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Reynes expected Montecillo to pay him directly the ₱47,000.00 purchase price within one month after the signing of the Deed of Sale. On the other hand, Montecillo thought that his agreement with Reynes required him to pay the ₱47,000.00 purchase price to Cebu Ice Storage to settle Jayag's mortgage debt. Montecillo also acknowledged a balance of ₱10,000.00 in favor of Reynes although this amount is not stated in Montecillo's Deed of Sale. Thus, there was no consent, or meeting of the minds, between Reynes and Montecillo on the manner of payment. This prevented the existence of a valid contract because of lack of consent.

In summary, Montecillo's Deed of Sale is null and void ***ab initio*** not only for lack of consideration, but also for lack of consent. The cancellation of TCT No. 90805 in the name of Montecillo is in order as there was no valid contract transferring ownership of the Mabolo Lot from Reynes to Montecillo.

WHEREFORE, the petition is DENIED and the assailed Decision dated July 16, 1998 of the Court of Appeals in CA-G.R. CV No. 41349 is AFFIRMED. Costs against petitioner.

SO ORDERED.

Puno (Chairman), Panganiban, and *Sandoval-Gutierrez, JJ.,* concur.

THIRD DIVISION

[G.R. No. 144047. July 26, 2002]

EULOGIO MORALES, ROSALIA MORALES and WILMA HALLARE, *petitioners, vs.* **PEOPLE OF THE PHILIPPPINES,** *respondent.*

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SYNOPSIS

Petitioners were charged with violation of Section 3, paragraph (g) in relation to paragraph (h) of the Anti-Graft and Corrupt Practices Act (R.A. No. 3019), as amended. It was alleged in the Information that petitioner Eulogio Morales, a public officer, being then the General Manager of the Olongapo City Water District (OCWD) sold a Galant Sigma Car on behalf of the OCWD, to petitioner Wilma Hallare for only ₱4,000, which amount was manifestly and grossly disadvantageous to the OCWD, and that petitioner Wilma Hallare again sold the same vehicle to petitioner Rosalia Morales. Consequently, petitioners were convicted by the Sandiganbayan of the crime charged.

The Supreme Court affirmed the decision of the Sandiganbayan. The elements of the crime of violating section 3 (g) of R.A. No. 3019, as amended, are as follows: (1) the offender is a public officer, (2) who enters into a contract or transaction on behalf of the government, and (3) the contract or transaction is grossly and manifestly disadvantageous to the government. The Court ruled that these elements were sufficiently established in the case at bar.

The Court also ruled that water districts are government-controlled corporations, and their employees are covered by the Civil Service Law. The employees of water districts are placed under the Anti-Graft Law and thus within the jurisdiction of the Sandiganbayan.

SYLLABUS

1. **CRIMINAL LAW; *EX POST FACTO* LAW, DEFINED.**— An *ex post facto* law has been defined as one — "(1) which makes an action done [criminal] before the passing of the law and which was innocent when done x x x and punishes such action; or "(2) which aggravates a crime or makes it greater than when it was committed; or "(3) which changes the punishment and inflicts a greater punishment than the law annexed to the crime when it was committed; or "(4) which alters the legal rules of evidence and receives less or different testimony than the law required at the time of the commission of the offense in order to convict the defendant."

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2. POLITICAL LAW; ADMINISTRATIVE LAW; CIVIL SERVICE LAW; GOVERNMENT OWNED OR CONTROLLED CORPORATIONS; WATER DISTRICTS; EMPLOYEES THEREOF ARE COVERED BY CIVIL SERVICE LAW.—*Metro Iloilo Water* would have been applicable to petitioners in accordance with the rule allowing retroactivity of laws favorable to the accused. But this ruling was subsequently abandoned in *Davao City Water* in which the Court, invoking *Baguio Water,* held that water districts were government-controlled corporations, and their employees were covered by the Civil Service Law. The clear import of that reversion was to place employees of water districts under the Anti-Graft Law and thus within the jurisdiction of the Sandiganbayan. *Davao City Water* holds that water districts fall under the general term *government-owned or controlled corporations with original charters* or those created by a special law and not by the Corporation Code; hence, they are covered by the Civil Service Law.

3. ID.; STATUTES; PRESIDENTIAL DECREE NO. 198; GIVES WATER DISTRICTS JURIDICAL PERSONALITY.— Presidential Decree No. 198 is a special law applicable only to the different water districts created pursuant thereto. While it is true that a resolution of a local *sanggunian* is necessary for the final creation of a district, PD 198 is the very law that gives a water district juridical personality. Being an original charter, it defines the primary purpose and the basic organizational setup of a water district. Further, Section 25 of this law, which exempts employees of water districts from the Civil Service Law, was repealed by PD No. 1479, which took effect on June 11, 1978.

