



REPUBLIC OF THE PHILIPPINES  
Sandiganbayan  
Quezon City

Seventh Division

PEOPLE  
OF THE  
PHILIPPINES,

Plaintiff,

Crim. Case No. SB-18-CRM-0344

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

- versus -

Crim. Case No. SB-18-CRM-0345

For: Malversation of Public Property in relation to Art. 222, Revised Penal Code

DANILO REYES CRISOLOGO,  
ROBERTO LOLENG  
MANLAVI, LOUISE  
ESPULGAR CABAUG, and  
GENEROSO RAMOS  
QUILATAN.

Accused.

Present:

GOMEZ-ESTOESTA,  
*J., Chairperson,*  
TRESPESES, *J.,* and  
HIDALGO, *J*

Promulgated:

*August 24, 2022* *Y/a*

DECISION

HIDALGO, *J.:*

THE CASE

The Philippine Aerospace Development Corporation (PADC) is a Government-Owned and Controlled Corporation<sup>1</sup> (GOCC) created on

<sup>1</sup> Government-Owned or -Controlled Corporation (GOCC) refers to any agency organized as a stock or nonstock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government of the Republic of the Philippines directly or through its

September 5, 1973 by virtue of Presidential Decree 286 (PD 286)<sup>2</sup> for the purpose of undertaking all activities, businesses, or development projects to establish a reliable aviation and aerospace industry.<sup>3</sup>

Under Sec. 1, PD 286, the PADC's purposes are as follows:

1. To undertake all manner of activity, business or development projects for the establishment of a reliable aviation and aerospace industry, including the assembly and manufacture of all forms of aircraft, device, equipment or contraption and studies or researches for innovations and improvement thereon.

2. To engage in the maintenance, repair/overhaul, and modification of aerospace and associated flight and ground equipment and components thereof in order to provide technical services and overhaul support to the Philippine Air Force, the national airline, foreign airline companies, foreign air forces and to the aviation industry in general.<sup>4</sup>

The PADC was later restructured by Presidential Decree 696 (PD 696).<sup>5</sup>

During the time material to the instant cases, herein accused Danilo Reyes Crisologo (Crisologo) and Roberto Loleng Manlavi (Manlavi) were high-ranking officials of PADC, being the President-Managing Director and Senior Vice President-Marketing Head, respectively. As for accused Louise Espulgar Cabahug (Cabahug) and Generoso Ramos Quilatan (Quilatan), they were the Consultant-Storekeeper of PADC and President of Wingtips Parts Corporation (WPC), respectively.

For the questionable transfer of an aircraft spare part from PADC to WPC, the People of the Philippines charged accused Crisologo, Manlavi, Cabahug, and Quilatan with Violation of Section 3(e), Republic Act No. 3019 (RA 3019) and Malversation of Public Property in relation to Article 222 of the Revised Penal Code (RPC) through the following Informations<sup>6</sup> dated March 8, 2018, which read:

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instrumentalities either wholly or, where applicable as in the case of stock corporations, to the extent of at least a majority of its outstanding capital stock: Provided, however, That for purposes of this Act, the term "GOCC" shall include GICP/GCE and GFI as defined herein. [An Act to Promote Financial Viability and Fiscal Discipline in Government-Owned or -Controlled Corporations and to Strengthen the Role of the State in its Governance and Management to Make Them More Responsive to the Needs of Public Interest and for Other Purposes, RA 10149].

<sup>2</sup> Presidential Decree 286.

<sup>3</sup> Presidential Decree 286.

<sup>4</sup> Sec. 1, Presidential Decree 286.

<sup>5</sup> Presidential Decree 696.

<sup>6</sup> Records, Vol. 1, pp. 1-5 & Vol. 2, pp. 1-9.

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### **For Criminal Case No. SB-18-CRM-0344**

The Graft Investigation and Prosecution Officer, Office of the Ombudsman, accuses **DANILO REYES CRISOLOGO**, **ROBERTO LOLENG MANLAVI**, **LOUISE ESPULGAR CABAHUG** and **GENEROSO R. QUILATAN** of violation of Section 3(e) of R.A. 3019, otherwise known as The Anti-Graft and Corrupt Practices Act, as amended, committed as follows:

That in September 2008, or sometime prior, or subsequent thereto, in Pasay City, Philippines, and within the jurisdiction of this Honorable Court, accused **DANILO REYES CRISOLOGO** (**CRISOLOGO**), a high-ranking public officer under Section 4(A)(1) (g) of Presidential Decree 1606, as amended, being then the President and Managing Director, and **ROBERTO LOLENG MANLAVI** (**MANLAVI**, being then the Senior Vice President and Head of the Marketing Department (Salary Grade 26), both of the Philippine Aerospace Development Corporation (**PADC**), a government-owned and controlled corporation, while in the performance of their official duties, committing the offense in relation to office, and taking advantage of their public positions, with evident bad faith, gross inexcusable negligence and conspiring and confederating with one another and with accused **LOUISE ESPULGAR CABAHUG** (**CABAHUG**), then **PADC** Consultant-Storekeeper in charge of receiving and storing aircraft spare parts and accessories in **PADC** Storeroom 3, and **GENEROSO RAMOS QUILATAN** (**QUILATAN**) President, **Wingtips Parts Corporation** (**WPC**), did then and there, willfully, unlawfully, and criminally cause undue injury to the Government, particularly the **PADC**, in the amount of **ONE HUNDRED ELEVEN THOUSAND AND SEVEN HUNDRED FIFTY-FOUR PESOS** (Php 111,754.00) representing the value of the lost Aircraft Fuel Pressure Indicator bearing Serial No. **BD-105357** (**AFPI**) inside **PADC** Storeroom 3 and give unwarranted benefit or advantage to the **WPC** that later sold said **AFPI** to the Philippine Navy (Navy) through gross inexcusable negligence, or evident bad faith, when **CRISOLOGO**: (1) hired consultants like **CABAHUG**, instead of bonded and organic personnel, to man the **PADC**'s storerooms filled with aircraft spare parts and accessories worth millions of pesos; (2) replaced the use of serially pre-numbered receipts with unnumbered computer printed ones; (3) required a Property Gate Pass approved by him before any item can be taken out from the **PADC** and restricted access of employees and visitors at Hangars 2 and 3, but allowed **QUILATAN** to enter the **PADC** Store; (4) converted the "Holding Bay" for storing waste materials from repaired planes into an office for receiving visitors and later, caused the installation of a secret door thereat facilitating access to the **PADC** Store; and (5) allowed only himself, **MANLAVI** and **CABAHUG** access to the **PADC** Storerooms, when **MANLAVI**: (1) recommended and implemented an extreme reduction of the selling prices of inventories without technical study and appraisal of property, and without the approval of the **PADC** Board; (2) attempted to sell to the **WPC**, through **QUILATAN**, the **AFPI** at a bargain price, but aborted the sale only after some **PADC** employees had refused the transaction because the **PADC** would participate in the Navy public bidding involving the **AFPI**; and (3) instructed **CABAHUG** to prepare and release to the **WPC** the aircraft spare parts from **PADC** Storeroom 3, when **CABAHUG**: (1) failed to report the loss of the **AFPI** under her custody, and to prepare and submit the 2008 Physical Inventory; (2) failed to later turn over the key to **PADC** Storeroom

3 to Rosalinda Monzon, an organic and bonded personnel of the PADC; and (3) made releases of aircraft spare parts to the WPC per instruction of MANLAVI, and when QUILATAN: (1) requested for a price quotation of the AFPI from MANLAVI; (2) competed with the PADC in the Navy public bidding and offered quotations lower than those given by the PADC; (3) upon winning in the Navy public bidding, obligated the WPC to deliver the AFPI to the Navy knowing that the WPC had yet no AFPI in its possession; and (4) delivered to the Navy in December 2008 the AFPI belonging to the PADC without the PADC officially selling it to the WPC, to the damage and prejudice of the PADC.

**CONTRARY TO LAW.<sup>7</sup>**

**For Criminal Case No. SB-18-CRM-0345**

The Graft Investigation and Prosecution Officer, Office of the Ombudsman, accuses **DANILO REYES CRISOLOGO, ROBERTO LOLENG MANLAVI, LOUISE ESPULGAR CABAHUG** and **GENEROSO R. QUILATAN** of Malversation of Public Property, defined and penalized under Article 217, in relation to Article 222 of the Revised Penal Code, committed as follows:

That in September 2008, or sometime prior, or subsequent thereto, in Pasay City, Philippines, and within the jurisdiction of this Honorable Court, accused **DANILO REYES CRISOLOGO**, a high-ranking public officer under Section 4(A)(1)(g) of Presidential Decree 1606, as amended, being then the President and Managing Director, and **ROBERTO LOLENG MANLAVI**, being then the Senior Vice President and Head of the Marketing Department (Salary Grade 26), both of the Philippine Aerospace Development Corporation (PADC), a government-owned and controlled corporation, while in the performance of their official functions, conspiring and confederating with one another and with accused **LOUISE ESPULGAR CABAHUG**, a private individual, who, as then PADC Consultant-Storekeeper, was in charge of receiving and storing aircraft spare parts and accessories in PADC Storeroom 3 and as such, was accountable for said PADC properties by reason of her duties, and **GENEROSO RAMOS QUILATAN (QUILATAN)**, President, Wingtips Parts Corporation (WPC), did then and there, willfully, unlawfully and feloniously appropriate, take, misappropriate, consent, or through abandonment or negligence, permit the WPC and/or QUILATAN to take Aircraft Fuel Pressure Indicator (AFPI) with Serial No. BD-105357 owned by the PADC and located inside PADC Storeroom 3 in the amount of **ONE HUNDRED ELEVEN THOUSAND AND SEVEN HUNDRED FIFTY- FOUR PESOS (Php111,754.00)**, which AFPI the WPC sold to the Philippine Navy, to the damage and prejudice of the PADC.

**CONTRARY TO LAW.<sup>8</sup>**

<sup>7</sup> Records, Vol. 1, pp. 1-5.

<sup>8</sup> Record, Vol. 2, pp. 1-9.

After the above Informations<sup>9</sup> were filed with this Court, a Hold Departure Order<sup>10</sup> dated May 8, 2018 was issued against all accused. A Warrant of Arrest<sup>11</sup> dated May 9, 2018 was issued the following day.

Accused Crisologo, Manlavi, and Quilatan voluntarily surrendered<sup>12</sup> and posted their bail bonds for their provisional liberty on May 11<sup>13</sup>, 15<sup>14</sup> and 18<sup>15</sup>, 2018, respectively.

During their arraignment on June 21, 2018, both accused Crisologo and Manlavi, with the assistance of their counsel, entered a plea of "NOT GUILTY" to the charges.<sup>16</sup>

On July 27, 2018, accused Crisologo filed a "Manifestation and Motion" praying for the dismissal of the criminal charges against him by virtue of the Resolution dated April 30, 2018 of the Office of the Ombudsman, recommending the dismissal of the criminal charges.<sup>17</sup> Acting on the Motion, the Court required the prosecution to file its comment and/or opposition thereto.<sup>18</sup> The Court later denied the Motion in its Resolution<sup>19</sup> dated August 24, 2018, for lack of merit.

As for accused Quilatan, a hearing was set on July 27, 2018 for his arraignment and pre-trial. However, due to his absence and there being no return on the notice issued to him, his arraignment was reset to September 21, 2018. Finally, on October 26, 2018, with the assistance of his counsel, accused Quilatan was arraigned and entered the plea of "NOT GUILTY" to both charges.<sup>20</sup>

During pre-trial, the prosecution and the defense stipulated on the following facts, without prejudice to further stipulations:

1. The identity of all accused as the same persons charged and duly arraigned under the Informations;
2. The public positions of the following accused who held the following positions at the time material to the Informations:
  - a. [Crisologo] – President and Managing Director, PADC

<sup>9</sup> Record, Vol. 1, pp. 1-5; Vol. 2, pp. 1-9.

<sup>10</sup> Record, Vol. 1, pp. 281-182.

<sup>11</sup> Record, Vol. 1, pp. 284-285.

<sup>12</sup> Record, Vol. 1, pp. 289, 306 and 378.

<sup>13</sup> Record, Vol. 1, pp. 291-297.

<sup>14</sup> Record, Vol. 1, pp. 300-305.

<sup>15</sup> Record, Vol. 1, pp. 377-398A.

<sup>16</sup> Record, Vol. 1, pp. 371, Order dated June 21, 2018.

<sup>17</sup> Record, Vol. 1, pp. 412-427.

<sup>18</sup> Record, Vol. 1, pp. 437, Order dated August 3, 2018.

<sup>19</sup> Record, Vol. 1, pp. 474-480, Resolution dated August 24, 2018.

<sup>20</sup> Record, Vol. 2, pp. 46D-E, Order dated October 26, 2018.

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- b. [Manlavi] – Senior Vice President and Head of the Marketing Department, PADC
  - c. [Cabahug] – PADC Consultant – Storekeeper, in-charge of receiving and storing aircraft spare parts and accessories in PADC Storeroom 3;
3. That accused Crisologo required a Property Gate Pass approved by him before any item can be taken out from the PADC and restricted access of employees and visitors at Hangars 2 and 3; and
  4. That accused Crisologo allowed Quilatan to enter PADC Store if accompanied by authorized personnel.<sup>21</sup>

In view, however, of accused Quilatan's demise on December 6, 2018, the criminal charges filed against him were dismissed by the Court in its Order<sup>22</sup> dated June 6, 2019, pursuant to Art. 89, RPC,<sup>23</sup> the criminal charges having been extinguished by his death.<sup>24</sup>

As for accused Cabahug, to date, she remains at large.

### ANTECEDENT FACTS

Accused Crisologo served as PADC President from October 3, 2007 to April 1, 2009. Accused Manlavi, on the other hand, served as the Senior Vice President and Head of the Marketing Department from November 12, 2007 to May 11, 2009.<sup>25</sup>

During the term of accused Crisologo as PADC President, Wingtips Parts Corporation (WPC) was able to take possession of an Aircraft Fuel Pressure Indicator with Serial No. BD-105357 (subject AFPI) belonging to PADC without a valid transfer of possession or ownership.

The subject AFPI was stored in PADC's Storeroom 3, access to which would later be the subject of dispute.

On October 13, 2008, the Naval Air Group (NAG), Philippine Fleet, Philippine Navy conducted a public bidding for the Supply and Delivery of a

<sup>21</sup> Record, Vol. 2, pp. 293-305.

<sup>22</sup> Records, Vol. 2, pp. 391-392.

<sup>23</sup> Article 89 of the Revised Penal Code.

<sup>24</sup> Records, Vol. 2, pp. 293-305.

<sup>25</sup> Records, Vol. 2, pp. 180-181.

Fuel Pressure Indicator and Other Related Parts for PNI 311. Both PADC and WPC, among others, participated therein.

In the end, WPC won the bidding.<sup>26</sup> The latter was able to sell an AFPI to the Philippine Navy for One Hundred Eleven Thousand and Seven Hundred Fifty-Four Pesos (Php11,754.00).<sup>27</sup>

Thereafter, there came a rumor that WPC, through accused Quilatan, had delivered to the Philippine Navy an AFPI bearing the same serial number as PADC's AFPI subject of this case.<sup>28</sup>

On November 26, 2008, Colonel Conrado Cueto (Cueto), then Officer-in-charge of the PADC Administrative Services Department, in his Memorandum<sup>29</sup>, authorized some personnel to enter Storeroom 3 at the Hangar, General Aviation Area of the PADC (Storeroom 3) to check and report the availability of some aircraft spare parts, including the subject AFPI. The next day, however, accused Crisologo suspended said authorization via a Memorandum.<sup>30</sup> In said Memorandum, he ordered that prior notice of the need to check the availability of spare parts, which necessity shall be supported by a valid reason, shall be given him through a written report.<sup>31</sup> The Memorandum<sup>32</sup> dated November 27, 2008, in part, reads:

This is in reference to Memorandum dated 26 November 2008 relative to the authority to enter store #3 as approved by the OIC-ASD,

We impose no objection on the approved authority provided this office is notified first in a written report the valid reason/s as to why there is an urgent need to check the availability of said aircraft spare parts.

In anticipation of an amended request, action on your previous request is deferred for the time being. This is in accordance with existing rules and policies as cited by the Board Secretary. xxx.<sup>33</sup>

Afterwards, PADC Aircraft Maintenance Supervisor Eduardo Baradas (Baradas), then account holder for the Philippine Navy, asked someone from the Philippine Navy's office via text message for the description of the AFPI delivered by WPC. It was later confirmed that WPC's AFPI bears the same serial number as that of PADC. The latter's Marketing Department then certified that its staff did not sell the subject AFPI to any PADC customer.<sup>34</sup>

<sup>26</sup> Records, Vol. 1, pp. 9-11.

<sup>27</sup> Records, Vol. 1, pp. 9-11.

<sup>28</sup> Records, Vol. 1, pp. 9-11.

<sup>29</sup> Exhibit Z "15" of the Prosecution.

<sup>30</sup> Exhibit Z "16" of the Prosecution.

<sup>31</sup> Records, Vol. 1, pp. 9-11.

<sup>32</sup> Exhibit "Z-16" of the Prosecution.

<sup>33</sup> Exhibit "Z-16" of the Prosecution.

<sup>34</sup> Records, Vol. 1, pp. 9-11.

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It was only after the expiration of accused Crisologo's term that the employees of PADC Marketing Department were able to enter Storeroom 3. They then discovered that the subject AFPI was indeed missing.<sup>35</sup>

In 2009, the Commission on Audit (COA) conducted a Special Audit/Investigation on the alleged irregularities committed in PADC on the sale of aircraft spare parts. The result of the audit is reflected in the Report of the Special Audit/Investigation on the Alleged Irregularities Committed in [the] PADC on the Sale of Aircraft Spare Parts (COA Report).<sup>36</sup> Said COA Report covers, among others, the loss of the subject AFPI. Other related transactions and management's actions indicative of anomalies were likewise included therein.<sup>37</sup>

Lieutenant Leo C. Peñacerrada (Peñacerrada), then Acting Staff for Maintenance and Repair, NAG, certified that WPC delivered the AFPI with Serial No. BD-105357 under Purchase Order No. 302CO-F-ICE-042-08 to the NAG on December 6, 2008.<sup>38</sup> Joseph C. Galvez (Galvez), Commander, Group Support Squadron, attested that the AFPI with Serial No. BD-105357 is listed in the NAG inventory and is in good operating condition.<sup>39</sup> Moreover, Colonel Ariel R. Caculitan (Caculitan), NAG Commander, stated on October 15, 2012, that the AFPI with Serial No. BD-105357 has been stored at the Avionic Stockroom of the Philippine Navy, NAG, Sangley.<sup>40</sup>

Later, it was found out that the subject AFPI was included in the 2007 physical inventory, but not in the 2009 physical inventory of the PADC. As for the 2008 physical inventory, PADC had no record thereof.<sup>41</sup>

On September 13, 2013, a Complaint<sup>42</sup> was filed by the Field Investigation Office, Office of the Ombudsman, against accused Crisologo, Manlavi, Cabahug, and Quilatan. The Office of the Ombudsman found probable cause to charge them with violation of Section 3 (c) of RA 3019, as amended and Malversation of Public Property in relation to Art. 222, RPC. Accused Manlavi and Quilatan separately filed their respective Motions for Reconsideration while accused Crisologo filed a Motion for Reinvestigation before the Ombudsman, all of which were denied in a Resolution<sup>43</sup> dated September 29, 2017. Hence, the filing of the Informations<sup>44</sup> against all four (4) accused before this Court.

