit “4”.

¹³⁰ Memorandum dated January 23, 2013 (Subject: Reply to the Legal Opinion on the MOA between DA and the IAMFI on the Establishment of the Quezon Corn Trading and Processing Center); Exhibit “7”.

¹³¹ MOA dated February 11, 2013 between the DA and IAMFI, Common Exhibits “I” and “9”.

¹³² Disbursement Voucher No. 13-02-1836 dated February 28, 2013, Exhibit “K”; Disbursement Voucher No. 13-11-10663 dated November 28, 2013, Exhibit “L”; Certification dated February 11, 2015 issued by Saquing, Exhibit “O”; Complaint dated February 15, 2016 of Graft Investigation Officer III Corinne Joie M. Garillo, Exhibit “CC”.



Disbursement Voucher No.	Date	Check No.	Date	Amount (in PhP)
13-02-1836	February 28, 2013	729 351	March 27, 2013	2,250,000.00
13-11-10663	November 28, 2013	769 183	February 20, 2014	5,250,000.00
N/A	N/A	787 232	June 18, 2014	6,000,000.00

On December 26, 2013, Atty. Librojo issued a legal memorandum stating that there was no legal prohibition on the transfer of regular funds to NGOs, as long as they are not sourced from the Priority Development Assistance Fund (PDAF) and are compliant with COA Circular No. 2007-001 dated October 25, 2007.¹³³

On May 26, 2014, Teodora Mamades of DA Regional Field Office 4A issued a certification stating that: 1) IAMFI issued an official receipt for the November 28, 2013 disbursement; and 2) progress photos were submitted by the foundation.¹³⁴ A month later, Ella submitted more progress photos and requested for the release of the 3rd tranche of payments through a letter dated April 28, 2014.¹³⁵

On October 8, 2014, the COA issued Audit Observation Memorandum (AOM) No. 14-033 recommending that the DA: 1) adhere to the provisions of Section 3.1.1 of COA Circular No. 2009-001 dated February 14, 2009; 2) comply with the provisions of Section 2.1 of COA Circular No. 2012-001 dated June 14, 2012 and GPPB Resolution No. 12-2007 dated June 29, 2007; and 3) submit further documents for review.¹³⁶

On February 15, 2015, Ella wrote to Alcala regarding IAMFI's explanations on the matters raised by COA AOM No. 14-033.¹³⁷

On May 4, 2015, DA Undersecretary Antonio Fleta issued a Memorandum to COA containing the DA's justifications regarding COA AOM No. 14-033.¹³⁸

On May 19, 2015, State Auditor IV Obdulla R. Manzano (Manzano) wrote to DA-Agribusiness and Marketing Assistance Service (AMAS) Officer-in-Charge (OIC) Rowena Genete stating that although most audit observations were complied with, the AOM had not yet been lifted because some documents still have to be submitted by the DA.¹³⁹

¹³³ Memorandum dated December 26, 2013 (Subject: Transfer of Regular Funds to NGOs), Exhibit "10".

¹³⁴ Certification dated May 26, 2014 issued by Teodora Mamades, Exhibit "18".

¹³⁵ Letter dated April 28, 2014 of Ella to Engr. Gazmin, Exhibit "20".

¹³⁶ COA Audit Observation Memorandum No. 14-033 dated October 8, 2014, Exhibit "27".

¹³⁷ Letter dated February 15, 2014 of Ella to Alcala, Exhibit "27-B".

¹³⁸ Memorandum dated May 4, 2015, Exhibit "27-C".

¹³⁹ Letter dated May 19, 2015 of State Auditor IV Obdulla R. Manzano to OIC DA-AMAS Rowena S. Genete, Exhibit "27-D".

The bottom of the page contains several handwritten signatures and initials. On the left, there is a large, stylized signature. In the center, there are initials that appear to be 'AM'. On the right, there is another signature, possibly 'R. Genete'.

On July 10, 2015, DA Director Bernadette F. San Juan (San Juan) submitted to COA the documents requested in the May 19, 2015 letter of State Auditor IV Manzano.¹⁴⁰

On July 30, 2015, State Auditor IV Manzano wrote to Director San Juan informing her that COA found the DA’s compliance acceptable.¹⁴¹

On September 2, 2015, Elizabeth Dimapilis of DA Bookkeeping and Analysis Section issued a certification stating that IAMFI had no outstanding cash advance/fund transfer from the DA as of said date.¹⁴²

On February 24, 2016, Graft Investigation Officer III Corinne Joie Garillo filed a Complaint dated February 15, 2016 with the Ombudsman.¹⁴³ This resulted in the filing of the Information dated February 12, 2018 with the court.

The Court’s Ruling

After a thorough review of the documentary and testimonial evidence on record, as well as the stipulations between the prosecution and the defense, the court finds that despite serious efforts of the prosecution, the evidence presented **failed to prove beyond reasonable doubt** that Alcala violated Section 3(e) of R.A. No. 3019. The court, however, finds that all the elements of the crime **have been proven beyond reasonable doubt** in the case of Mañalac.

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

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

x x x x

(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 of government corporations charged with the grant of licenses or permits or other concessions.

The elements of this crime are: (1) the accused must be a public officer discharging administrative, judicial, or official functions; (2) accused must have acted with manifest partiality, evident bad faith, or gross

¹⁴⁰ Letter dated July 10, 2015 of CESO IV Director Bernadette F. San Juan to State Auditor V Estelita B. Catubay, Exhibit “27-E”.

¹⁴¹ Letter dated July 30, 2015 of Manzano to CESO IV Director Bernadette F. San Juan, Exhibit “27-F”.

¹⁴² Certification dated September 2, 2015 issued by Elizabeth Dimapilis, Exhibit “26”.

¹⁴³ Complaint dated February 15, 2016 of Graft Investigation Officer III Corinne Joie M. Garillo, Exhibit “CC”.

Decision

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inexcusable negligence; and (3) accused caused any undue injury to any party, including the government, or gave any private party unwarranted benefits, advantage, or preference in the discharge of his functions.¹⁴⁴

The first element of the crime is present. Alcala and Mañalac were public officers discharging official and administrative functions at the time material to the case.

Alcala admitted and stipulated in the Pre-Trial Order dated February 6, 2019 that he was a public officer, specifically the DA Secretary, at all times material to the case.¹⁴⁵ Mañalac was the Head Executive Assistant of the DA and Program Director of the APTC-PMO from August 2, 2010 to September 30, 2012 based on documentary evidence.¹⁴⁶

The court, thus, is left to determine only the second and third elements of violation of Section 3(e) of R.A. No. 3019.