4. REMEDIAL LAW; COURTS; JURISDICTION; COURT'S JURISDICTION TO TRY CRIMINAL CASES IS DETERMINED BY THE LAW IN FORCE AT THE TIME OF THE INSTITUTION OF THE ACTION, NOT AT THE TIME OF THE COMMISSION OF THE CRIME.— It is well-settled that the jurisdiction of a court to try a criminal case is to be determined by the law in force at the time of the institution of the action, not at the time of the commission of the crime. The Information in the instant case was filed in 1992 when *Davao City Water* was the prevailing ruling.

5. ID.; ID.; SANDIGANBAYAN; EXERCISES EXCLUSIVE JURISDICTION IN ALL CASES INVOLVING VIOLATIONS OF REPUBLIC ACT NO. 3019.— [W]ell-settled is the rule that

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the Sandiganbayan exercises exclusive original jurisdiction in all cases involving "violations of Republic Act No. 3019, as amended, otherwise known as the Anti-Graft and Corrupt Practices Act x x x." In case private individuals are charged as co-principals, accomplices or accessories — together with public officers or employees, including those employed in government-owned or -controlled corporations — they shall be tried jointly with those public officers and employees.

6. **CRIMINAL LAW; REPUBLIC ACT NO. 3019; ELEMENTS.**— The elements of the crime of violating Section 3(g) of RA No. 3019, as amended, are as follows: (1) the offender is a public officer, (2) who enters into a contract or transaction on behalf of the government, and (3) the contract or transaction is grossly and manifestly disadvantageous to the government

7. **REMEDIAL LAW; EVIDENCE; CREDIBILITY; FACTUAL FINDINGS OF THE ANTI-GRAFT COURT, GENERALLY CONCLUSIVE UPON THE SUPREME COURT; CASE AT BAR.**— [T]he question of the actual value of the subject car at the time of sale, being factual in nature, is best resolved by the Sandiganbayan. Generally, factual findings of the anti-graft court are conclusive upon the Supreme Court. Since the Sandiganbayan had pegged the value of the car at time of the sale at ₱16,088, the ₱4,000 selling price quoted to Petitioner Hallare — without bidding or auction and without any authorizing board resolution to sell it — was in itself proof of the gross and manifest disadvantageousness of the sale to the water district and, thus, to the government.

APPEARANCES OF COUNSEL

Castro Castro & Associates for petitioners.
The Solicitor General for respondents.

D E C I S I O N

PANGANIBAN, *J.*:

The drive to rid the government of graft and corruption deserves the support of everyone. Vulgar circumventions of the Anti-Graft Law cannot be countenanced by this Court.

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The Case

Before us is a Petition for Review under Rule 45 of the Rules of Court, seeking the reversal of the May 15, 2000 Decision[1] and the July 17, 2000 Resolution[2] of the Sandiganbayan in Criminal Case No. 17524. The challenged Decision disposed as follows:

"WHEREFORE, judgment is hereby rendered in this case finding accused Eulogio E. Morales, Wilma Hallare and Rosalia Morales GUILTY beyond reasonable doubt of the crime for Violation of Sec. 3, par. (g) in relation to par. (h) of Republic Act No. 3019, as amended, and after applying the Indeterminate Sentence Law sentences each of them to suffer an imprisonment of six (6) years, as minimum, to eight (8) years, as maximum with perpetual disqualification from public office, and to pay the costs of the suit.

xxx xxx xxx."[3]

Petitioners Eulogio Morales, Rosalia Morales and Wilma Hallare[4] were charged with violation of Section 3, paragraph (g) in relation to paragraph (h) of the Anti-Graft and Corrupt Practices Act (RA 3019, as amended). The offense was allegedly committed as follows:

"That on or about August 20, 1986, or imemediately [*sic*] prior thereto, in Olongapo City and within the jurisdiction of this Honorable Court, accused Eulogio Morales, a public officer, being then the duly appointed General Manager of the Olongapo City Water District, a government agency, conspiring and confederating with accused Wilma Hallare, Finance Officer of the said water district and the former's wife Rosalia Morales, did then and there, wilfully and unlawfully sell, transfer and convey a 1979 Model Gallant car Sigma with Motor No.

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[1] Written by Justice Godofredo L. Legaspi and concurred in by Justices Edilberto G. Sandoval (Division chairman) and Raoul V. Victorino (member); *rollo*, pp. 26-48.

[2] *Rollo*, pp. 73-75.

[3] *Ibid.*, pp. 46-47.

[4] Erroneously spelled "Mallare" in the Motion for Extension of Time to File Petition for Review on *Certiorari* dated August 4, 2000.

