

Title: Presidential Ad Hoc Fact-Finding Committee on Behest Loans vs. Ombudsman Desierto and Others

Facts:

1. **Formation of the Committee:** On October 8, 1992, President Fidel V. Ramos issued Administrative Order No. 13, creating the Presidential Ad Hoc Fact-Finding Committee on Behest Loans (Committee).

2. **Sworn Statements:** On March 6 and June 28, 1996, Orlando S. Salvador, a PCGG consultant, executed three sworn statements identifying questionable loans referred to the Committee by the Assets Privatization Trust, specifically involving P.R. Garcia and Sons Development and Investment Corporation (PRGS), Golden River Mining Corporation (Golden River), and Filipinas Carbon and Mining Corporation (Filcarbon).

3. **Loan Details:**

- **PRGS:** Obtained Development Bank of the Philippines (DBP) loans amounting to over P26 million and P29 million for various expenses.

- **Golden River:** Received DBP loans starting 1975, with a total obligation of P43 million by 1986. Some loans were under-collateralized.

- **Filcarbon:** Received a P27.4 million guarantee loan from National Investment Development Corporation (NIDC) in 1977.

4. **Committee's Findings:** The Committee alleged that the loans to the aforementioned corporations were behest loans (under-collateralized, inadequate capital, etc.).

5. **Complaints Filed:** Based on the Committee's findings, the complaints were filed with the Office of the Ombudsman in 1996:

- **OMB-0-96-2643:** Against officials and members of PRGS and DBP.

- **OMB-0-96-2644:** Against Golden River stockholders and DBP board members.

- **OMB-0-96-2645:** Against former PNB President and other officials of Filcarbon.

6. **Ombudsman's Dismissal:** On July 6, 1998, the Ombudsman dismissed the complaints due to prescription except for two loans by Golden River in 1982, which he found to have sufficient collateral. Petitioner's motion for reconsideration was denied on August 31, 1998.

7. **Procedural Posture:** The Presidential Ad Hoc Fact-Finding Committee, represented by the PCGG, filed a petition for review on certiorari with the Supreme Court to annul and set

aside the Ombudsman's order of dismissal.

Issues:

1. **Whether the right of the State to recover behest loans is imprescriptible.**
2. **Whether the Ombudsman erred in dismissing the complaints without requiring respondents to submit counter-affidavits.**
3. **Whether it was proper for the Ombudsman to dismiss the Motion for Reconsideration on the ground of late filing.**
4. **Whether the consolidation of the complaints by the Ombudsman was appropriate.**

Court's Decision:

The Supreme Court's analysis and resolution of each legal issue are as follows:

1. **Imprescriptibility:** The Supreme Court held that the imprescriptibility of the recovery of ill-gotten wealth applies only to civil actions and not to criminal cases. Thus, the prosecution of offenses related to ill-gotten wealth under R.A. No. 3019 is subject to prescription.
2. **Premature Dismissal:** The Office of the Ombudsman can dismiss complaints outright for lack of palpable merit without requiring counter-affidavits or preliminary investigations. However, the Supreme Court found this process should be explained properly in the contested Order, which was not done in this case.
3. **Motion for Reconsideration:** Petitioner's motion was found to be timely filed. The Supreme Court set aside the Ombudsman's finding of late filing, stating that the evidence presented by petitioner (postal records) was uncontroverted by the Ombudsman.
4. **Consolidation:** The Court found that while the consolidation of the complaints was generally within the Ombudsman's discretion, given the different defenses and particulars of each case, the complaints should not be consolidated for fairness and orderly administration of justice.

Doctrine:

The Supreme Court reiterated several doctrines:

1. **Prescription in Criminal Actions:** Prosecution of offenses under special laws like R.A. No. 3019 is subject to prescriptive periods unless otherwise stated by law.

2. **Preliminary Evaluation by Ombudsman:** Complaints may be dismissed outright without counter-affidavits if found without palpable merit but must be explained in the resolution.

3. **Time-bar for Civil vs. Criminal Actions:** The imprescriptibility clause in the 1987 Constitution applies to civil actions for the recovery of ill-gotten wealth, not to criminal prosecutions.

Class Notes:

- **Prescription in Offenses:** Under Act No. 3326, prescription begins from the commission or discovery of the offense.

- **Due Process in Dismissal:** The Ombudsman must provide clear reasons for the dismissal of complaints to meet due process standards.

- **Evaluation by Ombudsman:** Section 2, Rule II of the Ombudsman's Rules of Procedure allows for discretionary dismissal without preliminary investigation but requires justification.

- **Constitutional Protections:** Section 15, Article XI of the 1987 Constitution protects the State's civil actions for the recovery of ill-gotten wealth from prescription.

Historical Background:

The case arises from the efforts post-1986 People Power Revolution to recover ill-gotten wealth accumulated by individuals connected to the Marcos regime. This context is crucial as it reflects the broader process of accountability and institutional reforms in the Philippines post-Marcos era. The creation of the Presidential Ad Hoc Fact-Finding Committee on Behest Loans was part of these efforts to investigate and prosecute questionable financial transactions linked to crony capitalism during the Marcos administration.