

**## Title:**

**\*\*Arturo de Guzman vs. People of the Philippines and Sandiganbayan\*\***

**## Facts:**

Arturo de Guzman, a travelling collector and accountable officer for the City of Manila, was found guilty of malversation of public funds. Between May 22, 1978, and June 7, 1978, de Guzman collected a total of PHP 204,319.32 from various agencies but remitted only PHP 127,797.95, resulting in a shortage of PHP 76,521.37.

An administrative investigation led to his dismissal for dishonesty and conduct prejudicial to the best interests of the service. A formal demand letter for the missing funds was ignored, prompting an audit by auditing examiner Maximo Pielago, which was conducted in de Guzman's absence.

**### Procedural Posture:**

- De Guzman was convicted of malversation by the Sandiganbayan.
- He appealed to the Supreme Court by Certiorari, challenging the Sandiganbayan's rule-making power, the authority of its First Division, his right to appeal, his preliminary investigation being ex parte, and the overall legality of his conviction.

**## Issues:**

1. Whether the Sandiganbayan's rule-making power violates Section 5(5), Article X of the Constitution, which vests rule-making authority in the Supreme Court.
2. Whether the First Division of the Sandiganbayan had the authority to hear and decide the case.
3. Whether de Guzman's right to appeal was diluted because Sandiganbayan's decisions are reviewable by the Supreme Court only by Certiorari, limiting factual review.
4. Whether de Guzman was deprived of his right to a preliminary investigation because it was conducted ex parte.
5. Whether his conviction of malversation was in accordance with law and jurisprudence.

**## Court's Decision:**

The Supreme Court resolved each issue as follows:

**### 1. Sandiganbayan's Rule-making Power:**

- The court recognized the Sandiganbayan's power to promulgate its own rules but noted that these must be approved by the Supreme Court for constitutional compliance.
- The Sandiganbayan had indeed submitted its rules which were pending approval,

necessitating adherence to the Rules of Court.

- No procedural anomaly was detected in the Sandiganbayan's trial proceedings against de Guzman.

### 2. Authority of the First Division:

- The court upheld the functioning of the Sandiganbayan's First Division, emphasizing the validity of its proceedings as long as it consisted of the required number of justices.

- The unanimous decision by the First Division complied with Section 5 of the Presidential Decree No. 1606.

### 3. Dilution of Right to Appeal:

- The court dismissed the allegation of dilution of appeal rights, affirming that de Guzman's right to the presumption of innocence and due process were preserved through the Sandiganbayan's structured judicial review.

- The three-judge system of Sandiganbayan and the subsequent review by the Supreme Court ensured thorough judicial scrutiny.

### 4. Preliminary Investigation:

- De Guzman's absence at the investigation was deemed a waiver of his right to participate, authorized under Section 1(b) of Presidential Decree 911.

- The preliminary investigation proceeded ex parte due to his nonappearance despite notification, hence no rights were violated.

### 5. Legality of Conviction:

- The court found that the constitutional presumption of innocence was overcome by substantial evidence demonstrating de Guzman's guilt.

- The discrepancy in collections, the absence of a satisfactory explanation for the unaccounted funds, and the corroborative documentary evidence substantiated the charge of malversation.

- De Guzman's claim that his accountability was not established was rejected, as his own actions during and after the audit established his guilt.

## Doctrine:

- **Rule-making authority of courts:** Any procedural rules established by lower courts must be approved by the Supreme Court to be effective.

- **Functioning of judicial divisions:** A judicial body can function validly as long as it adheres to statutory composition and decision requirements.

- **Rights to appeals and judicial review:** The structured review process ensures the right to due process and exhaustive evaluation even if intermediate appellate review is bypassed.
- **Waiver of preliminary investigation rights:** Nonappearance after proper notification constitutes a waiver of the right to participate in preliminary investigatory proceedings.
- **Standards of proof in malversation:** Establishment of shortage in accountable funds, absence of satisfying explanation, and resultant public loss suffices to convict for malversation without direct evidence of personal use of funds.

### ## Historical Background:

The decision reflects the judiciary's interpretation of procedural rights under the 1973 Philippine Constitution, emphasizing the Supreme Court's exclusive rule-making power and addressing the concerns over intermediate appellate review in anti-graft cases post-martial law.

### ## Class Notes:

1. **Rule-Making Power:** Supreme Court's exclusive authority (§ 5(5), Art. X, Phil. Constitution).
2. **Judicial Division Validity:** Compliance with statutory composition (PD 1606).
3. **Appeal Rights:** Due process ensured via structured review (Nuñez vs. Sandiganbayan).
4. **Preliminary Investigation Waiver:** Waiver by nonappearance with notice (§ 1(b), PD 911).
5. **Malversation Proof:** Discrepancy in account remittances, unexplained by accountable officer (Art. 217, RPC).

### ### Key Statutes:

- **Constitutionality:** Article X, Section 5(5) of the Philippine Constitution.
- **Malversation:** Article 217, Revised Penal Code.
- **Sandiganbayan's Rule-making:** Presidential Decree No. 1606.
- **Preliminary Investigation:** Section 1(b), Presidential Decree No. 911.

This brief serves as a comprehensive study tool, simplifying complex legal principles and presenting an optimized review of critical case elements for academic applications.