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2M-08206, with an assessed value of ₱75,000.00 on behalf of the Olongapo City Water District, to [Petitioner] Wilma Hallare for only ₱4,000.00, which amount is manifestly and grossly disadvantageous to the Olongapo City Water District and on even date, accused Wilma Hallare again sell, transfer and convey the same vehicle to accused Rosalia Morales, thus showing accused Eulogio Morales and Wilma Hallare having become directly and/or indirectly pecuniarily interested in the said transaction, wherein they intervened in their official capacities as General Manager and Finance Officer, respectively of the Olongapo City Water District."[5]

Upon their arraignment on March 5, 1992, petitioners, assisted by their counsel *de oficio,*[6] pleaded not guilty.[7] During the pretrial, the following were stipulated:

"1. That on August 20, 1986, at the time of the sale of the subject Galant Sigma automobile, [Petitioner] Eulogio Morales was the [g]eneral [m]anager of the Olongapo City Water District;

"2. That on August 20, 1986 and prior thereto the Olongapo City Water District was the registered owner of the subject 1979 model Galant Sigma with Motor No. 211-08-206;

"3. That on August 20, 1986 [Petitioner] Wilma Hallare was the [f]inance [o]fficer of the Olongapo City Water District;

"4. That [Petitioner] Rosalia Morales is the wife of [Petitioner] Eulogio Morales;

"5. That one of the issues in this case is whether or not the Olongapo City Water District is a government owned and controlled corporation."[8]

After the prosecution formally offered its evidence, petitioners filed, with leave of court, a Joint Demurrer to Evidence[9] on the grounds of lack of jurisdiction and failure to prove the guilt of

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[5] Records, Vol. I, pp. 1-2.

[6] Atty. Amado Caballero.

[7] *Ibid.*, pp. 50-52 & 54.

[8] Records, Vol. I, p. 100.

[9] *Ibid.*, pp. 178-197.

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the accused. They argued that they were not public officers, because the Olongapo City Water District was not covered by the Civil Service Law. In its July 20, 1993 Resolution,[10] the Sandiganbayan denied their Motion for lack of merit and ordered them to present evidence in their defense.

After full trial, the Sandiganbayan convicted petitioners in its August 28, 1997 Decision,[11] which disposed as follows:

"WHEREFORE, in view of the foregoing, judgment is hereby rendered CONVICTING Eulogio E. Morales, Wilma Hallare and Rosalia Morales for violation of Section 3, par. (g) in relation to par. (h) of Republic Act No. 3019, as amended, and hereby sentences them to suffer the indeterminate penalty of not less than six (6) years, as minimum; and not more than eight (8) years, as maximum, and to pay the costs of suit."[12]

On September 12, 1997, petitioners filed a Motion for New Trial and/or Motion for Reconsideration,[13] allegedly because of newly discovered evidence.[14]

However, the anti-graft court, in its February 18, 1998 Resolution denied the Motion for utter lack of merit.[15] Thereafter, petitioners filed another Motion for Reconsideration, which was again denied by the Sandiganbayan in its June 1, 1998 Resolution.[16] But in its November 16, 1998 Resolution, it reversed

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[10] *Id.*, p. 221.

[11] Penned by Justice Roberto M. Lagman with the concurrence of Justices Jose S. Balajadia (Division chairman) and Harriet O. Demetriou (member); records, Vol. II, pp. 480-497.

[12] *Ibid.*, p. 496.

[13] *Id.*, pp. 565-575.

[14] *Id.*, pp. 566-567.

[15] Penned by Justice Harriet O. Demetriou with the concurrence of Justices German G. Lee Jr. and Godofredo L. Legaspi, members; *id.*, pp. 656-662.

[16] Penned by Justice Godofredo L. Legaspi with the concurrence of Justices German G. Lee Jr. (acting chairman) and Anacleto D. Badoy Jr.; *id.*, pp. 723-725.

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itself and granted petitioners' second Motion for Reconsideration, set aside the July 29, 1997 Decision, and ordered a new trial.[17]

The Sandiganbayan thereafter rendered the assailed Decision convicting petitioners. Their counsels filed two separate Motions for Reconsideration,[18] both of which were denied in the challenged July 26, 2000 Resolution.[19]

The Facts

Version of the Prosecution

In the assailed Decision, the Sandiganbayan narrated the events that led to the filing of this case:

"x x x [S]ometime on August 20, 1986, accused Eulogio E. Morales, in his capacity as [g]eneral [m]anager of OCWD sold a Car Sigma 1979 Model with Motor No. 2M-08206, Chassis No. A-121 UL3695 and Plate No. CAV 962 owned by OCWD in favor of Wilma Hallare, the [f]inance [o]fficer of OCWD for and in consideration of the amount of ₱4,000.00. Allegedly, the sale was without a board resolution authorizing the sale.

"The prosecution claimed that the galant car was in good running condition, the car-air conditioning unit was functioning with a car stereo and tape desk and had a net book value of ₱16,105.00.

"The buyer Wilma Hallare on the same date, August 20, 1986 sold this galant car to Rosalia Morales, the wife of [Petitioner] General Manager Eulogio Morales. Thereafter, the car registration was transferred in the name of Rosalia Morales.

"From July 13 to August 7, 1987, an audit examination was conducted by the Local Utilities Water Administration (LUWA) on

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[17] Justice Edilberto G. Sandoval replaced Justice Lee Jr as division chairman and Justice Alfredo J. Gustilo replaced Justice Badoy Jr. as member; *id.*, pp. 774-775.