<sup>35</sup> Records, Vol. 1, pp. 9-11.

<sup>36</sup> Dated November 27, 2008, Exhibit "Z-31" of the Prosecution.

<sup>37</sup> Records, Vol. 1, pp. 9-11.

<sup>38</sup> Records, Vol. 1, pp. 9-11.

<sup>39</sup> Records, Vol. 1, pp. 9-11.

<sup>40</sup> Records, Vol. 1, pp. 9-11.

<sup>41</sup> Records, Vol. 1, pp. 9-11.

<sup>42</sup> Record, Vol. 1, pp. 37-182.

<sup>43</sup> Record, Vol. 1, pp. 8-36.

<sup>44</sup> Record, Vol. 1, pp. 1-5 & Vol. 2, pp. 1-9.

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### STIPULATED FACTS

In addition to the stipulations made during pre-trial, the parties, during trial, jointly stipulated on the following facts and dispensed with the presentation of the following prosecution witnesses on the witness stand:

#### 1. Adela C. Almonia:<sup>45</sup>

- a. She is the Personnel Assistant of the PADC Administrative Services Department since 1986;
- b. As Personnel Assistant, she has in her custody the 201 File of all PDAC personnel;

The qualification as "to all" was counter stipulated by Atty. Harold Alcantara, counsel for accused Manlavi;

- c. She certified copies of documents as requested by the Office of the Ombudsman in her capacity as Custodian of said 201 Files; and
- d. She can identify such documents, having certified the same in her capacity as such.

These documents, insofar as Crisologo is concerned, are Exhibits "A," "D," and "E"; while for Roberto Manlavi, these are Exhibits "F," "H," and "J".

#### 2. Rachel M. Abendanio:<sup>46</sup>

- a. She is presently the Director II of the Records Management Services of the COA;
- b. As Director II, she has over-all supervision of the day-to-day operations of the Records Management Services, such as receiving and releasing of all documents received by the Records Management Services, ensuring the safekeeping of all documents received and certifying copies on file of the documents when requested;
- c. In relation to the present cases, she complied with the subpoena received by the Records Management Services from

<sup>45</sup> Records, Vol. 2, pp.187-191; Records, Vol. 2, pp. 291, Order dated January 21, 2019.

<sup>46</sup> Judicial Affidavits, Vol. 1, pp. 177-179; Records, Vol. 2, pp. 291, Order dated January 21, 2019.

the Office of the Special Prosecutor, Office of the Ombudsman; and

- d. She can identify the certified true copy of Exhibit "PP" on the basis of the original she brought to Court.

Exhibit "PP" was subjected to comparison by the defense counsels, who manifested that said exhibit is a faithful reproduction of the original.

The defense counter stipulated that the witness has no personal knowledge of the preparation and issuance of Exhibit "PP", being the mere custodian thereof.

### 3. Lilibeth M. Cedro:<sup>47</sup>

- a. She works as State Auditor II of the Fraud Audit Office, Special Services Sector, COA;
- b. If she is called to the witness stand, she can identify the allegations incorporated in her Judicial Affidavit and all the documents attached thereto; and
- c. The originals of the following exhibits have been produced by the witness where comparisons were made: Exhibits "Z-2" to "Z-7," "Z-30" to "Z-3M" and "SS".

Counsels for the defense manifested that they are faithful reproduction of the originals.

Counter-stipulations have been made by the defense, to wit:

- a. The witness has no personal knowledge as to the nature of the transaction subject of the Informations and on the due execution of the documents that she has identified;
- b. Among the documents she identified were photographs which were simply attached to the records forwarded to her; and
- c. Witness was not the one who took the photographs.

<sup>47</sup>Judicial Affidavits, Vol. 1, pp. 4-11; Records, Vol. 2, pp. 322, Order dated February 28, 2019.

**4. Brig. General Ariel R. Caculitan:**<sup>48</sup>

- a. He is the Deputy Commandant of the Philippine Marine Corps;
- b. In 2012, he was the Commander of the Naval Air Group of the Philippine Fleet, Philippine Navy;
- c. As NAG Commander, he has overall responsibility and acted as head of all units of the NAG, including the sub-unit Group Support Squadron which has custody of all aircrafts, spare parts and avionics;
- d. In relation to the present case, he complied with the subpoena which he received from the Office of the Ombudsman; and,
- e. He can identify the documents related to the case and his Judicial Affidavit.

The following counter-stipulations have been made by the defense:

- a. That said witness has no knowledge of how the said spare parts were acquired or delivered, which was denied by the prosecution; and
- b. That the witness has no personal knowledge on the taking of the photographs which were appended to his judicial affidavit, which was admitted by the prosecution.

**5. Lt. Juan M. Carreon:**<sup>49</sup>

It was stipulated that he can identify his judicial affidavit and the document attached thereto, referring to a Certification dated October 12, 2012 (Exhibit "Y").

Counter-stipulations have been made by the defense, to wit:

- a. The witness has no personal knowledge of how the Philippine Navy, [being the office of the witness], acquired the fuel pressure indicator;
- b. Based on the records, the witness has no personal knowledge when the fuel pressure indicator was delivered to the NAG.

<sup>48</sup> Judicial Affidavits, Vol. 1, pp. 424-427; Records, Vol. 2, pp. 365, Order dated May 7, 2019.

<sup>49</sup> Judicial Affidavits, Vol. 1, pp. 451-453; Records, Vol. 2, pp. 377, Order dated May 22, 2019.

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The prosecution qualified this for purposes of stipulation, stating that the witness has no personal knowledge on the first date of delivery of such fuel pressure indicator for purposes of acceptance and inspection; and

- c. The witness is not the property custodian of spare parts under the custody of the Naval Air Group, but the property custodian is under his supervision.

**6. Lt. Commander Joseph C. Galvez:<sup>50</sup>**

- a. In the year 2012, he was the Commander of the Group support Squadron Naval Air Group, Philippine Fleet (PhilFleet);
- b. As said Commander, he was in charge of the administration of the Aircraft Inspection Maintenance Unit and Headquarters Service Unit;
- c. As Squadron Commander, he has supervision over all aircraft spare parts inventory, maintenance of aircraft, and anything related to aircraft maintenance;
- d. Acting in said official capacity, he issued a Certification dated October 12, 2012 to the Office of the Ombudsman in relation to the present case; and
- e. He can identify his Judicial Affidavit, as well as the documents attached thereto.

**7. Lt. Commander Leo C. Peñacerrada:<sup>51</sup>**

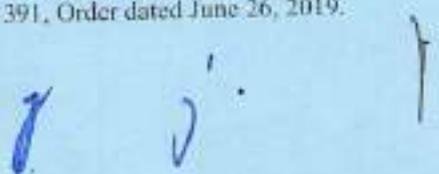
- a. He can identify his Judicial Affidavit and its attachments;
- b. He can identify his signature in Exhibit "Z-11" attached to the Judicial Affidavit; and
- c. The authenticity and due execution of Exhibit "Z-11".

The following counter-stipulations were made by the defense:

- a. The witness has no personal knowledge of the purchase by WPC of the subject AFPI;

<sup>50</sup> Judicial Affidavits, Vol. 1, pp. 444-445; Records, Vol. 2, pp. 366, Order dated May 7, 2019.

<sup>51</sup> Judicial Affidavits, Vol. 1, pp. 461-464; Records, Vol. 2, pp. 391, Order dated June 26, 2019.



- b. The witness' name does not appear in Purchase Order No. 302CO-F-ICE-042-08 (Exhibit "Z-14");
- c. The Fuel Pressure Indicator was not brought to court for identification and only photographs of it were submitted;
- d. The letter dated February 23, 2020 (Exhibit "Z-11") signed by the witness was not submitted to the Office of the Ombudsman;
- e. The witness identified a certified true copy of the Delivery Receipt No. 1374 dated November 20, 2008 (Exhibit "Z-13"); and
- f. The witness identified a certified true copy of Purchase Order No. 302CO-F-ICE-042-08 (Exhibit "Z-14").

**8. Nelly F. Mercado:**<sup>52</sup>

- a. She is the State Auditing Examiner of the Philippine Fleet, COA;
- b. The documents to be identified are in the custody of the COA Philippine Fleet, the office to which the witness belongs;
- c. Part of her duties and responsibilities as State Auditing Examiner is to certify copies of documents as true and correct after having ensured that the said copies are faithful reproductions of the original, to conduct audit as assigned by the Audit Team Leader, to conduct inspection of deliveries of agencies, and to perform other related duties as assigned by the Audit Team Leader;
- d. She has complied with the subpoena received from the Office of the Ombudsman; and
- e. She can identify documents enumerated and attached in her Judicial Affidavit, specifically Exhibit "OO" to Exhibit "OO-7".

A counter-stipulation was made that the witness has no personal knowledge on the transaction she was supposed to identify.

<sup>52</sup> Judicial Affidavits, Vol. 2, pp. 3-5; Records, Vol. 2, pp. 415, Order dated July 29, 2019.

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9. **GIPO Ryan P. Medrano:**<sup>53</sup>

- a. He is the nominal complainant who filed the Complaint-Affidavit before the Office of the Ombudsman; and
- b. He can identify such Complaint-Affidavit and all documents attached thereto.

10. **Leah A. Pongyan:**<sup>54</sup>

- a. She is the Chief Accountant of the Philippine Navy;
- b. She received a subpoena from the Ombudsman directing the submission of duplicate original or certified true copy of (a) Purchase Order No. 302CO-F-ICE-042-08 dated October 28, 2008; (b) Delivery Receipt No. 1374 dated November 20, 2008; (c) Disbursement Voucher, Sales Invoice, Abstract of Bids as Calculated, Notice to Proceed, and Delivered Items, Inspection Report in relation to the procurement by Philippine Navy in 2008 for the "Supply and Delivery of Fuel Pressure Indicator and Other Related Parts for PNI 311 at Naval Air Group, PhilFleet;
- c. In compliance with the subpoena, she sent a formal letter-request to Nora C. Federizo (Federizo), the OIC-Audit Team Leader of COA Office in Sangley Point, Cavite, to secure the requested documents;
- d. Federizo responded that the Disbursement Voucher for the "Supply and Delivery of Fuel Pressure Indicator and Other Related Parts for PNI 311 at Naval Air Group, PhilFleet with Check No. 278016 including its supporting documents are no longer available in the office of the COA;
- e. The subpoena required the witness to produce the following exhibits: (a) Delivery Receipt No. 1374 dated November 20, 2008, (b) Purchase Order No. 302CO-F-ICE-042-08 dated October 28, 2008, and (c) Disbursement Voucher, Sales Invoice, Abstract of Bids as Calculated, Notice to Proceed and Delivered Items, Inspection Report in relation to the procurement by Philippine Navy in 2008 for the "Supply and Delivery of Fuel Pressure Indicator and Other Related Parts for PNI 311 at Naval Air Group, PhilFleet" and that the

<sup>53</sup> Judicial Affidavits, Vol. 2, pp. 118-120; Records, Vol. 2, pp. 416, Order dated July 29, 2019.

<sup>54</sup> Judicial Affidavits, Vol. 2, pp. 18-20; Records, Vol. 2, pp. 433, Order dated September 11, 2019.

response by Federizo was that the documents were not available in the COA; and

- f. She can identify the letter-communication marked as Exhibit "CCC and CCC-1".

**11. Captain Celester DC Agmata:<sup>55</sup>**

- a. He can identify his Judicial Affidavit and the attachments thereto;
- b. Since 2014, he is the Administrative Officer of the 3024 Contracting Office of the Armed Forces of the Philippines (AFP) Procurement Service;
- c. His duties and responsibilities include overall supervision of the Administrative Branch, checking the correctness of all incoming communication for processing and approval, following up of administrative requirements, authenticating of copies of documents on file with the 302<sup>nd</sup> Contracting Office, and performing such other tasks as directed by the Chief; and
- d. In relation to the present case, he issued authenticated copies of Purchase Order No. 302CO-F-ICE-042-08 dated October 28, 2008 (Exhibit "MM") and Delivery Receipt No. 1374 dated November 20, 2008 (Exhibit "LL").

**12. Marianne L. Diez:<sup>56</sup>**

- a. She can identify his Judicial Affidavit and the attachments thereto;
- b. She can identify Exhibits "FFF" to "NNN"; and
- c. Comparison was made between the original copies of Exhibits "FFF" to "NNN" with the certified copies and the photocopies attached to the Judicial Affidavit.

**13. Lt. Orlando A. Laruan:<sup>57</sup>**

- a. In 2018, he was the Staff for Maintenance and Repair NA10 of the Philippine Navy;

<sup>55</sup> Judicial Affidavits, Vol. 2, pp. 29-30; Records, Vol. 2, pp. 434, Order dated September 11, 2019.

<sup>56</sup> Judicial Affidavits, Vol. 2, pp. 58-59; Records, Vol. 2, pp. 489, Order dated September 11, 2019.

<sup>57</sup> Judicial Affidavits, Vol. 2, pp. 84-86; Records, Vol. 2, pp. 458-459, Order dated October 8, 2019.

- b. Sometime in October 2018, Peñacerrada who is from the Naval Air Group, Philippine Fleet, went to his office at the Maintenance and Repair NAI10 to get the original copy of certain bidding documents pertaining to the procurement by Philippine Navy of a certain aircraft part in 2008;
- c. After looking at the records of the Maintenance and Repair NAI100, Philippine Navy, he found out that only the bidding documents for the year 2012 onwards are existing and the records pertaining to the previous years have already been disposed of;
- d. Peñacerrada asked him to trace where the subject AFPI is located;
- e. He went to see the aircraft where the subject AFPI is presently installed, took photographs of the same using his mobile phone, and sent the photograph to Peñacerrada;
- f. He can identify the photographs, which he took and sent to Peñacerrada which are marked as Exhibits "KK" & "KK-1"; and
- g. He can identify his Judicial Affidavit and the attachments thereto.

**14. Modesto S. Medrano:<sup>58</sup>**

- a. For the period January 8, 2010 to June 4, 2012, he was the State Auditor IV of the COA, Philippine Fleet Naval Base, Sangley Point, Cavite City;
- b. As State Auditor IV, his functions include post audit of accounts of Philippine Fleet, cash examination of cash and accounts of accountable officers of Philippine Fleet, act as witness in the physical inventory of Property, Plant and Equipment (PPE), act as witness in the disposal of unserviceable PPE, and act as custodian to safekeep and preserve paid expense vouchers, journal vouchers, stubs of treasury warrants or checks, reports of collections and disbursement, and similar documents of Philippine Fleet;
- c. In relation to the present case, he received a subpoena in 2011 from the Office of the Ombudsman to produce the original

<sup>58</sup> Judicial Affidavits, Vol. 2, pp. 118-120; Records, Vol. 2, pp. 418, Order dated November 27, 2019.

Disbursement Voucher and the attachments thereto, relating to the procurement by the Philippine Navy in 2008 for the "Supply and Delivery of Fuel Pressure Indicator and Other Related Parts for PNI 311" at the NAG, PhilFleet; and

- d. He issued a certified true copy of Purchase Order No. 3O2CO-F-ICE-0042-08.

**15. Phyllis O. Castañeda:**<sup>59</sup>

- a. She is presently the OIC of the Administrative Services Department of PADC;
- b. She has been employed by PADC since 2012;
- c. Her duties and responsibilities as OIC of the Administrative Services Department include supervising the operations of the department such as human resources management, record-keeping, as well as other general administrative services, and acting as custodian of documents received by or pertaining to the Administrative Services Department; and
- d. In relation to the present case, she complied with the subpoena which she received from the Office of the Ombudsman and that she will identify documents relevant to her testimony.

The following counter-stipulations were made by the defense:

- a. That the witness is not testifying in her capacity as custodian of those documents that are not under her custody as head of the Administrative Services Department; and
- b. That some of the documents she testified to were sourced from records under the custody of other department heads within the PADC.

**16. Drusella Tedeos:**<sup>60</sup>

- a. She is the OIC of the Logistics Department of the PADC; and
- b. As the OIC of the Logistics Department, she is the custodian and in charge of the documents that she brought with her

<sup>59</sup> Judicial Affidavits, Vol. 2, pp. 127-137; Records, Vol. 2, pp. 486, Order dated November 28, 2019.  
<sup>60</sup> TSN, dated January 16, 2020, pp. 11-26; Records, Vol. 2, pp. 507, Order dated January 16, 2020.

during the hearing, consisting of original copies of several exhibits of the prosecution.

**17. Maggie R. Cruz.<sup>61</sup>**

- a. She is the OIC of the Treasury Department of the PADC; and
- b. As the OIC of the Treasury Department, she is the custodian and in charge of the documents that she brought with her during the hearing, consisting of original copies of several exhibits of the prosecution.

**18. Maita Tarayo.<sup>62</sup>**

- a. She is the OIC of the Accounting Department of the PADC; and
- b. As the OIC of the Accounting Department, she is the custodian and in charge of the documents that she brought with her during the hearing, consisting of original copies of several exhibits of the prosecution.

### **EVIDENCE FOR THE PROSECUTION**

In addition to the stipulated testimonies of the aforementioned prosecution witnesses [with counter-stipulations], the prosecution presented the following testimonial and documentary evidence.

#### **TESTIMONIAL EVIDENCE**

Consisting of the testimonial evidence are the testimonies of the following witnesses:

**1. Antonio M. Suba (Suba) – Treasurer, PADC.**

In his Judicial Affidavit which served as his direct testimony, he testified that from 2012 up to 2014, he was the OIC of the Administrative Services Department of PADC. As OIC of said Department, he was in charge of the General Services Division and the Human Resource

<sup>61</sup> TSN, dated January 16, 2020, pp. 26-35; Records, Vol. 2, pp. 507, Order dated January 16, 2020.

<sup>62</sup> TSN, dated January 16, 2020, pp. 35-47; Records, Vol. 2, pp. 508, Order dated January 16, 2020.

Division. In connection with his duties vis-a-vis the Human Resource Division, he received a subpoena from the Office of the Ombudsman in 2012. In compliance therewith, he issued the Service Records of accused Crisologo, Manlavi, and Cabahug (Exhibits "B," "G," and "L"), as well as a Certification of "No Oath of Office" for accused Manlavi and Cabahug (Exhibits "I" and "N").<sup>63</sup>

On cross-examination, witness Suba reiterated that appointments in PADC are approved by the President of PADC and affirmed by the Civil Service Commission. He added that during the taking of his Judicial Affidavit, he identified Exhibit "G" (Statement of Service of Manlavi) and Exhibit "I" (Certification of Employment of Manlavi). Furthermore, as OIC of the Administrative Services Department, he issued Certification based on available records of the Personnel Division. Lastly, he testified that from 2012 to 2014, he was the Treasurer and OIC of the Administrative Services Department.<sup>64</sup>

2. **Lourdes C. Borromeo (Borromeo)** - State Auditor IV of the COA and designated as Audit Team Leader of COA-PADC.

