

### Title:

\*\*Philippine Deposit Insurance Corporation vs. Manu Gidwani\*\*

### Facts:

The Philippine Deposit Insurance Corporation (PDIC) solicited the Supreme Court's review of a Court of Appeals (CA) decision that reversed the Department of Justice's (DOJ) finding of probable cause to charge Manu Gidwani with estafa through falsification and for money laundering related to dejected claims involving multiple closed rural banks within the Legacy Group of Companies. The CA's reversal followed the DOJ's initial dismissal of the complaint and subsequent reinstatement of charges by then Secretary of Justice, which had determined probable cause existed for filing criminal charges against Gidwani and others. The case unwound through several steps, from PDIC's initial claims processing of purported individual account holders to their discovery of the funds being funneled into Gidwani's account, leading to their investigation and subsequent filing of criminal complaints. The procedural journey saw multiple reversals at the DOJ level before moving to the CA, culminating in PDIC's appeal to the Supreme Court.

### Issues:

1. Whether the CA acted correctly in taking cognizance of Gidwani's petition for certiorari under Rule 65 of the 1997 Rules of Civil Procedure despite his failure to file a motion for reconsideration with the DOJ.
2. Whether the CA erred in finding that the Secretary of Justice acted with grave abuse of discretion in reversing an earlier DOJ resolution, which dismissed the complaint against Gidwani for lack of probable cause.
3. The determination of probable cause for the charges of estafa through falsification and for money laundering.

### Court's Decision:

The Supreme Court granted PDIC's petition, reversing the CA's decision. It reinstated the DOJ's resolution that found probable cause to charge Gidwani for estafa through falsification and money laundering. The Court clarified that the CA erred in holding that the Secretary of Justice could not reconsider an earlier resolution in light of the same set of evidence. It further explained that a motion for reconsideration does not necessitate new evidence but is an opportunity to reevaluate the findings based on existing records. The Court underscored the preliminary nature of probable cause determination and pointed out the suspicious behavior surrounding the consolidation of supposedly individual depositor's checks into Gidwani's account, suggesting a likelihood of Gidwani's involvement in the

alleged offenses.

**### Doctrine:**

The decision reiterates that the determination of probable cause for the purpose of filing a criminal complaint is fundamentally an executive function. Judicial interference is warranted only if there's a grave abuse of discretion. Furthermore, it underscores the discretion of prosecutors in re-evaluating their findings upon a motion for reconsideration without necessarily requiring new evidence.

**### Class Notes:**

- The determination of probable cause is an executive function, and judicial review is limited to cases of grave abuse of discretion.
- A motion for reconsideration in a preliminary investigation does not require the submission of new evidence but allows for a reevaluation of the existing evidence.
- The crossing of checks serves as a warning that checks should be deposited only in the payee's account, and deviation from this can be indicative of suspicious activity warranting investigation.
- Preliminary investigations focus on whether there's sufficient ground to believe a crime has been committed and the accused is likely guilty, not on definitively establishing guilt.

**### Historical Background:**

This case provides insight into the complexities behind financial fraud investigations in the Philippines, particularly how deposit insurance claims can potentially be manipulated. It illustrates the procedural and evidentiary challenges in prosecuting financial crimes, the layers of review within the justice system, and the safeguarding roles of institutions like the PDIC in maintaining financial integrity.