The second element of the crime is not present in the case of Alcala. There was, however, evident bad faith on the part of Mañalac when he processed the proposal of IAMFI.

The Information dated February 12, 2018 charged Alcala and Mañalac of having acted with evident bad faith, manifest partiality, and/or gross inexcusable negligence.

Violation of Section 3(e) of R.A. No. 3019 may be committed through: 1) manifest partiality; 2) evident bad faith; or 3) gross inexcusable negligence.¹⁴⁷

There is manifest partiality when there is a clear, notorious, or plain inclination or predilection to favor one side or person rather than another. Evident bad faith connotes not only bad judgment but also a palpably and patently fraudulent and dishonest purpose to do moral obliquity or conscious wrongdoing for some perverse motive or ill will. Evident bad faith contemplates a state of mind affirmatively operating with a furtive design or with some motive of self-interest or ill will or for ulterior purposes. Gross inexcusable negligence refers to negligence characterized by the want of even the slightest care, acting or omitting to act in a situation where there is a duty to act, not inadvertently but willfully and intentionally, with

¹⁴⁴ *Fuentes vs. People*, G.R. No. 186421, April 17, 2017; *Consigna vs. People*, G.R. No. 175750-51, April 2, 2014; *Cabrera vs. Sandiganbayan*, G.R. Nos. 162314-17, October 25, 2004; and *Jacinto vs. Sandiganbayan*, G.R. No. 84571, October 2, 1989.

¹⁴⁵ *Supra* note 7, p. 97.

¹⁴⁶ *Supra* note 116 and 117.

¹⁴⁷ *Alvarez vs. People*, G.R. No. 192591, June 29, 2011.

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conscious indifference to consequences insofar as other persons may be affected.¹⁴⁸

In *Martel vs. People*,¹⁴⁹ the Supreme Court explained the intent of R.A. No. 3019:

As its title implies, and as what can be gleaned from the deliberations of Congress, R.A. 3019 was crafted as an anti-graft and corruption measure. At the heart of the acts punishable under R.A. 3019 is corruption. As explained by one of the sponsors of the law, Senator Arturo M. Tolentino, "[w]hile we are trying to penalize, the main idea of the bill is graft and corrupt practices. x x x Well, the idea of graft is the one emphasized." **Graft entails the acquisition of gain in dishonest ways.** (Emphasis supplied)

In line with *Martel*, it is not enough that unwarranted advantages, benefits, or preferences were given to another or that there was damage to the government as a result of a violation of a law, rule, or regulation. Such acts must be effected with corrupt intent, a dishonest design, or some unethical interest¹⁵⁰ – all three being present in this case with respect to Mañalac.

Mañalac was involved in the processing of the IAMFI application.

Mañalac was concurrently the Head Executive Assistant of Alcala and Program Director of the APTC-PMO.¹⁵¹ Under the organization and management structure (Exhibit "Y"), the APTC is headed by the PMC and supported by the PMO. This was also attested to by defense witness Engr. Gazmin who explained that the APTC was a flagship program of the DA which was supported by the PMO:¹⁵²

Q12: You mentioned the Agri-Pinoy Trading Center Program. What is this program all about?

A12: The Agri-Pinoy Trading Center ("APTC") Program was a flagship program of the Department of Agriculture under the administration of former President Benigno Simeon C. Aquino III. It was a presidential commitment during the presidential inauguration. The objective was to provide marketing services available to the stakeholders, primarily farmers. Under the APTC Program, the DA assessed the viability of constructing trading centers across the Philippines depending on the need. If found to be viable, the DA financed the construction of such trading centers.

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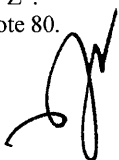
¹⁴⁸ *People vs. Atienza*, G.R. No. 171671, June 18, 2012.

¹⁴⁹ G.R. Nos. 224720-23 & 224765-68, February 2, 2021.

¹⁵⁰ *Macairan vs. People*, G.R. No. 215104, March 18, 2021.

¹⁵¹ Exhibit "Z".

¹⁵² *Supra* note 80.



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Q19: You mentioned earlier that the APTC-PMC was supported by a PMO. Can you explain what was the role of the PMO?

A19: To clarify, there was a Project Management Office (“PMO”) that was created under Special Order No. 369, series of 2010, and also under the 2012 APTC Implementing Guidelines that supported the work of the overall APTC Program. For each APTC project, a separate Project Management Office, also called a “PMO”, was usually created for the management of that specific APTC project.

The PMO coordinated with potential proponents and submitted to the APTC-PMC preliminary recommendations. Once approved to push forward, the PMO works with the proponents to comply with documents required by the DA. Once in order, a final presentation to the APTC-PMC was done for approval. The regular process of documentation follows through AMAS. (Emphasis supplied)

The Implementing Guidelines for the APTC Program (Exhibit “Y”) enumerated the steps in the identification of specific project sites and prospective partners.¹⁵³

Step 1: TWGs identify prospective sites for APTC, according to official site selection criteria.

Step 2: TWGs endorse prospective sites to the PMO for evaluation, with profile of site as attachment including profiles of prospective recipient / partner coops or associations.

Step 3: PMO, through the Project Identification and Evaluation Team, evaluates TWG report and makes site visits, if necessary.

Step 4: PMO endorses (or rejects) TWG report to PMC for decision.

Step 5: PMC approves or disapproves endorsement. (Emphasis supplied)

Again, Engr. Gazmin testified that as early as 2011, the APTC-PMO was already coordinating with IAMFI regarding the requirements for its accreditation as a development partner:¹⁵⁴

Q: And in your Answer No. 19, you mentioned that the function of the PMO is to coordinate with potential proponents and submit to APTC-PMC for preliminary recommendation. **Once approved to push forward, the PMO works with the proponents to comply with the documents required by the DA. Can you confirm that?**
A: Yes, sir, preliminary implementation.

Q: So you mean to say Mr. Witness that the PMO headed by then accused Mañalac was the one coordinating with the Isa

¹⁵³ Exhibit “Y”.

¹⁵⁴ *Supra* note 83, pp. 10-13.

x-----x

Akong Magsasaka Foundation with regard to the documents required by the DA?

A: The initial engagement with the organization.

Q: So the PMO office has a direct contact with the Isa Akong Magsasaka Foundation, Inc.?

A: That is correct, sir.

Q: And this preliminary recommendation was put in process sometime in May 2011?

A: Yes, sir.

x x x x

Q: And it was endorsed in your office through the Project Management Office headed by Mr. Mañalac?

