101 Phil. 1043

[G.R. No. L-9527. August 22, 1957]

REPUBLIC OF THE PHILIPPINES, PLAINTIFF AND APPELLANT, VS. PIO PEDROSA AND ALFREDO JACINTO, DEFENDANTS AND APPELLEES.

REYES, J.B.L., J.:

This is an appeal by the Republic of the Philippines from the decision of the Court of First Instance of Manila dismissing its complaint to recover from, appellees Pio Pedrosa and Alfredo V, Jacinto the sum of P68,933.91, representing alleged losses or damages to the Government because of certain supposedly unlawful acts of appellees committed when they were still Secretary of Finance and Commissioner of Customs, respectively.

The facts are narrated by the Court below, as follows:

> "The facts, upon which the claim of the plaintiff is predicated may be stated as follows: In a decision rendered by the Commissioner of Customs on December 23, 1947, in customs ease entitled "Republic of tho Philippines *vs.* 259 Pieces of Jewelry, Tranquilino Rovero, Owner; Identification No. 555,' it was held that the 259 pieces of jewelry imported by Tranquilino Royero were properly seized under Section 1292 of the Revised Administrative Code and are subject to forfeiture under Section 1363 (*m*~2) of the same Code. However, forfeiture was waived and in Hen thereof a fine, in an amount .equal to three times the appraised value, P23,736, of the jewelry was imposed.
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> Tranquilino Bovero appealed to the Court of First Instance of Manila, where the decision of the Commissioner of Customs was affirmed in its judgment of May 24, 1949. Rovero appealed to the Supreme Court, which affirmed the judgment of the Court of First Instance in a decision rendered on June 28, 1951, in. case G. R. No. L-3281 (Republic of the Philippines *vs.* 259 Pieces of Jewelry; Tranquilino Rovero, defendant-appellant).

> On August 8, 1951, the defendant Alfredo V, Jacinto, then Commissioner of Customs, upon request of Tranquilino Rovero, ordered the Collector of Customs for the Fort of Manila to form a committee to reappraise said jewelry. A reappraisal was made, as a result of which the original appraised value of P23.736 was reduced to P9,880. The defendant Pio Pedrosa, then Secretary of Finance, on August 23, 1951, set aside the original appraised value and approved the new appraisement of P9,880 and this reduced value was made the "basis of the payment of the fine imposed by the Commissioner of Customs in the aforesaid decision, notwithstanding the fact that said decision had already been affirmed by the Supreme Court, as a result of which Tranquilino Rovero recovered the jewelry and only paid the government three times this new appraised value, or P29,640, plus tax, duties, and other charges amounting; all together to P38,303.55.
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> Execution was issued in Civil Case No, 4450 for the collection of the fine imposed therein, together with customs duties, sales tax, and other charges aggregating" P107,787.49. However, the jewelry having been recovered by Tranquilino Rovero upon payment of the amount of P38,303.55, a writ of execution was issued for the balance of P69,483,94. Execution was levied on Rovero's properties, and only the sum of P550.03 was realized, so that there is now an unpaid balance of P68.933.91 of said judgment, which is the amount now claimed by the plaintiff from the defendants." (Record on Appeal, pp. 185-128.)

The lower court found that appellees acted contrary to law and in an unwarranted interference with the already final judgment of this Court in G. R. L-3281 when they allowed a reappraisal of the jewerly in question, thereby reducing by some P69,000.00 the fine which was to be paid by the importer Tranquilino Rovero, the fine being triple the appraised value. However, the court also held that the fine imposable on Rovero was, under the provisions of the Revised Administrative Code, a "fine upon the property" seized and not upon the owner; that had the jewerly not been reappraised, Rovero would not have redeemed them, and their sale at public auction would bring the Government no more than their original appraised value of P23,736.00; and that therefore, the Government did not suffer any losses or damages when Rovero was authorized by appellees to pay a fine of P38,853.58, and dismissed the complaint.

In its appeal from the foregoing' judgment, the Republic, through the Solicitor General, urges that Rovero could be held personally liable beyond the value of the jewelry in question for the balance of the fine payable by him based on the original appraised value of the jewelry in question.

Government counsel seem to be of the impression that as long as the importer Rovero could be made to answer for the fines, duties, and charges imposed upon him by law by reason of his illegal importation of the jewelry in question, over and beyond their actual value, the cause of action against appellees for losses or damages in the amount of P68,983.91 is complete and should be sustained by us. We do not agree with the Government's position. To recover the damages it is after, the Republic must show that the alleged misconduct of the appellees Pedrosa and Jacinto was the proximate cause of the failure to recover in full from Tranquilino Rovero the latter's original liability of P107,791.44; or, what amounts to the same thing, the appellant must establish by satisfactory evidence that its inability to recover the deficiency of P68,933.91 was the natural and probable consequence of the conduct of appellees in permitting a reappraisal of the imported jewelry. For the causal relation between defendants' fault and the damages suffered is an indispensable requisite for the recovery of such damages (Algarra *vs.* Sandejas, 27 Phil. 284). Hence, to prove its damages, it is not enough that. the Government should show that Rovero could be held personally answerable for the difference of the fine and duties payable by him; the Government must likewise prove that it could have recovered from Rovero said difference, but was prevented from doing so because of appellee's acts.

But there is absolutely no proof to this effect. The Government has not shown that, at the time the reappraisal of Rovero's jewelry was ordered by the appellees, Rovero had sufficient property to cover his full liability under the original appraisal and order of seizure. The records show that subsequently, after judgment was rendered in G. R. L-3281 Rovero's properties were levied upon and sold, but only P550.03 was realized out of them; and there is neither charge nor proof that in the interval Rovero was enabled to dispose or spirit away any of his property. And if Rovero never had the means to pay the deficiency of P68,933.71, we can not see how the appellees can be held liable therefor; for the loss would have been incurred any way, even if the original appraisal had not been disturbed.

As correctly pointed out for appellee Fedrosa, he and Jacinto did not become guarantors of Rovero's solvency by the mere fact of their having authorized and approved, the reappraisal of the jewelry in question.

As to the jewelry, the Government has not produced evidence that it could have obtained, at a forced sale, more than their original appraised value of P23.736. And since Rovero ultimately paid P38,303.55 under the reappraisal in order to redeem the jewelry, it is evident that its return caused no loss.

We reaffirm our ruling in Rovero *vs.* Amparo,* G. R. L- 9462, May 5, 1952, that administrative officials have no power to remit fines or forfeitures after the courts, on appeal and in final decisions, have sanctioned such fines and forfeitures. However, in the absence of charge or proof of conspiracy, and of any showing that the acts of appellees Pedrosa and Jacinto were the proximate cause of the Government's loss of revenue, the lower court committed no error in absolving the defendants-appellees.

Wherefore, the judgment appealed from is affirmed.

No costs. So ordered.

Paras, C. J., Bengzon, Padilla, Montemayor, Reyes, A., Bautista Angelo, Labrador, Concepcion, Endencia and *Felix, JJ.,* concur.

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* 91 Phil., 228

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