[18] Roberto A. Abad of Abad & Associates (Records, Vol. II, pp. 907-920) and Atty. Manuel R. Castro (*ibid.*, pp. 921-929); but the former, as lead counsel of petitioners, adopted the second Motion as part of petitioners' Motion for Reconsideration (*id.*, p. 979).

[19] Justice Raoul V. Victorino replaced Justice Gustillo Jr.; *id.*, pp. 1006-1007.

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the finances of OCWD by the audit team consisting of Ricardo C. Quiras and Rosendo Ramirez who made the following findings relative to galant car subject matter hereof, to wit:

"The sale of a 1979 service car to a OCWD officer at a price of only ₱4,000.00 was found to be irregular and therefore questionable for the reasons as follows:

'a. The asset was sold at a relatively low price to the disadvantage of the [w]ater [d]istrict. Not only is the selling price too low compared with prevailing prices for not particular make and model, it is even below the net book value of the car at the time of sale.

'b. No attempts were made to obtain better prices in a formal auction sale. The supporting bids, all of which are dated ten (10) months prior to the date of sale (and do not indicate the particulars of the bidded item) were submitted by individuals considered to be too close to the [w]ater [d]istrict among them the GM of Subic [w]ater [d]istrict, the OCWD [f]inance [o]fficer (who later became the buyer), and the proprietors of two (2) of the district's regular suppliers.

'c. The dilapidated condition or sorry state of the service car which the four (4) buyers depicted in their bids may not be given credence in view of the lack of absence of a formal attestation from a credible body within the [w]ater [d]istrict *e.g.* [b]oard [r]esolution declaring the item as unserviceable and therefore disposable, or a formal assessment or evaluation by an independent committee.

'd. No extraordinary loss was recognized by the [w]ater [d]istrict upon the consummation of the sale. This notwithstanding the fact that the subject item was sold at a price lower than the next book value.

'e. The existence of two (2) Deeds of Absolute Sale covering the transfer of ownership of the subject item from one party to another-one, between OCWD and the winning bidder ([f]inance [o]fficer) and the other, between the latter and the [g]eneral [m]anager's wife – gave us the information that such a sale is a simulated one. Executed on the same date, the legal documents (copies of which are attached hereto as Annexes 'O' and 'P') prove one

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thing – that the interested party is no less than the [d]istrict [g]eneral [m]anager.'

"This transaction came to the knowledge of Noli T. Zapanta, the [m]anager of the Sales Department sometime in June 1989 when the same was referred to his office. After finding that the sale of the galant car was done in violation of Board Resolution No. 03-86, prohibiting all employees of the water district and their relatives from engaging in business, directly or indirectly, in and with the OCWD, and since there was no board resolution authorizing the sale of the galant car, he filed a complaint before the Fiscal's Office of Olongapo City against Eulogio Morales, Rosalia Morales and Wilma Hallare."[20]

Version of the Defense

Petitioners present their version of the facts of the case in this wise:

"6. That there was a bidding conducted for the disposition of the subject motor vehicle which was already a junked car and totally dilapidated when the winning bidder, [Petitioner] Wilma Hallare, bought it with the intention of dismantling it and to repair the available parts to be sold on profit.

"7. That [Petitioner] Hallare submitted her bid way back in October, 1985 and came to know in December, 1985 that her offer of ₱4,000.00 for the junk car was the highest bid.

"8. That b[e]cause [Petitioner] Hallare had only ₱3,000.00 at that time, he asked [Petitioner] Eulogio Morales, [g]eneral [m]anager of the Olongapo City Water District, to pay ₱3,000.00 first and the balance to be paid the following month thru salary deduction, to which [Petitioner] Morales agreed.

"9. That [Petitioner] Hallare was able to fully pay her bid price of ₱4,000.00 on December 10, 1985 as evidenced by Cash Receipt No. 11148 dated December 10, 1985 of the Olongapo City Water District.

"10. That while the sale was, in effect, consummated on December 10, 1985, however, [Petitioner] Hallare did not ask for the immediate

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[20] Assailed Decision, pp. 9-12; *rollo*, pp. 34-37.

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execution of the corresponding deed of sale nor was the Certificate of Registration covering the car given to her as she was not in need of said documents because her intention was to dismantle the car and sell the usable parts thereof. Besides, the practice of the Olongapo City Water District was not to execute a deed of sale on junk materials it sold.

"11. That [Petitioner] Hallare then pulled out the junk car from the junkyard of the OCWD and brought it to the repair shop. She spent ₱2,000.00 to ₱3,000.00 more but the car remained unserviceable because of other defects of the car that needed repair which would entail additional expenses. So she temporarily stopped the repair of the car until 5 to 6 months l[a]ter when she confided to [Petitioner] Rosalia Morales about her financial problem and her desire to borrow ₱4,000.00 from the latter.

"Mrs. Morales agreed to lend her ₱4,000.00 provided it should be paid on or before August 15, 1986. At that time, [Petitioner] Hallare had a prospective buyer of the car, she went to [Petitioner] Eulogio Morales to ask for the deed of sale because she intended to sell the car.