A: Yes, sir. (Emphasis supplied)

From the foregoing, it is very clear that Mañalac was involved in the **processing** of the proposal of IAMFI. To “process” is to do “a series of actions, motions, or occurrences; progressive act or transaction; continuous operation; method, mode or operation, whereby a result or effect is produced.”¹⁵⁵ The un rebutted testimony of Engr. Gazmin shows the involvement of Mañalac in the accreditation process. The PMO, headed by Mañalac, coordinated with the IAMFI regarding its proposal.¹⁵⁶ Later on, a preliminary recommendation for the approval of the foundation’s proposal was given by the PMO, which Mañalac headed.

Mañalac’s resignation from the DA on September 30, 2012 is immaterial and will not serve to exculpate him. The PMO had already submitted its positive preliminary recommendation on IAMFI’s proposal before the resignation of Mañalac.¹⁵⁷ He had completed his task in this regard as PMO Head. There was nothing else that his position required him to do in the processing of IAMFI’s proposal. Even with Mañalac’s departure from the DA, the proposal would continue to go through the application process in view of the PMO’s positive preliminary recommendation.

Mañalac admitted in court that he, his wife, daughter, and mother-in-law are incorporators of IAMFI.

In SB-18-CRM-0499 to 0502 before the 7th Division of the Sandiganbayan, entitled *People of the Philippines vs. Laureano Arnulfo Mañalac*, Mañalac admitted that he, his wife, daughter, and mother-in law are incorporators of IAMFI.¹⁵⁸

¹⁵⁵ Blacks Law Dictionary, 11th edition, p. 1369.

¹⁵⁶ *Supra* note 83, pp. 10-13.

¹⁵⁷ TSN dated June 29, 2021, pp. 10-11; *Supra* note 80, p. 358.

¹⁵⁸ TSN dated October 14, 2021, Exhibit “OO”; Mañalac’s testimony in SB-18-CRM-0499 to 0502 is admissible per Section 49 of the 2019 Revised Rules of Evidence. Said Section provides: testimony or deposition at a former proceeding. - The testimony or deposition of a witness deceased or out of the Philippines or who cannot, with due

x-----x

Q: Mr. Witness, isn't it a fact that you are an incorporator of that Isa Akong Magsasaka Foundation, Inc.?

A: Yes, Your Honors, as I have said, Your Honors, yung mga farmers ang naglagay sa akin dun para lang matulungan sila mafacilitate dahil parang kulang sila sa kaalaman sa pag-oorganize po at saka sa pagfoform ng foundation, Ma'am. (Emphasis supplied)

Mañalac added that his Php200,000.00 contribution for the incorporation of IAMFI, along with the respective contributions of his wife, daughter, and mother-in-law were paid by the farmers:¹⁵⁹

Q: Okay, you cannot recall. Mr. Witness, let me direct your attention to Question No. 20. The question there is, "Why did you not include your P200,000.00 contribution to Isa Akong Magsasaka Foundation, Inc. in your SALN while you were at the Department of Agriculture (DA)." The question, Mr. Witness, is just to confirm, you'd have a contribution in Isa Akong Magsasaka Foundation in the amount of P200,000.00, just to confirm, Mr. Witness?

A: Ma'am, as far as I am concerned, yung P200,000 wala akong inilagay. Ang sabi lang nila po sila na po ang naglagay, mga farmer's group para lang maioperate yung facility.

x x x x

Q: The contribution likewise of Ms. Veneracion Ella, Eleanor Mañalac and Marianne Louise are also put up by the farmers, Mr. Witness?

A: Yun po yung advised nila sa akin, Your Honors. (Emphasis supplied)

Mañalac further testified that he was placed in the foundation by the farmers for him to assist in the construction of the facilities:¹⁶⁰

Q: Because they wanted me to be included. Is that your answer, Mr. Mañalac, to the foundation?

A: Parang gusto po nilang matulungan ko sila mafacilitate yung kanilang need for the facility.

Court Interpreter: They just wanted me to assist them for the construction of the facilities, Ma'am.

Mañalac even signed as the authorized signatory of the foundation in both official receipts issued by the IAMFI for the disbursements of DA funds for the trading center.¹⁶¹

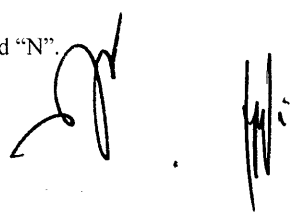


diligence, be found therein, or is unavailable or otherwise unable to testify, given in a former case or proceeding, judicial or administrative, involving the same parties and subject matter, may be given in evidence against the adverse party who had the opportunity to cross-examine him.

¹⁵⁹ *Id.*

¹⁶⁰ *Id.*

¹⁶¹ Exhibits "M" and "N".



Documentary evidence prove that IAMFI’s incorporators are related by affinity or consanguinity to Mañalac, the official authorized to process the proposal; falsification of documents evident

There were two AOIs of IAMFI admitted in evidence – the one retrieved from the Securities and Exchange Commission (SEC)¹⁶² and the one submitted to the DA¹⁶³ for the accreditation process. It is important to note that the AOI submitted to the DA, which was verified by the SSC, does not include the name of Mañalac, his wife, or his daughter. The AOI on file with the SEC (Exhibit “C-1”), on the other hand, was not submitted to the DA for the processing of IAMFI’s proposal. Save for the prosecution’s efforts in securing a copy of the AOI on file with the SEC, this discrepancy would not have come to light. The table below sums up the differences in the names of the incorporators in the AOIs:

SEC (Exhibit “C-1”)	DA (Exhibit “F” series)
Bautista H. Ella	
Veneracion E. Ella	
Eleanor E. Mañalac	Everlito Ella
Marian Louise Mayin E. Mañalac	Ravenal Dejarne
Arnulfo F. Mañalac	Estacio S. Lim

In the SEC AOI, accused Mañalac is listed as an incorporator. The rest of the incorporators are his family members – Eleanor Mañalac is his wife, Mayin Mañalac is his daughter, and the spouses Ella are his parents-in-law.¹⁶⁴ However, in the DA AOI, only the spouses Ella remained as incorporators. The Mañalac family were replaced by Everlito Ella, Ravenal Dejarne, and Estacio S. Lim. Everlito Ella is a brother-in-law of Mañalac being the son of accused Ella.¹⁶⁵

The SEC AOI will show that IAMFI was not qualified for the DA fund grant because Mañalac, who was involved in processing the proposal, was himself an incorporator of IAMFI. This is a violation of Section 7(a) of R.A. No. 6713, or the Code of Conduct and Ethical Standards which provides:

Section 7. Prohibited Acts and Transactions. - In addition to acts and omissions of public officials and employees now prescribed in the Constitution and existing laws, the following shall constitute prohibited acts and transactions of any public official and employee and are hereby declared to be unlawful:

¹⁶² Supra note 115.

