

Title: ****Presidential Commission on Good Government vs. Office of the Ombudsman, et al.****

Facts:

This case stems from a complaint filed by the Presidential Commission on Good Government (PCGG) against various individuals including Roberto V. Ongpin and officials of the Philippine National Bank (PNB), alleging violation of Section 3(e) and (g) of Republic Act No. 3019 or the Anti-Graft and Corrupt Practices Act. The complaint centered on a US\$20.0 Million loan granted by PNB to Marbella Club Manila Incorporated under supposedly questionable circumstances, including unwarranted benefits, manifest partiality, and evident bad faith. After the Ombudsman dismissed the complaint citing a lack of probable cause, the PCGG pursued a Petition for Certiorari under Rule 65 of the Rules of Court, questioning the dismissal.

Issues:

1. Whether the Ombudsman committed grave abuse of discretion in dismissing the complaint for lack of probable cause.
2. The application of the criteria of behest loans to the Marbella loan transaction.
3. The consideration of evidentiary standards and the admissibility of the evidence presented by PCGG.

Court's Decision:

The Supreme Court upheld the Ombudsman's dismissal of the case, finding no grave abuse of discretion. It emphasized that the determination of probable cause is primarily the function of the Ombudsman, which should not be interfered with except in instances of grave abuse of discretion. The Court found that the Ombudsman's conclusion—that there was no probable cause to indict the respondents for violation of Section 3(e) and (g) of RA 3019—was based on substantial evidence and reasoned analysis. Furthermore, the Court reinforced the principle of non-interference in the prosecutorial discretion of the Ombudsman, noting that the evidence did not sufficiently demonstrate that the respondents had engaged in manifest partiality, evident bad faith, or gross inexcusable negligence, nor had they entered into contracts grossly disadvantageous to the government.

Doctrine:

The decision highlighted the doctrine of non-interference in the Ombudsman's prosecutorial and investigatory powers, emphasizing that judicial review of such decisions should be reserved for instances where there is a clear indication of grave abuse of discretion. It

reiterated the criteria for determining behest loans, including undercollateralization, undercapitalization, and undue influence from government officials, yet found that these criteria did not substantively apply to the Marbella loan transaction based on the evidence presented.

Class Notes:

- **Rule 65, Petition for Certiorari:** Used to question decisions that are made with grave abuse of discretion amounting to lack or excess of jurisdiction.
- **Probable Cause in Preliminary Investigations:** The quantum of evidence that would warrant a belief that a crime has been committed and the accused is probably guilty.
- **Doctrine of Non-Interference:** The principle that courts should not interfere with the prosecutorial and investigatory duties of the Ombudsman except in cases of grave abuse of discretion.
- **Criteria of Behest Loans:** Includes factors such as undercollateralization and undercapitalization which indicate preferential treatment in the granting of loans to entities with close government ties.
- **Grave Abuse of Discretion:** Actions by a tribunal that are whimsical, capricious, or arbitrary, displaying a complete disregard of the law.

Historical Background:

This case is situated within the broader context of the Philippine government's efforts, through the PCGG, to recover ill-gotten wealth amassed during the Marcos regime. The investigation and prosecution of behest loan transactions have been central to these efforts, characterized by legal challenges against alleged preferential treatment given to cronies of the regime in state financial transactions.