"Upon advice of [Petitioner] Eulogio Morales, [Petitioner] Hallare caused the preparation of the deed of sale in her favor and presented it to [Petitioner] Eulogio Morales for signature on August 20, 1986. However, her prospective buyer backed out and because her debt of ₱4,000.00 to Mrs. Morales remained unpaid since August 15, 1986, she told Mrs. Morales '*Ma'am sa iyo na yung kotse.*' So she caused the preparation of another deed of sale of the car in favor of Mrs. Morales; however, Mrs. Morales did not accept the deed of sale and told [Petitioner] Hallare just to keep it and pay her debt later on as soon as she had a new buyer. Hence, [Petitioner] Hallare kept the two (2) deeds of sale inside her desk.

"13. That [Petitioner] Hallare was the [f]inance [o]fficer of OCWD in October, 1985 and she knew for a fact that their Office had a policy then that employees were allowed to buy junk materials or equipments of the OCWD provided the same was ready for disposal. At the time, the car subject of this case was already a part of the various junk materials of OCWD.

"However, the said policy was stopped sometime on January 17, 1986 because a Board Resolution was passed prohibiting the employees from enga[g]ing in any business directly with the OCWD.

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"14. [Petitioner] Wilma Hallare submitted her bid for the subject car and paid the first partial payment before the passage of Resolution No. 03-86 prohibiting all employees of the water district and their relatives from engaging in business, directly or indirectly in and with OCWD.

"15. Even if there was no express authority granted to [Petitioner] Eulogio Morales to dispose of any asset of the OCWD, he had the authority to dispose vehicles and equipments in its junkyard which were already unusable and unserviceable."[21] (Citations omitted)

Ruling of the Sandiganbayan

In its August 28, 1997 Decision, the Sandiganbayan ruled that jurisdiction over the subject matter in criminal cases was properly determined by the law in effect at the time of the commencement of the action. *Davao City Water District v. Civil Service Commission*[22] — the governing jurisprudence when the Information against them was filed on February 18, 1992 — had classified water districts as corporations created pursuant to a special law (PD 198, as amended), and their officials and employees as public officers covered by the Civil Service Law.

The Sandiganbayan also held that the sale of the subject car for ₱4,000 was grossly and manifestly disadvantageous to the government because, at the time of sale, its book value was ₱16,088. Petitioners Eulogio Morales and Wilma Hallare intervened in their official capacity in the transaction as OCWD general manager and finance officer, respectively. The pecuniary interest of Eulogio Morales in the vehicle became evident when his wife, Petitioner Rosalia Morales, bought the car from Hallare.

Despite the reception of additional evidence for petitioners, the Sandiganbayan again convicted them in its May 15, 2000 Decision. Whether the Deeds of Sale evidencing the transfer of the car were made on the same date or on different dates

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[21] Petitioners' Memorandum, pp. 4-7; *rollo*, pp. 148-151.

[22] 201 SCRA 593, September 13, 1991.

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was inconsequential. In all these transactions, the intended beneficiaries were the Morales spouses. The Deeds were executed during the effectivity of Resolution No. 03-86 dated January 17, 1986, prohibiting employees of OCWD and their relatives from directly or indirectly engaging in business with OCWD.

The introduction of the two Deeds of Sale dated October 6, 1986[23] and December 9, 1987,[24] aside from the two other Deeds both dated August 20, 1986, only highlighted the irregularity of the sale and petitioners' propensity to lie. The anti-graft court also ruled that Eulogio's claim of lack of knowledge of the sale of the car to his wife was unbelievable.

Hence, this Petition.[25]

Issues

In their Memorandum,[26] petitioners submit the following assignment of errors:

"I. With due respect, the Honorable Sandiganbayan reversibly erred in holding that the Olongapo City Water District was a public corporation or government-owned or controlled corporation whose employees are covered by the Civil Service Law and, therefore, under the jurisdiction of said court, when the truth is that said water district was a private corporation and therefore its employees are private not subject to the jurisdiction of said court, on the date the alleged offense was committed by the petitioners.

"II. With due respect, the conviction of the petitioners is contrary to the provisions of the Constitution which prohibits *ex post facto* laws and which guarantees equal protection of the laws.

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[23] Annex "A"; records, Vol. II, p. 576.

[24] Annex "C"; id., p. 578.

[25] This case was deemed submitted for resolution on August 28, 2001, upon this Court's receipt of petitioners' Memorandum.

[26] Atty. Manuel R. Castro of Castro Castro & Associates signed the Memorandum.

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"III. With due respect, the acts purportedly constituting the crime charged are not actually criminal or felonious, hence no violation of Section 3 par. (g) in relation to par. (h) of Republic Act No. 3019, as amended, has been committed by the petitioners."[27]

This Court's Ruling

The Petition has no merit.