¹⁶³ Exhibits “D” series, “F” series, and “LL” series.

¹⁶⁴ Eleanor E. Mañalac is the wife of Mañalac while Marian Louise Mayin E. Mañalac is the daughter of Mañalac as shown in the Personal Data Sheet of Mañalac (Exhibit “B”). Accused Ella and Veneracion Ella are the parents of Eleanor E. Mañalac as shown in the Certificate of Live Birth of Eleanor E. Mañalac (Exhibit “T”).

¹⁶⁵ Everlito Ella is the brother-in-law of Mañalac as shown in the Bio-Datas of accused Ella and Veneracion Ella (Exhibits “F-54” and “F-55” respectively).

(a) Financial and material interest. - **Public officials and employees shall not, directly or indirectly, have any financial or material interest in any transaction requiring the approval of their office.** (Emphasis supplied)

In the case of Mañalac’s immediate family or his in-laws, COA Circular No. 2007-001 disqualifies NGOs and People’s Organizations from fund grants due to relationship:¹⁶⁶

4.4 Requisites for entitlement to government funds

The NGO/PO shall submit the proposal or application for funding accompanied by the following documents:

x x x x

4.4.8 A sworn affidavit of the Secretary of the NGO/PO that **none of its incorporators, organizers, directors or officials is an agent of or related by consanguinity or affinity up to the fourth civil degree** to the officials of the GO authorized to process and/or approve the proposal, the MOA and the release of funds. **Relationship of these nature shall automatically disqualify the NGO/PO from being granted the fund.** (Emphasis, supplied)

The table below summarizes the relationship between Mañalac and the incorporators of IAMFI:

Incorporator	Relationship with accused Mañalac	Civil Degree
Bautista H. Ella	Father-in-law	2 nd by affinity
Veneracion E. Ella	Mother-in-law	2 nd by affinity
Eleanor E. Mañalac	Spouse	1 st by affinity
Marian Louise Mayin E. Mañalac	Daughter	1 st by consanguinity
Everlito Ella	Brother-in-law	3 rd by affinity

IAMFI should therefore have been disqualified from the fund grant due to the relationship of the incorporators with Mañalac. This is clear from Exhibit “C-1”, the AOI retrieved from the SEC, showing that Mañalac himself, his immediate family, and his in-laws are incorporators. Even if Exhibit “F series”, the AOI submitted to the DA, is to be followed, the inclusion of the Spouses Ella and Everlito Ella therein would still disqualify IAMFI on the ground of their relationship to Mañalac, who was involved in processing the proposal. Mañalac knew that he, his family, and parents-in-law were the real incorporators of IAMFI. Yet, this did not stop the APTC-PMO, which he headed, to process the IAMFI’s proposal and give it a positive preliminary recommendation.

The submission of a different set of SEC documents (Exhibit “F series”) by IAMFI Executive Director Estacio S. Lim, Jr. to the DA to hide

¹⁶⁶ Common Exhibits “X” and “28”

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Mañalac and his immediate family's interest in IAMFI is clear from the documentary evidence presented in court.

An examination of the community tax certificate numbers in Exhibit "B", Mañalac's Personal Data Sheet (PDS) and the acknowledgement portion of the AOIs (Exhibits "C-1" and "F-76") will show that they are curiously the same for Mañalac and Estacio S. Lim; Eleanor E. Mañalac and Everlito Ella; and Marian Louise Mayin E. Mañalac and Ravenal Dejarme as follows:

Community Tax Certificate No.	Names in Exhibit "C-1"	Names in Exhibit "F series"
0527 2020	Bautista H. Ella	
0527 2021	Veneracion E. Ella	
0527 2022	Eleanor E. Mañalac	Everlito Ella
0527 2023	Marian Louise Mayin E. Mañalac	Ravenal Dejarme
1616 3016	Arnulfo F. Mañalac	Estacio S. Lim

These similarities are plain from an examination of Mañalac's community tax certificate number in his PDS and the acknowledgement portion of the AOIs.

7277), and (c) Solo Parents Welfare Act of 2000 (RA 8972), please answer the following items

CERTIFIED TRUE COPY!
DATE: January 17, 2019
JEAN R. CALDINO
DIRECTOR

YES NO
If YES, please specify _____
 YES NO
If YES, please specify _____
 YES NO
If YES, please specify _____

42 REFERENCES (Person not related by consanguinity or affinity to applicant / appointee)

NAME	ADDRESS	TEL NO
Edando / Pambury	Unit 202 Pierce Plaza 2 Shangri-La, Makati City	09175264287
Josef Sia	Calumpang, Laguna City, Laguna	0919 5388517
Marcos Alvarez	Maliby, Syon, Quezon City	09178804241

43 I declare under oath that this Personal Data Sheet has been accomplished by me, and is a true, correct and complete statement pursuant to the provisions of pertinent laws, rules and regulations of the Republic of the Philippines.

I also authorize the agency head / authorized representative to verify / validate the contents stated herein. I trust that this information shall remain confidential.

1616 3016
COMMUNITY TAX CERTIFICATE NO

ISSUED AT

ISSUED ON (mm/dd/yyyy)

SIGNATURE (Sign inside the box)

DATE ACCOMPLISHED

PHOTO

FINGERPRINT

CS FORM 212 (Revised 2005) Page 4

Image 4. The 4th page of Mañalac's PDS (Exhibit "B"). (Emphasis supplied)

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X-----X

ACKNOWLEDGEMENT

Republic of the Philippines)
S.S.
PASIG CITY

BEFORE ME, Notary Public in and for PASIG CITY Philippines, this
day of JUL 08 2018, 20 personally appeared :

Name	Community Tax Certificate No.	Date & place Issued
BAUTISTA H. ELLA	05272020	07-05-10 / Manila
VENERACION E. ELLA	05272021	07-05-10 / Manila
ELEANOR E. MAÑALAC	05272022	07-05-10 / Manila
MARIAN LOUISE MAYIN E. MAÑALAC	05272023	07-05-10 / Manila
ARNULFO F. MAÑALAC	16163016	01-05-10 / Sariaya, Quezon

Handwritten notes: Ella, Veneracion

Image 5. The acknowledgement portion in page 5 of Exhibit "C-1". (Emphasis supplied)