In her Judicial Affidavit which served as her direct testimony, she testified that as State Auditor, her tasks, among others, are to evaluate requests for fraud audit, and conduct fraud audit upon the direction of the COA Chair. That her team conducted a Special Audit/Investigation on the irregularities committed in PADC regarding the sale of aircraft spare parts. The results of their audit were reflected in the "Report on the Result of the Special Audit/Investigation on the Alleged Irregularities Committed in [the] PADC."<sup>65</sup>

When asked of the related transactions indicative of fraud/anomalies in PADC, she mentioned the delivery of the subject AFPI by WPC to the Philippine Navy. She added that the subject AFPI is owned by PADC and, therefore, its subsequent possession by WPC without proper and legal disposition could only be due to theft.<sup>66</sup>

When asked of the management's actions indicative of fraud/anomalies, she said in her Judicial Affidavit:

19. Q: Specifically, what are these actions of the management?

A: Mr. Danilo Crisologo, the President of PADC, allowed Mr. Roberto Manlavi, Senior Vice President and Head of the Marketing Department, to unilaterally set the extremely

<sup>63</sup> Records, Vol. 2, pp. 177-178.

<sup>64</sup> TSN, dated January 21, 2019, pp. 12-31.

<sup>65</sup> Judicial Affidavits, Vol. 1, pp. 221-234.

<sup>66</sup> Judicial Affidavits, Vol. 1, pp. 221-234.

reduced value of inventories without technical study and appraisal to determine their actual condition and values, and without securing Board approval before implementing the parameters recommended by Mr. Manlavi to sell inventories at a loss; (2) the stockroom of PADC with millions worth of aircraft spare parts and accessories were manned by Consultants hired by Mr. Crisologo instead of bonded organic personnel thereby opening to unauthorized access, exposing the expensive materials to theft; (3) Mr. Crisologo likewise ordered the use of computer printed receipts to replace the serially pre-numbered receipts; (4) Mr. Manlavi attempted to sell the Fuel Pressure Indicator with Part Number (P) S476-3-265 bearing Serial Number BD105357 at a bargain price to Wingtips Parts Corporation (WPC) despite the fact that PADC competed with WPC in the same public bidding involving the supply and delivery of the said spare part owned by PADC.

Aside from these, (5) Mr. Crisologo violated his own written policy supposedly restricting access of employees and visitors at Hangars 2 and 3 on all matters related directly or indirectly to Sales and Marketing activities, excepting himself and Mr. Manlavi; (6) he issued a Memorandum requiring a new form in triplicate to be accomplished and supported by a written request stating the purpose for approval by the President before an item can be taken out from the PADC; (7) the holding bay contiguous to the PADC Store was converted into an office for accepting visitors. Later on, a secret door was installed inside the holding bay which permitted direct access by visitors to the Store where the items are kept without being noticed by the Storekeeper, and (8) he made a major breakdown of internal control by issuing a directive effective January 2008 to use the revised unnumbered Delivery Receipt in lieu of the printed pre-numbered receipts.

Also, when Mr. Conrado C. Cueto, the OIC of the Administrative Services Department, authorized certain PADC personnel to enter PADC Store to check on the availability of certain aircraft spare parts, including the Fuel Pressure Indicator with Part Number (PN) S476-3-265, Mr. Crisologo issued a Memorandum which deferred the conduct of the inspection, ma'am. xxx.<sup>67</sup>

With regard to her contention that Manlavi attempted to sell the subject AFPI at a bargain price to WPC despite the fact that PADC competed with WPC in the same public bidding, she said that the basis of the same is the respective affidavits of Bersamira and Baradas.<sup>68</sup>

<sup>67</sup> Judicial Affidavits, Vol. 1, pp. 221-234.

<sup>68</sup> Judicial Affidavits, Vol. 1, pp. 221-234.

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When asked of the basis in saying that Crisologo ordered the use of computer-printed receipts to replace the serially pre-numbered receipts, witness Borromeo answered that the same was mentioned by Manlavi in his Memorandum<sup>69</sup> dated April 29, 2008 addressed to Crisologo.<sup>70</sup> She likewise attested that Crisologo allowed Manlavi to unilaterally set the extremely reduced value of inventories without technical study and appraisal to determine their actual condition and values as Manlavi issued a Memorandum proposing the guidelines determining the value of inventories for purposes of sale. He added that pursuant to this Memorandum, PADC sold various inventories to dealers/suppliers of aircraft spare parts. Such sale runs contrary to the Revised Pricing Policy prescribed by the Pricing Policy Committee.<sup>71</sup>

Further, he stated that Crisologo violated his own written policy restricting access of employees and visitors at Hangars 2, and 3, and requiring all matters to Sales and Marketing activities be directed to Crisologo and Manlavi because he allowed Quilatan to enter PADC Store.<sup>72</sup> When asked of her basis in claiming such, she said that Pagharion informed her about it. She added that Pagharion is also in possession of a compact disk containing a video showing Quilatan entering Storeroom 3.<sup>73</sup>

She then identified the following Exhibits:

Exhibit "Z," Exhibit "PP," Exhibits "Z-2" to "Z-3," Exhibits "Z-36" to "Z-45," Exhibit "Z-1," Exhibit "Z-5," Exhibit "Z-6," Exhibit "7," Exhibit "Z-8," Exhibit "Z-10," Exhibit "Z-11" to "14," Exhibit "Z-15," Exhibit "Z-16," Exhibit "17" to "21," Exhibit "Z-22," Exhibit "Z-23," Exhibit "Z-24," Exhibit "Z-25," Exhibit "WW," Exhibit "UU," Exhibit "VV," Exhibit "XX," Exhibit "SS," Exhibits "QQ" and "RR," Exhibit "Z-28," Exhibit "Z-29," Exhibit "Z-31" and Exhibit "Z-34."<sup>74</sup>

After identification and admission of her Judicial Affidavit in lieu of her direct examination, the defense proceeded with the cross-examination.

On cross-examination, she testified that the focus of their fraud audit, insofar as these cases are concerned, is the delivery of the AFPI with Part No. S476-3-265 by WPC to the Philippine Fleet, Philippine Navy.<sup>75</sup> She likewise stated that the subject AFPI was not sold by PADC to WPC.<sup>76</sup>

<sup>69</sup> Judicial Affidavits, Vol. 1, pp. 221-234.

<sup>70</sup> Judicial Affidavits, Vol. 1, pp. 221-234.

<sup>71</sup> Judicial Affidavits, Vol. 1, pp. 221-234.

<sup>72</sup> Judicial Affidavits, Vol. 1, pp. 221-234.

<sup>73</sup> Judicial Affidavits, Vol. 1, pp. 221-234.

<sup>74</sup> Judicial Affidavits, Vol. 1, pp. 221-234.

<sup>75</sup> TSN, dated March 13, 2019, pp. 1-48

<sup>76</sup> TSN, dated March 13, 2019, pp. 1-48

Handwritten marks in blue ink, including a large '1' and a vertical line, are present at the bottom right of the page.

When asked of her basis in saying that Manlavi attempted to sell the AFPI subject of this case, she replied that they based it from the respective affidavits of Bersamira, PADC Marketing Specialist, and Baradas, Aircraft Maintenance Supervisor of PADC, because they are the ones who are knowledgeable on the matter.<sup>77</sup>

She further testified that they were unable to physically inspect the spare parts since those sold were no longer there when they went to PADC to audit. She mentioned that they just gathered all the material and transaction documents. She further narrated that they wondered how WPC was able to bid out the subject AFPI to the Philippine Navy when such belongs to PADC; adding that, while said AFPI was still in the inventory list of PADC, it was no longer in the PADC stockroom. According to her, during their ocular inspection at the Philippine Navy, they saw the subject AFPI there. She likewise talked with Bersamira, Baradas, and Pagharion to verify whether or not the subject AFPI is still with PADC. Lastly, she stated that she did not ask for an expert opinion in relation to Question No. 55 in her Judicial Affidavit.<sup>78</sup>

On re-direct examination, she explained that she did not ask for said expert opinion because they render their findings based on the sales documents. This being so, according to her, said expert opinion is unnecessary.<sup>79</sup>

Answering questions from the Court, she testified that Pagharion did not execute an affidavit stating the fact that accused Crisologo allowed accused Quilatan inside the PADC store. She added that she did not require Pagharion to execute an affidavit; instead, she asked Pagharion to give her the compact disk containing a video showing Quilatan entering the PADC store. Lastly, she said that the acts of accused Crisologo are also the acts of the management.<sup>80</sup>

**3. Annie N. Bersamira (Bersamira) - Marketing Manager, Sales Administration, PADC.**

In her Judicial Affidavit, which served as her direct testimony, she testified that in 2007, the subject AFPI was listed in the PADC inventory from 1987 to 2007 and not sold to any buyer.<sup>81</sup>

<sup>77</sup> TSN, dated March 13, 2019, pp. 1-48

<sup>78</sup> TSN, dated March 13, 2019, pp. 18-48,

<sup>79</sup> TSN, dated March 13, 2019, pp. 48-49.

<sup>80</sup> TSN, dated March 13, 2019, pp. 50-51.

<sup>81</sup> Judicial Affidavits, Vol. 1, pp. 480-486.

When asked, she said that, during Crisologo's incumbency, the only persons who have access to Storeroom 3 where the subject AFPI was stored were Crisologo, Manlavi, and Cabahug.<sup>82</sup>

She identified the following Exhibits: Exhibit "Q," Exhibit "CC," Exhibit "BB," Exhibit "R," Exhibit "Z-4," Exhibit "S" and Exhibit "T."<sup>83</sup>

After identification and admission of her Judicial Affidavit in lieu of her direct examination, the defense proceeded with the cross-examination.

During cross, she testified that during the time material to this case, she was not part of the Logistics Department which was in-charge of keeping the records of inventories; nor was she a part of the Accounting Department in-charge of conducting physical inventories. She also mentioned that she participated in the October 13, 2008 bidding conducted by the Philippine Navy for the supply and delivery of cylinder head temperature indicator and other related parts. In said bidding, PADC lost. Furthermore, she recalled that when Baradas learned that the AFPI bearing the same serial number with PADC's AFPI was delivered to the Philippine Navy, all of them in the Marketing Department executed a Certification that they had not sold any particular item bearing the said serial number.

On the query whether they reported the incident to the authorities, she replied that they did not. She also maintains that she has not seen this particular AFPI.<sup>84</sup>

On re-direct, Bersamira testified that she issued a Certification that there is no record of the 2008 Physical Inventory because when she asked the Logistics Department, through Thelma Acero, to give her a copy of the physical inventories from 2005 to 2009, the latter said that she only has the physical inventories for 2005, 2006, 2007, and 2009 and she could not find the physical inventory for 2008.

As for the bidding, she stated that she attended the October 13, 2008 bidding because she was asked by Tapac and Baradas, with the latter saying that it will serve as training for her.

On whether it was necessary for PADC to have the AFPI, among others, in the inventory before it could participate in the bidding, she replied in the negative. She explained that the delivery of the subject AFPI by WPC to the Philippine Navy was not reported to the PADC

<sup>82</sup> Judicial Affidavits, Vol. 1, pp. 480-486.

<sup>83</sup> Judicial Affidavits, Vol. 1, pp. 480-486.

<sup>84</sup> TSN, dated July 4, 2019, pp. 13-55.

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Administrative Services Department because she presumed that Baradas, as the account holder for Philippine Navy, reported it already.

Lastly, she stated that there was a Memorandum issued by Cueto, OIC for Administrative Services Department and Logistics Department, requesting the President of PADC, to direct Baradas, Tapac, Miralpes and another person to inspect or check whether or not the subject AFPI is still in the storeroom; however, said verification was not made since accused Crisologo did not allow the same.<sup>85</sup>

On re-cross examination, she said that during the time that she was with the Marketing Department, she was unable to check or verify the AFPI that has been bidden out to the Philippine Navy. Likewise, she testified that she was never allowed to enter the storeroom of PADC.<sup>86</sup>

**4. Capt. Lester DC Agmata (Agmata) - Administrative Officer, 302<sup>nd</sup> Contracting Office of the AFP Procurement Service.**

In his Judicial Affidavit, which served as his direct testimony, he testified that as Administrative Officer, 302<sup>nd</sup> Contracting Office of the AFP Procurement Service, he acts as the overall supervisor of the Administrative Branch, checks the correctness of all incoming communication for processing and approval, follows up administrative requirements, authenticates copies of documents on file with the 302<sup>nd</sup> Contracting Office, and performs other tasks as directed by the Chief.<sup>87</sup> He also identified Exhibits "LL"<sup>88</sup> and "MM."<sup>89</sup>

After identification and admission of his Judicial Affidavit in lieu of his direct examination, the defense proceeded with the cross-examination.

During the cross-examination, he admitted that he has no personal knowledge of the submission of the Delivery Receipt and Purchase Order No. 302CO-F-ICE-042-08 to the COA or whether said documents were indeed received by the latter.<sup>90</sup>

On re-direct examination, he confirmed that the original of the abovementioned documents were forwarded to the COA after the Philippine Fleet bought the subject AFPI.<sup>91</sup>

<sup>85</sup> TSN, dated July 18, 2019, pp. 6-22.

<sup>86</sup> TSN, dated July 18, 2019, pp. 22-52.

<sup>87</sup> Judicial Affidavits, Vol. 2, pp. 29-30.

<sup>88</sup> Judicial Affidavits, Vol. 2, pp. 29-30.

<sup>89</sup> Judicial Affidavits, Vol. 2, pp. 29-30.

<sup>90</sup> TSN, dated September 11, 2019, pp. 58-63.

<sup>91</sup> TSN, dated September 11, 2019, pp. 64-67.

**5. Rosalinda A. Monzon (Monzon) - Administrative Officer, 302<sup>nd</sup> Contracting Office of the AFP Procurement Service.**

In her Judicial Affidavit, which served as her direct testimony, she testified that from July 30, 2008 to February 2009, she was designated as storekeeper of Storeroom 3 by accused Crisologo.<sup>92</sup>

She likewise testified that on February 24, 2009, Crisologo issued a Personnel Order<sup>93</sup> directing her to immediately report to their Makati Office. With the issuance of said Personnel Order, it became improbable for her to perform her duties as storekeeper given the distance between their Makati office and Storeroom 3.<sup>94</sup>

She attested that from September 16, 2008 to February 24, 2009, she was not able to discharge her duties as storekeeper because the key to Storeroom 3 was not turned over to her by Cabahug.<sup>95</sup>

According to her, she wrote a letter to the COA Auditor dated November 7, 2008 regarding her accountability in connection with an incident that happened on November 6, 2008 because the key to the storeroom at Hangar 3 was not turned over to her.<sup>96</sup>

She identified Exhibits "EEE"<sup>97</sup> and "Z-25."<sup>98</sup>

After identification and admission of her Judicial Affidavit in lieu of her direct examination, the defense proceeded with the cross examination, during which, she testified that accused Cabahug was the only storekeeper during Crisologo's stint as PADC President. As for her, she was a Liaison Officer at the time Crisologo was appointed to the said position. The latter then appointed her as storekeeper during his incumbency.

She mentioned that, accused Cabahug made the recording of entries as well as the withdrawal of the supplies from the store.<sup>99</sup>

On re-direct examination, she said that she was unable to perform her duties as storekeeper because she was hospitalized and when she returned to work, she assumed her previous designation as Liaison

<sup>92</sup> Judicial Affidavits, Vol. 2, pp. 38-41.

<sup>93</sup> Judicial Affidavits, Vol. 2, pp. 38-41.

<sup>94</sup> Judicial Affidavits, Vol. 2, pp. 38-41.

<sup>95</sup> Judicial Affidavits, Vol. 2, pp. 38-41.

<sup>96</sup> Judicial Affidavits, Vol. 2, pp. 38-41.

<sup>97</sup> Judicial Affidavits, Vol. 2, pp. 38-41.

<sup>98</sup> Judicial Affidavits, Vol. 2, pp. 38-41.

<sup>99</sup> TSN, dated September 11, 2019, pp. 73-87.

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Officer. She also mentioned that she cannot enter the PADC store, unlike accused Cabahug.<sup>100</sup>

On re-cross examination, she testified that she returned to their Makati Office after her hospitalization, in compliance with Crisologo's order.<sup>101</sup>

Answering questions from the court, she clarified that on September 16, 2008, after her hospitalization, she returned to their Makati office. She went on to state that at the time she returned to work, she was a Liaison Officer and, at the same time, was designated as storekeeper. She however mentioned that from September 16, 2008 to February 24, 2009, she was not discharging the function of storekeeper in Pasay City.<sup>102</sup>

She added that she wrote a letter to the COA Auditor dated November 7, 2008 regarding her accountability in connection with an incident that happened on November 6, 2008 because the key to the store at Hangar 3 was not turned over to her. With respect to accused Cabahug, she testified that the latter was hired as consultant-storekeeper of the store at Hangar 3 by accused Crisologo. According to her, she was the only storekeeper who was supposed to man the store at Hangar 3, but from the time she was designated as such, the key to the store was never in her possession. Despite this, she did not ask accused Crisologo to order accused Cabahug to turn over the key to the store to her even after her designation as storekeeper. She concluded by stating that it was accused Cabahug who was acting as storekeeper during that time.<sup>103</sup>

**6. Lt. Orlando A. Laruan (Laruan) - Staff for Maintenance and Repair, Naval Air 10, Philippine Navy.**

In his Judicial Affidavit, which served as his direct testimony, he testified that he was the one who took the photographs of the subject AFPI attached to his Judicial Affidavit, which he sent to Peñacerrada using Viber.<sup>104</sup> He also identified Exhibits "KK" and "KK-1."<sup>105</sup>

After identification and admission of his Judicial Affidavit in lieu of his direct examination, the defense proceeded with the cross-examination.

On cross-examination, he confirmed that he was the one who took the photographs attached to his Judicial Affidavit, which he sent to

<sup>100</sup> TSN, dated September 11, 2019, pp. 87-90.

<sup>101</sup> TSN, dated September 11, 2019, pp.91-98

<sup>102</sup> Judicial Affidavits, Vol. 2, pp. 38-41.

<sup>103</sup> TSN, dated September 11, 2019, pp. 98-106.

<sup>104</sup> Judicial Affidavits, Vol. 2, pp. 84-86.

<sup>105</sup> Judicial Affidavits, Vol. 2, pp. 84-86.