First Issue: *Jurisdiction of the Sandiganbayan*

Petitioners claim that the Sandiganbayan had no jurisdiction over the subject matter of their case, because on August 20, 1986 — the date when the alleged crime was committed — the prevailing ruling was *Metro Iloilo Water District v. National Labor Relations Commission.*[28] The Court had ruled therein that water districts were private corporations, and that their employees were not subject to the Civil Service Law. Hence, petitioners concluded that the anti-graft court had no jurisdiction over the crime allegedly committed by them.

We disagree. A review of relevant jurisprudence reveals the infirmity of their contention. *Baguio Water District v. Trajano*[29] promulgated on February 20, 1984, ruled that employees and officers of water districts were covered by the Civil Service Law. This ruling was echoed in *Tanjay Water District v. Gabaton.*[30] The ruling in *Baguio Water* was reversed in *Metro Iloilo Water District v. NLRC.*[31] In 1991, however, the Court — in *Davao City Water District v. Civil Service Commission*[32] — returned to the ruling in *Baguio Water.*

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[27] Petitioner's Memorandum, pp. 7-8; *rollo*, pp. 151-152. Original in upper case.

[28] GR No. 85760, Minute Resolution dated May 16, 1990.

[29] 127 SCRA 730, 733, February 20, 1984.

[30] 172 SCRA 253, 261, April 17, 1989.

[31] GR No. 85760, Minute Resolution dated May 16, 1990.

[32] 201 SCRA 593, 601, September 13, 1991.

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Petitioners are clearly mistaken in their claim, because the prevailing jurisprudence when the crime was committed in 1986 was *Baguio Water*, not the *Metro Iloilo Water* which was promulgated in 1990.

Petitioners argue that *Metro Iloilo* should be applied, not *Davao City Water,* because the jurisdiction of a court in criminal cases should be determined by the law in force at the time of the commission of the crime charged.

We now rule on this contention. Criminal laws should always be given prospective application; otherwise, they become *ex post facto.* This is basic. An *ex post facto* law has been defined as one —

"(1) which makes an action done [criminal] before the passing of the law and which was innocent when done x x x and punishes such action; or

"(2) which aggravates a crime or makes it greater than when it was committed; or

"(3) which changes the punishment and inflicts a greater punishment than the law annexed to the crime when it was committed; or

"(4) which alters the legal rules of evidence and receives less or different testimony than the law required at the time of the commission of the offense in order to convict the defendant."[33]

The Anti-Graft and Corrupt Practices Law was passed on August 17, 1960.[34] Hence, it cannot be seriously contended that petitioners were accused of a crime that was not punishable at the time it was committed.

Metro Iloilo Water would have been applicable to petitioners in accordance with the rule allowing retroactivity of laws

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[33] Bernas, *The Constitution of the Republic of the Philippines: A Commentary,* 1987 ed., pp. 487-488.

[34] §16, RA 3019; "*Annotation on the Anti-Graft Laws,*" Atty. Ambrosio R. Blanco, 5 SCRA 975, 976, August 30, 1962.

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favorable to the accused. But this ruling was subsequently abandoned in *Davao City Water* in which the Court, invoking *Baguio Water*, held that water districts were government-controlled corporations, and their employees were covered by the Civil Service Law. The clear import of that reversion was to place employees of water districts under the Anti-Graft Law and thus within the jurisdiction of the Sandiganbayan.

Davao City Water holds that water districts fall under the general term *government-owned or controlled corporations with original charters* or those created by a special law and not by the Corporation Code; hence, they are covered by the Civil Service Law.

Presidential Decree No. 198 is a special law applicable only to the different water districts created pursuant thereto. While it is true that a resolution of a local *sanggunian* is necessary for the final creation of a district, PD 198 is the very law that gives a water district juridical personality.[35] Being an original charter, it defines the primary purpose[36] and the basic organizational setup of a water district.[37] Further, Section 25 of this law, which exempts employees of water districts from the Civil Service Law, was repealed by PD No. 1479, which took effect on June 11, 1978.[38]

Besides, petitioners do not really pose a novel question. It is well-settled that the jurisdiction of a court to try a criminal case is to be determined by the law in force at the time of the institution of the action, not at the time of the commission of

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[35] *Davao City Water, supra*, p. 605.

[36] §6 provides for the formation and the name to be used by the water district.

[37] §8 prescribes the number and qualifications of the members of its Board of Directors; §9, 3(b) & 10 provide for their appointment and nominations; §11, for their term of office: and §13, for the compensation and personal liability.

[38] *Davao City Water, supra*, pp. 600-601.

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the crime.[39] The Information in the instant case was filed in 1992 when *Davao City Water* was the prevailing ruling.