ACKNOWLEDGEMENT

Republic of the Philippines)
S.S.
PASIG CITY

BEFORE ME, a Notary Public in and for PASIG CITY Philippines, this
day of JUL 08 2018, 20 personally appeared :

Name	Community Tax Certificate No.	Date & place Issued
BAUTISTA H. ELLA	05272020	07-05-10 / Manila
VENERACION E. ELLA	05272021	07-05-10 / Manila
EVERLITO ELLA	05272022	07-05-10 / Manila
RAVENAL DEJARME	05272023	07-05-10 / Manila
ESTACIO S. LIM	16163016	01-05-10 / Sariaya, Quezon

Handwritten notes: F-76, 7/21/18

Image 6. The acknowledgement portion in Exhibit "F-76". (Emphasis supplied)

The court gives credence to the Certification of Corporate Filing/Information dated December 13, 2018 issued by the SEC which states that there is no recorded amendment to the AOI of IAMFI.¹⁶⁷ Under the Corporation Code of the Philippines, amendments to the AOI shall take effect upon approval of the SEC or within six (6) months from the date of filing if not acted upon by the Commission.¹⁶⁸ This shows that any changes to the AOI, such as the incorporators and parties included in the acknowledgement portion, are fraudulent or illegal because: 1) there were no

¹⁶⁷ Exhibit "C-3".

¹⁶⁸ Section 16, Batas Pambansa Blg. 68, May 1, 1980. The quoted portion of this section is the same as that found in Section 15 of the Revised Corporation Code of the Philippines, R.A. No. 11232, February 20, 2019.

Handwritten signatures and initials at the bottom of the page.

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amendments filed with the SEC; and 2) even if there were amendments filed, the SEC did not approve the same.

Mañalac's parents-in-law Bautista and Veneracion Ella own the lot where the trading facility was constructed.

On rebuttal, the prosecution introduced in evidence the Usufruct with Construction Agreement dated February 13, 2012 (Exhibit "NN").¹⁶⁹ This document was entered between IAMFI as project owner and accused Ella as grantee. It states that the facility will be turned over to the grantee Ella upon completion of the construction:

7. RIGHT TO USE

The Grantee hereby grants unto the Project Owner the right to use the land with a total land area of 3,209 square meters for twenty (20) years renewable with agreed rental of P 5,000.00 per month. This right to use includes the right to construct therein a facility of the Quezon Corn Trading and Processing Center on the agreed specification.

8. OWNERSHIP OF THE FACILITY

As soon as the construction of the facility has been turned over by the project owner, the **tax declaration shall be in the name of the grantee.**

x x x x

5. TURN OVER OF THE FACILITY

Upon completion of the construction, the project owner shall turn over the facility to the grantee who shall accept in writing the construction. The turn over shall include a certificate of occupancy issued by the local government unit concerned. (Emphasis supplied)

Another agreement, the Lease Contract dated June 19, 2012¹⁷⁰ between IAMFI and Ella (Exhibit "J") provides for an initial period of ten (10) years. Upon the expiration of the lease period, the leased premises, less movables, are to be turned over by the lessee (IAMFI) to the lessor (Ella):



¹⁶⁹ *Supra* note 121. Although this agreement was not notarized pursuant to Article 1358 of the New Civil Code, it is still valid. In *Heirs of Alido vs. Campano*, the Supreme Court said that while the Statute of Frauds aims to safeguard the parties to a contract from fraud or perjury, its non-observance does not adversely affect the intrinsic validity of their agreement. The form prescribed by law is for evidentiary purposes, non-compliance of which does not make the contract void or voidable, but only renders the contract unenforceable by any action. In fact, contracts which do not comply with the Statute of Frauds are ratified by the failure of the parties to object to the presentation of oral evidence to prove the same, or by an acceptance of benefits under them. G.R. No. 225065, July 29, 2019.

¹⁷⁰ *Supra* note 123.




10. EXPIRATION OF LEASE: At the expiration of the term of this lease or cancellation thereof, as herein provided, the LESSEE will promptly deliver to the LESSOR the leased premises with all corresponding keys and in as good and tenable condition as the same is now, ordinary wear and tear expected devoid of all occupants, movable furniture, articles and effects of any kind...

Taken together, the Usufruct with Construction Agreement dated February 13, 2012 and the Lease Contract dated June 19, 2012 show that, as far as IAMFI (which is under the control of Mañalac, his wife, daughter, and parents-in-law) and Ella were concerned, the ownership of the Corn Processing and Trading Center is for the benefit of the parents-in-law of Mañalac.¹⁷¹

Alcala relied on the submissions of IAMFI and the recommendations of the SSC and the DA legal team.

The prosecution alleges that Alcala should go to prison and be answerable for damage sustained by government because he accredited IAMFI as a DA Development Partner and entered into a MOA, as DA head with IAMFI in violation of law.

The court, however, is compelled on reasonable doubt grounds to acquit Alcala of the crime as he claims to have relied on multiple layers of review by his subordinates. These are the SSC review of the IAMFI application, the DA Legal Division review of the MOA between the DA and IAMFI, and the NABCOR technical evaluation of IAMFI.

First, the SSC on Selection of NGO/PO Project Partners with respect to the DA's Strategic Framework Agripinoy¹⁷² was tasked to perform the selection process and nominate the NGO/PO partners which met the minimum qualification requirements for accreditation.¹⁷³

Defense witness Assistant Secretary Agawin testified that after IAMFI applied for accreditation, the SSC validated the documents submitted and thereafter made a Project Evaluation Report dated October 29, 2012.¹⁷⁴ Said report, through Assistant Director Evelyn Esquejo and SSC Member Jaime M. Batocabe, concluded that "based on the technical, financial, organizational, and management aspects, it is hereby recommended that the project be undertaken as presented."¹⁷⁵

¹⁷¹ Exhibit "NN" and "J" respectively.

¹⁷² Created on February 13, 2012 thru DA Special Order No. 149, Series of 2012; Exhibit "1 (Alcala)".

¹⁷³ The selection process included the screening of the qualification documents, ocular inspection of the NGOs/POs business site, and evaluation of the technical and financial capability of the NGO/PO.

¹⁷⁴ *Supra* note 72.

¹⁷⁵ Exhibit "2 (Alcala)".