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Peñacerrada using Viber. He stated that, when he took pictures of the AFPI, the aircraft was inside the premises of PADC because it was undergoing repair and, with the authorization of the person-in-charge of the aircraft, he detached the AFPI from the aircraft for the purpose of taking said pictures.<sup>106</sup>

**7. Arsenio S. Rayos, Jr. (Rayos, Jr.) - Retired State Auditor IV, COA.**

In his Judicial Affidavit, which served as his direct testimony, he testified that as State Auditor, his functions and responsibilities include the supervision of the conduct of audit of PADC, preparation of annual audit report, witnessing inventory, and disposal of waste materials of PADC.<sup>107</sup> He likewise testified that when they noticed during inspection that Storeroom 3 was being manned by Cabahug, a consultant and not a bonded employee, he issued a correspondence to Crisologo with the subject: *"PADC stockroom with millions worth of aircraft spare parts and accessories being manned by a Consultant."*<sup>108</sup> According to him, he also sent a letter to Crisologo in order to inform the latter that hiring a consultant to man the stockroom violates Sec. 101, PD 1445 or the *Government Auditing Code of the Philippines*. He added that Crisologo responded by issuing a letter informing them that he had designated Monzon as Cabahug's replacement.<sup>109</sup>

Furthermore, he testified that he received a letter from Monzon informing him that she was the one assigned to man Storeroom 3 but when she reported to Hangar 3, she was unable to perform her duties as storekeeper because she cannot access Storeroom 3 due to Cabahug's omission to turn over its keys to her. He added that he was able to verify this fact when he and his staff saw Cabahug open Storeroom 3 after Crisologo issued a letter informing them that he [had] designated Monzon as a replacement for Cabahug.<sup>110</sup>

He then identified Exhibit "JJJ", Exhibit "JJJ-1" Exhibit "KKK" and Exhibit "LLL" and after identification and admission of his Judicial Affidavit, the defense proceeded with the cross examination.

On cross, he testified that the custodian of the spare parts of the aircraft must be a bonded officer of the PADC management, adding that he did not know who the bonded custodians of PADC were since he did not deal with them. He also mentioned that his staff were the ones in charge of the inventory of the PADC properties.<sup>111</sup>

<sup>106</sup> TSN, dated October 8, 2019, pp. 14-23.

<sup>107</sup> Judicial Affidavits, Vol. 2, pp. 90-93.

<sup>108</sup> Subject of the Memorandum dated July 24, 2008 for Mr. Danilo R. Crisologo, Exhibit "JJJ" of the Prosecution.

<sup>109</sup> Judicial Affidavits, Vol. 2, pp. 90-93.

<sup>110</sup> Judicial Affidavits, Vol. 2, pp. 90-93.

<sup>111</sup> TSN, dated October 30, 2019, pp. 9-13.

Answering questions from the court, he admitted that he was able to talk to accused Cabahug. He further stated that because they already knew that the procedure of designating Cabahug was not proper, they did not do anything when they saw accused Cabahug open the door of the stockroom despite the fact that Monzon already replaced her at that time.<sup>112</sup>

8. **Modesto S. Medrano (Medrano)** - State Auditor IV of the COA.

In his Judicial Affidavit, which served as his direct testimony, he identified Exhibit "O" denominated as Purchase Order No. 302CO-F-ICE-042-08.<sup>113</sup> After the identification of Receipt of Turn-over of Responsibility (Exhibit "O-1"), the third page, paragraph (b) thereof (Exhibit "O-3-a") and admission of his Judicial Affidavit in lieu of his direct examination, the defense proceeded with the cross-examination.<sup>114</sup>

During cross-examination, he testified that he turned over the original documents as indicated in his Judicial Affidavit to Audit Team Leader Soledad N. Vejerano (Vejerano). He then showed the document denominated as "Receipt of Transfer of Accountabilities" (Exhibit "O-3-a") dated June 4, 2012 consisting of six pages signed by Soledad N. Vejerano to the defense counsel. Said document is the only proof that would show that Vejerano received the document[s].<sup>115</sup>

9. **Nora C. Federizo (Federizo)** - State Auditor III of the COA.

In her Judicial Affidavit, which served as her direct testimony, she testified that upon receipt of the subpoena from the OMB directing her to submit the duplicate original or certified copy of the following documents: 1) Delivery Receipt No. 1374 dated 20 November 2008 (with its attachments); 2) Purchase Order No. 302CO-F-ICE-042-08 dated 28 October 2008; and, 3) Disbursement Voucher, Sales Invoice, Abstract of Bids as Calculated, Notice to Proceed and Delivered Item(s) Inspection Report in relation to the procurement by the Philippine Navy in 2008 for the "*Supply and Delivery of Fuel Pressure Indicator and Other Related Parts for PNI 311 at Naval Air Group, PhilFleet*", she immediately checked from the record files of COA the disbursement voucher where the delivery receipt and purchase order are attached. Upon checking, she found out that said disbursement voucher was no longer available since they only had the records from 2017 onwards. She added that the original Abstract of Report of Checks Issued submitted by

<sup>112</sup> TSN, dated October 30, 2019, pp. 13-15.

<sup>113</sup> Judicial Affidavits, Vol. 2, pp. 118-120.

<sup>114</sup> Judicial Affidavits, Vol. 2, pp. 90-93.

<sup>115</sup> TSN, dated November 27, 2019, pp. 13-17.

the Philippine Fleet Accounting Office for December 2008 was available from the records.<sup>116</sup>

She then identified Exhibit “DDD,” Exhibit “CCC-1,” Exhibit “DDD-1”<sup>117</sup> and after identification and admission of her Judicial Affidavit, the defense proceeded with the cross-examination.

During cross-examination, she said that she assumed her position as OIC Audit Team Leader, COA Philippine Fleet on December 3, 2018. When asked whether or not she was able to examine the disbursement records of her client prior to her assumption of office, she answered in the negative, explaining that said failure was due to the fact that only the disbursement records starting from 2018 were turned over to her when she assumed her position.<sup>118</sup>

Thereafter, the Court allowed the prosecution to mark Exhibit “DDD” [Abstract of Report of Check issued and submitted by the Philippine Fleet Accounting Office in December 2008], as well as Exhibit “DDD-1” [Certification issued by witness Federizo].<sup>119</sup>

**10. Phyllis O. Castañeda (Castañeda) – OIC, Administrative Services Department, PADC.**

In her Judicial Affidavit, which served as her direct testimony, she identified the following Exhibits: Exhibit “NN-1” to “NN-13,” NN-16,” Exhibits “TT” and series, Exhibits “UU,” Exhibit “VV,” Exhibit “OOO,” Exhibit K” and Exhibit “PPP.”<sup>120</sup> After identification and admission of her Judicial Affidavit, the defense proceeded with the cross-examination.

During the cross-examination on matters not covered by stipulations, Castañeda attested that the person who was supposed to authenticate the genuineness, authenticity, and due execution of documents under the custody of PADC is the custodian of such documents. As for the contract of services and memoranda, she stated that she is the custodian thereof, said documents being under the custody of the Administrative Department. According to her, they keep the 201 folders of all PADC personnel.<sup>121</sup>

With respect to accused Cabahug’s identity, she explained that she based her conclusion that Louise L. Espulgar and Louise L. Cabahug are one and the same person from the following:

a. the 201 File;

<sup>116</sup> Judicial Affidavits, Vol. 2, pp. 50-53.

<sup>117</sup> Judicial Affidavits, Vol. 2, pp. 50-53.

<sup>118</sup> TSN, dated November 27, 2019, pp. 26-27.

<sup>119</sup> TSN, dated November 27, 2019, pp. 28.

<sup>120</sup> Judicial Affidavits, Vol. 2, pp. 127-136.

<sup>121</sup> Judicial Affidavits, Vol. 2, pp. 127-136.

- b. the fact that the Contracts of Services of Louise Espulgar Cabahug and Louise L. Cabahug were contained in the same 201 File;
- c. that the copy of the NBI clearances submitted by Louise L. Espulgar and Louise L. Cabahug are attached to the same record; and
- d. that she did not see any Affidavit of Discrepancy in the records pertaining to Louise L. Espulgar and Louise L. Cabahug.<sup>122</sup>

On re-direct examination, she attested that upon comparison of the pictures appearing in the NBI clearances of Louise Cabahug and Louise Espulgar, they correspond to one and the same person. Likewise, when she compared the Personal Data Sheet of Cabahug Louise Espulgar with the National Bureau Investigation of Espulgar de Cabahug, Louise y Lemery, she found that both pictures are one and the same.<sup>123</sup>

On re-cross examination, the defense asked the witness hypothetical questions regarding the possibility that Louise Espulgar Cabahug and Louise L. Cabahug are twins.<sup>124</sup>

**11. Eduardo N. Baradas (Baradas) - Former Aircraft Maintenance Supervisor of PADC.**

In his Judicial Affidavit, which served as his direct testimony, he testified that he was the account holder of the Philippine Navy during Crisologo's term as PADC President and that he participated in the public bidding conducted by the Philippine Navy in 2008.<sup>125</sup>

He said that during said bidding where WPC won, one of the spare parts offered by PADC was the subject AFPI. He also said that, through an informal inquiry from the latter, he learned that the subject AFPI owned by PADC was the one delivered by WPC to the Philippine Navy.<sup>126</sup>

Moreover, he stated that Cueto issued a Memorandum<sup>127</sup> dated November 26, 2008 authorizing him and other employees to enter Storeroom 3 to check the availability of the spare parts which will be offered for public bidding, including the subject AFPI. He added that Crisologo issued a Memorandum dated November 27, 2008<sup>128</sup> deferring compliance with Cueto's directive.<sup>129</sup>

<sup>122</sup> TSN, dated November 28, 2019, pp. 10-14.

<sup>123</sup> TSN, dated November 28, 2019, pp. 14-16.

<sup>124</sup> TSN, dated November 28, 2019, pp. 16-20.

<sup>125</sup> Judicial Affidavits, Vol. 2, pp. 259-262.

<sup>126</sup> Judicial Affidavits, Vol. 2, pp. 259-262.

<sup>127</sup> Judicial Affidavits, Vol. 2, pp. 259-262.

<sup>128</sup> Judicial Affidavits, Vol. 2, pp. 259-262.

<sup>129</sup> Judicial Affidavits, Vol. 2, pp. 259-262.

He then identified Exhibit "Z-5," Exhibit "NN-2," Exhibit "Z-16," and Exhibit "UU."<sup>130</sup> After identification and admission of his Judicial Affidavit, the defense proceeded to cross-examine him.

During cross, he testified that he entered the storeroom, together with Quality Control Inspector Nelson Miralpes (Miralpes), to check if the parts to be bidded were available. He stated that he could not recall who was the person in charge of the storeroom at the time they entered such prior to the bidding. He then mentioned that during the time of accused Crisologo, two (2) persons were in charge of the storeroom, one of whom was Monzon.<sup>131</sup>

Anent the pricing of aircraft spare parts, he explained that the price of the spare parts is determined in accordance with their Pricing Policy, taking into consideration the depreciation value of such. He said that he has the discretion to lower the prices of the spare parts, subject to the approval of the manager or OIC of the Marketing Department.

As regards access to the storeroom subject of the dispute, he testified that, after accused Crisologo issued the Memorandum requiring prior notice, he was unable to enter the storeroom to check the availability of the spare parts stored therein. He reiterated that the spare parts that they offered for bidding conducted by the Philippine Navy are the following: 1) cylinder head temperature indicator; 2) fuel pressure indicator; 3) oil pressure indicator; and oil temperature indicator. He further mentioned that he was unfamiliar with the number of AFPI inside the storeroom at the time they conducted the inventory prior to the bidding. However, he emphasized, he is certain that there was an AFPI on stock.<sup>132</sup>

On re-direct, when the prosecution asked him why he is saying that Monzon is one of the persons in charge of the storeroom, he replied that he saw Monzon's Personnel Order posted in the Administrative Department. He added that he did not actually see Monzon inside the PADC storeroom because their office is in Makati while the storeroom is in Pasay City. When he was asked of the reason why he did not prepare a report as required by accused Crisologo in his Memorandum, he said that it is because the Memorandum was not addressed to him but to Cueto.<sup>133</sup>

He also clarified that their purpose in conducting the inventory prior to the bidding is to check the serviceability and physical condition or the

<sup>130</sup> Judicial Affidavits, Vol. 2, pp. 259-262.

<sup>131</sup> Judicial Affidavits, Vol. 2, pp. 259-262.

<sup>132</sup> TSN, dated January 16, 2020, pp. 6-84.

<sup>133</sup> TSN, dated January 30, 2020, pp. 4-13.

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- fuel pressure indicator, oil pressure indicator, oil temperature indicator and cylinder head temperature. He was able to remember the particular AFPI that they inspected, with Serial Number BD-105357. Said serial number was written in the BIN card and inscribed in the AFPI itself. He identified the document denominated as [a] BIN card (Exhibit "Z-2").<sup>134</sup>

On re-cross, when asked who was in the storeroom when he went there to inspect the four (4) spare parts to be bidded out, he said that he cannot recall who it was, but he is sure that it was not Monzon. He testified with certainty that during the inspection conducted before the bidding, to determine the serviceability of the item, the subject AFPI was in the storeroom. Lastly, he mentioned that after the bidding that WPC won, they, at the Marketing Department, made an informal inquiry to Philippine Navy of the parts Wingtips had delivered to them.<sup>135</sup>

After the above witnesses testified, the prosecution proceeded to offer its documentary evidence.

### DOCUMENTARY EVIDENCE

These pieces of documentary evidence were all admitted by the Court in a Resolution<sup>136</sup> dated April 30, 2021:

**Exhibits "L"** (Service Record of Louise E. Cabahug), **"NP"** (Certification dated 1 October 2012 issued by Antonio Suba), **"O-1" to "O6" and "O-3-a"** (Receipt of Transfer of Accountabilities dated June 4, 2012), **"O"** (Sworn Statement of Annie Bersamira) **"U"** (Sworn Statement of Col. Ariel Reyes Caculitan), **"V"** (Certification dated 15 October 2012 issued by Caculitan), **"X"** (Certification dated 12 October 2012 issued by LCDR Joseph Galvez), **"Y"** (Certification dated 12 October 2012 issued by Lt. Juan Carreon), **"AA"** (Certification dated 09 September 2010 issued by Bersamira), **"DD"** (Complaint dated 15 January 2013 filed by the Ombudsman), **"JJ"** (Letter dated 7 November 2018 signed by LCDR Leo C. Peñacerrada), **"NN-16"** (Certification dated 16 January 2019 issued by Phyllis Castañeda), **"CCC-1"** (Letter-Reply dated 2 July 2019 of Federizo), **"CCC-2"** (Letter-Reply dated 4 July 2019 of Leah Pongyan), and **"DDD-1"** (Certification issued by Nora Federizo), being original documents and identified by the prosecution witnesses in Court. Exhibit **"N"** was identified by Suba himself; **"O-1" to "O-6"** was identified by Modesto Medrano, COA State Auditor IV; **"O"** and **"AA"** were identified by Bersamira herself; **"U"** and **"V"** were identified by Caculitan himself; **"X"** was identified by Galvez himself; **"Y"** was identified by Carreon himself; **"JJ"** was identified by Peñacerrada himself; **"NN-16"** was identified by Castañeda herself; **"CCC-1"** was identified by Leah Pongyan, Chief Accountant of the Philippine Navy, who

<sup>134</sup> TSN, dated January 30, 2020, pp. 4-13.

<sup>135</sup> TSN, dated January 30, 2020, pp. 13-47.

<sup>136</sup> Records, Vol. 4, pp. 31-35, Resolution dated April 30, 2021.

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also identified "CCC-2"; and "DDD-1" was identified by Federizo herself in her capacity as COA State Auditor III.

**Exhibits "K"** (Personal Data Sheet of Cabahug), stipulated by the parties as faithful reproduction of the original document; **"O"** (Purchase Order No. 302CO-F-ICE-042-08 dated 28 October 2008), being a certified true copy of the original identified in Court by COA State Auditor IV Medrano; **"R," "S,"** and **"T"** (Certification dated 21 January 2009 signed by Bersamira, et al.; Memorandum dated 26 November 2008 issued by Cueto; and Memorandum dated 27 November 2008 issued by Crisolago), being certified true copies of the original identified in Court by Bersamira; **"W to W-4"** (Photographs of the BN Islander Fuel Pressure Indicator), being certified true copies of the originals identified in Court by Caculitan; **"Z"** and **"Z-1"** (COA Report and Bid Price), appearing to be true copies of the original certified by Lilibeth Cedro, State Auditor II, COA Fraud Audit Office, who identified such documents in Court; **"BB," "Z-2" to "Z-5,"** and **"Z-31"** (Bin Cards, Receipt dated 9 March 2010, Sinumpaang Salaysay of Bersamira dated 13 November 2009, Sinumpaang Salaysay of Eduardo Baradas Bersamira dated 13 November 2009, and Pictures of the PADC Store), appearing to be true copies of the original certified by Lilibeth Cedro, which originals were produced in Court and stipulated by the parties as faithful reproduction of the originals. It must be noted that **"BB"** and **"Z-2"** are one and the same documents; and **"Z-11"** (Letter dated 23 February 2010 signed by Peñacerrada), identified in Court by Peñacerrada himself and the defense admitted its authenticity and due execution.

**Exhibits "CC"** (Certification dated 12 February 2010 issued by Bersamira), identified in Court by Bersamira herself; **"DD-1 and series," "MP"** and **"M-1,"** and **"NN-4"** (Attachments to the Complaint dated 15 January 2013 filed by the Ombudsman), certified true copies of which are already attached to the records. It must likewise be noted that **"M to M-1"** and **"NN-4"** are one and the same documents, which were stipulated by the parties as faithful reproduction of the original; **"KK"** and **"KK-1"** (Photographs of fuel pressure), identified in Court by Orlando Laruan, Philippine Navy Officer of the Naval Air Group, who took said photos stipulated by the parties as attachments to his Judicial Affidavit); **"LL"** and **"MM"** (Delivery Receipt No. 1374 and P.O. No. 302CO-F-ICE-042-08), identified in Court by Celester Agmata, Administrative Officer, 302<sup>nd</sup> Contracting Office of AFP Procurement Service, who issued authenticated copies of said documents; **"NN-1," "NN-2," "NN-5," "NN-6," "NN-7,2 "NN-10," "NN-13," "UU,"** and **"PPP"** (Bid Price, Memorandum of Conrado Cueto dated 26 November 2008, Contract of Services of Rosemarie Teruel, Extensions of Contracts dated 15 January 2009 and 29 January 2009, Personnel Order No. 63, Prohibitions at Hangars 2 and 3, Revised Pricing Policy, and NBI Clearance of Cabahug), certified true copies identified in Court by Phyllis Castañeda, OIC, Administrative Services Department of PADC. **"NN-1," "NN-5,"** and **"NN-10"** [which] were stipulated by the parties as faithful reproduction of the originals; **"OOP" to "OO-Z7"** (documents pertaining to bidding), identified in Court by Nelly Mercado, COA State Auditing Examiner of the Philippine Fleet, and by Nora Federizo who produced the originals in Court, the certified true copies of which were stipulated by the parties as faithful reproduction of the originals; and **"PP"** (COA Report on the Special Audit on the Alleged Irregularities Committed in the PADC), identified in Court

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by Rachel Abendanio, Director IT, COA Records Management Services, the certified true copies of which were stipulated by the parties as faithful reproduction of the original.