Similarly well-settled is the rule that the Sandiganbayan exercises exclusive original jurisdiction in all cases involving "violations of Republic Act No. 3019, as amended, otherwise known as the Anti-Graft and Corrupt Practices Act x x x."[40] In case private individuals are charged as co-principals, accomplices or accessories — together with public officers or employees, including those employed in government-owned or controlled corporations — they shall be tried jointly with those public officers and employees.[41]

Second Issue:
Equal Application of the Law

Petitioners contend that they are entitled to an acquittal, because the Sandiganbayan threw out a similar case on the ground of lack of jurisdiction. They cite the September 26, 1997 Resolution in *People v. Lizaso,* Criminal Case 23506, in which the Sandiganbayan held:

"In its comment, the prosecution has conceded the [c]ourt's lack of jurisdiction in this case by reason of the Metro Iloilo Water District ruling *notwithstanding its subsequent abandonment a year later in Davao City Water District vs. Civil Service Commission, 201 SCRA 593 (1991).* It has further noted that a court's jurisdiction over a particular offense is determined by the time of its alleged commission. Hence, although the prevailing ruling as of September 27, 1991 is that employment or appointment in a water district corporation x x x is considered public and not private and therefore covered by Civil Service Law yet the same cannot [be] held x x x applicable in this case because the alleged crime occurred last February 14, 1991, or

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[39] *People v. Velasco,* 252 SCRA 135, 147, January 23, 1996; *Azarcon v. Sandiganbayan,* 268 SCRA 747, 757, February 26, 1997.

[40] *Lacson v. Executive Secretary,* 301 SCRA 298, 313, January 20, 1993; *Azarcon v. Sandiganbayan, ibid.*, p. 757.

[41] *Azarcon v. Sandiganbayan, supra,* p. 758.

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seven (7) months before the said doctrine's promulgation. x x x."[42] (Italics supplied)

We are not persuaded. The quoted Resolution provides the distinction between that case and the one at bar. *Lizaso* concerned acts committed during the effectivity of the *Metro Iloilo Water* ruling. The case at bar, however, concerns acts committed during the effectivity of the *Baguio Water District* ruling.

Third Issue:
Sufficiency of Evidence

Petitioners contend that their conviction under Section 3(g) of the Anti-Graft Law was erroneous, because the sale price had not been grossly or manifestly disadvantageous to the government. They aver that the subject car was already junk and was no longer in good running condition.

Sale Grossly Disadvantageous

We disagree. The elements of the crime of violating Section 3(g) of RA No. 3019, as amended, are as follows: (1) the offender is a public officer, (2) who enters into a contract or transaction on behalf of the government, and (3) the contract or transaction is grossly and manifestly disadvantageous to the government.[43] *Manifest* means "obvious to the understanding, evident to the mind x x x and is synonymous with open, clear, visible, unmistakable, indubitable, evident and self-evident."[44] *Gross* means "flagrant, shameful, such conduct as is not to be excused."

As earlier discussed, Petitioners Eulogio Morales and Wilma Hallare — being the general manager and the finance officer,

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[42] Petitioners' Memorandum, p. 12; *rollo*, p. 157.

[43] *Duterte v. Sandiganbayan*, 289 SCRA 721, 745, April 27, 1998; *Marcos v. Sandiganbayan (First Division)*, 297 SCRA 95, 107, October 6, 1998; *Froilan v. Sandiganbayan*, 328 SCRA 351, 361, March 17, 2000; *Sajul v. Sandiganbayan*, 345 SCRA 248, 255, November 20, 2000.

[44] *Marcos v. Sandiganbayan (First Division)*, *supra*, p. 147, per Purisima, *J.*; *Sajul v. Sandiganbayan*, *id.*, pp. 267-268, per Kapunan, *J.*

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respectively, of the OCWD — are public officers. Petitioner Rosalia Morales is the wife of the general manager of OCWD and the subsequent buyer of the same car under the second Deed of Sale. The subject car in this case was sold to Hallare by Eulogio Morales in his official capacity — via the August 20, 1986 Deed of Sale (Exh. "C")[45] — for only ₱4,000, when its book value at the time of the sale was ₱16,088 (Exh. "B-1").[46]

Petitioners tried to persuade us that, at the time of sale, the subject car was already junk with a net value of only ₱3,000. But this contention was rebutted by Plant Account Assistant Jose Tupi, who testified that it was still in good running condition a day before it was sold.[47] Moreover, the Subic Water District and the Olongapo Commuter Auto Supply were also interested in acquiring the car (Exhs. "6" and "6-a").[48] This fact proves that it could not be considered as "junk."

The gross and manifest disadvantage of the sale to the government is shown by the following facts, which were stated in the Operations Audit Report:[49] (1) the subject car was sold at a very low price, well below its book value; (2) there was no attempt to obtain a better price in a formal auction; (3) the supporting bids were dated ten months prior to the date of sale without any indication of the particulars of the item for bidding, and those bids were submitted by individuals considered to be close to petitioners; (4) there was no board resolution declaring the item as unserviceable and disposable, and neither was a formal assessment or evaluation made by an independent body; (5) no extraordinary loss was recognized by the water district upon the consummation of the sale; and (5) the existence of

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[45] Envelope of Exhibits.

[46] *Ibid.*

[47] TSN, November 23, 1992, pp. 12-13.

[48] Alleged bids submitted by petitioners, Envelop of Exhibits.

[49] Noted by Daniel I. Landingin, deputy administrator for Financial Services of the Local Utilities Water Administration (LUWA), Exh. "H."