On November 5, 2012, the DA through Alcala, issued a Certificate of Accreditation¹⁷⁶ certifying IAMFI as one of its Development Partners. The award was based on the SSC's review of 20 documents submitted by the IAMFI.¹⁷⁷ However, Agawin noted on cross-examination that the AOI marked as Exhibit "C-1" (sourced by the prosecution from the SEC) was different from the AOI submitted to the SSC for screening.¹⁷⁸

Second, Engr. Gazmin requested the DA Legal Division for a legal opinion on the MOA. An exchange of letters and memoranda thereafter followed Engr. Gazmin's initial request.¹⁷⁹ In the letter dated January 7, 2013 of Atty. Librojo to Engr. Gazmin, the DA Legal Division sought additional documentation on IAMFI's capability and history:¹⁸⁰

The factual capability and history of IAMFI therefore is not reflected herein. The Legal Division recommends the attachment of the Articles of Incorporation and proof of previous projects or prior involvements connected with the Corn Industry.

After the required documents, which included the Lease Contract dated June 19, 2012 (Exhibits "F-35" to "F-37"), were submitted, the DA Legal Division found the MOA proper for Alcala to sign:¹⁸¹

Furthermore, the Articles of Incorporation of IAMFI and the Ocular Inspection conducted during its Accreditation Process proves the capability of IAMFI to undertake this project. **The attached MOA therefore is in order, for the signature of the Secretary and the parties included herein.** (Emphasis supplied)

The positive recommendation of the DA Legal Division was reiterated in Engr. Gazmin's Memorandum for the Secretary dated January 28, 2013. It stated:

The attached legal opinion of the DA's Legal Division finds the MOA in order and **recommends for the approval of the Secretary.** (Emphasis supplied)

Third, Assistant Secretary Agawin testified that the IAMFI was chosen for the Quezon Corn Trading and Processing Center after NABCOR conducted a technical evaluation.¹⁸²

On February 11, 2013, the MOA between the DA and IAMFI was signed by Alcala and Elta.¹⁸³

¹⁷⁶ Exhibit "4 (Alcala)".

¹⁷⁷ IAMFI submitted the following documents – 1) Letter of Intent; 2) SEC Certificate of Good Standing; 3) Board Resolution; 4) Organizational Profile; 5) Audited Financial Statements; 6) Lease Contract; 7) Sworn Statement; 8) Accomplishment Report; 9) Barangay Clearance; 10) Bio Data of Officers; 11) Certification from Barangay Chairman; 12) Mayor's Permit; 13) Certification from QCPDC; 14) Letter of Undertaking; 15) General Information Sheet; 16) Articles of Incorporation; 17) Tax Clearance Certificate; 18) Income Tax Return for the last three years; 19) Project Proposal and Work and Financial Plan; and 20) Ocular Inspection.

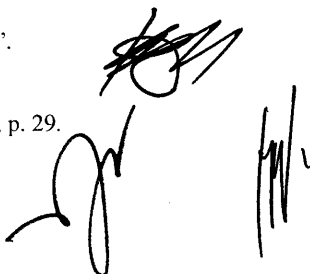
¹⁷⁸ *Supra* note 11, pp. 35-37.

¹⁷⁹ Exhibits "5 (Alcala)" to "11 (Alcala)".

¹⁸⁰ Exhibit "5 (Alcala)".

¹⁸¹ Exhibit "7 (Alcala)".

¹⁸² *Supra* note 80, p. 357; *Supra* note 83, p. 29.

The image shows two handwritten signatures in black ink. The signature on the left is more stylized and appears to be 'Alcala'. The signature on the right is more vertical and appears to be 'Elta'. There is some scribbled-out text above the 'Alcala' signature.

In *Arias vs. Sandiganbayan*, the Supreme Court held that all heads of offices have to rely to a reasonable extent on their subordinates and on the good faith of those who prepare bids, purchase supplies, or enter into negotiations. There has to be some added reason why the head of office should examine each of the documents he is supposed to sign.¹⁸⁴ However, said doctrine is not a “magic cloak that can be used as a cover by a public officer to conceal himself in the shadows of his subordinates and necessarily escape liability.”¹⁸⁵ An exception to the *Arias* doctrine in *Cruz vs. Sandiganbayan*,¹⁸⁶ was cited by the Supreme Court, viz:

Unlike in *Arias*, however, there exists in the present case an exceptional circumstance which should have prodded petitioner, if he were out to protect the interest of the municipality he swore to serve, to be curious and go beyond what his subordinates prepared or recommended. In fine, the added reason contemplated in *Arias* which would have put petitioner on his guard and examine the check/s and vouchers with some degree of circumspection before signing the same was obtaining in this case.”

The *Arias* doctrine applies in this case. Alcala claimed that he relied on the extensive examination by his subordinates and the NABCOR. The exception in *Cruz* cannot come into play because, unlike in *Cruz*, the prosecution failed to prove any exceptional circumstances that would have put Alcala on guard. To reiterate, the AOI marked as Exhibit “C-1” (sourced by the prosecution from the SEC) which shows Mañalac, his wife, and daughter as incorporators of IAMFI was not the one submitted to the DA together with IAMFI’s proposal. Instead, Exhibit “F series” which did not include Mañalac and his immediate family as incorporators was the one submitted to the DA.¹⁸⁷

The prosecution alleged that Alcala knew that Mañalac owned IAMFI prior to its accreditation and fund grant:¹⁸⁸

“Accused Alcala also had constructive and actual knowledge of this criminal, irregular and illegal acts of IAMFI, yet he did not lift a finger to investigate the same. The newspaper widely reported that accused Mañalac owned IAMFI, yet no action was taken against it or to accused Mañalac...”

No proof, however, was presented by the prosecution in this regard. Courts cannot take judicial notice of newspaper articles, especially for matters which cannot be considered common knowledge or of general



¹⁸³ Exhibit “9 (Alcala)”.

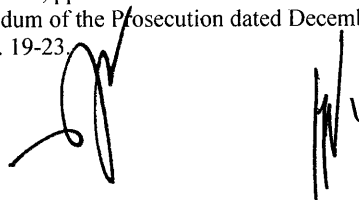
¹⁸⁴ *Arias vs. Sandiganbayan*, G.R. No. 81563, December 19, 1989.

¹⁸⁵ *Typoco vs. People*, G.R. No. 221857, August 16, 2017.

¹⁸⁶ G.R. No. 134493, August 16, 2005.

¹⁸⁷ *Supra* note 11, pp. 35-37.

¹⁸⁸ Memorandum of the Prosecution dated December 29, 2022, p. 3, citing Baldelomar’s testimony, TSN dated April 10, 2019, pp. 19-23.