**Exhibits "CCC"** (Letter dated July 1, 2019 of Pongyan), appearing to be a printed copy identified in Court by Pongyan herself; **"DDD"** (Abstract of Report of Checks Issued and Submitted by the Philippine Fleet Accounting Office), certified photocopy of the original identified in Court by Federizo; **"EEE"** and **"OOO"** (one and the same documents — Personnel Order dated 24 February 2009), appearing to be a certified true copy identified in Court by Rosalinda Monzon (**"EEE"**) and certified by Castañeda (**"OOO"**); and **"GGG"** to **"GGG-2"** (Supplemental Notice of Charges), **"JJJ"** to **"JJJ-1"** (Memorandum dated 24 July 2008), **"KKK"** (Letter dated 5 August 2008 of Crisologo), and **"LLL"** (Letter dated 7 November 2008 of Rosalie Monzon), certified true copies identified in Court by Marianne Diez, COA State Auditor IV, and stipulated by the parties as faithful reproduction of the originals.

It is worth mentioning that the following Documentary Exhibits were admitted as per Pre-trial Order<sup>137</sup> dated January 21, 2019:

**Exhibits "A"** (Personal Data Sheet of Danilo R. Crisologo); **"B"** (Service Record of Danilo R. Crisologo); **"C"** (Appointment Paper of Danilo R. Crisologo); **"D"** (Oath of Office of Danilo R. Crisologo); **"E"** (Job Description of Danilo R. Crisologo); **"F"** (Personal Data Sheet of Roberto L. Manlavi); **"G"** (Service Record of Roberto L. Manlavi); **"H"** (Appointment Report of Roberto L. Manlavi); and **"J"** (Job Description of Roberto L. Manlavi).

After the Court ruled on the Prosecution's Formal Offer of Documentary Evidence,<sup>138</sup> accused Crisologo and Manlavi respectively filed their Motion for Leave of Court to File Demurrer to Evidence,<sup>139</sup> which this Court denied in its Consolidated Resolution<sup>140</sup> dated June 28, 2021.

### EVIDENCE FOR THE DEFENSE

It is well to note that the defense did not offer any documentary evidence. To support their claim of innocence, accused Crisologo and Manlavi testified for themselves.

<sup>137</sup> Records, Vol. 3, pp. 11-12.

<sup>138</sup> Records, Vol. 3, pp. 352-641, Prosecution's Formal Offer of Documentary Evidence dated February 15, 2021.

<sup>139</sup> Records, Vol. 4, pp. 68-71; 73-76.

<sup>140</sup> Records, Vol. 4, pp. 102-B-102-H, Consolidated Resolution dated June 28, 2021.

## TESTIMONIAL EVIDENCE

### FOR ACCUSED CRISOLOGO

**Danilo Reyes Crisologo** – 70 years old, unemployed, residing at #71 Sct. Lozano St., Brgy. Laging Handa, Quezon City, Former President-Managing Director of PADC.

In his Judicial Affidavit, which served as his direct testimony, he testified that he hired consultants on rotation assignments to the PADC storeroom to augment the organic bonded PADC employees, as well as to observe and be the eyes and ears of the management in order to prevent pilferage and theft committed by some PADC employees. He emphasized that said consultants only augmented the organic and bonded PADC employees who continued to man the PADC storeroom, adding that there was never an instance when a consultant was the only person manning the PADC storeroom.

He further testified that accused Cabahug was among the consultants he hired and that the organic and bonded PADC employees designated to man the PADC storeroom together with Cabahug were Monzon, Bersamira, Tapac, Jonathan Solomon, and Maxilinda Dimaano. The hiring of consultants was due to a report made by Rayos, Jr. to the effect that they will augment the PADC bonded employees and be the eyes and ears of the management. Due to said report, he instructed the PADC Executive Vice President to meet with Rayos Jr. to address what was reported.<sup>141</sup>

Anent the prosecution's contention that he replaced the use of serially pre-numbered receipts with unnumbered computer printed ones, he denied the same. He maintained that PADC continued to use the serially pre-numbered receipts and they never used unnumbered, computer-printed receipts.<sup>142</sup>

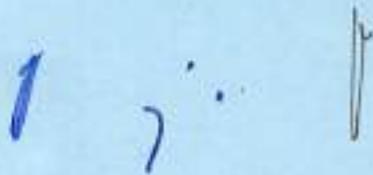
With respect to the use of Property Gate Passes, he clarified that he required the use of Property Gate Pass in order to establish control over the aircraft spare parts owned by the PADC in response to the verbal reports that he received from the security guards on spare parts pilferage happening at that time.<sup>143</sup>

As regards the prosecution's contention that he allowed accused Quilatan to enter Storeroom 3, he argued that accused Quilatan was neither allowed to enter the PADC storeroom without being accompanied by PADC employees nor was he allowed to take out any items from the PADC storeroom without any

<sup>141</sup> Judicial Affidavits, Vol. 2, pp. 275-280.

<sup>142</sup> Judicial Affidavits, Vol. 2, pp. 275-280.

<sup>143</sup> Judicial Affidavits, Vol. 2, pp. 275-280.



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Property Gate Pass. He added that accused Quilatan was only allowed to look at the items but was not permitted to hold them and that he never accompanied the latter or any other person inside the PADC storeroom. PADC Employees from the Marketing and Sales Department were also allowed to enter the PADC storeroom on the condition that they were likewise accompanied.<sup>144</sup>

Anent the allegation that he converted the Holding Bay for storing waste materials from repaired planes into an office for receiving visitors and having a secret door installed thereat to facilitate access to the PADC Store, he denied doing such. He added that he has a main office in Makati City and his extension office inside Hangar 3 is not connected to the PADC storeroom or the Holding Bay. Furthermore, he maintains that he never entertained visitors at his extension office in Hangar 3 as he only met them at his office in Makati City. Lastly, he insisted that the door between the Holding Bay and the PADC storeroom was already existing, and that he was not the one who caused its installation. He maintained that it was already installed even before he became the President of PADC.<sup>145</sup>

Also, he testified that accused Manlavi and Cabahug were not the only persons allowed to enter the PADC storeroom. Other persons such as members of the Philippine Air Force and those in the aviation industry were also allowed to enter the PADC storeroom, provided they are accompanied by PADC employees to prevent pilferage.<sup>146</sup>

Furthermore, he claimed that he does not know how WPC or accused Quilatan acquired the subject AFPI. He denied having any participation in such acquisition and stated that he does not even know what an aircraft fuel pressure indicator looks like.<sup>147</sup>

He posited that a possible reason why accusations were made against him is that, when he became the President of PADC, he implemented strict policies to prevent pilferage which affected the illegal activities of some PADC employees. He explained that some PADC employees were stealing the aircraft spare parts from aviation companies to sell them to other private persons, using the holding bay and PADC storeroom to keep the stolen spare parts. Thereafter, they replaced the serviceability tags of aircraft spare parts to make them appear that they were still serviceable despite the fact they were unserviceable and can no longer be certified for use in aircrafts. He claimed that the employees affected by his policies were Baradas, Gomersindo Domingo, and other members of the PADC Employees Association, including Rayos, Jr.<sup>148</sup>

<sup>144</sup> Judicial Affidavits, Vol. 2, pp. 275-280.

<sup>145</sup> Judicial Affidavits, Vol. 2, pp. 275-280.

<sup>146</sup> Judicial Affidavits, Vol. 2, pp. 275-280.

<sup>147</sup> Judicial Affidavits, Vol. 2, pp. 275-280.

<sup>148</sup> Records, Vol. 4, pp. 274-280.

Handwritten marks in blue ink, including a checkmark and a vertical line.

Finally, he testified that he prepared a detailed pictorial PowerPoint presentation entitled "A SPECIAL REPORT ON PADC" and presented it to the Secretary of the Department of Transportation and Communications (DOTC), to the PADC Board of Directors and the COA. According to him, he even became a whistleblower, informing the Office of the Government Corporate Counsel (OGCC) of the illegal acts which were happening at PADC. He added that he formally requested for a fraud audit on PADC but there were no investigations conducted nor cases filed against the PADC employees who committed illegal acts.<sup>149</sup>

On cross, he testified that he hired consultants whose functions were to man the PADC storeroom located in Pasay<sup>150</sup> City.<sup>151</sup> He likewise testified that when he was the President of PADC, his main office was located in Makati City and his extension office was located at the ground floor of Hangar 3 in Pasay City (sic). According to him, if his time permits, he goes to Hangar every day to find out what was happening thereat, but not during weekends.<sup>152</sup>

He claimed that he did not order the replacement of the serially pre-numbered receipts being used by the PADC during his incumbency. He also denied the allegation that he ordered accused Manlavi to replace the existing receipts being used by PADC.<sup>153</sup>

He insisted that he is not aware that accused Quilatan is the President of WPC that time; but admitted that they know each other by face.<sup>154</sup>

In response to a query, Crisolago stated that prior to his appointment as PADC President, he was a pilot and worked on and off with PADC for ten (10) consolidated years. During those years, he did not see accused Quilatan inside the PADC premises. He saw him only when he became the PADC President. He also testified that during said ten-year period, there was never a time that he entered the storeroom since as a Pilot, he had no business therein.<sup>155</sup>

He testified as well that he did not attach to his Judicial Affidavit any proof that the secret door between the holding bay and the PADC storeroom was already existing during the time that he became the PADC President.<sup>156</sup>

When asked if he is aware that in 2009, the COA conducted an audit investigation on the alleged irregularities on the sale of aircraft spare parts by

<sup>149</sup> Records, Vol. 4, pp. 274-280.

<sup>150</sup> Erroneously referred to as "Parañaque" in the TSN.

<sup>151</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>152</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>153</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>154</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>155</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>156</sup> TSN, dated May 31, 2022, pp. 10-59.

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PADC, he said that all he can remember was that he asked for a fraud audit from the COA personally.<sup>157</sup>

Answering questions from the court, he testified that during the ten (10) years that he was at PADC as Pilot, he never knew about the storeroom. That he only came to know about it when he became the President of PADC. According to him, the storeroom was being held as a secret and it was only brought out in the open when he became the President. He added that when he came to know of the existence of the storeroom, he did not inquire on who can validly stay in the storeroom because he was shocked when he learned that such a storeroom exists in Hangar 3. That he was not able to enter the storeroom before and after he became the President, but later admitted that he was able to enter the Storeroom when he came to know of its existence.<sup>158</sup>

Still on the topic of the existence of the storeroom, he explained that when he entered the subject storeroom together with other PADC employees and the head of the security, he came to know that one has to pass through three doors before reaching the storeroom. He added that no reports were made or submitted to his office for him to know the illegal acts being committed in the storeroom.<sup>159</sup>

Anent accessing the storeroom, he testified that he did not know of any established procedure to be followed when somebody wants to enter the storeroom. The storeroom was kept as a secret and only certain people knew about it. In fact, nobody knew about the storeroom until he was tipped off by so many people of its existence, thereby prompting them to conduct a surprise raid. He narrated that when they entered the storeroom, they only made an inventory of what was inside it. Furthermore, he said that when he came to know about the secret storeroom where valuable spare parts were being stored, he went to the Office of the Government Corporate Counsel (OGCC) three (3) times to report it and because of that, he became a whistleblower.<sup>160</sup>

He claimed that almost immediately upon assuming office, he wrote to the COA requesting for an independent audit of the PADC. He also requested for a fraud audit from the COA four (4) times, but the latter did not act on said request. He was then unable to follow up his request for a fraud audit because he was barred from the office.<sup>161</sup>

Crisologo denied that he saw or got a hold of any inventory of the assets of PADC when he was the President, or that he had a copy of the logbook bearing the names of the persons entering the storeroom.<sup>162</sup>

<sup>157</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>158</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>159</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>160</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>161</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>162</sup> TSN, dated May 31, 2022, pp. 10-59.

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When asked for the names of the PADC employees who committed theft and pilferage, he said that most of them were mechanics since they had access to tools used to dismantle engines of aircrafts. And, he insisted, he only came to know of this when they made a surprise visit to Hangar 3, adding that during said visit, there were metal cabinets filled with dismantled aircraft engines of the Philippine Air Force. He admitted that he did not have a copy of a report to the effect that there was theft at the storeroom since it was only reported to him verbally.<sup>163</sup>

With regard to hiring of consultants, he testified that he hired about thirty-three (33) consultants to augment the PADC bonded employees and be the eyes and ears of the management.<sup>164</sup>

Crisologo added that after he went to the OGCC, he was abruptly replaced as PADC President. He opined that the reason of his removal was that his strict implementation of rules and conduct of investigations caused trouble to some PADC employees.<sup>165</sup>

Lastly, he explained that he came to know that spare parts were sold at a reduced price from accused Manlavi and that upon discovery of the storeroom, he asked for an investigation of the same and did not allow its continued existence.<sup>166</sup>

#### **FOR ACCUSED MANLAVI**

**Roberto Loleng Manlavi** – 68 years old, retired, a resident of Blk. 3 Lot 45, Goldfield St., Adelina II, Brgy. Maharlika, San Pedro City, Laguna, Former Senior Vice President-Marketing Head of PADC.

In his Judicial Affidavit, which served as his direct testimony, he said that he did not recommend and implement an extreme reduction of the selling prices of inventories without technical study and appraisal of property, and without the approval of the PADC Board.<sup>167</sup> According to him, he only recommended the reduction of the selling prices of the aircraft spare parts owned by PADC but it was the PADC management that actually implemented it, particularly its Sales and Marketing Department. He explained that the actual condition of the aircraft spare parts was his basis for recommending the reduction of the selling prices, stating that most of the spare parts were already twenty (20) years old and were not preserved for storage. Likewise, he testified, that most of the spare parts

<sup>163</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>164</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>165</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>166</sup> TSN, dated May 31, 2022, pp. 10-59.

<sup>167</sup> TSN, dated May 30, 2022, pp. 10-17.

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did not have proper documentation, which prospective buyers usually required. He ascribed fault on PADC's Logistics Department before he became the Senior Vice President for the lack of proper documentation, claiming that such was due to mismanagement.<sup>168</sup>

Still on his reason for recommending a reduced selling price for the unpreserved or documented aircraft spare parts, he said that he was prompted to make the said recommendation to Crisolago because of the order of the late Leandro Mendoza, then Secretary of Transportation and Communications, for Crisolago to find ways to make PADC financially viable. Crisolago told him that his recommendation was presented to the Board of Directors of PADC and that such will be adopted.<sup>169</sup>

He denied having participated in the sale or attempt to sell the subject AFPI at a bargain price to WPC, claiming that it was the Sales and Marketing Department and Logistics Department that handle the sale of aircraft spare parts owned by PADC, including the subject AFPI.<sup>170</sup>

As regards the sale to WPC, he claims that he did not know accused Quilatan personally. He knew him only as one of the suppliers. He denied having entered into a transaction with Quilatan nor having any participation in the acquisition by WPC or accused Quilatan of the subject AFPI.<sup>171</sup> He denied having instructed accused Cabahug or any other person to prepare the subject AFPI or aircraft spare parts from the PADC Storeroom and to release such to WPC, as this was not part of his duties and responsibilities as Senior Vice President of PADC.<sup>172</sup>

Finally, when asked, he answered that the possible reason why he was implicated in these cases was, because some of the PADC officers and employees were against accused Crisolago and it was the latter who appointed him as PADC Senior Vice-President.<sup>173</sup>

On cross, he said, that he held his position as PADC Senior Vice President from November 12, 2007 to May 12, 2009, that his office is located in Makati City and he has no extension office at Hangar 3 in Pasay<sup>174</sup> City.<sup>175</sup>

He testified that he had been to Hangar 3, but he has never seen accused Quilatan inside during the times that he went there. On the matter

<sup>168</sup> TSN, dated May 30, 2022, pp. 10-17.

<sup>169</sup> TSN, dated May 30, 2022, pp. 10-17.

<sup>170</sup> TSN, dated May 30, 2022, pp. 10-17.

<sup>171</sup> TSN, dated May 30, 2022, pp. 10-17.

<sup>172</sup> TSN, dated May 30, 2022, pp. 10-17.

<sup>173</sup> Records, Vol. 4, pp. 293-293.

<sup>174</sup> Erroneously referred to as "Parañaque" in the TSN.

<sup>175</sup> TSN, dated May 30, 2022, pp. 10-17.

of the frequency of his visits to Hangar 3, he stated that, he cannot recall such and added that he did not go there during weekends.<sup>176</sup>

Also, he claimed that he was already with PADC when Crisologo became the President, i.e., even prior to becoming a Senior Vice President. That as a consultant, his function pertains to business development and that he was aware of [the] PADC's process in selling spare parts.<sup>177</sup>

Answering questions from the Court, he said that before he became a consultant, he previously worked for PADC for ten (10) years. When he first entered PADC, his position was Aero Engineer of the Manufacturing Department. He retired in 1997 and worked at various private companies. Ten (10) years after retirement, he was engaged as a consultant of PADC by accused Crisologo.<sup>178</sup>

Manlavi posited that he did not conduct an inventory for the purpose of determining the actual condition of the spare parts before making a recommendation to sell them for a reduced price since it was not his duty to conduct an inventory. According to him, he conducted an ocular inspection for the purpose of knowing whether the spare parts are old and properly documented or not. He ascribed mismanagement on the part of Logistics Department because it did not conduct a yearly inventory.<sup>179</sup>

Also, he claimed that during the ocular inspection of spare parts, he did not see the subject AFPI as there were thousands of spare parts in the storeroom and they cannot be checked individually. He added that specifying the inventory was difficult due to the fact that the spare parts were mixed with each other. More, he denied having knowledge of what an AFPI is.<sup>180</sup>

He also mentioned that Comersindo Domingo, the head of the employees' association, was against accused Crisologo. Moreover, he stated that he did not know if the officers and employees who are against Crisologo filed an administrative case against him, further adding that accused Crisologo was not treated as President of PADC by the employees, but a mere regular employee only and that, he was also treated the same way. He intimated that the said employees did not respect accused Crisologo, nor did they follow the latter's orders.<sup>181</sup>

After the testimonies of both accused Crisologo and Manlavi, the prosecution did not present any rebuttal evidence, thereby terminating trial. The Court then directed the parties to submit their respective

<sup>176</sup> TSN, dated May 30, 2022, pp. 10-17.

<sup>177</sup> TSN, dated May 30, 2022, pp. 10-17.

<sup>178</sup> TSN, dated May 30, 2022, pp. 17-34.

<sup>179</sup> TSN, dated May 30, 2022, pp. 17-34.

<sup>180</sup> TSN, dated May 30, 2022, pp. 17-34.

<sup>181</sup> TSN, dated May 30, 2022, pp. 17-34.

memoranda.<sup>182</sup> On June 30, 2022, the prosecution submitted its Memorandum.<sup>183</sup> The defense, on the other hand, did not submit any Memorandum. Thereafter, the cases were submitted for Decision.

### THE ISSUES

During the pre-trial, the parties identified the following issues:

1. Whether or not herein accused are guilty of Violation of Section 3 (e) of R.A. 3019, as amended; and
2. Whether or not herein accused are guilty of Malversation of Public Property in relation to Art. 222, Revised Penal Code.
3. Whether or not conspiracy exists in the instant cases.<sup>184</sup>

### FINDINGS AND RULING OF THE COURT

Before we proceed to the merits of the cases, it is well to mention that the cases will be ruled only as regards accused Crisologo and accused Manlavi, accused Quilatan having died during the pendency of the cases.