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the second Deed of Absolute Sale shows the simulated nature of the first, while the execution of both documents on the same date proves that the interested party was no less than the general manager.

Besides, the question of the actual value of the subject car at the time of sale, being factual in nature, is best resolved by the Sandiganbayan. Generally, factual findings of the anti-graft court are conclusive upon the Supreme Court.[50] Since the Sandiganbayan had pegged the value of the car at time of the sale at ₱16,088, the ₱4,000 selling price quoted to Petitioner Hallare — without bidding or auction and without any authorizing board resolution to sell it — was in itself proof of the gross and manifest disadvantageousness of the sale to the water district and, thus, to the government.

Financial Interest in the Transaction

Petitioners aver that the sale of the subject car on December 10, 1985, proven by Official Receipt No. 11148 of same date (Exh. "5-A"),[51] exempts them from criminal liability. They contend that OCWD Board Resolution No. 03-86, which prohibited employees from purchasing junk materials belonging to OCWD, was passed only on January 17, 1986.

We disagree. We cannot fault the Sandiganbayan for not giving any evidentiary value to the said Receipt as proof of the date of the perfection of the sale of the car. Such date alleged by petitioners is convincingly contradicted by the August 20, 1986 Deed of Absolute Sale.

However, assuming *arguendo* that the sale was perfected earlier than the effectivity of Resolution 03-86, petitioners are still criminally liable, because Hallare sold the same car to the wife of the general manager of the water district on the same

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[50] *Enriquez v. People,* 331 SCRA 538, 552, May 9, 2000; *Rueda Jr. v. Sandiganbayan,* 346 SCRA 341, 351-352, November 29, 2000.

[51] Envelop of Exhibits.

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date, August 20, 1986. This second sale was made in violation of Section 3(h) of the Anti-Graft Law. As aptly ruled by the Sandiganbayan, Rosalia Morales bought the subject vehicle with her husband's knowledge and consent. In the normal course, a wife consults her husband about purchasing a car. Knowing that her husband was a public officer, it would be reasonable to assume that she would consult him before buying any property that had once belonged to the water district where he was a key official.

Petitioner Eulogio is prohibited by the Anti-Graft Law from having direct or indirect financial or pecuniary interest in any business, contract or transaction in which he intervenes or takes part in his official capacity. In *Venus v. Desierto,*[52] the Court explained this prohibition as follows:

"x x x. What is contemplated in Section 3(h) of the anti-graft law is the actual intervention in the transaction in which one has financial or pecuniary interest in order that liability may attach (Opinion No. 306, Series [of] 1961 and Opinion No. 94, Series [of] 1972 of the Secretary of Justice. x x x. For the law aims to prevent dominant use of influence, authority and power (Deliberation on Senate Bill 293, May 6, 1959, Constitutional Record, Vol. II, page 603)."

Eulogio's intervention in the transaction is proven by his signature in the August 20, 1986 Deed of Absolute Sale (Exh. "C") and in the October 6, 1986 Deed of Sale (Annex "A" to the Motion for New Trial and/or Motion for Reconsideration).[53] Not only did he sign the Deed of Sale in representation of the OCWD as its general manager, he also signed without authority from its board of directors. This transaction was pursued despite Resolution No. 03-86, dated January 17, 1986, prohibiting OCWD employees and their relatives from engaging in transactions with the water district.[54] The controversial sale would not have pushed through were it not for Eulogio and Hallare's involvement.

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[52] 298 SCRA 196, 205, October 21, 1998, per Davide Jr., *J.*

[53] Records, Vol. II, p. 576.

[54] Exh. "E", Envelop of Exhibits.

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In view of the foregoing, we concur with the Sandiganbayan that the scheme resorted to by petitioners was tainted with graft and corruption. The chain of transactions was resorted to because the general manager of OCWD could not directly, validly and legally sell the subject car to himself or to his wife. Obviously, the second sale was a vulgar circumvention of the prohibition in the Anti-Graft Law.

WHEREFORE, the Petition is hereby *DENIED* and the assailed Decision *AFFIRMED.* Costs against petitioners.

SO ORDERED.

Puno (Chairman), Sandoval-Gutierrez, and *Carpio, JJ.,* concur.

THIRD DIVISION

[G.R. No. 144494. July 26, 2002]

PEOPLE OF THE PHILIPPINES, *plaintiff-appellee, vs.* **FERDINAND CERCADO *y* MOZADA,** *accused-appellant.*

SYNOPSIS

Appellant, who was caught selling marijuana leaves in front of his house to the poseur buyer and accepted the buy-bust money, was convicted of violating Section 4, Article II of R.A. No. 6425, as amended By R.A. No. 7659. On appeal he claimed that his guilt was not proven beyond reasonable doubt because: it is contrary to human experience that he would openly sell marijuana to people he hardly knew; and even granting that he sold one (1) kilo of dried marijuana leaves, the prosecution failed to prove that he had no legal authority to sell marijuana.