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notoriety.¹⁸⁹ Baldelomar's testimony on April 10, 2019, which supports the photos in Exhibit "MM series", does not prove the prosecution's allegations as these photos were taken/dated *after* IAMFI was accredited and granted the fund. There was thus no exceptional circumstance in the form of documentation that would have called Alcala's attention before accrediting IAMFI and signing the MOA with it.

In sum, Mañalac's evident bad faith was proven by his involvement in the processing of the proposal of IAMFI of which he, his wife, his daughter, and his in-laws are incorporators. Being a blatant violation of R.A. No. 6713 and COA Circular No. 2007-001, IAMFI should have not been accredited and the MOA with it not entered into. Mañalac knew and admitted in court that he, his wife, daughter, and mother-in-law were incorporators of IAMFI, which effectively disqualified it from DA accreditation and assistance. He should not have allowed the APTC-PMO, which he headed, to process IAMFI's proposal and give it positive preliminary recommendation. More, it is impossible that Mañalac was not aware that the AOI submitted by IAMFI was not the AOI registered with the SEC.

No evident bad faith could be attributed to Alcala in accrediting and in signing the MOA with IAMFI. As Alcala claimed, his acts were based on a year-long review and positive recommendations of the SSC, the DA Legal Division, and the NABCOR.

The third element of the crime is present. Alcala and Mañalac caused undue injury to the government and gave unwarranted benefits, advantage or preference to IAMFI.

The third element in the violation of Section 3(e) of R.A. No. 3019 is present when the acts of the accused are proven to have caused undue injury to any party, including the government, or have given any private party unwarranted benefits, advantage, or preference.

The accused may be charged under either mode or both. The presence of one is sufficient to convict.¹⁹⁰ In this case, the accused were charged with both.

The government suffered undue injury because the unqualified IAMFI was awarded the project.

In *Macairan vs. People*,¹⁹¹ the Supreme Court explained undue injury:

¹⁸⁹ The court cannot adhere to the Office of the Ombudsman Resolution dated September 15, 2017 because the information alleged therein did not involve common knowledge; *State Prosecutors vs. Muro*, A.M. No. RTJ-92-876, September 19, 1994.

¹⁹⁰ *Sison vs. People*, G.R. Nos. 170339, 170398-403, March 9, 2010.

...jurisprudence clarifies that the term undue injury in the context of Section 3(e) "has a meaning akin to [the] civil law concept of actual damage." Undue means "more than necessary, not proper or illegal;" while injury refers to "any wrong or damage done to another, either in his person, rights, reputation or property[; that is, the] invasion of any legally protected interest of another." Since the causing of undue injury, through evident bad faith or manifest partiality, constitutes the very act punished under Section 3(e), undue injury cannot be presumed even after a wrong or violation of a right has been established. Undue injury has to be specified, quantified and proven to the point of moral certainty.

The prosecution contends the government suffered undue injury amounting to PhP13,500,000.00. The accused claim otherwise and contend that the amount was legally awarded to IAMFI.

The court agrees with the prosecution.

The accreditation by the DA of IAMFI and the grant to it of PhP 13,500,000.00 is illegal for the basic reason that IAMFI is disqualified from the same because its incorporators are related to Mañalac, the head of the APTC-PMO which processed IAMFI’s proposal. Worse, Mañalac himself is an incorporator of IAMFI.

Unlawfully giving IAMFI DA funding has resulted into undue injury to the government.

The accreditation of IAMFI, signing of the MOA, and the PhP 13,500,000.00 grant, gave IAMFI unwarranted benefits, advantage, and preference.

In *Lee vs. Sandiganbayan*,¹⁹² the Supreme Court defined unwarranted benefits, advantage, or preference as follows:

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.

In giving unwarranted benefits, advantage or preference, damage is not required.¹⁹³ As discussed earlier, the prosecution proved that Mañalac gave a positive preliminary recommendation for IAMFI’s proposal while Alcala accredited the foundation as a development partner and awarded the project even if it should have been disqualified due to a violation of COA

¹⁹¹ *Supra* note 150.

¹⁹² G.R. Nos. 234664-67, January 12, 2021.

¹⁹³ *Supra* note 190.

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Circular No. 2007-001. Thus, Alcala and Mañalac gave unwarranted benefits, advantage, and preference to IAMFI.

Further, the granting of unwarranted benefits, advantage or preference or the causing of undue injury to the government must be inextricably linked to the existence of fraudulent or corrupt motive on the part of the accused.¹⁹⁴

The government suffered undue injury in the amount of PhP 13,500,000.00 which was illegally given to the IAMFI due to the acts of Mañalac. Instead of giving the funds to a qualified foundation, it was given to one ineligible being controlled by Mañalac, his immediate family, and in-laws. Having acted with evident bad faith in concealing the true incorporators of IAMFI, Mañalac is guilty of the third element of Section 3(e) of R.A. No. 3019. Alcala did not act with evident bad faith because the *Arias* doctrine applied in his case.

Article VIII of the MOA requires the return/refund to the DA of the amount released in case of violations of the MOA:¹⁹⁵

Article VIII

OBLIGATIONS AND RESPONSIBILITIES OF THE PARTIES

B. Responsibilities of the IAMFI:

The IAMFI shall:

x x x x

16. Return / refund to the DA the full amount released in case of:

- misappropriation of funds without prejudice to the filing of administrative and / or criminal charges as circumstances may warrant;
- **non-compliance with any provision stated in this agreement; or**
- **commission of any act inconsistent with or contrary to the spirit and avowed intent of this agreement (Emphasis supplied)**

By concealing the identities of the true incorporators of the foundation, Mañalac committed acts violative of a clear provision of the MOA between the DA and the IAMFI. He is therefore civilly liable for the said amount.

Conspiracy

Conspiracy is present when two or more persons come to an agreement concerning the commission of a felony and decide to commit it. Conspiracy need not be proven by direct evidence of prior agreement to commit the crime.¹⁹⁶ In criminal law, where the quantum of evidence

¹⁹⁴ *Supra* note 150.

¹⁹⁵ *Supra* note 183.

¹⁹⁶ *People vs. Quirol*, G.R. No. 149259, October 20, 2005.

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required is proof beyond reasonable doubt, direct proof is not essential to show conspiracy. It may be deduced from the mode, method, and manner by which the offense was perpetrated, or inferred from the acts of the accused themselves when such acts point to a joint purpose and design, concerted action, and community of interest.¹⁹⁷

To be held guilty as a co-principal by reason of conspiracy, the accused must be shown to have performed an overt act in pursuance or furtherance of the complicity. Once proved, the act of one becomes the act of everyone. All the conspirators are answerable as co-principals regardless of the extent or degree of their participation.¹⁹⁸

In this case, the prosecution failed to establish conspiracy. Alcala approved IAMFI's application as development partner only after: 1) the SSC screened the foundation's documents and recommended the approval of its application; 2) the NABCOR conducted a technical evaluation; and 3) the DA Legal Division reviewed and recommended the application's approval. The review of the application and positive recommendation given by the SSC and the DA Legal Division negates on Alcala's part, any joint purpose and design, concerted action, and community of interest with Mañalac in committing the crimes.