To be specific, in a Manifestation and Motion to take Judicial Notice<sup>185</sup> filed on December 19, 2018, the counsel of accused Quilatan informed the Court that the latter had died at San Juan de Dios Hospital, Pasay City on December 6, 2018. Attached to the pleading is a copy of the Death Certificate<sup>186</sup> of accused Quilatan stating that he died of Pneumonia and lung cancer.<sup>187</sup>

Under prevailing law and jurisprudence<sup>188</sup>, accused's death prior to his final conviction by the Court renders dismissible the criminal cases against him. Article 89 (1) of the RPC provides that criminal liability is totally extinguished by the death of the accused, to wit:

**Art. 89.** *How criminal liability is totally extinguished.* – Criminal liability is totally extinguished:

<sup>182</sup> Records, vol. 4, pp. 236-237, Order dated May 31, 2022.

<sup>183</sup> Records, Vol. 4, pp. 275-300.

<sup>184</sup> Records, Vol. 2, pp. 303-304, Pre-trial Order dated January 21, 2019.

<sup>185</sup> Records, Vol. 2, pp. 138-141B, Manifestation and Motion to Take Judicial Notice.

<sup>186</sup> Records, Vol. 2, pp. 444-445.

<sup>187</sup> Records, Vol. 2, pp. 138-141B.

<sup>188</sup> *People of the Philippines v. Antido*, G.R. No. 208651, March 14, 2018.

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1. By the death of the convict, as to the personal penalties; and as to pecuniary penalties, liability therefore is extinguished only when the death of the offender occurs before final judgment.<sup>189</sup>

In *People v. Monroyo*,<sup>190</sup> the Court thoroughly explained the effects of the death of an accused pending appeal on his liabilities, as follows:

From this lengthy disquisition, we summarize our ruling herein:

1. Death of the accused pending appeal of his conviction extinguishes his criminal liability[,] as well as the civil liability[,] based solely thereon. As opined by Justice Regalado, in this regard, "the death of the accused prior to final judgment terminates his criminal liability and only the civil liability directly arising from and based solely on the offense committed, i.e., civil liability *ex delicto in senso strictiore*."

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Thus, upon accused Quilatan's death, the criminal action against him is automatically extinguished inasmuch as there is no longer a defendant to stand as the accused.

As for accused Cabahug, he remains at large to this date.

Verily, Administrative Circular No. 7-92 provides:

A criminal case may be archived only if after the issuance of the warrant of arrest, the accused remains at-large for six (6) months from the delivery of the warrant to the proper peace officer. An order archiving the case shall require the peace officer to explain why the accused was not apprehended. The court shall issue an alias if the original warrant of arrest is returned by the peace officer together with the report.<sup>192</sup>

Applying the above-cited rule, the case against accused Cabahug shall be archived.

With the above, the Court shall now resolve the main issues presented in the instant cases. To reiterate, the succeeding discussions pertain only to accused Crisologo and Manlavi.

**For Criminal Case No. SB-18-CRM-0344,**  
**violation of Sec. 3(e) of R.A. No. 3019, as**  
**amended**

<sup>189</sup> Article 89 of the Revised Penal Code.

<sup>190</sup> G.R. No. 223708, October 9, 2019.

<sup>191</sup> *People v. Monroyo*, G.R. No. 223708, October 9, 2019.

<sup>192</sup> Administrative Circular No. 7-92.

Herein accused Crisologo and Manlavi are charged with violation of Section 3(e) of RA 3019, which provides:

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

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

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*Consigna v. People*<sup>193</sup> teaches us that in order to hold a person liable under this provision, the following elements must concur, to wit:

- (1) The accused must be a public officer discharging administrative, judicial or official functions;
- (2) He must have acted with manifest partiality, evident bad faith, or gross inexcusable negligence; and
- (3) That his action caused undue injury to any party, including the government, or giving any private party unwarranted benefits, advantage or preference in the discharge of his functions.<sup>194</sup>

***First element: That the accused are public officers discharging official functions.***

To begin with, the presence of the first element for violation of Section 3(e) of R.A. 3019 is undisputed. This is so because the parties stipulated during the pre-trial that accused Crisologo and Manlavi were public officers at the time material to this case being then the President - Managing Director and Senior Vice President - Marketing Department Head, respectively, of PADC, a GOCC, as alleged in the Information.<sup>195</sup>

<sup>193</sup> G.R. Nos. 175750-51, April 2, 2014.

<sup>194</sup> *Consigna v. People*, G.R. Nos. 175750-51, April 2, 2014; *Cabrera v. Sandiganbayan*, G.R. Nos. 162314-17, October 25, 2004, citing *Jacinto v. Sandiganbayan*, G.R. No. 84571, October 2, 1989.

<sup>195</sup> Records, Vol. 1, pp. 1-5.

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Under Sec. 2(b), RA 3019, public officers are elective and appointive officials and employees, permanent or temporary, whether in the classified or unclassified or exempt service receiving compensation, even nominal, from the government as defined in the preceding subparagraph.

Having occupied such positions, accused Crisologo and Manlavi are indeed public officers.

Furthermore, as President - Managing Director and Senior Vice President - Marketing Department Head, respectively, of PADCO, accused Crisologo and Manlavi are discharging official functions as a result of their office. As stated in the Information,<sup>196</sup> the acts complained of were committed by accused in relation to their office, in the performance of their official duties, and by taking advantage of their public positions.

With the above disquisition, We find that the first element of the crime charged is present in the instant case.

***Second element: That the accused must have acted with evident bad faith or gross inexcusable negligence***

As to the second element, the prosecution imputes upon accused Crisologo and Manlavi the commission of the offense charged through gross inexcusable negligence or evident bad faith in the discharge of their official functions.

After a careful scrutiny of the records and the arguments of the parties, the Court finds that the prosecution was able to sufficiently prove, with the requisite quantum of evidence, the presence of the second element - that the accused acted with evident bad faith.

Under the second element, the crime may be committed through manifest partiality, evident bad faith, or gross inexcusable negligence. Considering that the Information omitted manifest partiality as a mode of commission and limited the acts complained of to only two of the three modes, We shall limit our discussion to the commission of the violation through evident bad faith or gross inexcusable negligence.

In the case of *Villarosa v. People*,<sup>197</sup> the Supreme Court held that Section 3(e) of RA 3019 may be committed either by *dolo*, as when the accused acted

<sup>196</sup> Records, Vol. 1, pp. 1-5

<sup>197</sup> G.R. Nos. 233155-63, June 23, 2020.

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with evident bad faith or manifest partiality, or by *culpa*, as when the accused committed gross inexcusable negligence. "Evident bad faith" connotes not only bad judgment but also palpably and patently fraudulent and dishonest purpose to do moral obliquity or conscious wrongdoing for some perverse motive or ill will. "Evident bad faith" contemplates a state of mind affirmatively operating with furtive design or with some motive or 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 conscious indifference to consequences insofar as other persons may be affected.

Basic is the rule in criminal prosecutions that a conviction must rest on the strength of the prosecution's evidence and not on the weakness of the defense.<sup>198</sup> In the case before this Court, the overwhelming evidence of the prosecution, taken together, strongly propels a conclusion that Crisologo and Manlavi's acts were intentional, thereby falling within the purview of evident bad faith as a mode of violating Sec. 3(e) of RA 3019.

Allow Us to discuss the culpability of these two accused separately.

#### Accused Crisologo

For accused Crisologo, the Court finds that the prosecution was able to show that he had a premeditated design to create an opportunity to extract or to allow the extraction of the subject AFPI from Storeroom 3 using his authority as PADC President.

First, he hired accused Cabahug who was not an organic employee and was incompetent to act as storekeeper of Storeroom 3 despite the presence of reasons that should have prevented him from making said decision. Otherwise put, he could have hired and/or designated some other person who is an organic employee and has relevant experience, expertise, and training the position of a storekeeper demands; and this failure to hire a competent storekeeper of Storeroom 3 contributed to the exposure of the aircraft parts and accessories to unauthorized access, theft, and pilferage. What is worse, Crisologo did not even deny the prosecution's argument on Cabahug's incompetence. To counter such, he merely stated that he hired consultants only to augment the organic and bonded employees of PADC. Clearly, whether Cabahug was there to merely augment the organic employees of PADC or not, the fact remains that Crisologo did not deny the latter's incompetence for the job. More, and in order to justify hiring Cabahug and other consultants for that matter, except for his bare allegation to avoid theft and pilferage at PADC, he never offered to narrate any incident or incidents

<sup>198</sup> *People v. Lumikid*, G.R. No. 242695, June 23, 2020.

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of theft or pilferage that happened at PADC. When and how were they committed were not mentioned. Or, better still, a written report could have been presented, and if there be none, at the very least, a corroborating witness could have been presented for the Court to believe him. Therefore, whether or not he is telling the truth, sans corroborating evidence to strengthen Crisologo's case, his words could not be considered by this Court as gospel truth, even if it wanted to.

To make matters worse, accused Crisologo likewise failed to counter the prosecution's evidence that he had been warned of the illegality of hiring Cabahug. Prosecution witness Rayos, Jr. testified that he called Crisologo's attention regarding the prohibition against the hiring of a non-bonded personnel to man the storeroom as violative of the Government Auditing Code of the Philippines or Sec. 101, PD 1445, which states:

**Section 101.** Every officer of any government agency whose duties permit or require the possession or custody of government funds or property shall be accountable therefor and for the safekeeping thereof in conformity with law. Every accountable officer shall be properly bonded in accordance with law.<sup>199</sup>

Rayos, Jr. further testified that he recommended for accused Cabahug to be relieved immediately after her appointment as storekeeper and should not be allowed to enter the stockroom. This notwithstanding, accused Crisologo however, still renewed the contract of service of accused Cabahug and assigned her as storekeeper. More, he hired other consultants whose function include the manning of the storeroom, without a definitive justification for doing so.

While it is established that Crisologo later designated Monzon as storekeeper in lieu of Cabahug, such is not enough to exculpate him. The Court gives credence to the prosecution's theory that Monzon's designation as storekeeper was a sham and was intended to merely give the appearance of good faith on the part of Crisologo. For one, said designation only came about after accused Crisologo received a warning from Rayos, Jr. Moreover, Crisologo was unable to present evidence to counter the prosecution's argument that after Monzon's appointment, the latter was placed in a situation where she could not discharge the duties of a storekeeper since the key to Storeroom 3 was not turned over to her by accused Cabahug and that there was even a Personnel Order<sup>200</sup> issued by accused Crisologo on February 24, 2009, directing her to return to work in their Makati Office. This act of issuance of an order by accused Crisologo prevented Monzon from performing her function as storekeeper due to the distance between the Makati office and Pasay City where the storeroom is located. In other words,

<sup>199</sup> Section 101, Presidential Decree 1445, Government Auditing Code of the Philippines.

<sup>200</sup> Exhibit "EEE" of the Prosecution.

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Crisologo effectively still had control over Storeroom 3 and had no intention of relinquishing such.

Third, Crisologo's act of allowing accused Quilatan to enter Storeroom 3 despite the prohibition he himself imposed via his July 10, 2008 Memorandum<sup>201</sup> cannot operate in his favor. In fact, during trial, he testified that accused Quilatan was allowed to enter the storeroom when accompanied by PADC employees, thereby admitting that Quilatan was indeed able to enter the storeroom. It is well to emphasize as regards his contention that Quilatan was indeed accompanied by PADC employees whenever he would enter the subject storeroom, Crisologo did not even bother to present even a scintilla of evidence, other than his bare allegations, that would support said claim. Indeed, elementary is the rule that bare allegations are not proof.<sup>202</sup>

Further supporting the suspicious character of Quilatan's access to Storeroom 3, Quilatan's company, WPC, was eventually able to take possession of the subject AFPI which it sold to the Philippine Navy, which sale is evidenced by Purchase Order 302CO-F-ICE-042-08<sup>203</sup> and the Delivery Receipt<sup>204</sup> dated November 20, 2008. As correctly argued by the prosecution, the delivery of the subject AFPI by the WPC to the Philippine Navy was clearly and undoubtedly anomalous considering that AFPI was still the property of PADC as the same was not disposed of by the latter to WPC. What is more, Crisologo and Manlavi did not even bother to present any evidence to explain how the subject AFPI fell into the hands of WPC. To Our mind, there is strong evidence that WPC's possession of the subject AFPI bearing Serial No. BD-105357, the very same AFPI owned by PADC and kept in Storeroom 3, the manning of which was placed by Crisologo in the hands of his designated storekeepers, could only be due to theft of that property.

Fourth, the Court agrees with the prosecution that Crisologo intentionally obstructed the means by which the AFPI could have been kept safe in Storeroom 3. His issuance of the November 27, 2008 Memorandum, deferring compliance to Cueto's directive to verify the availability of certain aircraft spare parts, to include the subject AFPI, in Storeroom 3 was clearly tainted with ill-motive. The Court finds it frustrating that no explanation was given as regards the reason behind the issuance of the Memorandum.

Based on the evidence of the prosecution, specifically Cueto's November 26, 2008 Memorandum,<sup>205</sup> the latter attempted to verify the availability of certain aircraft spare parts, including the subject AFPI, after

<sup>201</sup> Exhibit "EEE" of the Prosecution.

<sup>202</sup> *Government Service Insurance System v. Guarantee and Assurance, Inc., et al.*, G.R. No. 165585, November 20, 2013.

<sup>203</sup> Exhibit "Z-14" of the Prosecution.

<sup>204</sup> Exhibit "Z-13" of the prosecution.

<sup>205</sup> Exhibit "Z-15" of the prosecution.

rumors that it was sold to the Philippine Navy by WPC. Said Memorandum, in part, reads:

The above-mentioned PADC personnel are hereby authorized to enter Store 3 at Hangar on 27 November 2008 to check on the availability of the following aircraft spare parts and after verification to prepare a written report to be submitted to the undersigned not later than the close of office hour of same day.

- [1] ea Cylinder Head Temperature Indicator PN: S476-3-262
  - [2] ea Fuel Pressure Indicator PN: S476-3-265
  - [3] ea Oil Pressure Indicator PN: S476-3-264
  - [4] ea Oil Temperature Indicator PN: S476-3-263
- xxx.<sup>206</sup> (emphasis ours)

Then, immediately ensuring that no person other than his cohorts would know the real state of Storeroom 3 vis-à-vis the subject AFPI, Crisologo immediately issued his Memorandum<sup>207</sup> just one day after Cueto directed the inspection, thereby putting a stop to Cueto's directive. Guilty of reiteration, the Crisologo Memorandum, in part, reads:

This is in reference to Memorandum dated 26 November 2008 relative to the authority to enter store # 3 as approved by the OIC-ASD.

We impose no objection on the approved authority provided this office is notified first in a written report the valid reason/s as to why there is an urgent need to check the availability of said aircraft sparts.

In anticipation of an amended request, action on your previous request is deferred for the time being. This is in accordance with existing rules and policies as cited by the Board Secretary. xxx.<sup>208</sup>

Indeed, without the Memorandum dated November 27, 2008 issued by accused Crisologo, the loss of the subject AFPI could have been discovered earlier, could have been averted, or the loss of the same could have alerted the management. What is more, with this Memorandum, he strengthened his control over Storeroom 3, as shown by the fact that he was able to select the persons who will and will not be allowed inside Storeroom 3.

Lastly, the prosecution's argument, supported by testimonial evidence, that PADC has no record for the 2008 inventory, the year when the subject AFPI was sold to the Philippine Navy and when accused Crisologo was still the President, only supports a finding that there was indeed an attempt to conceal the pilferage. Based on the evidence presented by the prosecution, the subject AFPI was included in the 2007 physical inventory but not in the 2009 physical inventory of the PADC. As PADC President, he should have directed

<sup>206</sup> Exhibit "Z-15" of the prosecution.

<sup>207</sup> Exhibit "Z-16" of the prosecution.

<sup>208</sup> Exhibit "Z-16" of the prosecution.

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the employees in charge of the inventory to conduct an inventory for 2008 because as the head of PADC, he is immediately and primarily responsible for all government funds and property pertaining to his agency.<sup>209</sup> This failure to do so, coupled with his prior acts as discussed above, to Our mind, are strong evidence that his acts were intended to enable the extraction of the AFPI from Storeroom 3 and to prevent the discovery thereof.

Anent the prosecution's argument, however, that during his incumbency, Crisolago ordered accused Manlavi to replace the serially pre-numbered receipts with computer-printed ones, which both accused vehemently deny, the Court could not give credence thereto for the reason that the prosecution failed to show how this replacement is related to the alleged taking of the AFPI and its illegal transfer to WPC. As such, insofar as this case is concerned, said matter is immaterial.

#### Accused Manlavi

As regards accused Manlavi, the Court is also of the considered view that the prosecution successfully hurdled the burden of proof in showing that Manlavi, together with accused Crisolago, acted with evident bad faith in enabling the extraction of the subject AFPI from PADC Storeroom 3.

First, the prosecution was able to establish that he made an attempt to sell the subject AFPI to accused Quilatan at a bargain price but the same did not push through since it was timely objected to by PADC employees who stated that the subject AFPI had already been reserved for the public bidding conducted by the Philippine Navy. Notably, under COA Circular No. 91-368,<sup>210</sup> the primary mode of disposal and/or divestment of government property is through public bidding, and not sale through negotiation. Here, the attempt to sell the subject AFPI to accused Quilatan was done in violation of said directive. Given the above, this act of accused Manlavi, to the mind of the Court, evinced the latter's evident bad faith, if not, an open defiance to an established COA Rule.

Second, Manlavi recommended and implemented an extreme reduction of the selling prices of inventories without technical study and appraisal of property, and without the approval of the PADC Board. To justify this omission, Manlavi insisted that he did not conduct an inventory for the purpose of determining the actual condition of the spare parts before making a recommendation to sell them for a reduced price since it is not his duty to conduct an inventory. At this point, the Court finds it fitting to mention that in a case<sup>211</sup> decided by the Third Division of this Court involving the same parties, accused Manlavi was found guilty of

<sup>209</sup> Chapter 5 of Presidential Decree 1445, Government Auditing Code of the Philippines.

<sup>210</sup> Commission on Audit Circular No. 91-368.

<sup>211</sup> *People v. Crisolago, et al.*, Criminal Case No. SB-17-CRM-0168, November 29, 2019.

unilaterally setting the extremely low selling price of inventories only on his proposed guidelines without the approval of the Board of Directors and sans an expert's study and appraisal to determine the actual value and condition of such inventories, as well as unjustifiably fixing the selling prices extremely lower than the spare parts' acquisition costs.<sup>212</sup>

Third, the prosecution was able to show that Manlavi ordered Cabahug to prepare and release to WPC the subject AFPI from Storeroom 3. This act of accused Manlavi, an appointee of accused Crisologo, clearly indicates evident bad faith on his part as the subject AFPI was not disposed of through the proper modes of disposing public property provided for by Section 503 of COA Circular No. 91-368<sup>213</sup>, to wit:

**SECTION 503. Modes of disposal/divestment.** - As a general rule[,] sale or disposal of government property shall be through public bidding. For justifiable reasons, property may also be disposed in the following manner:

- a. Public auction
- b. Sale through negotiation
- c. Barter
- d. Transfer to other government agencies; and,
- e. Destruction or condemnation.<sup>214</sup>

Lastly, following Crisologo's Memorandum dated July 10, 2008, Manlavi, together with Crisologo handled all matters relating to sales and marketing activities at PADC, whether it be parts or services, aircraft or non-aircraft related services. Thus, maintenance, service personnel and visitors at Hangars 2 and 3 referred their inquiries to and transacted only with accused Manlavi and Crisologo.

