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

Facts:
The Presidential Commission on Good Government (PCGG) filed a complaint before the Office of the Ombudsman (OMB) against several individuals, alleging violations of the Anti-Graft and Corrupt Practices Act due to behest loans granted by the Development Bank of the Philippines (DBP) to the Philippine Pigment and Resin Corporation (PPRC). This stemmed from an investigation initiated by Administrative Order No. 13 and Memorandum Order No. 61 issued by President Fidel V. Ramos, aimed at identifying and recovering behest loans. The Committee found that the loans to PPRC had characteristics indicative of behest loans. Based on these findings, the PCGG accused members of the DBP Board of Governors and principals of PPRC of facilitating under-collateralized and under-capitalized loans, leading to financial detriment to the government.

The OMB, after directing the respondents to file counter-affidavits and considering the PCGG's consolidated reply, dismissed the complaint for lack of probable cause. The PCGG's motion for reconsideration was also denied. Aggrieved, the PCGG elevated the matter to the Supreme Court via a petition for certiorari, arguing grave abuse of discretion by the OMB.

Issues:
1. Whether the Office of the Ombudsman committed grave abuse of discretion in dismissing the complaint for lack of probable cause.
2. Whether the acts of the respondents constituted violations of Sections 3(e) and (g) of Republic Act No. 3019, as amended.

Court's Decision:
The Supreme Court found the petition without merit, holding that the OMB did not commit grave abuse of discretion. The Court agreed with the OMB's assessment, providing several reasoned explanations:
– The DBP Board's decision to approve the loans was in exercise of sound business judgment, thus presumed to act in the best interest of the government.
– The application of Memorandum Order No. 61 retroactively to assess the loans granted before its issuance was inappropriate.
– The Court underlined the lack of specificity in attributing acts of gross inexcusable negligence, evident bad faith, or manifest partiality to the respondents.

Doctrine:

The Supreme Court reiterated the principles under Republic Act No. 3019, sections 3(e) and (g), emphasizing the need for clear demonstrations of manifest partiality, evident bad faith, or gross inexcusable negligence, as well as the transactions being grossly advantageous to the government to constitute a violation. It also highlighted the “business judgment rule,” which presumes lawful and ethical decision-making by board members in the absence of clear evidence to the contrary.

Class Notes:
– **Republic Act No. 3019, Sections 3(e) and (g):** Focuses on ensuring public officers do not exploit their positions to the detriment or unfair advantage of the government or private parties.
– **Business Judgment Rule:** A presumption of sound business judgment by corporate directors, which protects their decisions from judicial interference in the absence of evidence of bad faith, dishonesty, or incompetence.
– **Retroactive Application of Laws:** Laws penalizing actions cannot be retroactively applied to actions that occurred before the law was enacted or effective, in line with principles of justice and fairness.

Historical Background:
The case arose in the context of broader efforts by the Philippine government to address and rectify the issue of behest loans, which were seen as symptomatic of widespread corruption, cronyism, and economic manipulation during the Marcos era. These efforts included the creation of committees and issuance of orders by President Ramos to investigate and recover ill-gotten wealth, aiming to restore integrity and accountability within the Philippine banking system and public sector. The case reflects the ongoing challenges in combating corruption and ensuring economic justice in the Philippines.