Conclusion

The Agri-Pinoy Trading Center Program (APTC Program) of the DA had a most laudable aim of uplifting the plight of small farmers and fisherfolk. They have long been victims of an exploitative marketing system lorded over by layers of traders leaving these small producers, who toil very hard so that the nation can eat, perpetually in debt. The DA, then headed by accused Proceso Jaraza Alcala, thus conceived an alternative business model. A new marketing system that is co-owned, operated, and controlled by small farmers and fisherfolk through their cooperative or association. Indeed, this new program was to effectively address critical and long-standing concerns like unfavorable market prices for small farmers and fishermen, lack of employment in the rural areas, and national food security.¹⁹⁹

Unfortunately for the small farmers and fishermen, and the nation itself, in this criminal case, the beneficiary of the APTC Program turned out not to be a farmers'/fisherfolks' cooperative or association, but the family of the very person who was supposed to guard the gates and make sure that only qualified cooperatives and associations were to be granted scarce government funding. There is a term in the vernacular for such a person: *BANTAY SALAKAY*. The court uncovered how accused Arnulfo Fidelino Mañalac devised a grand plan to criminally benefit from the APTC Program

¹⁹⁷ *Philippine Airlines, Inc. vs. Court of Appeals*, G.R. No. 159556, May 26, 2005.

¹⁹⁸ *Aquino vs. Paiste*, G.R. No. 147782, June 25, 2008.

¹⁹⁹ Implementing Guidelines for Agri-Pinoy Trading Program, *supra* note 111.

of the DA – from incorporating the family-controlled IAMFI, to IAMFI applying for an APTC grant, allowing the APTC-PMO which he headed as Program Director to give IAMFI a positive recommendation, to receiving the grant and having the trading facility built on the private property of his in-laws. The testimony of Mañalac that farmers paid for his and his family’s share for the incorporation of IAMFI amounting to One Million Pesos (PhP 1,000,000.00)²⁰⁰ only makes matters much worse.

This travesty of a noble government program was also facilitated by the utter disregard by those concerned of red flags that should have prevented the commission of the crime. Beyond Mañalac’s failed scheme, the court discovered much more. The proposal for the Quezon Corn Trading and Processing Center was tainted with obvious warning signs, yet the DA still gave it a green light. *First*, the SSC, headed by DA Assistant Secretary Agawin, could have made a simple call to the SEC to verify the contents of the corporation documents submitted. This would have shown that the real incorporators of IAMFI are Mañalac, his immediate family, and parents-in-law, and therefore disqualifying IAMFI from DA funding. *Second*, Atty. Librojo of the DA Legal Division, who reviewed the legal aspects of the IAMFI’s application and issued Memorandum dated January 23, 2013 (Exhibit “7-Alcala”),²⁰¹ would have seen from the lease agreement (Exhibit “F-35” to “F-37”) and TCT No. T-230555 (Exhibit “F-38”) that ownership of the facility would end up in the hands of one party – accused Bautista Hernandez Ella and not the small farmers and fisherfolk who are the intended beneficiaries of the APTC Program. *Finally*, Notary Public Atty. Ramon L. Carpio appears to have notarized two very different sets of AOIs and By-Laws for IAMFI thereby concealing Mañalac and his family’s true interest in IAMFI.

Accused Alcala seeks refuge from accountability in the Arias doctrine. Time and again, *Arias*, which provides that heads of offices have to rely to a reasonable extent on the good faith of their subordinates who prepare bids, purchase supplies, or enter into negotiations has been used as an all-powerful protection against criminal liability. While it may shelter Alcala as former DA head of office simply on reasonable doubt grounds, those upon whom he relied in accrediting IAMFI and signing the MOA must be subject to scrutiny for responsibility, if any, for ignoring clear warnings that IAMFI is disqualified from government accreditation and funding. Without accountability from DA officials and agriculture stakeholders, the APTC Program for marginalized small farmers and fisherfolk will never succeed.

WHEREFORE, judgment is hereby rendered as follows:


²⁰⁰ *Supra* note 158.

²⁰¹ Exhibit “6-Alcala” provides that the Engr. Gazmin attached the documents submitted by IAMFI to the Accreditation Team of the DA (Exhibit “F series”) for the review of the DA Legal Team.

1. **PROCESO JARAZA ALCALA** is **ACQUITTED** of the charge of violation of Section 3(e) of R.A. No. 3019 purely on reasonable doubt;
2. **LAUREANO ARNULFO FIDELINO MAÑALAC** is found **GUILTY** beyond reasonable doubt of violation of Section 3(e) of R.A. No. 3019. He is sentenced to suffer the indeterminate penalty of imprisonment of six (6) years and one (1) month, as minimum, to ten (10) years, as maximum, with perpetual disqualification to hold public office;
3. Mañalac is **ORDERED** to return the amount of Php13,500,000.00 to the DA representing the total amount paid to the IAMFI for the construction of the Quezon Corn Trading and Processing Center, with 6% legal interest computed from the finality of this decision; and
4. The hold departure order issued against Alcala by reason of this case is hereby **LIFTED** and **SET ASIDE**, and the bonds posted by him are **RELEASED** subject to the usual accounting and auditing procedures.

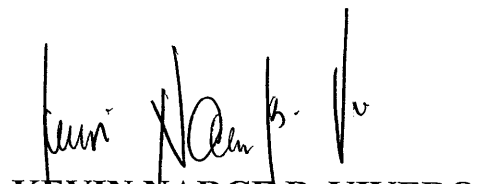
Let the Office of the Ombudsman, the Department of Agriculture, and the Integrated Bar of the Philippines be **FURNISHED** a copy of this Decision for their information, guidance, and appropriate action.

SO ORDERED.


KARL B. MIRANDA
Associate Justice

WE CONCUR:


SARAH JANE T. FERNANDEZ
Associate Justice
Chairperson


KEVIN NARCE B. VIVERO
Associate Justice

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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.


SARAH JANE T. FERNANDEZ
Chairperson, Sixth Division

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Division Chairperson'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. CAROTAJE-TANG
Presiding Justice