On the basis of the above, it is clear that there were attempts to transfer the spare part to Quilatan, whether for an unreasonably low price or at no cost at all. Indeed, the events that transpired and the degree of participation of herein accused in allowing or even enabling such, support a conclusion that herein accused Crisologo and Manlavi intentionally performed the respective acts attributed to them in order to bring about the intended result, the illegal taking of the AFPI from PADC Storeroom 3.

Crisologo's acts of hiring accused Cabahug as storekeeper of Storeroom 3; issuing a Memorandum to any and all activities or business involving Hangars 2 and 3; hiring Monzon as storekeeper but preventing the latter from performing her function as such; obstructing the timely checking of the availability of the subject AFPI at the PADC Store by preventing compliance with Cueto's directive; allowing accused Quilatan of WPC to enter Storeroom

<sup>212</sup> *People v. Crisologo, et al.*, Criminal Case No. SB-17-CRM-0168, November 29, 2019.

<sup>213</sup> Section 503, COA Circular No. 91-368.

<sup>214</sup> Section 503, COA Circular No. 91-368.

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3 despite the prohibition he imposed; and not conducting an inventory of PADC properties for 2008, combined with Manlavi's acts of attempting to sell the subject AFPI to accused Quilatan at a bargain price; recommending and implementing an extreme reduction of the selling prices of inventories without technical study and appraisal of property, and without the approval of the PADC Board; ordering accused Cabahug to prepare and release to WPC the subject AFPI from Storeroom 3; and, handling all matters related to sales and marketing activities at PADC, paved the way for the removal of the subject AFPI from the PADC Storeroom 3, its turnover to WPC through illegal means and for which PADC did not receive any consideration, which eventually resulted in the sale by WPC to the Philippine Navy for Php 111,754.00.

At this juncture, the Court notes further lapses in the defense. Accused Crisologo argues that the possible reason why these accusations were made against him is that the nominal complainant of this case has an ill motive against him because of the strict rules and policies he tried to implement when he was the President of PADC. Unfortunately for Crisologo, he did not even adduce any evidence to prove or corroborate his contention. There being no other evidence to support his argument, the Court has no option but to rule that ill motive on the part of the complainant was not proven, even if it was true. A copy of said Rules and Policies issued by Crisologo would have made this Court think twice and further evaluate the stance of the parties herein.

Crisologo likewise argues that he even became a whistleblower when he informed the OGCC of the illegal acts which were happening at PADC, adding that he formally requested for a fraud audit on PADC. Nevertheless, he did not submit any proof of his request for property inventory prior to his assumption of office and fraud inventory request which can be acted upon by COA. Surprisingly, copies of these two vital requests were not even presented.

All in all, herein accused merely relied on denial or their self-serving statements which are neither corroborated by independent witness or documentary evidence making the defense case very weak.

To be clear, the denial by herein accused of the allegations against them, as against the clear and consistent testimonial evidence, duly supported by documentary evidence presented by the prosecution,<sup>215</sup> cannot convince this Court to believe accused Crisologo and Manlavi. Indeed, herein accused's denial cannot prevail over the prosecution's assertions that rings with truth and are supported by the consistent and unwavering testimony of the witnesses and strengthened by documentary evidence.<sup>216</sup> In a catena of cases, the Supreme Court said that denial as a defense has always been looked with

<sup>215</sup> See *People v. Juare, et al.*, G.R. No. 234519, June 22, 2020.

<sup>216</sup> See *People v. Ganaba*, G.R. No. 219240, April 4, 2018.

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disfavor, being a weak defense, if not the weakest. Denial is an intrinsically weak defense which must be buttressed with strong evidence of non-culpability to merit credibility.<sup>217</sup>

With the foregoing, the Court finds that both accused Crisologo and Manlavi acted with evident bad faith, hence, the existence of the second element.

***Third element: That the accused's actions caused undue injury to the government or gave any private party unwarranted benefits.***

Anent the last element, to hold a person liable for violation of Section 3(e), RA 3019, it is required that the act constituting the offense consists of either (1) causing undue injury to any party, including the government, or (2) giving any private party any unwarranted benefits, advantage or preference in the discharge by the accused of his official, administrative or judicial functions. The accused are charged under both modes.

The case of *Llorente, Jr. v. Sandiganbayan*,<sup>218</sup> teaches us that "undue injury" is consistently interpreted as "actual damage." According to the High Court, 'undue' means "more than necessary, not proper, [or] illegal" while 'injury' is any wrong or damage done to another, either in his person, rights, reputation or property; an invasion of any legally protected interest of another.<sup>219</sup>

In the instant case, it is clear that PADC suffered undue injury because of the loss of the subject AFPI. It is undisputed that the subject AFPI is a property of PADC. It was in fact included in the inventories of PADC prior to its loss in 2008.<sup>220</sup> As regards the manner by which WPC was able to obtain possession of the subject AFPI, there is no evidence to show the transfer from PADC to WPC was through legal means and that the transfer was for sufficient consideration. The records are bereft of any evidence that would suggest that WPC paid even a single centavo in exchange for PADC's AFPI that is worth at least a hundred thousand pesos, nor did herein accused present any explanation as to how the transfer came about. What is worse, they merely ignored the matter, denying that they had a hand in such. Thus, given the manner by which the transfer of possession occurred, its illegal nature, and the absence of consideration, We conclude that its unauthorized taking,

<sup>217</sup> *People v. Gabriel*, G.R. No. 213390, March 5, 2017.

<sup>218</sup> See *Llorente, Jr. v. Sandiganbayan, et al.*, G.R. No. 122166, March 11, 1998.

<sup>219</sup> *Llorente, Jr. v. Sandiganbayan, et al.*, G.R. No. 122166, March 11, 1998.

<sup>220</sup> *Judicial Affidavits*, Vol. 1, pp. 480-497.

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possession, and disposal by WPC, without a doubt, caused prejudice to the interest of PADC.

With regard to the second mode recognized in the third element, for one to be liable under such, it suffices that the accused has given unjustified favor or benefit to another in the exercise of his official, administrative or judicial functions. "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."<sup>221</sup>

Here, it is indubitable that WPC, a private party, was given an unwarranted benefit in the discharge by the accused of their official duties. Based on the evidence presented, through the acts of herein accused Crisolago and Manlavi, WPC gained possession of the subject AFPI owned by PADC without any evidence of sale between the two entities. It was then able to sell and deliver the subject AFPI to the Philippine Navy on December 6, 2008, evidenced by Purchase Order 302CO-F-ICE-042-08<sup>222</sup> and Delivery Receipt 1374<sup>223</sup> despite not having the *jus disponendi* or legal right to sell the AFPI. Simply put, WPC earned money from selling a thing that does not belong to them and for which they did not even pay any consideration. For having unjustly profited from the sale, there can be no conclusion other than the fact that the proceeds of the sale were an unwarranted benefit in favor of WPC. This being so, the third element is also satisfied.

All told, the Court finds that the evidence of the prosecution sufficiently proved beyond a reasonable doubt the existence of all the elements of a violation of Section 3(e) of R.A. No. 3019 with respect to accused Crisolago and Manlavi.

We shall now discuss the prosecution's theory that herein accused conspired with each other, which the defense denies.

### ***On conspiracy***

The prosecution seeks to convince this Court that herein accused acted in conspiracy with each other, while the defense counters that no conspiracy exists in the instant case.

<sup>221</sup> *Villarosa v. People*, G.R. Nos. 233155-63, June 23, 2020.

<sup>222</sup> Exhibit "Z-14" of the prosecution.

<sup>223</sup> Exhibit "Z-13" of the prosecution.

There is conspiracy when two or more persons come to an agreement concerning the commission of a felony and decide to commit it. Conspiracy is not presumed.<sup>224</sup> In order to establish the existence of conspiracy, unity of purpose and unity in the execution of an unlawful objective by the accused must be proven. Direct proof is not essential to show conspiracy. It is enough that there be proof that two or more persons acted towards the accomplishment of a common unlawful objective through a chain of circumstances, even if there was no actual meeting among them.<sup>225</sup>

Here, looking at the totality of the acts of accused Crisologo and Manlavi, based on the testimonies presented and corroborated by the documentary evidence submitted by the prosecution, shows the strategy or scheme employed by both Crisologo and Manlavi in causing the loss of the subject AFPI. The evidence, taken together, support a finding, beyond a reasonable doubt,<sup>226</sup> that the acts of both accused show a collective design to cause undue injury to PADC and give WPC an unwarranted benefit through the taking of the subject AFPI.

The prosecution was able to establish, with the requisite quantum of proof, that herein accused acted in a concerted manner to cause the taking of the subject AFPI from the possession of PADC by taking advantage of their positions at PADC, which resulted in the loss of the subject AFPI.

Crisologo's participation in the scheme includes:

- 1) ensuring non-discovery by issuing the Memorandum to prevent the verification of the availability of certain aircraft spare parts, including the subject AFPI in the Storeroom;
- 2) hiring accused Cabahug as consultant-storekeeper in order to ensure control over Storeroom 3;
- 3) allowing accused Quilatan, President of WPC, as well as people appointed by him, specifically accused Cabahug and Manlavi, access to Storeroom 3 while preventing other PADC employees from doing so; and
- 4) Crisologo's omission to direct the conduct of PADC inventory for 2008 - the year when the subject AFPI was lost - to prevent its discovery.

As for Manlavi, admittedly an appointee of Crisologo, who enabled the extraction under the mantle of protection offered by no less than the President of PADC, accused Crisologo, he:

<sup>224</sup> *Cannan v. People*, G.R. Nos. 181999 & 182001-04, September 2, 2009.

<sup>225</sup> *Bacasman v. Sandiganbayan*, G.R. No. 189343, July 10, 2013.

<sup>226</sup> *See Benito v. People*, G.R. No., February 11, 2015.

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- 1) Wielded the authority to handle all matters relating to sales and marketing activities at PADC, whether it be parts or services, aircraft or non-aircraft related services, from July 1, 2008 up to the end of his incumbency; and
- 2) ordered accused Cabahug to prepare and release to WPC the subject AFPI from Storeroom 3, Quilatan's company.

By these concerted acts, herein accused clearly caused the transfer of the subject AFPI owned by PADC to WPC through illegal means. As such, the Court finds the prosecution evidence more than sufficiently supports a conclusion that the concerted acts of accused Crisologo and Manlavi amount to conspiracy.

**For Criminal Case No. SB-18-CRM-0345, Malversation of Public Property in relation to Art. 222, RPC**

Accused are charged with Malversation of Public Property under Art. 217 of the RPC,<sup>227</sup> in relation to Art. 222 of the RPC.<sup>228</sup>

Malversation of Public Property under Art. 217 of the RPC<sup>229</sup> provides:

*Art. 217. Malversation of public funds or property; Presumption of malversation. — Any public officer who, by reason of the duties of his office, is accountable for public funds or property, shall appropriate the same or shall take or misappropriate or shall consent, through abandonment or negligence, shall permit any other person to take such public funds, or property, wholly or partially, or shall otherwise be guilty of the misappropriation or malversation of such funds or property xxx.*<sup>230</sup>

On the other hand, Art. 222 of the RPC<sup>231</sup> states:

*Art. 222. Officers included in the preceding provisions.* The provisions of this chapter shall apply to private individuals who in any capacity whatever, have charge of any insular, provincial or municipal funds, revenues, or property and to any administrator or depository of funds or property attached, seized or deposited by public authority, even if such

<sup>227</sup> Article 217, Revised Penal Code.

<sup>228</sup> Article 222, Revised Penal Code.

<sup>229</sup> Article 217, Revised Penal Code.

<sup>230</sup> Article 217, Revised Penal Code.

<sup>231</sup> Article 222, Revised Penal Code.

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property belongs to a private individual.<sup>232</sup>

In order to hold a person liable under Art. 217 of the RPC,<sup>233</sup> the following elements must concur, to wit:

- a. That the offender is a public officer;
- b. That he or she had custody or control of funds or property by reason of the duties of his or her office;
- c. That those funds or property were funds or property for which he or she was accountable; and
- d. That he or she appropriated, took, misappropriated or consented or, through abandonment or negligence, permitted another person to take them.<sup>234</sup>

***First element: That the offender be a public officer.***

The first element of Malversation is similar to that of Section 3(c), RA 3019, that the offender is a public officer. And as previously discussed, the parties have already stipulated that herein accused Crisologo and Manlavi were public officers at the time material to this case being then the President - Managing Director and Senior Vice President – Marketing Department Head, respectively, of PADC.<sup>235</sup> Hence, it is without a doubt that the first element of the crime is present in the instant case. This being so, We shall no longer discuss the matter in length.

***Second element: That he had custody or control of funds or property by reason of the duties of his office.***

With respect to the second element of the crime, the law provides a qualification – that not all public officers fall within the purview of Malversation of Public Funds or Property. Following the clear wording of Art. 217, RPC, the crime penalizes a public officer who, by **reason of the duties of his office, is accountable for public funds or property**. This being so, for a successful prosecution of a public officer for the crime of Malversation of Public Property, it is essential for the prosecution to establish that the public officer is also an **accountable officer**.

<sup>232</sup> Article 222, Revised Penal Code.

<sup>233</sup> Article 217, Revised Penal Code.

<sup>234</sup> *Corpuz v. People*, G.R. No. 241383, June 08, 2020.

<sup>235</sup> Records, Vol. 1, pp. 1-5.

In determining who among public officers are also accountable officers, We find guidance in Sec. 102(1), Chapter 5, PD 1445 or the Government Auditing Code of the Philippines<sup>236</sup> which provides:

**Section 102. Primary and secondary responsibility.**

- (1) The head of any agency of the government is immediately and primarily responsible for all government funds and property pertaining to his agency.
- (2) Persons entrusted with the possession or custody of the funds or property under the agency head shall be immediately responsible to him without prejudice to the liability of either party to the government.<sup>237</sup>

In this respect, the Court finds and so holds that both Crisolago and Manlavi are accountable public officers within the purview of Malversation of Public Property under the RPC.

### Accused Crisolago

Sec. 102(1), Chapter 5, PD 1445 provides:

**Section 102. Primary and secondary responsibility.**

- (1) **The head of any agency of the government is immediately and primarily responsible for all government funds and property pertaining to his agency.**
- (2) Persons entrusted with the possession or custody of the funds or property under the agency head shall be immediately responsible to him without prejudice to the liability of either party to the government.<sup>238</sup>(emphasis ours)

It is established as it was stipulated by the parties that accused Crisolago was the President-Managing Director of PADC, a government-owned and controlled corporation, at the time material in this case. Applying Sec. 102(1), Chapter 5, PD 1445<sup>239</sup> accused Crisolago, as head of PADC, is immediately and primarily responsible for all government funds and property pertaining to PADC. By reason of his office, as President of PADC, he has custody and control over the properties of PADC.

Complementing this, the by-laws of PADC provides for the Job Description<sup>240</sup> of its President, to wit:

The President – The President shall be the **Chief Executive Officer** of the

<sup>236</sup> Sec. 102(1), Chapter 5, Presidential Decree 1445, Government Auditing Code of the Philippines.

<sup>237</sup> Sec. 102(1), Chapter 5, Presidential Decree 1445, Government Auditing Code of the Philippines.

<sup>238</sup> Sec. 102(1), Chapter 5, Presidential Decree 1445, Government Auditing Code of the Philippines.

<sup>239</sup> Sec. 102(1), Chapter 5, Presidential Decree 1445, Government Auditing Code of the Philippines.

<sup>240</sup> Records, Vol. 1, pp. 64.

Corporation and, subject to the control of the Board of Directors, **shall have general and active care, supervision and direction of the business and affairs of the Corporation.** xxx.<sup>241</sup> (emphasis ours)

By virtue of the PADC by-laws, as PADC President, accused Crisologo is the Chief Executive Officer of PADC, meaning, the head of the GOCC. He also has "general and active care, supervision and direction of the business and affairs of the Corporation."<sup>242</sup> This authority, taken together with Sec. 102(1), PD 1445, imposes upon Crisologo the responsibility to care for, supervise, and direct the affairs of PADC which he could not perform if he did not have custody, whether direct or indirect, and control over the properties of PADC. Certainly, as PADC President, Crisologo's responsibility includes ensuring the protection and safekeeping of PADC property, including aircraft spare parts. Thus, accused Crisologo has custody and control over all properties of PADC by reason of his position as President.

The above findings are bolstered by the fact that accused Crisologo was able to prohibit access to Hangars 2 and 3, and direct that all matters related to sales and marketing activities at PADC shall be handled by him or Manlavi. To recall, his Memorandum reads in part:

xxx Effective July 01, 2008 all matters related directly or indirectly to Sales and Marketing activities at PADC whether it be parts or services, aircraft or non-aircraft related services shall be handled by PADC's Sales and Marketing Director, Mr. Roberto Manlavi or the undersigned.

In this regard, maintenance and service personnel at Hangars 2 and 3 shall refer all inquiries and transaction to the Director of Sales and Marketing Mr. Manlavi or the undersigned in the absence of the former.

Visitors to Hangar 3 area are prohibited to transact business or engage in any transaction with PADC maintenance and service personnel or even gain access to the Hangar Floor Area without proper written authorization from Mr. Manlavi or the undersigned. xxx.<sup>243</sup>

If Crisologo did not have any responsibility, custody, or control over PADC properties, he would not have any authority to prohibit said access and to require his consent prior to gaining said access to Hangars 2 and 3. This being so, it is clear that accused Crisologo has custody and control over the properties of PADC by reason of his office. Hence, the presence of the second element.

### Accused Manlavi

<sup>241</sup> Records, Vol. I, pp. 64.

<sup>242</sup> Records, Vol. I, pp. 64.

<sup>243</sup> Exhibit "NN-13" of the Prosecution.

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As regards accused Manlavi, the Court likewise finds that he is an accountable officer within the purview of the second element, but on a different basis.

A review of the evidence presented, specifically the by-laws<sup>244</sup> and position description of a Senior Vice President of PADC,<sup>245</sup> these by themselves and in relation to Sec. 102, PD 1445, do not qualify Manlavi as an accountable officer.

However, by virtue of Crisologo's Memorandum<sup>246</sup> dated July 10, 2008, whereby Crisologo, as PADC President, expressly entrusted accused Manlavi with the possession and custody of the properties of PADC, We find that Manlavi, not by virtue of his position as Senior Vice President but by operation of the Memorandum, qualifies as an accountable officer under Sec. 102(2), PD 1445. Said provision reads:

**Section 102. Primary and secondary responsibility.**

xxx

(2) Persons **entrusted with the possession or custody of the funds or property under the agency head** shall be immediately responsible to him without prejudice to the liability of either party to the government.  
<sup>247</sup> (Emphasis ours)

Complementing this is Sec. 38, Chapter 7 of Executive Order No. 2<sup>248</sup> which defines "supervision and control," to wit:

(1) *Supervision and Control.* — Supervision and control shall include authority to act directly whenever a specific function is entrusted by law or regulation to a subordinate; **direct the performance of duty; restrain the commission of acts;** review, approve, reverse or modify acts and decisions of subordinate officials or units; determine priorities in the execution of plans and programs; and prescribe standards, guidelines, plans and programs. Unless a different meaning is explicitly provided in the specific law governing the relationship of particular agencies, the word "control" shall encompass supervision and control as defined in this paragraph.<sup>249</sup>

To recall, the portions of the Memorandum<sup>250</sup> which gave Manlavi said authority, read thusly:

<sup>244</sup> Philippine Aerospace Development Corporation [Source: <https://padc.com.ph/wp-content/uploads/2016/11/BY-LAWS.pdf>; Last Accessed: August 14, 2022]

<sup>245</sup> Records, Vol. 1, pp. 74.

<sup>246</sup> Exhibit "NN-13" of the Prosecution.

<sup>247</sup> Sec. 102 (2), Chapter 5, PD 1445.

<sup>248</sup> Sec. 38, Chapter 7 of Executive Order No. 2.

<sup>249</sup> Sec. 38, Chapter 7 of Executive Order No. 2.

<sup>250</sup> Exhibit "NN-13" of the Prosecution.

xxx Effective July 01, 2008 all matters related directly or indirectly to Sales and Marketing activities at PADC whether it be parts or services, aircraft or non-aircraft related services **shall be handled by PADC's Sales and Marketing Director, Mr. Roberto Manlavi** or the undersigned.

In this regard, maintenance and service personnel at Hangars 2 and 3 **shall refer all inquiries and transaction to the Director of Sales and Marketing Mr. Manlavi** or the undersigned in the absence of the former.

Visitors to Hangar 3 area are prohibited to transact business or engage in any transaction with PADC maintenance and service personnel or even gain access to the Hangar Floor Area **without proper written authorization from Mr. Manlavi** or the undersigned. xxx,<sup>251</sup> (emphasis ours)

Based on the above Memorandum,<sup>252</sup> accused Manlavi was authorized by Crisologo to do the following acts which are tantamount to possession and custody: 1) to handle all matters related directly or indirectly to Sales and Marketing activities at PADC whether it be parts or services, aircraft or non-aircraft related services; 2) to receive inquiries and transact with maintenance and service personnel of Hangar 2 and 3; and, 3) to authorize visitors of Hangar 3 to transact business or engage in any transaction with PADC maintenance and service personnel, and gain access to the Hangar Floor Area. Additionally, it was established by the prosecution that Manlavi himself ordered Cabahug to prepare and release to WPC the subject AFPI from Storeroom 3.

All of these, taken together, convince the Court that accused Manlavi was clearly entrusted with the possession and custody of the properties of PADC by accused Crisologo, having been designated as a "gatekeeper" of Hangars 2 and 3, as well as of the affairs of PADC, thereby qualifying as an accountable officer under Section 102(2), PD 1445.

Furthermore, Sec. 38, Chapter 7 of Executive Order No. 2<sup>253</sup> provides for the definition of "supervision and control," to wit:

*"(1) Supervision and Control.* — Supervision and control shall include authority to act directly whenever a specific function is entrusted by law or regulation to a subordinate; direct the performance of duty; restrain the commission of acts; review, approve, reverse or modify acts and decisions of subordinate officials or units; determine priorities in the execution of plans and programs; and prescribe standards, guidelines, plans and programs. Unless a different meaning is explicitly provided in the specific law governing the relationship of particular agencies, the word "control" shall encompass supervision and control as defined in this paragraph."<sup>254</sup>

<sup>251</sup> Exhibit "NN-13" of the Prosecution.

<sup>252</sup> Exhibit "NN-13" of the Prosecution.

<sup>253</sup> Sec. 38, Chapter 7 of Executive Order No. 2.

<sup>254</sup> Sec. 38, Chapter 7 of Executive Order No. 2.

Accordingly, We find and so hold that the prosecution was able to establish the presence of the second element as regards accused Manlavi.

***Third element: That the property is a public property for which he was accountable.***

The third element of the crime charged requires that the property or fund for which the officer is accountable for should be in the nature of a public fund or property.

In this case, it is indubitable that the subject AFPI is public in character, as the same is a property belonging to PADC, a GOCC. As a matter of fact, this public character of the AFPI is not in dispute. Nevertheless, in a Certification<sup>255</sup> issued January 21, 2009, it is shown that the subject AFPI was not sold to any PADC customer, which reads:

21 January 2009

#### CERTIFICATION

This is to certify that as of this date, the undersigned have not made any sale transaction to any PADC customer for one (1) Fuel Pressure Indicator with Part number S4763-265 Serial Number BD105357.

This certifies that as per records in Marketing Department no such item was sold.

This certification is issued for whatever legal purpose it will serve. xxx.<sup>256</sup>

Also, in the Certification<sup>257</sup> dated September 9, 2010, it is shown that the subject AFPI has not been withdrawn from Storeroom 3 in 2007, particularly:

9 September 2010

#### CERTIFICATION

This is to certify that the Fuel Pressure Indicator with Serial Number BD105357 has not been withdrawn from PADC Store 3 for the year 2007 as reflected in the attached copy of Bin Card. The Bin Card is PADC's document which records the description and quantity available in Store 3 at any one time.

<sup>255</sup> Exhibit "R" of the Prosecution.

<sup>256</sup> Exhibit "R" of the Prosecution.

<sup>257</sup> Exhibit "AA" of the Prosecution.

This certification is issued for whatever legal purpose it may serve.

(sgd)  
ANNIE N. BERSAMIRA  
xxx.<sup>258</sup>

With these Certifications, it is clear that the subject AFPI still belongs to PADC, a GOCC, at the time of its loss. Thus, the same is a public property.

Anent the accountability of herein accused with respect to the subject public property – the AFPI, We refer once again to Sec. 101 (1), Chapter 5 of PD 1445<sup>259</sup> which provides:

**Section 101.** *Accountable officers; bond requirements.*

(1) Every officer of any government agency whose duties permit or require the possession or custody of government funds or property shall be accountable therefor and for the safekeeping thereof in conformity with law. xxx.<sup>260</sup>

On the basis of the above discussions, and by virtue of the fact that herein accused Crisologo and Manlavi, pursuant to the Memorandum issued by the former, vested upon and accepted the task of “safekeeping” the AFPI when they respectively issued and accepted the directives contained in Crisologo’s Memorandum, including the handling of all matters relating to aircraft and non-aircraft parts and services, they effectively made themselves accountable for the AFPI and any and all aircraft parts, among others.

Thus, the Court finds the presence of the third element that the subject AFPI is a public property for which herein accused Crisologo and Manlavi are accountable.

We shall now proceed to discuss the last element of the crime charged.

***Fourth element: That he appropriated, took, misappropriated or consented, or through abandonment or negligence, permitted another person to take them.***

<sup>258</sup> Exhibit “AA” of the Prosecution.

<sup>259</sup> Sec. 101 (1), Chapter 5 of PD 1445.

<sup>260</sup> Sec. 101 (1), Chapter 5 of PD 1445.

To recall, the fourth element of the crime of Malversation under Art. 217, RPC requires proof that the accused appropriated, took, misappropriated or consented, or through abandonment or negligence, permitted another to take the public property subject of the dispute. After a careful scrutiny of the records and the arguments of the parties, the Court finds that the prosecution was able to sufficiently prove, beyond reasonable doubt, the presence of the fourth element – that herein accused consented another person to take a public property. We are of the considered view that accused **Crisologo and Manlavi consented, allowed, and enabled the taking of the subject AFPI.**

Allow Us to discuss.

The prosecution argues that herein accused, while in the performance of their official duties, conspired and confederated with each other to consent and permit WPC to take the subject AFPI.

We agree.

It is well to emphasize at this point that an accountable public officer can commit malversation even with the simple act of letting someone take or consenting to the taking of public property for which he, the public officer, is accountable for, even though there is no showing that the said public officer received a benefit, monetary or otherwise, from the said taking or misappropriation. As a matter of fact, the Information against herein accused includes said act of consenting to or permitting the taking of the subject AFPI, viz:

xxx did then and there, willfully, unlawfully and feloniously appropriate, take, misappropriate, **consent**, or through abandonment or negligence, **permit** the WPC and/or QUILATAN to take Aircraft Fuel Pressure Indicator (AFPI) with Serial No. BD-105357 owned by the PADC and located inside PADC Storeroom 3 in the amount of ONE HUNDRED ELEVEN THOUSAND AND SEVEN HUNDRED FIFTY- FOUR PESOS (PhP111,754.00), which AFPI the WPC sold to the Philippine Navy, to the damage and prejudice of the PADC.

**SO ORDERED.**<sup>261</sup>

In *Zoleta v. Sandiganbayan*,<sup>262</sup> the Supreme Court held that malversation can be committed either intentionally or by negligence, clarifying that the *dolo* or *culpa* present in the offense is only a modality in perpetration of the felony. Here, on the basis of the allegations and the evidence presented, the Court finds that herein accused Crisologo and Manlavi committed maverstation by *dolo*.

<sup>261</sup> Records, Vol. 2, pp. 7.

<sup>262</sup> *Corpus v. People*, G.R. No. 241383, June 8, 2020.

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In the case at hand, while it is true that the prosecution did not present proof that Crisologo or Manlavi received some consideration or benefit from the extraction of the AFPI, said consideration or benefit is not necessary insofar as the modality of consenting to the taking of the public property is concerned.

To prove the presence of the fourth element of the crime charged, the prosecution presented evidence which show, without a doubt, that the AFPI was taken out of Storeroom 3 during the time when herein accused Crisologo and Manlavi were in charge of and exercising control over Hangars 2 and 3 pursuant to the Memorandum<sup>263</sup> dated July 10, 2008 which Memorandum prevented even PADC employees from accessing Storeroom 3 and only Crisologo and Manlavi had the authority to determine who can and cannot enter the subject store room.

It was likewise established during trial that accused Quilatan, President of WPC whom Crisologo hired, was granted access to Storeroom 3, which fact was admitted by accused Crisologo himself during trial.

The prosecution then established through testimonial and documentary evidence that WPC sold the subject AFPI to the Philippine Navy. To the mind of the Court, this overwhelming collection of evidence establishes the fact that herein accused, who manipulated the situation to obtain absolute control over the Store room where the subject AFPI was stored and who had ties with Quilatan, the President of the company that obtained possession of the AFPI and eventually sold such to the Philippine Navy, even going so far as to give Quilatan access to the storeroom where the AFPI is kept, clearly consented, nay, paved the way for the taking of the AFPI.

The Court is of the view that this act of Crisologo served as a means to perpetrate his plan to allow Quilatan to take the subject AFPI. With his Memorandum,<sup>264</sup> he ensured control over Storeroom 3 and prevented the discovery of his act of enabling WPC to take the subject AFPI. As for Manlavi, it was established by the prosecution that he ordered Cabahug to prepare and release to WPC the subject AFPI from Storeroom 3.

What is more, to dispel the allegations against them, Crisologo and Manlavi only offered the defense of denial as well as their bare allegations without any corroborative evidence to substantiate their claims – both of which are inherently weak defenses, as jurisprudence teaches us.<sup>265</sup>

<sup>263</sup> Exhibits "NN-13" of the Prosecution.

<sup>264</sup> Exhibits "NN-13" of the Prosecution.

<sup>265</sup> See *People v. Gabriel*, G.R. No. 213390, March 15, 2017.

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These aforementioned instances convince this Court that the fourth element of the crime charged is likewise present in the case at hand.

All told, the Court finds that the evidence of the prosecution sufficiently proved beyond a reasonable doubt the existence of all the elements of a violation of Malversation of Public Funds under Art. 217 of the RPC,<sup>266</sup> in relation to Art. 222 of the RPC<sup>267</sup> with respect to accused Crisologo and Manlavi.

### ***On the penalty***

#### Violation of Section 3(e) of R.A. No. 3019

As regards the penalty to be imposed upon herein accused Crisologo, et al., Section 9 of RA 3019,<sup>268</sup> as amended provides thusly:

**Section 9. Penalties for violations.** — (a) Any public officer or private person committing any of the unlawful acts or omissions enumerated in Sections 3, 4, 5 and 6 of this Act shall be punished with imprisonment for not less than six years and one month nor more than fifteen years, perpetual disqualification from public office, and confiscation or forfeiture in favor of the Government of any prohibited interest and unexplained wealth manifestly out of proportion to his salary and other lawful income.

xxx.

Thus, any person guilty of violating Section 3(e) of R.A. No. 3019 is punishable with imprisonment for not less than six years and one month nor more than fifteen years and perpetual disqualification from public office.

#### Malversation of Public Property

On August 29, 2017, Congress passed R.A. No. 10951,<sup>269</sup> amending Article 217 of the RPC, increasing the threshold of the amounts malversed, and amending the penalties or fines corresponding thereto.

Thus, as currently worded, Article 217 of the RPC,<sup>270</sup> now provides that the penalties for malversation shall be as follows:

<sup>266</sup> Art. 217, Revised Penal Code.

<sup>267</sup> Art. 222, Revised Penal Code.

<sup>268</sup> RA 3019, Anti-Graft and Corrupt Practices Act.

<sup>269</sup> R.A. No. 10951, *An Act Adjusting the Amount or the Value of Property and Damage on which a Penalty is based, and the Fines Imposed under the Revised Penal Code, Amending for the Purpose Act No. 3815, Otherwise known as "The Revised Penal Code", as amended.*

<sup>270</sup> Art. 217, Revised Penal Code.

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**Art. 217. Malversation of public funds or property.** — Presumption of malversation.— xxx

1. The penalty of prision correccional in its medium and maximum periods, if the amount involved in the misappropriation or malversation does not exceed Forty thousand pesos (P40,000).

2. **The penalty of prision mayor in its minimum and medium periods, if the amount involved is more than forty thousand pesos (P40,000) but does not exceed One million two hundred thousand pesos (P1,200,000).**

In all cases, persons guilty of malversation shall also suffer the penalty of perpetual special disqualification and a fine equal to the amount of the funds malversed or equal to the total value of the property embezzled.<sup>271</sup> (emphasis ours)

Although the law adjusting the penalties for malversation was not yet in force at the time of the commission of the offense, the Court shall give the new law a retroactive effect, insofar as it favors the accused by reducing the penalty that shall be imposed against both accused. Our laws provide, penal laws shall be given retroactive effect, in favor of the accused.

Thus, under the second paragraph of Art. 217 of the Revised Penal Code,<sup>272</sup> persons guilty of malversation shall suffer the penalty of prision mayor in its minimum and medium periods and perpetual special disqualification, and a fine equal to the amount of funds malversed, which in this case is Php 111, 754.00 representing the value of the lost AFPI. Applying the Indeterminate Sentence Law, herein accused shall be sentenced to an indeterminate penalty of two years, four months and one day of prision correccional, as minimum, to six years and one day of prision mayor, as maximum.<sup>273</sup>

The penalties for both charges having been discussed, the Court now rules:

**WHEREFORE,** judgment is hereby rendered finding accused **DANILO REYES CRISOLOGO** and **ROBERTO LOLENG MANLAVI GUILTY** beyond reasonable doubt of 1) Violation of Section 3(e) of Republic Act 3019, otherwise known as the Anti-Graft and Corrupt Practices Act in Crim. Case No. SB-18-CRM-0344, and 2) Malversation of Public Property in relation to Article 222 of the Revised Penal Code, as amended, in Crim. Case No. SB-18-CRM-0345.

<sup>271</sup> Art. 217, Revised Penal Code.

<sup>272</sup> Art. 217, Revised Penal Code.

<sup>273</sup> *Corpus v. People*, G.R. No 241383; June 8, 2020.

Consequently, both of them are hereby ordered to suffer the following penalties:

**In Crim. Case No. SB-18-CRM-0344 (Violation of Section 3(e) of Republic Act No. 3019)**

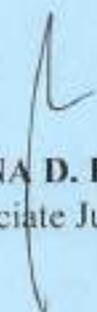
Accused **CRISOLOGO** and **MANLAVI** shall respectively suffer the penalty of **six (6) years and one (1) month to ten (10) years of imprisonment**. In addition, both of them are ordered to suffer the accessory penalty of **perpetual disqualification from holding any public office**.

**In Crim. Case No. SB-18-CRM-0345 (Malversation of Public Property in relation to Art. 222, Revised Penal Code)**

Accused **CRISOLOGO** and **MANLAVI** are hereby sentenced to suffer the **indeterminate penalty of two years, four months and one day of prision correccional, as minimum, to six years and one day of prision mayor, as maximum**. In addition, accused Crisologo and Manlavi are also ordered to suffer **perpetual special disqualification from holding any public office** and to pay a **fine in the amount of One Hundred Eleven Thousand Seven Hundred Fifty-four pesos (Php 111, 754.00)** representing the value of the lost AFPI.

Insofar as accused **LOUISE ESPULGAR CABAUG** is concerned, let the case against her be **ARCHIVED**. In this regard, let an alias warrant of arrest be **ISSUED** for her immediate apprehension. It is further **DIRECTED** that copies of the same be furnished to the respective offices of the following: 1) the Director, NBI, Manila; 2) the National Director, CIDG, Manila; and 3) the Chief of PNP, Camp Crame, Quezon City, for their immediate implementation. Also, let a copy of the said Warrant of Arrest be furnished to the Bureau of Immigration, Manila.

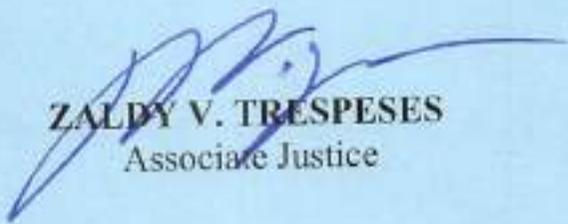
**SO ORDERED.**

  
**GEORGINA D. HIDALGO**  
Associate Justice

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WE CONCUR:

  
**MA. THERESA DOLORES C. GOMEZ-ESTOESTA**  
Associate Justice  
Chairperson

  
**ZALDY V. TRESPESES**  
Associate Justice

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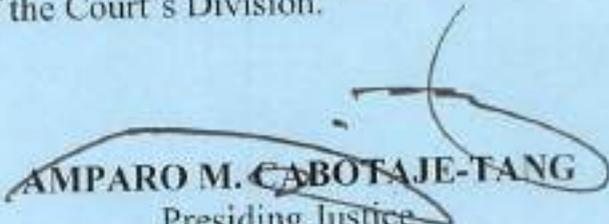
### ATTESTATION

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.

  
**MA. THERESA DOLORES C. GOMEZ-ESTOESTA**  
Chairperson, Seventh 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 Resolution were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**AMPARO M. CABOTAJE-TANG**  
Presiding Justice

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